

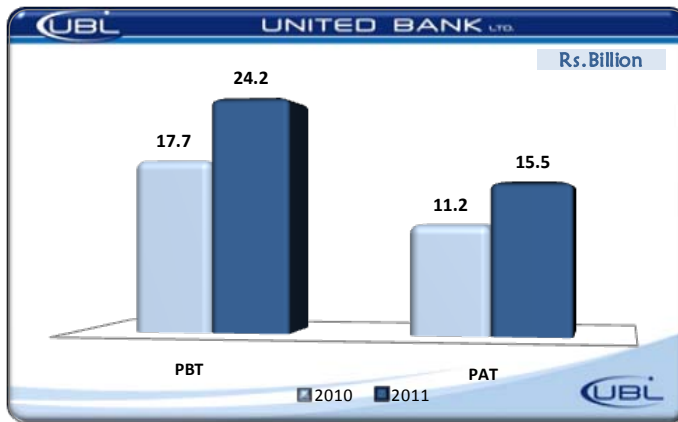
United Bank Limited
UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011



Directors' Report to the Members

On behalf of the Board of Directors, I am pleased to present to you the 53rd Annual Report of United Bank Limited for the year ended December 31, 2011.

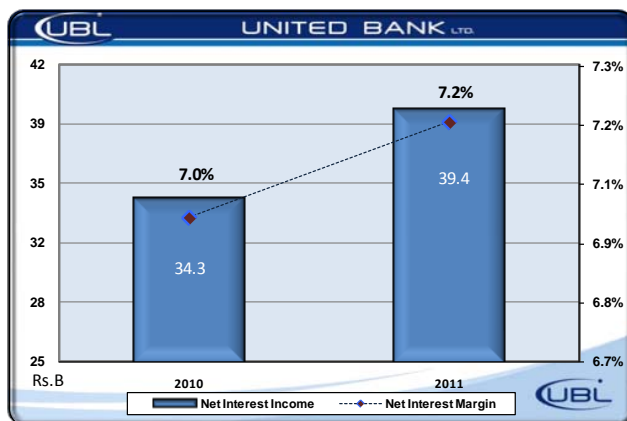
Financial Highlights



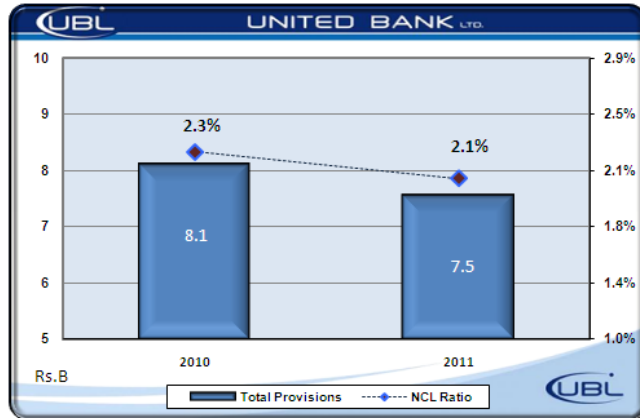
UBL achieved a profit after tax of Rs 15.5 billion which is 39% higher than last year and translates into earnings per share of Rs 12.66 (2010: Rs 9.12). On a consolidated basis, UBL achieved a profit after tax of Rs 14.9 billion, an increase of 35% over 2010.

The Board of Directors is pleased to recommend a final cash dividend of Rs 6.0 per share i.e. 60% and a bonus share issue of Nil for the year ended December 31, 2011, bringing the total cash dividend for the year 2011 to 75%.

Despite testing times, UBL has achieved a pre-tax profit of Rs 24.2 billion which is 37% higher than last year. This has been achieved through growth in the balance sheet and continued improvements in operating efficiency and margins.



Net interest income increased to Rs 39.4 billion, 15% higher than last year driven largely by a 13.7% growth in the balance sheet. Despite a 200 bps reduction in the discount rate in the latter half of the year, the average yield on earning assets improved by 55 bps. With cost of funds growth contained at 35bps, net interest margin increased to 7.2% in 2011.



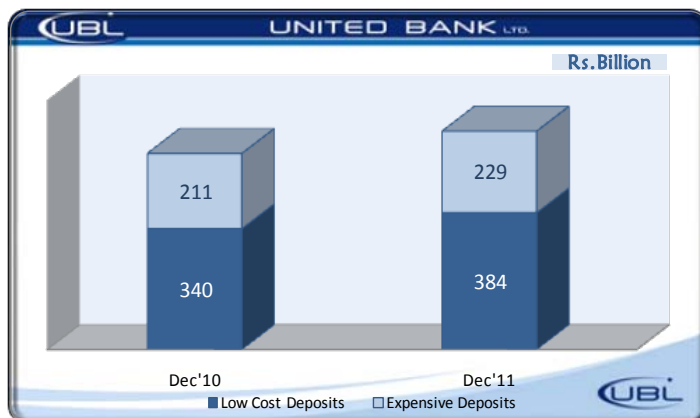
Total provisions declined by 7% to Rs 7.5 billion for 2011, with nearly 75% being due to aging of existing non-performing accounts. Consequently, coverage improved from 72% to 80% by December 2011. New NPL formation reduced from 4.0% in 2010 to 2.6% in 2011 and the net credit loss ratio improved from 2.3% to 2.1%.

Non-interest income increased from Rs 10.1 billion to Rs 12.7 billion, depicting a significant growth of 26% over last year. Fees and commissions of Rs 6.9 billion were the major contributor to non-interest income, and showed a 10% increase over 2010, mainly attributable to increase in remittances, FI commissions and cross-sell of bancassurance. Exchange income increased by 26% to Rs 2.1 billion as a result of higher transaction volumes and better leveraging of market opportunities. Capital gains increased threefold to Rs 475 million in 2011, primarily due to gains on fixed income securities. Derivatives income nearly doubled to Rs 1.6 billion as a result of timely anticipation of rate movements.

Cost management

The bank has managed to restrict administrative expenses growth to 10.5% despite significant inflation, escalating utilities costs and the Bank’s substantial investments in network expansion, Omni and technology. UBL continued to improve its cost/income ratio quarter on quarter and from 40.4% in 2010 to 37.9% in 2011.

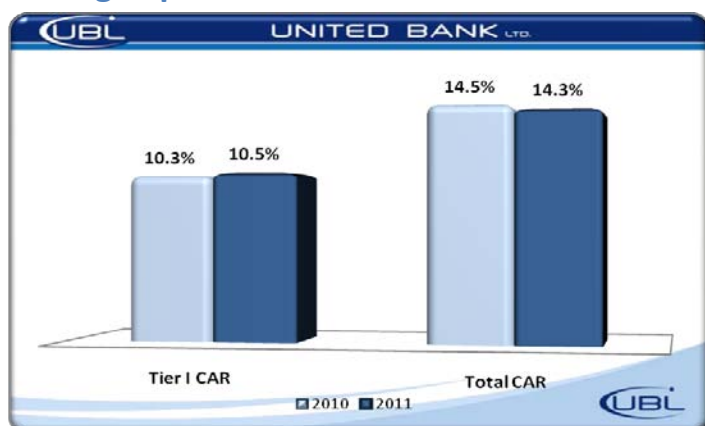
Growth in Balance Sheet



UBL grew its deposits and Balance Sheet by 11.3% over December 2010. The Bank was successful in improving its domestic low cost deposit mix while the CASA ratio increased from 79% in December 2010 to 80% in December 2011. Gross advances remained flat at December 2010 levels in line with the industry as the advances to deposits ratio (ADR) decreased from 67% to 60%.

The Bank was able to deliver better returns as the return on average assets increased from 1.7% in 2010 to 2.1% in 2011 and the return on equity improved from 19.8% to 23.7%.

Strong Capital Ratios



UBL's strong internal capital generation resulted in a net increase of Rs 8.2 billion in Tier 1 Capital, even after healthy dividend payments, whilst Risk Weighted Assets increased by 14%. Consequently, the unconsolidated Tier 1 Capital Adequacy Ratio (CAR) of the Bank improved from 10.3% in December 2010 to 10.5% in December 2011. A lower reliance on Tier II capital

with the approaching maturity of one of the Bank's subordinated loan issues, resulted in the total CAR of the Bank reducing slightly from 14.5% in December 2010 to 14.3% in December 2011. On a consolidated basis, the CAR showed a similar trend with Tier-1 CAR improving to 10.6% in December 2011 from December 10.4% in December 2010 while total CAR reduced slightly from 15.0% in December 2010 to 14.9% in December 2011.

Economy Review

Pakistan's economy remained fragile in 2011 with repeat floods inundating much of Sindh. The country's energy deficit worsened significantly, as power and gas shortages began to impact previously robust industries and the manufacturing sector. GDP growth in FY11 remained slow at 2.4% and the GDP growth estimate for FY12 has already been revised downwards to 3.5% from a budget of 4.5%.

The country's fiscal position remained weak in FY11, with the budgetary deficit rising to 6.6% of GDP, as Pakistan exited the IMF program. Revenue generation has continued to lag growth in expenditures, as tax revenues remained at a regional low of 9.4% of GDP in FY11. The incomplete phase out of energy subsidies, despite sizeable power and gas shortages, continued to place pressure on expenditures, as development spending was curtailed to make up for the shortfall. While the fiscal deficit of 2.6% for the first half of FY12 appears to be on target, this does not account for subsidies in the energy sector which have accumulated as circular debt and the full year deficit is once again expected to significantly exceed the budgeted 4.7%

After posting a rare surplus in FY11, Pakistan's external account has turned into a deficit, with the country's foreign exchange reserves facing the risk of further erosion once IMF debt repayments commence in the first quarter of 2012. The trade deficit increased to USD 11.5

billion in the first half of FY12 as imports, primarily driven by high oil prices, outpaced exports which were impacted by falling cotton prices and a devaluation of regional currencies. The deteriorating trade balance and the absence of investment flows more than offset a nearly 20% growth in remittances, resulting in the current account deficit growing to USD 2.2 billion for the first six months of the current fiscal year.

Revision of the base year and the inflation basket along with the high prior year base effect led to the YoY inflation figure declining to 9.8% in December. In line with lower inflation numbers, the State Bank of Pakistan reduced the Discount Rate by 200 bps during the second half of the year. However, inflation averaged 12.0% for the full calendar year and has recently started to re-trend upwards. Persistently high international crude oil prices, partially driven up by geopolitical tensions in the Middle East have also been responsible for the inflationary momentum in the country.

The worsening current account deficit along with significant devaluation in the currencies of export competitors resulted in pressure on the Pak Rupee, which depreciated by nearly 4% in the last quarter of 2011. The same pressures persist in 2012, as the country's import bill and debt servicing concerns play on the exchange rate's vulnerabilities.

Pakistan's equity markets felt the pressure of local uncertainties and the global economic slowdown as volumes fell to their lowest level in more than 10 years. With a net decline in foreign portfolio investment, the KSE-100 Index ended the year with a negative return, posting a loss of 6% for 2011, as frontier markets in the region felt the impact of the continued recession in the Western economies.

Banking sector deposits continued strong growth, increasing by nearly 15% over December 2010. However, with subdued economic activity across the country, the sector remained cautious as evidenced by a 1.3% decline in advances over the same period. The excess liquidity continues to be deployed in government securities which grew by 41%. Despite the settlement of a portion of the circular debt through the issuance of government securities, a full resolution of this issue is awaited and necessary. The economic stresses were manifested through an increase in gross non-performing loans which by September had increased 24% YoY to Rs 613 billion, with a 17.6% infection ratio.

International

The International business remains a critical contributor and growth avenue for the bank. Given the improved macroeconomic environment within some of the presence markets, a more positive approach was adopted towards new lending, resulting in loan book levels being maintained despite significant repayments. Liquidity management remained a focus, helping to augment the fixed income portfolio and supporting the development of wholesale banking, in

particular, the growing Financial Institutions business. UBL will be closely monitoring the impact of the ongoing developments in the Western world on its presence countries and align its policies accordingly.

In pursuance of the Bank's strategy on network expansion, UBL received approval from the State Bank of Pakistan and the Bank of Tanzania to commence operations in Tanzania, anticipated in 2012. UBL continues to explore other markets which offer the right opportunities and are a natural fit with its overall strategy.

Core banking system implementation

During 2011, another 252 branches were added to the Core Banking System (CBS) platform, taking the total network to 258 branches in 9 cities. Planning has also commenced for the roll out of CBS to the International Business.

The loan origination (LO) module has been implemented for all consumer products in 2011. LO has also been implemented for commercial and corporate customers in Karachi and countrywide roll outs are planned for 2012.

Key developments during 2011

Tezraftaar

In 2011, UBL launched two new products under its Tezraftaar umbrella to benefit both overseas remitters and their Pakistan based beneficiaries.

Tezraftaar Account Services allows non-resident Pakistanis to open an account in any branch of UBL in Pakistan simply through UBL overseas branches in UAE, Bahrain and Qatar or through selected money transfer companies in Kuwait, Oman and UAE. In addition to convenience, this will enable customers to earn attractive rates of return in Pakistan whilst availing the full range of UBL products and services.

To facilitate beneficiaries of remittances, UBL collaborated with the Pakistan Remittance Initiative to launch the "UBL Tezraftaar Pardes Card". This is a first in Pakistan whereby a customer's inward remittances are automatically transferred on to their remittance card, without the beneficiary having to visit a branch. This facility is accompanied with free SMS alerts informing the customer when their remittance has arrived. Being an ATM and VISA enabled debit card, this card can be used at all ATMs and for debit transactions at any VISA accepting retail outlet globally. In addition, the customer also earns a return on unused balances on the Pardes Card.

UBL Platinum Credit Card

In 2011, UBL launched the UBL Platinum VISA credit card, exclusively designed to cater to the needs of affluent consumers in Pakistan. In addition to the features and privileges inherent in this premium offering, UBL has also teamed up with various partners to provide preferential benefits to its cardholders, making this credit card one of the most attractive propositions for its discerning customers.

Investor Portfolio Securities Account/ Special Convertible Rupee Account

As public awareness of financial services and investment options grows, customers increasingly demand simple and secure solutions for their investment needs. In response, UBL has adopted a two-pronged approach to attract investment in GOP fixed income securities from both Pakistanis and foreign nationals. The new Investor Portfolio Securities account enables customers, both resident and non-resident, to maintain custody of their securities in an account maintained with the SBP and managed by UBL. This complements the launch of a Special Convertible Rupee Account to attract non-resident investment.

UBL-UNB UK Students' Package

UBL, in collaboration with its subsidiary United National Bank (UNB) in the UK, launched a unique and comprehensive student package to facilitate Pakistani students studying in the UK. This package provides students with the distinctive convenience of having their bank account opened with UNB before they arrive in the UK as well an internationally recognized Wiz prepaid VISA debit card which negates the need for carrying cash and can be replenished locally. The package also includes an easy-to-use foreign currency account with UBL in Pakistan to facilitate parents in the remittance of fees and expenses.

Speak to UBL

Speak to UBL, a comprehensive complaint management system was launched in 2011, to assist the Bank's customers and improve the complaint logging and resolution process. UBL customers now have the convenience of four primary channels through which they can log their complaints :

- Via the branch through electronic log-in of the complaint with instant acknowledgement
- By filling out a complaint form and depositing it in dedicated drop boxes at the branch
- Via the UBL contact center
- Through the UBL website's online complaint form

UBL anticipates that this facility will be actively used by the Bank's customers to help UBL fulfill their needs better and improve the quality of its service delivery.

Insurance

In addition to the existing Bancassurance portfolio with EFU Life, UBL launched a new alliance with Jubilee Life Insurance under the BetterLife umbrella. In collaboration with United Insurance Company, UBL also launched ATM Cash Withdrawal Insurance for all UBL Cardholders. This free service provides coverage against theft of cash withdrawn from any ATM in Pakistan, giving customers much needed protection and peace of mind.

Credit Ratings

The credit rating company JCR-VIS re-affirmed the Bank's long-term entity rating at AA+ and the ratings of its four subordinated loan instruments at AA. The short term ratings remain at A-1+ which is the highest rating denoting the greatest certainty of timely payments by a financial institution. All ratings for UBL have been assigned a Stable outlook.

Capital Intelligence (CI), the international credit rating agency, has re-affirmed UBL's long-term and short-term Foreign Currency ratings at B- and B respectively in line with CI's sovereign ratings action on Pakistan. In addition, the Bank's Financial Strength rating has been re-affirmed at BB+, with the Outlook reaffirmed at Stable based on the Bank's strong performance in 2010 and the first half of 2011.

Future Outlook

Looking ahead, Pakistan's macroeconomic stability is directly linked to the avoidance of a large balance of payments deficit, especially given Pakistan's dependence on imported fuel coupled with stubbornly high oil prices. The Government must prioritize resolution of the power crisis which threatens to derail even robust sectors of the economy. Inflationary pressures are expected to remain, averaging close to 12% for 2012.

On the budgetary front, the country's fiscal deficit is again likely to surpass 6% of GDP in FY12, which would continue to be funded through the domestic banking system, further fueling inflation and depriving the private sector of much needed credit. The Federal Budget for the next fiscal year will, in all likelihood, have to address the disconnect between the composition of the tax base and that of GDP, as the brunt of taxation continues to fall on the manufacturing sector, which accounts for less than a quarter of the country's GDP.

In the current economic circumstances, UBL's focus will remain on managing its asset portfolio and improving asset quality. With a lower interest rate environment, acquisition of low-cost deposits remains a priority. The Bank is confident that the growth in its branch network along

with continuous investment in people, technology and products will place it in a good position to maintain its growth momentum.

Statement under Section XIX of the Code of Corporate Governance

The Board of Directors is committed to ensuring that the requirements of corporate governance set by the Securities and Exchange Commission of Pakistan are fully met. The Bank has adopted good corporate governance practices and the Directors are pleased to report that:

- The financial statements present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of these unconsolidated financial statements, except for the changes in accounting policies as described in note 5.1. Accounting estimates are based on reasonable and prudent judgment.
- Approved accounting standards, as applicable to Banks in Pakistan, have been followed in the preparation of the financial statements without any departure therefrom.
- The system of internal control in the Bank is sound in design, and is effectively implemented and monitored.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- The Board has appointed the following three Committees with defined terms of references
 - Board Risk Management Committee
 - Board Human Resources & Compensation Committee
 - Board Audit Committee
- Performance highlights for the last six years are attached to these unconsolidated financial statements.

The Bank operates five post retirement funds including the Provident Fund, Gratuity Fund, Pension Fund, Benevolent Fund, and General Provident Fund and two benefit schemes in the

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form of Post Retirement Medical and Compensated Absences. The value of the investments of these funds based on their latest audited financial statements as at December 31, 2011 is as follows:

	Amounts in '000
Employees' Provident Fund	2,953,277
Employees' Gratuity Fund	378,997
Staff Pension Fund	5,469,223
Staff General Provident Fund	1,241,572
Officers / Non-Officers Benevolent Fund	826,167

Meetings of the Board

During the year under review, the Board of Directors met six times. The number of meetings attended by each director during the year is shown below:

Name of the Director		Meetings attended
His Highness Sheikh Nahayan Mabarak Al Nahayan	<i>Chairman</i>	03
Sir Mohammed Anwar Pervez, OBE, HPk	<i>Deputy Chairman</i>	06
Mr. Omar Z. Al Askari	<i>Director</i>	05
Mr. Zameer Mohammed Choudrey	<i>Director</i>	06
Mr. Muhammad Sami Saeed	<i>Director</i>	06
Mr. Amin Uddin	<i>Director</i>	06
Mr. Arshad Ahmad Mir	<i>Director</i>	06
Mr. Seerat Asghar	<i>Director</i>	06
Mr. Atif R. Bokhari	<i>President & CEO</i>	06

Pattern of Shareholding

The pattern of shareholding as required under section 236 of the Companies Ordinance, 1984 and Articles (xix) of the Code of Corporate Governance is given below :

UNITED BANK LIMITED

Shareholders	No. of Shares	% of Ordinary Shares
Bestway Group	625,191,261	51.07
Abu Dhabi Group (ADG)	67,329,867	5.50
State Bank of Pakistan	238,567,381	19.49
Government of Pakistan	3,354,550	0.27
Privatization Commission of Pakistan	1,714	0.00
General Public & Others	167,658,271	13.70
NIT	1,753,417	0.14
Bank, DFIs & NBFIs	21,424,868	1.75
Insurance Companies	7,723,207	0.63
Modarabas & Mutual Funds	12,823,316	1.05
Securities & Exchange Commission of Pakistan	1	0.00
International GDRs (non-voting shares) *	78,351,834	6.40
TOTAL OUTSTANDING SHARES	1,224,179,687	100.00

* This includes 4.80% additional shares held by ADG in the form of GDRs.

The aggregate shares/GDRs held by the following are:

	No. of shares
a) Associated companies, undertakings & related parties	
- Bestway (Holdings) Limited	467,611,120
- Bestway Cement Limited	93,649,744
- ADG holding in the form of GDRs **	14,708,099
b) NIT	
- National Bank of Pakistan – Trustee Department NI(U)T Fund	1,748,755
- National Investment Trust Limited	4,662
c) Public sector companies and corporations	410,522
d) Banks, DFIs, NBFIs, Insurance Companies, Modaraba & Mutual Funds	41,971,391
e) Directors & CEO	
- His Highness Sheikh Nahayan Mubarak Al Nahayan	67,329,867
- Sir Mohammed Anwar Pervez, OBE, HPk	62,433,163
- Zameer Mohammed Choudrey	1,497,234
- Amin Uddin	2,750
- Arshad Ahmad Mir	2,500
- Atif R. Bokhari	1,047,644
f) - Executives *	3,235,978

*The figure for Executives includes 2,335 shares held by their spouses and minor children.

** Number of GDRs (one GDR represents four ordinary shares)

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Shareholders holding 10% or more voting interest	No. of shares	%
-State Bank of Pakistan	238,567,381	19.49
-Bestway (Holdings) Limited	467,611,120	38.20

All trades in the shares carried out by the Directors, CEO, CFO, Company Secretary, their spouses and minor children is reported as under:

Name	Purchase/ Transfers	Sales/ Transfers
His Highness Sheikh Nahayan Mabarak Al Nahayan	-	11,612,235
Mr. Omar Z. Al Askari, Director	-	14,998,307
Mr. Arshad Ahmad Mir, Director*	2,500	-

*Qualification Shares

Risk Management Framework

The Bank has an integrated risk management structure in place. The Board Risk Management Committee (BRMC) oversees the entire risk management process of the Bank. The Risk and Credit Policy Group assists the BRMC. The Group is organized into the following functions, each headed by a senior manager reporting directly to the Group Executive, Risk and Credit Policy:

- Market and Treasury Risk
- Financial Institutions Risk Management
- Credit Policy & Research
- Consumer, Seasonal Finance & SME Products
- Credit Risk Management
- Operational Risk & Basel II

Given the tough economic and geopolitical environment in Pakistan, UBL continued to strengthen its risk management practices. All segments of the asset portfolio remained under close monitoring, as the Bank actively assisted its clients with their repayments and restructuring efforts. Lending procedures were made more stringent and stricter Risk Acceptance Criteria were implemented, especially in sectors which were susceptible to structural weaknesses in the adverse economic conditions. Businesses throughout the bank were kept up to date on major macroeconomic and industry-specific developments by the Credit Policy & Research Division through regularly published reports and notes.

Within the International business, risk policies were aligned to the macroeconomic situation in each operating territory. The asset portfolio, especially in Corporate Banking, remained largely unimpaired across all countries. Meanwhile, we continued our cautious approach in booking additional retail assets and reduced provisions in unsecured Personal Loans through more rigorous follow up and need based restructuring. The Risk function also played a critical role in revitalizing the Financial Institutions business model.

With a strong footprint in the Middle East and presence in other regions, the Risk Management Group now conducts objective Country Risk reviews on a semiannual basis. Improved mechanisms were introduced for country risk ratings that rely on quantitative risk assessment, broadly based on factors such as political, socio-economic and financial risks faced by a country. An elaborate framework for bank-wide consolidation and reporting of country exposures has also been implemented.

The Capital Adequacy Ratio (CAR) was maintained well above the prescribed regulatory threshold throughout the year. The CAR calculation process has been optimized through automation and the bank has successfully commenced system-based reporting to the State Bank of Pakistan from March 2011 under the Basel II Standardized Approach. The Bank continued its efforts towards implementing the Operational Risk Management Framework and successfully implemented the Operational Risk Monitor in various strategic departments and initiated capturing of loss data. The Bank plans to move to the Advanced Approach for Basel II, including all its components, and is in the process of finalizing an implementation strategy.

In its Consumer assets portfolio, UBL continued to lend selectively to branch banking customers under the "Relationship Model". Behavior scoring, along with a revised settlement policy, proved to be an effective risk management tool for improving recoveries. Additionally, the implementation of an application scoring model will help in improving asset quality and reducing provisioning.

The Market & Treasury Risk function continued to monitor and improve the effective implementation of the market risk management policy. Various steps were undertaken to improve limit setting and the review mechanism of exposures. Sensitivity and scenario analyses were routinely employed to assess the potential risk of proposed as well as existing investments. In line with the initiatives taken last year, greater emphasis and reliance was placed on quantitative methods. Steps were also taken to establish a mechanism for liquidity risk monitoring in line with guidelines provided by the SBP and Basel III. A dedicated market risk function has also been established within the International business, working closely with International Treasury to evaluate, monitor and manage treasury portfolio risk and develop a sound liquidity management framework.

UNITED BANK LIMITED

The Bank also continues to invest in people and technology as part of its process of continuously strengthening the risk management function.

Auditors

The present auditors M/S. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants and M/S. BDO Ebrahim & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment in the forthcoming Annual General Meeting.

Conclusion

In conclusion, I extend my thanks and appreciation to UBL shareholders and customers as well as to my fellow members of the Board of Directors for their trust and support. We acknowledge the efforts and dedication demonstrated by our staff and would also like to express our earnest appreciation to the Government, the State Bank of Pakistan, the Securities & Exchange Commission and other regulatory bodies for their continued support.

For and on behalf of the Board,

Nahayan Mabarak Al Nahayan
Chairman

Abu Dhabi
February 21, 2012

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
YEAR ENDED DECEMBER 31, 2011**

This statement is being presented to comply with the Code of Corporate Governance (The Code) contained in Regulation No. 35 of the Listing Regulations of the Karachi, Lahore & Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Board of Directors has adopted the Code of Corporate Governance and applied the principles contained in the Code in the following manner:

1. Except for the Chief Executive Officer, all other Directors, including the Chairman and the Deputy Chairman are non-executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Bank.
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors during the year 2011.
5. During the year 2011, the Board of Directors approved and signed the "Code of Conduct" and also approved "Code of Conduct & Ethical Standards 2011" for employees, which were signed by the employees.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. A set of significant policies are maintained by the Bank.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including the appointment and the determination of remuneration and terms and conditions of employment of the Chief Executive Officer have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by the Deputy Chairman. The Board met at least once in every quarter. Written notices of the Board meeting, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. The Company Secretary and the Chief Financial Officer attended the meetings of the Board of Directors.
9. The appointments of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit including their remuneration and terms of employment have been approved by the Board.
10. In compliance of Sub Clause (xiv) of Clause 35 of the Listing Regulations, three Directors have attended the Corporate Governance Leadership Skills program out of which two Directors, namely Mr. Muhammad Sami Saeed and Mr. Amin Uddin, have completed the program whereas Mr. Seerat Asghar has completed 3 parts of the program under the Board Development Series of the Pakistan Institute of Corporate Governance.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.

13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Bank other than those disclosed in the pattern of shareholding.
14. The Bank has complied with all corporate and financial reporting requirements.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive Directors including the Chairman of the committee.
16. The meetings of the audit committee are held at least once every quarter prior to the approval of interim and final results of the Bank, as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The Board has set up an effective internal audit function. Personnel of the Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide services other than approved services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board of Directors

Nahayan Mabarak Al Nahayan

Chairman

Abu Dhabi

Date: February 21, 2012

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES
OF CODE OF CORPORATE GOVERNANCE

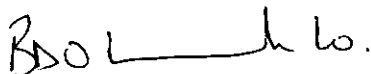
We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended December 31, 2011 prepared by the Board of Directors of **UNITED BANK LIMITED** (the Bank) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited, where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Bank's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

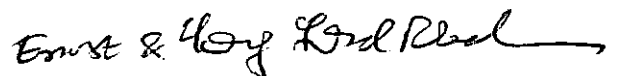
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

Further, the Listing Regulations require the Bank to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2011.



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUNTANTS

Audit Engagement Partner:
Zulfikar Ali Causer

Audit Engagement Partner:
Shabbir Yunus

Date: February 21, 2012

Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated statement of financial position of **UNITED BANK LIMITED** (the Bank) as at December 31, 2011 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for forty branches which have been audited by us and seventeen branches audited by auditors abroad and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

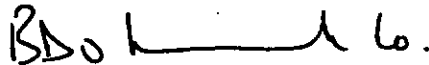
We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

- (a) in our opinion proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the unconsolidated statement of financial position and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes in accounting policies as disclosed in note 5.1 to the accompanying financial statements, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

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- (c) in our opinion and to the best of our information and according to the explanations given to us the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2011 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUNTANTS

Audit Engagement Partner:
Zulfikar Ali Causer

Audit Engagement Partner:
Shabbir Yunus

Date: February 21, 2012

Karachi



UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

	Note	2011 ----- (Rupees in '000) -----	2010 ----- (Rupees in '000) -----
ASSETS			
Cash and balances with treasury banks	6	86,409,551	67,461,668
Balances with other banks	7	16,546,311	18,642,142
Lendings to financial institutions	8	9,536,211	11,934,778
Investments	9	294,410,661	224,578,556
Advances			
Performing	10	314,181,110	318,673,884
Non-performing - net of provision	10	11,166,098	15,058,288
		325,347,208	333,732,172
Operating fixed assets	11	22,981,878	22,424,072
Deferred tax asset - net	12	1,991,185	1,298,403
Other assets	13	20,836,736	19,746,096
		778,059,741	699,817,887
LIABILITIES			
Bills payable	15	5,879,043	5,045,815
Borrowings	16	49,953,251	45,104,849
Deposits and other accounts	17	612,980,139	550,645,767
Subordinated loans	18	11,317,080	11,985,748
Deferred tax liability - net		-	-
Other liabilities	19	18,777,320	18,620,643
		698,906,833	631,402,822
NET ASSETS		<u>79,152,908</u>	<u>68,415,065</u>
REPRESENTED BY:			
Share capital	20	12,241,798	12,241,798
Reserves		24,847,019	21,688,637
Unappropriated profit		33,534,116	26,250,489
		70,622,933	60,180,924
Surplus on revaluation of assets - net of deferred tax	21	8,529,975	8,234,141
		<u>79,152,908</u>	<u>68,415,065</u>
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes from 1 to 48 and annexures form an integral part of these unconsolidated financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Seerat Asghar
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011 ----- (Rupees in '000) -----	2010
Mark-up / return / interest earned	24	70,450,475	59,277,362
Mark-up / return / interest expensed	25	31,025,869	24,997,188
Net mark-up / interest income		<u>39,424,606</u>	<u>34,280,174</u>
Provision against loans and advances - net	10.4	6,194,551	6,803,355
Provision against lendings to financial institutions	8.5	345,858	-
Provision for diminution in value of investments - net	9.3	410,085	204,573
Bad debts written off directly	10.5	340,416	996,772
		<u>7,290,910</u>	<u>8,004,700</u>
Net mark-up / return / interest income after provisions		<u>32,133,696</u>	<u>26,275,474</u>
Non Mark-up / Interest Income			
Fee, commission and brokerage income		6,949,191	6,337,745
Dividend income		786,496	591,017
Income from dealing in foreign currencies		2,078,260	1,653,793
Gain on sale of securities - net	26	518,710	158,885
Unrealized loss on revaluation of investments classified as held for trading	9.4	(43,750)	(38,365)
Other income	27	2,429,346	1,387,087
Total non mark-up / return / interest income		<u>12,718,253</u>	<u>10,090,162</u>
		44,851,949	36,365,636
Non Mark-up / Interest Expenses			
Administrative expenses	28	19,784,894	17,906,252
Other provisions / write offs - net	29	226,204	63,233
Workers' Welfare Fund	30	513,121	413,542
Other charges	31	104,939	240,391
Total non mark-up / interest expenses		<u>20,629,158</u>	<u>18,623,418</u>
Profit before taxation		<u>24,222,791</u>	<u>17,742,218</u>
Taxation - Current	32	8,946,039	6,805,506
- Prior years	32	679,290	415,136
- Deferred	32	(902,201)	(638,354)
		<u>8,723,128</u>	<u>6,582,288</u>
Profit after taxation		<u>15,499,663</u>	<u>11,159,930</u>
		----- (Rupees) -----	
Earnings per share - basic and diluted	33	<u>12.66</u>	<u>9.12</u>

The annexed notes from 1 to 48 and annexures form an integral part of these unconsolidated financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Seerat Asghar
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman



UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
	----- (Rupees in '000) -----	
Profit after taxation	15,499,663	11,159,930
Other comprehensive income:		
Exchange differences on translation of net investment in foreign branches	1,541,259	419,851
Net gain on cash flow hedges	103,319	118,866
Related deferred tax liability on cash flow hedges	(36,162)	(41,603)
	67,157	77,263
	1,608,416	497,114
Comprehensive income transferred to equity - net of tax	<u>17,108,079</u>	<u>11,657,044</u>

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 48 and annexures form an integral part of these unconsolidated financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Seerat Asghar
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	Note	2011 ----- (Rupees in '000) -----	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		24,222,791	17,742,218
Less: Dividend income		786,496	591,017
		<u>23,436,295</u>	<u>17,151,201</u>
Adjustments:			
Depreciation		1,234,055	1,492,922
Amortization		300,667	221,047
Workers' Welfare Fund		513,121	413,542
Provision for retirement benefits		422,027	16,638
Provision against loans and advances		6,194,551	6,803,355
Provision against lendings to financial institutions		345,858	-
Provision for diminution in value of investments		410,085	204,573
Reversal of provision in respect of investments disposed off during the year		(350,995)	(337,899)
Provision against off balance sheet items		4,144	-
Gain on sale of fixed assets		(39,679)	(16,248)
Bad debts written-off directly		340,416	996,772
Net gain on cash flow hedges		103,319	118,866
Unrealized loss on revaluation of investments classified as held for trading (Reversal) / provision against other assets		89,935	63,233
		<u>9,611,254</u>	<u>10,015,166</u>
		<u>33,047,549</u>	<u>27,166,367</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		2,052,709	11,227,352
Held for trading securities		15,167,282	(12,484,294)
Advances		1,849,997	12,559,414
Other assets (excluding advance taxation)		(1,716,492)	(1,185,766)
		<u>17,353,496</u>	<u>10,116,706</u>
(Decrease) / increase in operating liabilities			
Bills payable		833,228	(101,444)
Borrowings		4,848,402	9,960,026
Deposits and other accounts		62,334,372	58,609,664
Other liabilities (excluding current taxation)		(591,477)	2,697,443
		<u>67,424,525</u>	<u>71,165,689</u>
		<u>117,825,570</u>	<u>108,448,762</u>
Staff retirement benefits (paid) / received		(223,725)	977,691
Income taxes paid		(9,030,163)	(8,906,105)
Net cash inflow from operating activities		<u>108,571,682</u>	<u>100,520,348</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities		(84,544,558)	(76,127,684)
Dividend income received		737,762	591,017
Investment in operating fixed assets		(2,165,297)	(2,263,630)
Sale proceeds from disposal of operating fixed assets		112,861	96,850
Net cash outflow from investing activities		<u>(85,859,232)</u>	<u>(77,703,447)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of subordinated loans		(668,668)	(4,052)
Dividends paid		(6,732,989)	(4,006,407)
Net cash used in financing activities		<u>(7,401,657)</u>	<u>(4,010,459)</u>
Exchange differences on translation of net investment in foreign branches		1,541,259	419,851
Increase in cash and cash equivalents		<u>16,852,052</u>	<u>19,226,293</u>
Cash and cash equivalents at beginning of the year		86,103,810	66,877,517
Cash and cash equivalents at end of the year	34	<u><u>102,955,862</u></u>	<u><u>86,103,810</u></u>

The annexed notes from 1 to 48 and annexures form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2011

	Share capital	Statutory reserve	Capital reserves			Unappropriated profit	Total
			Exchange translation reserve	Reserve for issue of bonus shares	Cash flow hedge reserve		
(Rupees in '000)							
Balance as at January 1, 2010	11,128,907	12,214,912	6,951,040	-	(206,415)	22,187,802	52,276,246
Transactions with owners recorded directly in equity							
Final cash dividend for the year ended December 31, 2009 declared subsequent to year end at Rs.2.5 per share	-	-	-	-	-	(2,782,227)	(2,782,227)
Transfer to reserve for issue of bonus shares	-	-	-	1,112,891	-	(1,112,891)	-
Issue of bonus shares	1,112,891	-	-	(1,112,891)	-	-	-
Interim cash dividend for the half year ended June 30, 2010 declared at Re.1.0 per share	-	-	-	-	-	(1,224,180)	(1,224,180)
	1,112,891	-	-	-	-	(5,119,298)	(4,006,407)
Total comprehensive income for the year 2010							
Profit after taxation for the year ended December 31, 2010	-	-	-	-	-	11,159,930	11,159,930
Other comprehensive income - net of tax	-	-	419,851	-	77,263	-	497,114
Total comprehensive income	-	-	419,851	-	77,263	11,159,930	11,657,044
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	254,041	254,041
Transfer to statutory reserve	-	2,231,986	-	-	-	(2,231,986)	-
Balance as at December 31, 2010	12,241,798	14,446,898	7,370,891	-	(129,152)	26,250,489	60,180,924
Transactions with owners recorded directly in equity							
Final cash dividend for the year ended December 31, 2010 declared subsequent to year end at Rs.4.0 per share	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend for the half year ended June 30, 2011 declared at Rs.1.5 per share	-	-	-	-	-	(1,836,270)	(1,836,270)
	-	-	-	-	-	(6,732,989)	(6,732,989)
Total comprehensive income for the year 2011							
Profit after taxation for the year ended December 31, 2011	-	-	-	-	-	15,499,663	15,499,663
Other comprehensive income - net of tax	-	-	1,541,259	-	67,157	-	1,608,416
Total comprehensive income	-	-	1,541,259	-	67,157	15,499,663	17,108,079
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	66,919	66,919
Transfer to statutory reserve	-	1,549,966	-	-	-	(1,549,966)	-
Balance as at December 31, 2011	12,241,798	15,996,864	8,912,150	-	(61,995)	33,534,116	70,622,933

Appropriations made by the Directors subsequent to the year ended December 31, 2011 are disclosed in note 46 to these unconsolidated financial statements.

The annexed notes from 1 to 48 and annexures form an integral part of these unconsolidated financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Seerat Asghar
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011****1. STATUS AND NATURE OF BUSINESS**

United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at State Life Building No. 1, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,218 (December 31, 2010: 1,124) branches inside Pakistan including 14 (December 31, 2010: 6) Islamic Banking branches and 1 (December 31, 2010: 1) branch in Karachi Export Processing Zone. The Bank also operates 17 (December 31, 2010: 17) branches outside Pakistan as at December 31, 2011.

The Bank's Ordinary shares are listed on all three stock exchanges in Pakistan. Its Global Depository Receipts (GDRs) are on the list of the UK Listing Authority and the London Stock Exchange Professional Securities Market. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the US Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

2.2 The financial results of the Islamic Banking branches of the Bank have been included in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 45 to these unconsolidated financial statements.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the directives issued by the SECP and the SBP differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the said directives prevail.

3.2 The SBP, vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, 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 and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 These unconsolidated financial statements represent the separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary companies are presented separately.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
3.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan will be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 12 - Income Taxes: Deferred Tax Amendment – Recognition of Underlying Assets	January 01, 2012
IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendments)	July 01, 2012
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013
IAS 19 - Employee Benefits (Amendments 2011)	January 01, 2013
IAS 27 - Separate Financial Statements (2011)	January 01, 2013
IAS 28 - Investments in Associates and Joint Ventures (2011)	January 01, 2013

The Bank expects that the adoption of the above revisions, amendments and interpretations of the standards, with the exception of the amendments to IAS 19, will not affect the Bank's financial statements in the period of initial application.

With respect to the amendments to IAS 19, the Bank is currently assessing the impact of the amendments which are effective from January 01, 2013. It is expected that the adoption of the said amendments will result in a change in the Bank's accounting policy related to recognition of actuarial gains and losses as referred to in note 5.10.3 to the unconsolidated financial statements.

4. BASIS OF MEASUREMENT
4.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value.

4.2 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- i) classification of investments (notes 5.4 and 9)
- ii) provision against investments (notes 5.4 and 9.3) and advances (notes 5.5 and 10.4)
- iii) income taxes (notes 5.8 and 32)
- iv) staff retirement benefits (notes 5.10 and 36)
- v) fair value of derivatives (notes 5.15.2 and 19.4)
- vi) operating fixed assets, depreciation and amortization (notes 5.6 and 11)
- vii) impairment (note 5.7)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**5.1 Significant accounting policies**

The Bank has adopted the following new and amended IFRSs and related interpretations which became effective during the year. Other than these, the accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IAS 24 - Related Party Disclosures (Revised)

IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above standards, amendments and interpretations did not have a material effect on the financial statements.

5.2 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement represent cash and balances with treasury banks and balances with other banks.

5.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

5.3.1 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the purchase price and resale price is amortized over the period of the agreement and recorded as income.

Securities held as collateral are not recognized in the unconsolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

5.3.2 Sale under repurchase agreements

Securities sold subject to a re-purchase agreement (repo) are retained in the unconsolidated financial statements as investments and the counterparty liability is included in borrowings from financial institutions. The differential in sale and re-purchase value is accrued over the period of the agreement and recorded as an expense.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011****5.4 Investments**

Investments of the Bank, other than investments in subsidiaries and associates, are classified as held for trading, held to maturity and available for sale.

Held for trading

These are securities which are acquired either for generating a profit from short-term fluctuations in market prices, interest rate movements and dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the held for trading or held to maturity categories.

Initial measurement

All "regular way" purchases and sales of investments are recognized on the trade date, i.e., the date that the Bank commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investments are initially recognized at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments.

Subsequent measurement**Held for trading**

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

Held to maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the balance sheet below equity and is taken to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Provision for diminution in the value of securities (except term finance certificates) is made for impairment, if any. Provision for diminution in the value of term finance certificates is made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are valued at cost less impairment, if any. A reversal of an impairment loss on associates and subsidiaries is recognized as it arises provided the increased carrying value does not exceed cost.

Gain or loss on sale of investments in subsidiaries and associates is included in the profit and loss account for the year.

5.5 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Specific provision against domestic advances and general provision against domestic consumer loans are determined on the basis of the Prudential Regulations and other directives issued by the SBP. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the monetary agencies and the regulatory authorities of the respective countries. If circumstances warrant, the Bank, from time to time, makes general provision against weaknesses in its portfolio on the basis of management's estimation. Advances are written off when there is no realistic prospect of recovery. The amount so written off is a book entry without prejudice to the Bank's right of recovery against the customer.

The Bank determines write-offs in accordance with the criteria prescribed by the SBP vide BPRD Circular No. 06 dated June 05, 2007.

5.6 Operating fixed assets and depreciation
5.6.1 Owned

Property and equipment, other than land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses (if any). Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses. The cost of property and equipment of foreign branches includes exchange differences arising on currency translation at the year-end rates of exchange.

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected useful lives at the rates specified in note 11.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the asset is available for use. No depreciation is charged in the month of disposal.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above-mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets, to the extent of incremental depreciation, is transferred to unappropriated

Gains and losses on sale of fixed assets are included in income currently, except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

5.6.2 Leased (Ijarah)

Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the term of the lease.

Ijarah income is recognized on an accrual basis as and when the rental becomes due.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011****5.6.3 Intangible assets**

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized using the straight line method, from the month when these assets are available for use, whereby the cost of the intangible asset is amortized on the basis of the estimated useful life over which economic benefits are expected to flow to the Bank. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

5.7 Impairment**Impairment in available for sale equity investments**

Available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price.

Impairment in investments in associates and subsidiaries

The Bank considers that a decline in the recoverable value of the investment in associates and subsidiaries below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognized when the recoverable value falls below the carrying value and is charged to the profit and loss account. A subsequent reversal of an impairment loss, upto the cost of the investment in associates and subsidiaries, is credited to the profit and loss account.

Impairment in non-financial assets (excluding deferred tax)

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is charged to the profit and loss account except for an impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the revaluation surplus.

5.8 Taxation**5.8.1 Current**

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned from local as well as foreign operations. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes, where considered necessary, adjustments relating to prior years, arising from assessments made during the year.

5.8.2 Deferred

Deferred tax is recognized using the liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

The carrying amount of the deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Bank also recognizes a deferred tax asset / liability on the cash flow hedge reserve and on the deficit / surplus on revaluation of fixed assets and securities which is adjusted against the related deficit / surplus in accordance with the requirements of the revised IAS 12, Income Taxes.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
5.9 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events which makes it probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognized when intimated and reasonable certainty exists for the Bank to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the provision is classified under other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

5.10 Staff retirement and other benefits
5.10.1 Staff retirement benefit schemes

The Bank operates the following staff retirement schemes for its employees

- a) For new employees and for those who opted for the new scheme introduced in 1991, the Bank operates
 - an approved contributory provident fund (defined contribution scheme); and
 - an approved gratuity scheme (defined benefit scheme).
- b) For employees who have not opted for the new scheme introduced in 1991, the Bank operates
 - an approved non-contributory provident fund in lieu of the contributory provident fund; and
 - an approved funded pension scheme, introduced in 1986 (defined benefit scheme).

In 2001, the Bank modified the pension scheme and introduced a conversion option for employees covered under option (b) above to move to option (a). This conversion option ceased on December 31, 2003.

The Bank also operates a contributory benevolent fund for all its eligible employees (defined benefit scheme).

Annual contributions towards defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method.

For defined contribution schemes, the Bank pays contributions to the fund on a periodic basis. The Bank has no further payment obligation once the contributions have been paid. The contributions are recognized as an expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction of the future payments is available.

5.10.2 Other benefits
a) Employees' compensated absences

The Bank makes provisions for compensated vested and non-vested absences accumulated by its eligible employees on the basis of actuarial advice under the Projected Unit Credit Method.

b) Post retirement medical benefits (defined benefit scheme)

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial advice under the Projected Unit Credit Method.

c) Employee motivation and retention scheme

The Bank operates a long term motivation and retention scheme for its employees with the objective of rewarding, motivating and retaining its high performing executives and officers. The liability of the Bank is fixed, determined each year based on the performance of the Bank.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
5.10.3 Actuarial gains and losses

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are accounted for using a "corridor" which is the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation at the end of the last reporting year. These limits are calculated and applied separately for each defined benefit plan. Actuarial gains and losses in excess of the "corridor" are charged or credited to profit and loss account over the employees' expected average remaining working lives.

Actuarial gains and losses pertaining to long term compensated absences are recognized immediately.

5.11 Subordinated loans

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

5.12 Borrowings / deposits

- a) Borrowings / deposits are recorded at the proceeds received.
- b) The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

5.13 Revenue recognition

Revenue is recognized to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized.

5.13.1 Advances and investments

Mark-up / return on performing advances and investments is recognized on a time proportionate basis over the term of the advances and investments. Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity.

Interest or mark-up recoverable on non-performing advances and classified investments is recognized on a receipt basis. Interest / return / mark-up on rescheduled / restructured loans and advances and investments is recognized when received or as required by overseas regulatory authorities of the countries where the branches operate, except where, in the opinion of the management, it would not be prudent to do so.

5.13.2 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

5.13.3 Fee, brokerage and commission

Fee, brokerage, commission and other income is recognized on an accrual basis.

5.13.4 Grants

Grants received for revenue expenditure are recorded as income upon utilization.

5.14 Foreign currencies
5.14.1 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5.14.2 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011****5.14.3 Foreign operations**

The assets and liabilities of foreign operations are translated to rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated at the average rate of exchange for the year.

5.14.4 Translation gains and losses

Translation gains and losses are taken to the profit and loss account, except those arising on the translation of net investment in foreign branches which are taken to capital reserves (Exchange Translation Reserve) until the disposal of the net investment, at which time these are recognised in the profit and loss account.

5.14.5 Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the unconsolidated financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of the statement of financial position.

5.15 Financial instruments**5.15.1 Financial assets and liabilities**

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

5.15.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when their fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

5.15.3 Hedge accounting

The Bank makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks. In order to manage particular risks, the Bank may undertake a hedge. The Bank applies hedge accounting for transactions which meet the specified criteria.

At the inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

Also, at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to be offset by between 80% to 125%.

Cash flow hedges

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in the statement of changes in equity, and recycled to the profit and loss account in the periods when the hedged item will affect profit or loss. Any gain or loss on the ineffective portion of the hedging instrument is recognised in the profit and loss account immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the profit and loss account.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
5.15.4 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.16 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

5.16.1 Business segments
(a) Corporate finance

Corporate finance includes services provided in connection with mergers and acquisitions, project finance and the underwriting / arrangement of debt and equity instruments through syndications, Initial Public Offerings and private placements.

(b) Trading and sales

Trading and sales includes fixed income, equity, foreign exchange, credit, funding, own position securities, lending and borrowings and derivatives for hedging and market making.

(c) Retail banking

Retail banking includes retail and consumer lending and deposits, banking services, cards and branchless banking.

(d) Commercial banking

Commercial banking includes project finance, working capital finance, trade finance, import and export, factoring, leasing, lending, deposits and guarantees.

(e) Others

Others includes functions which cannot be classified in any of the above segments.

5.16.2 Geographical segments

The Bank operates in four geographical regions being:

- Pakistan
- Karachi Export Processing Zone
- United States of America
- Middle East

5.17 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the year in which these are approved, except appropriations required by law which are recorded in the period to which they pertain.

5.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Note	2011 ----- (Rupees in '000) -----	2010
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		19,497,872	11,680,324
Foreign currency		3,499,452	2,539,542
		22,997,324	14,219,866
With State Bank of Pakistan in			
Local currency current accounts	6.1	21,787,307	22,362,478
Local currency deposit accounts		3,864	3,864
Foreign currency current accounts	6.2	1,317,252	1,287,860
Foreign currency deposit account	6.3	3,857,969	3,781,588
		26,966,392	27,435,790
With other central banks in foreign currency current accounts	6.4	14,104,219	11,960,999
With National Bank of Pakistan in local currency current accounts		22,250,603	13,798,332
National Prize Bonds		91,013	46,681
		<u>86,409,551</u>	<u>67,461,668</u>

6.1 This represents current accounts maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.

6.2 This represents a US Dollar Settlement Account maintained with the SBP and includes current accounts maintained with the SBP to comply with the statutory requirements issued from time to time.

6.3 This represents special cash reserve requirement maintained with the SBP. The return on this account is declared by the SBP on a monthly basis and, as at December 31, 2011, carries mark-up at the rate of 0% (2010: 0%) per annum.

6.4 Deposits with other central banks are maintained to meet the minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

	Note	2011 ----- (Rupees in '000) -----	2010
7. BALANCES WITH OTHER BANKS			
Inside Pakistan			
In current accounts		21,099	-
In deposit accounts	7.1	2,000,006	453,472
		2,021,105	453,472
Outside Pakistan			
In current accounts		4,468,767	2,902,027
In deposit accounts	7.1	10,056,439	15,286,643
		14,525,206	18,188,670
		<u>16,546,311</u>	<u>18,642,142</u>

7.1 These carry mark-up at rates ranging from 0.40% to 11.50% (2010: 0.10% to 11.75%) per annum.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Note	2011 ----- (Rupees in '000) -----	2010
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.2	130,000	-
Repurchase agreement lendings	8.3	-	4,431,877
Other lendings to financial institutions	8.4	9,762,848	7,502,901
		<u>9,892,848</u>	<u>11,934,778</u>
Provision against lendings to financial institutions	8.5	(356,637)	-
		<u>9,536,211</u>	<u>11,934,778</u>
8.1 Particulars of lendings to financial institutions - gross			
In local currency		1,860,820	6,016,878
In foreign currencies		8,032,028	5,917,900
		<u>9,892,848</u>	<u>11,934,778</u>

8.2 These are unsecured lendings carrying mark-up at rates ranging from 12.25% to 13.15% per annum (2010: Nil) and are due to mature latest by March 2012.

8.3 Securities held as collateral against repurchase agreement lendings

	2011			2010		
	Held by Bank	Further given as collateral / sold	Total	Held by Bank	Further given as collateral / sold	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	-	-	-	2,881,877	-	2,881,877
Pakistan Investment Bonds	-	-	-	650,000	900,000	1,550,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,531,877</u>	<u>900,000</u>	<u>4,431,877</u>

8.4 Lendings pertaining to domestic operations carry mark-up at rates ranging from 13.47% to 15.65% per annum (2010: 3.00% to 15.34% per annum) and are due to mature latest by November 2014, whereas lendings pertaining to overseas operations carry mark-up at rates ranging from 0.06% to 4.30% per annum (2010: 0.75% to 3.8% per annum) and are due to mature latest by December 2012.

8.5 This represents provision made against lendings to financial institutions with movement as follows:

	2011 ----- (Rupees in '000) -----	2010
Opening balance	-	560,852
Charged during the year	345,858	-
Exchange adjustments	10,779	-
Transferred during the year	-	(560,852)
Closing balance	<u>356,637</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
9. INVESTMENTS

9.1	Investments by type	Note	2011			2010		
			Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----								
Held for trading securities								
	Market Treasury Bills		692,705	-	692,705	12,984,400	1,189,144	14,173,544
	Pakistan Investment Bonds		-	-	-	805,257	-	805,257
	Ordinary shares of listed companies		386,782	-	386,782	8,928	-	8,928
	Foreign bonds		-	-	-	1,297,405	-	1,297,405
			1,079,487	-	1,079,487	15,095,990	1,189,144	16,285,134
Available for sale securities								
	Market Treasury Bills		100,056,116	28,236,295	128,292,411	39,519,598	20,695,498	60,215,096
	Pakistan Investment Bonds		28,741,922	-	28,741,922	18,988,194	536,428	19,524,622
	Government of Pakistan Sukuk		7,666,532	-	7,666,532	4,122,000	-	4,122,000
	Government of Pakistan Eurobonds		7,373,609	-	7,373,609	3,938,516	-	3,938,516
	Ordinary shares of listed companies		5,806,294	-	5,806,294	3,629,299	-	3,629,299
	Preference shares		477,816	-	477,816	463,977	-	463,977
	Ordinary shares of unlisted companies	9.7	445,474	-	445,474	445,382	-	445,382
	Term Finance Certificates		2,146,271	-	2,146,271	2,163,810	-	2,163,810
	Units of mutual funds		2,114,075	-	2,114,075	164,662	-	164,662
	Foreign bonds		14,529,330	-	14,529,330	14,878,099	-	14,878,099
			169,357,439	28,236,295	197,593,734	88,313,537	21,231,926	109,545,463
Held to maturity securities								
	Market Treasury Bills		50,545,793	-	50,545,793	58,843,648	-	58,843,648
	Pakistan Investment Bonds		23,468,779	-	23,468,779	4,392,225	-	4,392,225
	Government of Pakistan Sukuk		300,000	-	300,000	30,000	-	30,000
	Government of Pakistan Guaranteed Bonds		51,202	-	51,202	51,399	-	51,399
	Term Finance Certificates		3,832,169	-	3,832,169	27,106,749	-	27,106,749
	Sukuk Bonds		1,863,468	-	1,863,468	2,548,739	-	2,548,739
	Participation Term Certificates		10,661	-	10,661	19,202	-	19,202
	Debentures		4,392	-	4,392	4,392	-	4,392
	Foreign bonds		1,994,978	-	1,994,978	1,900,453	-	1,900,453
	Recovery note		289,214	-	289,214	283,811	-	283,811
	Commercial paper		50,438	-	50,438	-	-	-
	CDC SAARC Fund		450	-	450	428	-	428
			82,411,544	-	82,411,544	95,181,046	-	95,181,046
Associates								
	United Growth and Income Fund		3,030,136	-	3,030,136	3,030,136	-	3,030,136
	UBL Liquidity Plus Fund		5,100,000	-	5,100,000	2,600,000	-	2,600,000
	United Composite Islamic Fund		250,000	-	250,000	250,000	-	250,000
	United Islamic Income Fund		200,000	-	200,000	200,000	-	200,000
	United Stock Advantage Fund		250,000	-	250,000	250,000	-	250,000
	UBL Participation Protected Plan		-	-	-	200,000	-	200,000
	UBL Capital Protected Fund - II		100,000	-	100,000	100,000	-	100,000
	UBL Savings Income Fund		2,600,000	-	2,600,000	100,000	-	100,000
	UBL Islamic Savings Fund		1,600,000	-	1,600,000	150,000	-	150,000
	UBL Islamic Retirement Savings Fund		90,000	-	90,000	90,000	-	90,000
	UBL Retirement Savings Fund		90,000	-	90,000	90,000	-	90,000
	UBL Capital Protected Fund - I		-	-	-	75,075	-	75,075
	UBL Government Securities Fund		3,100,000	-	3,100,000	-	-	-
	UBL Insurers Limited		240,000	-	240,000	240,000	-	240,000
	Oman United Exchange Company, Muscat		6,981	-	6,981	6,981	-	6,981
		9.9	16,657,117	-	16,657,117	7,382,192	-	7,382,192
Subsidiaries								
	United National Bank, UK		1,482,011	-	1,482,011	1,482,011	-	1,482,011
	United Bank AG Zurich, Switzerland		589,837	-	589,837	589,837	-	589,837
	UBL Fund Managers Limited		100,000	-	100,000	100,000	-	100,000
	United Executors and Trustees Company Ltd.		30,100	-	30,100	30,100	-	30,100
			2,201,948	-	2,201,948	2,201,948	-	2,201,948
			271,707,535	28,236,295	299,943,830	208,174,713	22,421,070	230,595,783
	Provision for diminution in value of investments	9.3	(2,726,226)	-	(2,726,226)	(2,658,000)	-	(2,658,000)
	Investments (net of provisions)		268,981,309	28,236,295	297,217,604	205,516,713	22,421,070	227,937,783
	(Deficit) / surplus on revaluation of available for sale securities	21.2	(2,796,114)	32,921	(2,763,193)	(3,309,144)	(11,718)	(3,320,862)
	(Deficit) on revaluation of held for trading securities	9.4	(43,750)	-	(43,750)	(38,201)	(164)	(38,365)
	Total investments		266,141,445	28,269,216	294,410,661	202,169,368	22,409,188	224,578,556

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Note	2011 ----- (Rupees in '000) -----	2010
9.2 Investments by segment			
Federal Government Securities			
Market Treasury Bills		167,434,994	127,315,215
Pakistan Investment Bonds		52,210,701	24,722,104
Government of Pakistan Sukuk		7,966,532	4,152,000
Government of Pakistan Eurobonds		7,373,609	3,938,516
Government of Pakistan Guaranteed Bonds		51,202	51,399
		235,037,038	160,179,234
Foreign Securities			
Market Treasury Bills		12,095,915	5,917,073
Government bonds		12,330,289	4,770,078
Government Sukuk		329,231	313,471
CDC SAARC Fund		450	428
Recovery note		289,214	283,811
Other bonds		4,194,019	13,305,879
		29,239,118	24,590,740
Ordinary shares			
Listed companies		6,193,076	3,638,227
Unlisted companies	9.7	445,474	445,382
		6,638,550	4,083,609
Preference shares			
		477,816	463,977
Units of Mutual Funds			
		2,114,075	164,662
Term Finance Certificates			
Listed companies		2,686,884	2,437,296
Unlisted companies		3,291,556	26,833,263
		5,978,440	29,270,559
Sukuk Bonds		1,534,237	2,235,268
Debentures		4,392	4,392
Participation Term Certificates		10,661	19,202
Commercial paper		50,438	-
Investments in subsidiaries and associates			
	9.9	18,859,065	9,584,140
Total investments at cost			
		299,943,830	230,595,783
Provision for diminution in value of investments	9.3	(2,726,226)	(2,658,000)
Investments (net of provisions)			
		297,217,604	227,937,783
Deficit on revaluation of available for sale securities	21.2	(2,763,193)	(3,320,862)
Deficit on revaluation of held for trading securities	9.4	(43,750)	(38,365)
Total investments			
		294,410,661	224,578,556

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	2011	2010
	----- (Rupees in '000) -----	
9.3 Provision for diminution in value of investments:		
9.3.1 Opening balance	2,658,000	2,252,653
Charged during the year	456,777	342,610
Reversed during the year	(46,692)	(138,037)
Net charge for the year	410,085	204,573
Reversed on disposal	(350,995)	(337,899)
Transfers	9,136	548,318
	(341,859)	210,419
Written off during the year	-	(9,645)
Closing balance	2,726,226	2,658,000
9.3.2 Provision for diminution in value of investments by type		
Available for sale securities		
Ordinary shares of listed companies	1,705,848	1,681,357
Ordinary shares of unlisted companies	145,468	141,512
Foreign bonds	37,209	-
Preference shares	354,405	336,478
	2,242,930	2,159,347
Held to maturity securities		
Term Finance Certificates	104,137	100,448
Sukuks	74,893	77,667
Participation Term Certificates	10,661	19,202
Recovery note	289,214	281,585
Debentures	4,391	4,391
	483,296	483,293
Associates	-	15,360
	2,726,226	2,658,000
9.3.3 Provision for diminution in value of investments by segment		
Equity securities		
Listed companies	1,705,848	1,681,357
Unlisted companies	145,468	141,512
Preference shares	354,405	336,478
	2,205,721	2,159,347
Debt securities		
Term Finance Certificates	104,137	100,448
Sukuks	74,893	77,667
Recovery note	289,214	281,585
Foreign bonds	37,209	-
Participation Term Certificates	10,661	19,202
Debentures	4,391	4,391
	520,505	483,293
Associates	-	15,360
	2,726,226	2,658,000
9.4 Unrealized (loss) / gain on revaluation of held for trading securities		
Market Treasury Bills	(42)	(353)
Pakistan Investment Bonds	-	2,440
Ordinary shares of listed companies	(43,708)	91
Foreign bonds	-	(40,543)
	(43,750)	(38,365)
9.5 Investments include securities which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.		
9.6 Investments include Rs.282 million (2010: Rs.282 million) held by the State Bank of Pakistan and National Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs.5 million (2010: Rs.5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.		
9.7 This includes the Bank's subscription towards the paid-up capital of Khushhali Bank Limited (KBL) amounting to Rs.200 million (2010: Rs.200 million). Pursuant to Section 10 of the Khushhali Bank Ordinance, 2000, strategic investors including the Bank could not sell or transfer their investment before a period of five years that has expired on October 10, 2005. Thereafter, such sale / transfer would be subject to the prior approval of the SBP. The SECP has now incorporated KBL under the Microfinance Institutions Ordinance, 2001 and issued a Certificate of Incorporation on February 28, 2008.		

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In order to achieve the strategic restructuring of KBL, a consortium of commercial banks (the Sellers Consortium) including the Bank had decided to completely divest their shareholding in KBL. The Bank has subsequently decided not to sell its shareholding in KBL. Instead, the Bank decided to form its own consortium including four international private equity funds with the aim of acquiring majority control of KBL. This decision was made in order to capitalize on various synergies with the Bank.

The Sellers Consortium (SC) had issued an Expression of Interest inviting interested parties to submit the required information for pre-selection by the SC and the SBP for conducting due diligence of KBL. The Bank's consortium was approved, along with other consortiums, to conduct the due diligence which has now been completed and the approved consortiums have submitted a bid on February 16, 2012.

9.8 Information relating to investments required to be disclosed as part of the financial statements under State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006, is given in Annexure 'A' to these unconsolidated financial statements. Details in respect of the quality of available for sale securities are also disclosed in Annexure 'A'.

9.9 This includes investment in the seed capital aggregating to Rs.480 million (2010: Rs.630 million) which is required to be held for a period of two years.

10. ADVANCES	Note	Performing		Non-performing		Total	
		2011	2010	2011	2010	2011	2010

Loans, cash credits, running finances, etc.

In Pakistan	10.2	217,075,307	228,034,418	41,798,946	40,726,130	258,874,253	268,760,548
Outside Pakistan		71,963,532	75,230,030	6,593,894	5,198,923	78,557,426	80,428,953
		289,038,839	303,264,448	48,392,840	45,925,053	337,431,679	349,189,501

Bills discounted and purchased

Payable in Pakistan		15,840,765	12,429,950	2,711,544	2,235,582	18,552,309	14,665,532
Payable outside Pakistan		10,310,200	4,404,982	12,440	431,925	10,322,640	4,836,907
		26,150,965	16,834,932	2,723,984	2,667,507	28,874,949	19,502,439

Advances - gross		315,189,804	320,099,380	51,116,824	48,592,560	366,306,628	368,691,940
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Provision against advances	10.4						
- Specific		-	-	(39,950,726)	(33,534,272)	(39,950,726)	(33,534,272)
- General		(1,008,694)	(1,425,496)	-	-	(1,008,694)	(1,425,496)
		(1,008,694)	(1,425,496)	(39,950,726)	(33,534,272)	(40,959,420)	(34,959,768)

Advances - net of provision		314,181,110	318,673,884	11,166,098	15,058,288	325,347,208	333,732,172
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10.1	Particulars of advances - gross	Performing		Non-performing		Total	
		2011	2010	2011	2010	2011	2010

10.1.1	In local currency	227,995,007	235,079,268	44,165,843	42,816,359	272,160,850	277,895,627
	In foreign currencies	87,194,797	85,020,112	6,950,981	5,776,201	94,145,778	90,796,313
		<u>315,189,804</u>	<u>320,099,380</u>	<u>51,116,824</u>	<u>48,592,560</u>	<u>366,306,628</u>	<u>368,691,940</u>

10.1.2	Short term	216,561,336	244,216,178	-	-	216,561,336	244,216,178
	Long term	98,628,468	75,883,202	51,116,824	48,592,560	149,745,292	124,475,762
		<u>315,189,804</u>	<u>320,099,380</u>	<u>51,116,824</u>	<u>48,592,560</u>	<u>366,306,628</u>	<u>368,691,940</u>

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10.2 Non-performing advances include advances having gross book value of Rs.10,591.010 million (2010: Rs.5,774.675 million) and net book value of Rs.3,207.771 million (2010: Rs.3,664.061 million) which, though restructured and performing, have been placed under non-performing status as required by the revised Prudential Regulations issued by the SBP, which require monitoring for at least one year before any upgradation is considered.

10.3 Advances include Rs.51,117 million (2010: Rs.48,593 million) which have been placed under non-performing status as detailed below:

Category of classification	2011								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets Especially Mentioned *	319,428	-	319,428	-	-	-	-	-	-
Substandard	2,274,422	747,378	3,021,800	431,607	174,625	606,232	431,607	174,625	606,232
Doubtful	4,276,895	1,081,319	5,358,214	2,156,044	794,875	2,950,919	2,156,044	794,875	2,950,919
Loss	37,639,745	4,777,637	42,417,382	32,996,932	3,396,643	36,393,575	32,996,932	3,396,643	36,393,575
	<u>44,510,490</u>	<u>6,606,334</u>	<u>51,116,824</u>	<u>35,584,583</u>	<u>4,366,143</u>	<u>39,950,726</u>	<u>35,584,583</u>	<u>4,366,143</u>	<u>39,950,726</u>

Category of classification	2010								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets Especially Mentioned *	336,651	-	336,651	-	-	-	-	-	-
Substandard	6,320,318	1,037,361	7,357,679	1,414,035	259,344	1,673,379	1,414,035	259,344	1,673,379
Doubtful	5,716,839	3,005,088	8,721,927	1,530,397	1,502,546	3,032,943	1,530,397	1,502,546	3,032,943
Loss	30,587,904	1,588,399	32,176,303	27,239,551	1,588,399	28,827,950	27,239,551	1,588,399	28,827,950
	<u>42,961,712</u>	<u>5,630,848</u>	<u>48,592,560</u>	<u>30,183,983</u>	<u>3,350,289</u>	<u>33,534,272</u>	<u>30,183,983</u>	<u>3,350,289</u>	<u>33,534,272</u>

* The Other Assets Especially Mentioned category pertains to agricultural finance only.

10.4 Particulars of provision against advances

Note	2011			2010		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	33,534,272	1,425,496	34,959,768	27,673,022	713,507	28,386,529
Exchange adjustments	234,146	27,467	261,613	193,452	3,822	197,274
Charge / (reversals)						
Charge for the year	9,790,819	157,904	9,948,723	8,043,159	910,973	8,954,132
Reversals	(3,152,499)	(601,673)	(3,754,172)	(1,956,300)	(194,477)	(2,150,777)
	6,638,320	(443,769)	6,194,551	6,086,859	716,496	6,803,355
Transfers	303,987	(500)	303,487	137,089	(8,329)	128,760
Amounts written off	(759,999)	-	(759,999)	(556,150)	-	(556,150)
Closing balance	<u>39,950,726</u>	<u>1,008,694</u>	<u>40,959,420</u>	<u>33,534,272</u>	<u>1,425,496</u>	<u>34,959,768</u>

10.4.1 General provision represents provision amounting to Rs.308.153 million (2010: Rs.375.327 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs.600.541 million (2010: Rs.415.169 million) pertaining to overseas advances to meet the requirements of monetary agencies and regulatory authorities of the respective countries in which the overseas branches operate. General provisions also include an amount of Rs.100.000 million (2010: Rs.635.000 million) which the Bank carries as matter of prudence given the current economic environment and is based on management estimates.

10.4.2 The Bank has availed the benefit of Forced Sale Value (FSV) of pledged stocks and mortgaged residential and commercial properties (land and building only) held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs.3,217 million (December 31, 2010: Rs.3,068 million). The FSV benefit recognized will not be available for the distribution of cash or stock dividend to shareholders.

10.4.3 Particulars of provision against advances

	2011			2010		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	35,397,059	408,153	35,805,212	30,183,984	1,010,327	31,194,311
In foreign currencies	4,553,667	600,541	5,154,208	3,350,288	415,169	3,765,457
	<u>39,950,726</u>	<u>1,008,694</u>	<u>40,959,420</u>	<u>33,534,272</u>	<u>1,425,496</u>	<u>34,959,768</u>

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	Note	2011	2010
		----- (Rupees in '000) -----	
10.5 Particulars of write-offs			
10.5.1 Against provisions	10.4	759,999	556,150
Directly charged to profit and loss account		<u>340,416</u>	<u>996,772</u>
		<u><u>1,100,415</u></u>	<u><u>1,552,922</u></u>
10.5.2 Write-offs of Rs.500,000 and above	10.6	834,700	764,563
Write-offs below Rs.500,000		<u>265,715</u>	<u>788,359</u>
		<u><u>1,100,415</u></u>	<u><u>1,552,922</u></u>
10.6 Details of loan write-offs of Rs.500,000 and above			

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2011 is given in Annexure 'B' to these unconsolidated financial statements. These loans are written off as a book entry without prejudice to the Bank's right of recovery against the customers.

	Note	2011	2010
		----- (Rupees in '000) -----	
10.7 Particulars of loans and advances to executives, Directors, associated companies etc.			
Balance at the beginning of the year		1,619,550	1,484,616
Loans granted during the year		879,974	717,242
Repayments made during the year		<u>(772,325)</u>	<u>(582,308)</u>
Balance at the end of the year		<u><u>1,727,199</u></u>	<u><u>1,619,550</u></u>

11. OPERATING FIXED ASSETS

Capital work-in-progress	11.1	944,750	1,334,951
Property and equipment	11.2	20,541,088	20,166,071
Intangible assets	11.3	<u>1,496,040</u>	<u>923,050</u>
		<u><u>22,981,878</u></u>	<u><u>22,424,072</u></u>

11.1 Capital work-in-progress

Civil works	11.1.1	612,932	537,257
Equipment		201,821	268,949
Software	11.1.2	107,547	517,776
Advances to suppliers and contractors		<u>22,450</u>	<u>10,969</u>
		<u><u>944,750</u></u>	<u><u>1,334,951</u></u>

11.1.1 This includes Rs.519.317 million (2010: Rs.437.916 million) in respect of construction of the Head Office building.

11.1.2 This includes Rs.71.918 million (2010: Rs.516.081 million) in respect of the Core Banking Software.

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11.2 Property and equipment

		2011												
Note	At January 1, 2011	COST/ REVALUATION				At December 31, 2011	At January 1, 2011	ACCUMULATED DEPRECIATION				At December 31, 2011	Net book value at December 31, 2011	Annual rate of depreciation %
		Additions / (deletions)	Surplus on revaluation / (Reversal of accumulated depreciation)	Reclassification	Exchange Adjustment/ Other adjustments			Charge for the year / (depreciation on deletions)	Reversal due to revaluation	Exchange Adjustment/ Other adjustments				
(Rupees in '000)														
Owned														
	Freehold land	3,041,776	-	-	-	3,041,776	-	-	-	-	-	-	3,041,776	-
	Leasehold land	11,721,185	61,535	-	64	11,782,784	292,767	-	-	55	292,822	11,489,962	-	
	Buildings on freehold land	314,892	59,324	-	-	374,216	15,002	17,408	-	-	32,410	341,806	5	
	Buildings on leasehold land	2,026,522	69,263	-	498	2,096,283	122,471	101,339	-	(268)	223,542	1,872,741	5	
	Leasehold Improvements	1,661,185	249,305	-	26,007	1,936,497	562,856	173,575	-	12,005	748,436	1,188,061	10 - 20	
	Furniture and fixtures	945,272	94,443 (37,793)	-	8,077	1,009,999	544,095	78,019 (35,222)	-	6,079	592,971	417,028	10 - 25	
	Electrical, office and computer equipment	4,562,070	732,357 (84,179)	-	25,194	5,235,442	3,054,986	698,845 (82,323)	-	27,416	3,698,924	1,536,518	20 - 33.33	
	Vehicles	281,949	162,050 (67,675)	-	582	376,906	168,108	45,639 (50,560)	-	1,743	164,930	211,976	20 - 25	
Assets under operating lease														
	Ijarah assets	11.8	739,979	237,151 (250,227)	-	5,184	732,087	368,474	119,230 (196,837)	-	290,867	441,220	20 - 33.33	
	2011	25,294,830	1,665,428 (439,874)	-	65,606	26,585,990	5,128,759	1,234,055 (364,942)	-	47,298 (268)	6,044,902	20,541,088		
		2010												
Note	At January 01, 2010	COST/ REVALUATION				At December 31, 2010	At January 01, 2010	ACCUMULATED DEPRECIATION				At December 31, 2010	Net book value at December 31, 2010	Annual rate of depreciation %
		Additions / (deletions)	Surplus on revaluation / (Reversal of accumulated depreciation)	Reclassification	Exchange Adjustment/ Other adjustments			Charge for the year / (depreciation on deletions)	Reversal due to revaluation	Exchange Adjustment/ Other adjustments				
(Rupees in '000)														
Owned														
	Freehold land	1,825,754	125,305	-	1,090,717	3,041,776	-	-	-	-	-	3,041,776	-	
	Leasehold land	12,802,015	9,865	-	(1,090,717)	11,721,185	1,052	291,697	-	18	292,767	11,428,418	1 - 4	
	Buildings on freehold land	118,967	22,025	-	173,900	314,892	-	15,002	-	-	15,002	299,890	5	
	Buildings on leasehold land	2,149,539	56,072 (5,431)	8,788 (8,707)	161 (173,900)	2,026,522	36,283	99,979 (5,431)	-	347 (8,707)	122,471	1,904,051	5	
	Leasehold Improvements	1,495,013	169,079 (7,818)	-	4,911	1,661,185	415,414	153,380 (5,436)	-	(502)	562,856	1,098,329	10 - 20	
	Furniture and fixtures	885,786	75,064 (17,770)	-	2,192	945,272	477,661	78,998 (14,760)	-	2,196	544,095	401,177	10 - 25	
	Electrical, office and computer equipment	3,896,827	704,628 (31,186)	-	(8,199)	4,562,070	2,427,235	682,097 (29,681)	-	(24,665)	3,054,986	1,507,084	20 - 33.33	
	Vehicles	267,752	48,877 (34,854)	-	174	281,949	158,981	34,307 (22,631)	-	(2,549)	168,108	113,841	20 - 25	
Assets held under operating lease														
	Ijarah assets	11.8	810,456	59,658 (133,066)	-	2,931	739,979	296,066	137,463 (65,055)	-	368,474	371,505	20 - 33.33	
	2010	24,252,109	1,270,573 (230,125)	8,788 (8,707)	1,264,617 (1,264,617)	25,294,830	3,812,692	1,492,923 (142,994)	-	2,561 (8,707) (27,716)	5,128,759	20,166,071		

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11.2.1 During the year, the management has revised its estimates with respect to depreciation rates on leasehold land based on the characteristics of the underlying properties. As such, no depreciation has been charged on leasehold land during the year. Had there been no change in estimate, the profit for the year and the carrying value of leasehold land would have been lower by Rs.292.183 million.

11.3 Intangible assets

	2011									
	Cost				Accumulated Amortization				Net book value at December 31, 2011	Annual rate of amortisation %
	At January 1, 2011	Additions / (deletions)	Exchange adjustment/ other adjustments	At December 31, 2011	At January 1, 2011	Charge for the year / (reversal on deletion)	Exchange adjustment/ other adjustments	At December 31, 2011		
	----- (Rupees in '000) -----									
Software	1,713,289	863,721	16,834	2,593,844	790,239	300,667	6,898	1,097,804	1,496,040	10 - 33.33
	----- (Rupees in '000) -----									
	2010									
	Cost				Accumulated Amortization				Net book value at December 31, 2010	Annual rate of amortisation %
	At January 1, 2010	Additions / (deletions)	Exchange adjustment / other adjustments	At December 31, 2010	At January 1, 2010	Charge for the year / (reversal on deletion)	Exchange adjustment / other adjustments	At December 31, 2010		
	----- (Rupees in '000) -----									
Software	1,043,528	654,002 (4,140)	19,899	1,713,289	554,893	221,047 (2,691)	16,990	790,239	923,050	10 - 33.33

11.4 Revaluation of properties

The properties of the Bank were last revalued by independent professional valuers as at December 31, 2009. The revaluation was carried out by M/s. Pirsons Chemicals Engineering (Private) Limited, M/s. Sadruddin Associates, M/s. Maricon Consultants (Private) Limited and M/s. Engineering Pakistan International (Private) Limited on the basis of professional assessment of present market values and resulted in a surplus of Rs.4,139.592 million. Had there been no revaluation, the carrying amount of revalued assets at December 31, 2011 would have been as follows:

	2011 ----- (Rupees in '000) -----	2010 ----- (Rupees in '000) -----
Freehold land	1,484,906	1,484,906
Leasehold land	9,168,903	9,168,903
Buildings on freehold land	65,146	69,201
Buildings on leasehold land	1,491,367	1,584,701
11.5 Carrying amount of temporarily idle property of the Bank	<u>79,812</u>	<u>59,812</u>

11.6 The cost of fully depreciated assets still in use

Furniture and fixtures	223,796	234,275
Electrical, office and computer equipment	2,244,517	1,665,921
Vehicles	67,694	69,474
	<u>2,536,007</u>	<u>1,969,670</u>

11.7 Details of disposal of operating fixed assets

The information relating to operating fixed assets disposed off during the year is given in Annexure 'C' and is an integral part of these unconsolidated financial statements.

11.8 The Islamic Banking branches of the Bank have entered into Ijarah transactions with customers during the year. The majority of Ijarah transactions entered into are in respect of vehicles.

The Ijarah payments receivable from customers for each of the following periods under the terms of the respective arrangements are given below:

	2011 ----- (Rupees in '000) -----	2010 ----- (Rupees in '000) -----
Not later than one year	340,825	103,811
Later than one year but not later than five years	214,293	242,387
Later than five years	-	94
	<u>555,118</u>	<u>346,292</u>

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	Note	2011 ----- (Rupees in '000) -----	2010
12. DEFERRED TAX ASSET - NET			
Deferred tax asset - net	12.1	<u>1,991,185</u>	<u>1,298,403</u>

12.1 Movement in temporary differences during the year

	2011			
	At January 1, 2011	Recognised in profit and loss account	Others	At December 31, 2011
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Deficit on revaluation of investments	1,162,302	-	(195,184)	967,118
- Ijarah financing	(14,371)	-	-	(14,371)
- Workers' Welfare Fund	144,740	34,853	-	179,593
- Cash flow hedge reserve	69,545	-	(36,162)	33,383
- Provision against off balance sheet items, post retirement medical benefits and advances	5,204,300	1,158,098	22,072	6,384,470
	<u>6,566,516</u>	<u>1,192,951</u>	<u>(209,274)</u>	<u>7,550,193</u>
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	(5,142,198)	36,033	(145)	(5,106,310)
- Accelerated tax depreciation	(125,915)	(326,783)	-	(452,698)
	<u>(5,268,113)</u>	<u>(290,750)</u>	<u>(145)</u>	<u>(5,559,008)</u>
	<u>1,298,403</u>	<u>902,201</u>	<u>(209,419)</u>	<u>1,991,185</u>
	2010			
	At January 1, 2010	Recognised in profit and loss account	Others	At December 31, 2010
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Deficit on revaluation of investments	1,066,434	-	95,868	1,162,302
- Ijarah financing	52,314	(66,685)	-	(14,371)
- Workers' Welfare Fund	139,142	5,598	-	144,740
- Cash flow hedge reserve	111,148	-	(41,603)	69,545
- Provision against off balance sheet items, post retirement medical benefits and advances	4,662,598	541,702	-	5,204,300
	<u>6,031,636</u>	<u>480,615</u>	<u>54,265</u>	<u>6,566,516</u>
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	(5,275,900)	136,794	(3,092)	(5,142,198)
- Accelerated tax depreciation	(146,860)	20,945	-	(125,915)
	<u>(5,422,760)</u>	<u>157,739</u>	<u>(3,092)</u>	<u>(5,268,113)</u>
	<u>608,876</u>	<u>638,354</u>	<u>51,173</u>	<u>1,298,403</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	2011	2010
		----- (Rupees in '000) -----	
13. OTHER ASSETS			
Income / mark-up accrued in local currency		11,595,686	11,753,658
Income / mark-up accrued in foreign currency		1,675,153	1,181,889
		13,270,839	12,935,547
Advance taxation - net of provision for taxation	13.1	3,091,744	3,686,910
Receivable from staff retirement funds		99,182	66,595
Receivable on account of encashment of savings certificates		18,892	43,086
Receivable in respect of derivative transactions		18,033	31,121
Receivable from other banks against telegraphic transfers and demand drafts		817,422	1,219,425
Unrealized gain on forward foreign exchange contracts	13.3	1,671,007	1,178,254
Branch adjustment account		345,007	-
Unrealized gain on derivative financial instruments	19.4.1 & 23.2	394,924	693,675
Advance against Murabaha		31,039	-
Suspense accounts		338,017	224,948
Stationery and stamps on hand		162,521	151,528
Non banking assets acquired in satisfaction of claims	13.4	584,337	-
Advances, deposits, advance rent and other prepayments		898,851	727,888
Others		1,872,750	1,139,563
		<u>23,614,565</u>	<u>22,098,540</u>
Provision held against other assets	13.2	<u>(2,777,829)</u>	<u>(2,352,444)</u>
Other assets (net of provisions)		<u>20,836,736</u>	<u>19,746,096</u>

- 13.1** The Income Tax returns of the Bank have been filed up to the tax year 2011 (accounting year ended December 31, 2010) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

The tax authorities have issued amended assessment orders for the tax years 2003 to 2011 (accounting years ended December 31, 2002 to 2010) determining additional tax liability of Rs.8,060 million, which has been fully paid as required under the law, except for a portion of Rs.222 million unpaid against the tax year 2011 as it is not yet due. For the tax years 2004 to 2009, appeals have been decided by the Commissioner of Inland Revenue [CIR(A)] by allowing relief on certain issues, while the tax years 2003 and 2010 remain pending before the CIR(A). For the tax year 2011, the Bank is in the process of filing an appeal before the CIR(A). For tax years 2004 to 2007, appeals have been decided by the Appellate Tribunal Inland Revenue (ATIR), while the tax years 2008 and 2009 remain pending before the ATIR. For tax years 2004 to 2007, the ATIR has allowed relief on certain issues, and to give appeal effect, a refund order of Rs.1,340 million was issued. For the remaining matters, the Bank has filed a reference application before the High Court of Sindh. The management is confident that the appeals will be decided in favor of the Bank.

Under the Seventh Schedule to the Ordinance, banks are allowed to claim provisions against advances upto 5% of total advances for consumer and small and medium enterprises and upto 1% of total advances for other advances. Amounts above these limits are allowed to be claimed in future years. As at December 31, 2011 the Bank has booked a deferred tax asset of Rs. 3,200 million (2010: 2,574 million) in respect of provisions in excess of the above mentioned limits.

The Bank also carries a tax asset amounting to Rs.4,114 million (December 31, 2010: Rs.5,454 million), representing disallowance of provisions against advances and off balance sheet obligations, for the periods prior to the applicability of the Seventh Schedule. The management, in consultation with its tax advisor, is confident that these would be allowed to the Bank at appellate levels.

The tax returns for Azad Kashmir (AK) Branches have been filed for tax years 2005 to 2011 (accounting years ended December 31, 2004 to 2010) under the provisions of section 120(1) read with section 114 of the Ordinance, and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax returns for overseas branches (for UAE, Qatar, Yemen and New York) have been filed up to the accounting year ended December 31, 2010 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

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	Note	2011	2010
		----- (Rupees in '000) -----	
13.2 Provision against other assets			
Opening balance		2,352,444	2,633,892
Exchange adjustments		<u>40,183</u>	<u>8,638</u>
		2,392,627	2,642,530
Charge for the year		<u>148,979</u>	<u>40,598</u>
Reversals		<u>(59,044)</u>	<u>(162,859)</u>
	29	89,935	(122,261)
Transfers		363,782	221,772
Amounts written off		<u>(68,515)</u>	<u>(389,597)</u>
Closing balance		<u><u>2,777,829</u></u>	<u><u>2,352,444</u></u>

13.3 Unrealised gains and losses on forward foreign exchange contracts are shown at their gross amounts.

13.4 The market value of non banking assets acquired in satisfaction of claims is Rs.564 million (2010: Rs.Nil)

14. CONTINGENT ASSETS

There were no contingent assets as at the statement of financial position date.

15. BILLS PAYABLE

In Pakistan	5,754,550	4,136,487
Outside Pakistan	<u>124,493</u>	<u>909,328</u>
	<u><u>5,879,043</u></u>	<u><u>5,045,815</u></u>

16. BORROWINGS

In Pakistan	47,000,993	44,676,121
Outside Pakistan	<u>2,952,258</u>	<u>428,728</u>
	<u><u>49,953,251</u></u>	<u><u>45,104,849</u></u>

16.1 Particulars of borrowings

In local currency	46,417,726	43,401,942
In foreign currencies	<u>3,535,525</u>	<u>1,702,907</u>
	<u><u>49,953,251</u></u>	<u><u>45,104,849</u></u>

16.2 Details of borrowings
Secured

Borrowings from the State Bank of Pakistan under:

- Export refinance scheme	16.3	<u>12,386,674</u>	<u>14,840,163</u>
- Refinance facility for modernization of SME	16.4	42,264	27,500
- Long term financing facility	16.5	3,516,846	2,770,789
- Long-term financing under export oriented projects	16.6	<u>1,410,276</u>	<u>2,444,872</u>
		17,356,060	20,083,324
Repurchase agreement borrowings	16.7	<u>28,241,667</u>	<u>22,412,235</u>
		45,597,727	42,495,559

Unsecured

Call borrowings	16.8	<u>3,772,258</u>	<u>428,195</u>
Overdrawn nostro accounts		5,044	456,617
Trading liabilities		-	806,942
Other borrowings	16.9	<u>578,222</u>	<u>917,536</u>
		<u>4,355,524</u>	<u>2,609,290</u>
		<u><u>49,953,251</u></u>	<u><u>45,104,849</u></u>

16.3 The Bank has entered into agreements with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within six months, latest by June 2012. These carry a markup rate of 10% per annum (2010: 9% per annum).

16.4 These borrowings have been obtained from the SBP to finance modernization of Small and Medium Enterprises by providing financing facilities for purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and setting up of new units. In addition, financing for import /local purchase of new generators upto a maximum capacity of 500 KVA is also eligible under this Scheme. These borrowings are repayable within a period ranging from 3 years to 10 years and carry markup rates ranging from 5.5% to 7% per annum (2010: 5.5% to 7% per annum).

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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- 16.5** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernizing their plant and machinery. These borrowings are repayable within a period ranging from 3 years to 10 years. These carry mark-up rates ranging from 9.7% to 11% per annum (2010: 8.2% to 9.5% per annum).
- 16.6** These borrowings have been obtained from the SBP for providing financing facilities for import of machinery, plant, equipment and accessories thereof by export oriented units. These borrowings are repayable within a period ranging from 2 years to 7.5 years. These carry mark-up rates ranging from 4% to 5% per annum (2010: 4% to 5% per annum).
- 16.7** These repurchase agreement borrowings are secured against Market Treasury Bills and carry mark-up at rates ranging from 11.00% to 11.75% per annum (2010: 12.50% to 13.25% per annum). These borrowings are repayable latest by January 2012. The carrying value of securities given as collateral is given in note 9.1.
- 16.8** These are unsecured borrowings and carrying mark-up at rates ranging from 0.35% to 13.15% per annum (2010: 0.35% to 1.58% per annum) and are repayable latest by March 2012.
- 16.9** This represents borrowings from an overseas bank for the development of Small and Medium Sized Enterprises in Pakistan, carries mark-up at the rate of six months LIBOR + 1.2% (2010: six months LIBOR + 1.2%) and are repayable by June 2012.

17. DEPOSITS AND OTHER ACCOUNTS	2011	2010
	----- (Rupees in '000) -----	
Customers		
Fixed deposits	172,496,615	161,587,884
Savings deposits	206,364,946	187,047,804
Sundry deposits	7,061,853	4,767,873
Margin deposits	4,047,310	3,696,330
Current accounts - remunerative	6,047,055	3,412,476
Current accounts - non-remunerative	204,004,415	175,589,304
	<u>600,022,194</u>	<u>536,101,671</u>
Financial Institutions		
Remunerative deposits	6,824,281	9,292,255
Non-remunerative deposits	6,133,664	5,251,841
	<u>12,957,945</u>	<u>14,544,096</u>
	<u>612,980,139</u>	<u>550,645,767</u>

17.1 Particulars of deposits and other accounts

In local currency	467,520,886	415,739,343
In foreign currencies	145,459,253	134,906,424
	<u>612,980,139</u>	<u>550,645,767</u>

18. SUBORDINATED LOANS - UNSECURED

	Note	Issue date	Tenor	Rate % per annum	Maturity	Frequency of principal redemption	2011	2010
----- (Rupees in '000) -----								
Term Finance Certificates - I	18.1	August 2004	8 years	8.45%	August 2012	Semi Annual	1,330,000	1,995,388
Term Finance Certificates - II	18.1	March 2005	8 years	9.49%	March 2013	Semi Annual	1,999,480	1,999,560
Term Finance Certificates - III	18.1	September 2006	8 years	6 months KIBOR+1.70%	September 2014	Semi Annual	1,996,000	1,996,800
Term Finance Certificates - IV	18.2	February 2008	10 years	For the first five years 6 months, KIBOR+0.85% and for the remaining term, 6 months KIBOR+1.35%	February 2018	Semi Annual	5,991,600	5,994,000
							<u>11,317,080</u>	<u>11,985,748</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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18.1 These represent listed Term Finance Certificates (TFCs) issued by the Bank. The liability of the Bank is subordinated as to the payment of principal and profit to all other indebtedness of the Bank (including deposits) and is not redeemable before maturity without approval of the SBP.

18.2 This represents listed Term Finance Certificates (TFCs) issued by the Bank. The liability of the Bank is subordinated as to the payment of principal and profit to all other indebtedness of the Bank (including deposits). The Bank has the right to exercise a call option, subject to SBP approval, after a period of 5 years from the issue date.

	Note	2011	2010
----- (Rupees in '000) -----			
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		9,309,802	8,427,554
Mark-up / return / interest payable in foreign currency		423,832	334,841
Accrued expenses	19.1	2,255,209	2,141,153
Branch adjustment account		-	1,399,052
Payable against purchase of securities		-	236,683
Payable under severance scheme		32,563	32,563
Unearned commission		154,855	99,544
Provision against off - balance sheet obligations	19.2	621,278	669,891
Unrealized loss on forward foreign exchange contracts		923,152	1,687,487
Deferred liabilities	19.3	2,344,328	2,113,439
Unrealized loss on derivative financial instruments	19.4.1 & 23.2	1,862,244	753,854
Workers' Welfare Fund payable		513,121	413,542
Insurance payable against consumer assets		132,393	183,095
Others		204,543	127,945
		<u>18,777,320</u>	<u>18,620,643</u>

19.1 This includes an accrual of Rs.255 million (2010: Rs.250 million) for the year ended December 31, 2011 in respect of the employee motivation and retention scheme. The objective of the scheme is to reward, motivate and retain high performing executives and officers of the Bank by way of bonus in the form of shares of the Bank. The liability of the Bank in respect of this scheme is fixed, determined and approved each year by the Board of Directors of the Bank. The scheme for each year is managed by a separate Trust formed for this purpose.

	Note	2011	2010
----- (Rupees in '000) -----			
19.2 Provision against off - balance sheet obligations			
Opening balance		669,891	682,141
Exchange adjustments		172	-
Charge during the year	29	4,144	-
Transfers during the year		(52,929)	-
Payments during the year		-	(12,250)
		<u>621,278</u>	<u>669,891</u>
19.3 Deferred liabilities			
Provision for post retirement medical benefits	36.4	1,139,591	1,139,616
Deferred liabilities for outsourced services		379,600	296,671
Provision for compensated absences	36.4	825,137	677,152
		<u>2,344,328</u>	<u>2,113,439</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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19.4 Unrealized gain / (loss) on derivative financial instruments

	Note	Contract / notional amount		Unrealised gain / (loss)	
		2011	2010	2011	2010
		----- (Rupees in '000) -----			
- Interest rate swaps		8,444,451	6,985,703	44,192	(111,793)
- Cross currency swaps		35,041,839	35,570,843	(1,511,512)	51,100
- Fx options		-	4,110,884	-	-
- Forward sale contracts of government securities		-	441,981	-	514
19.4.1		<u>43,486,290</u>	<u>47,109,411</u>	<u>(1,467,320)</u>	<u>(60,179)</u>

	Note	2011	2010
		----- (Rupees in '000) -----	
19.4.1 Unrealized loss on derivative financial instruments - net			
Unrealized gain on derivative financial instruments	13	394,924	693,675
Unrealized loss on derivative financial instruments	19	(1,862,244)	(753,854)
	23.2	<u>(1,467,320)</u>	<u>(60,179)</u>

20. SHARE CAPITAL
20.1 Authorized Capital

	2011	2010		2011	2010
	(Number of shares)				
	<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each	<u>20,000,000</u>	<u>20,000,000</u>

20.2 Issued, subscribed and paid-up capital

	2011	2010		2011	2010
	(Number of shares)				
	518,000,000	518,000,000	Fully paid-up ordinary shares of Rs.10 each		
	706,179,687	706,179,687	Issued for cash	5,180,000	5,180,000
	<u>1,224,179,687</u>	<u>1,224,179,687</u>	Issued as bonus shares	<u>7,061,798</u>	<u>7,061,798</u>
				<u>12,241,798</u>	<u>12,241,798</u>

20.3 In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2011, 19,587,958 (2010: 19,625,770) GDRs, representing 78,351,834 (2010: 78,503,082) shares were in issue.

20.4 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	2011		2010	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway (Holdings) Limited	467,611,120	38.20%	222,775,183	18.20%
State Bank of Pakistan	238,567,381	19.49%	238,567,381	19.49%
Bestway Cement Limited	93,649,744	7.65%	93,649,744	7.65%
His Highness Shaikh Nahayan Mabarak Al Nahayan	67,329,867	5.50%	78,942,102	6.45%
Sir Mohammed Anwar Pervez, OBE, HPk	62,433,163	5.10%	62,433,163	5.10%
H.E. Dr. Mana'a Saeed Al Otaiba	-	-	67,492,392	5.51%

The Abu Dhabi Group (ADG) and Bestway (Holdings) Limited (BHL) had entered into a Share Purchase Agreement dated December 28, 2010 for inter se transfer of 20% of the issued and outstanding ordinary shares of the Bank held by ADG to BHL. The inter se transfer of these shares took place on January 26, 2011.

As at December 31, 2011, ADG held 10.30% (2010: 30.30%) shareholding (including GDRs) and the Bestway Group (Bestway) held 51.07% (2010: 31.07%) shareholding of the Bank. However, control continues to rest with the consortium of ADG and Bestway.

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	Note	2011 ----- (Rupees in '000) -----	2010
21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus arising on revaluation of assets - net of tax			
Fixed assets	21.1	10,326,050	10,392,701
Securities	21.2	<u>(1,796,075)</u>	<u>(2,158,560)</u>
		<u>8,529,975</u>	<u>8,234,141</u>
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets at January 01		15,534,899	15,916,898
Revaluation of fixed assets during the year / adjustments		-	8,788
Exchange adjustments		413	48
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(66,919)	(254,041)
Related deferred tax liability on incremental depreciation charged during the year	12.1	<u>(36,033)</u>	<u>(136,794)</u>
		<u>(102,539)</u>	<u>(381,999)</u>
		15,432,360	15,534,899
Less: Related deferred tax liability on			
Revaluation as on January 1		5,142,198	5,275,900
Revaluation of fixed assets during the year		-	3,075
Exchange adjustments		145	17
Incremental depreciation charged on related assets	12.1	<u>(36,033)</u>	<u>(136,794)</u>
		<u>5,106,310</u>	<u>5,142,198</u>
		<u>10,326,050</u>	<u>10,392,701</u>
21.2 (Deficit) / surplus on revaluation of available for sale securities			
Market Treasury Bills		129,358	(55,830)
Pakistan Investment Bonds		(714,954)	(1,937,605)
Listed shares		(551,038)	(52,556)
Mutual fund units		(38,452)	7,040
Term Finance Certificates, Sukuks, other Bonds etc.		36,224	(27,242)
Foreign bonds		<u>(1,624,331)</u>	<u>(1,254,669)</u>
		<u>(2,763,193)</u>	<u>(3,320,862)</u>
Related deferred tax asset	12.1	<u>967,118</u>	<u>1,162,302</u>
		<u>(1,796,075)</u>	<u>(2,158,560)</u>
22. CONTINGENCIES AND COMMITMENTS			
22.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring			
Government		2,436,053	8,742,208
Banking companies and other financial institutions		4,589,359	5,316,009
Others		<u>2,503,563</u>	<u>6,079,170</u>
		<u>9,528,975</u>	<u>20,137,387</u>
22.2 Transaction-related contingent liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring			
Government		78,652,267	82,423,478
Banking companies and other financial institutions		2,788,949	2,470,740
Others		<u>19,930,066</u>	<u>14,018,380</u>
		<u>101,371,282</u>	<u>98,912,598</u>

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	2011	2010
	----- (Rupees in '000) -----	
22.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring		
Government	37,368,414	52,859,909
Others	88,217,532	74,635,184
	<u>125,585,946</u>	<u>127,495,093</u>
22.4 Other contingencies		
Claims against the Bank not acknowledged as debts	<u>22,214,453</u>	<u>21,991,957</u>

22.5 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	2011	2010
	----- (Rupees in '000) -----	
22.6 Commitments in respect of forward foreign exchange contracts		
Sale	<u>94,144,141</u>	<u>85,434,818</u>
Purchase	<u>136,641,383</u>	<u>130,653,749</u>
22.7 Commitments in respect of derivatives		
Interest rate swaps	<u>8,444,451</u>	<u>6,985,703</u>
Cross currency swaps	<u>35,041,839</u>	<u>35,570,843</u>
FX options - purchased	<u>-</u>	<u>2,055,442</u>
FX options - sold	<u>-</u>	<u>2,055,442</u>
Forward sale contracts of government securities	<u>-</u>	<u>441,981</u>
22.8 Commitments in respect of capital expenditure	<u>1,082,145</u>	<u>571,403</u>
22.9 For contingencies relating to taxation refer note 13.1		

23. DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

The Bank as an Authorized Derivative Dealer (ADD) is an active participant in the Pakistan derivatives market. Although the ADD license covers only the transactions mentioned below (permitted under the Financial Derivatives Business Regulations issued by the SBP), the Bank offers a wide variety of derivatives products to satisfy customers' needs, specific approval for which is sought from the SBP on a transaction by transaction basis:

- (a) Foreign Currency Options
- (b) Forward Rate Agreements
- (c) Interest Rate Swaps
- (d) Cross Currency Swaps
- (e) Equity Indices
- (f) Commodity Options

These transactions cover the aspects of both market making and hedging.

The authority for approving policies lies with the Board of Directors the (BoD) and the Board Risk Management Committee (BRMC). The Market Risk Committee (MRC) has been assigned the responsibility of ensuring meticulous compliance with these policies.

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With regard to derivatives, the MRC is authorized to:

- Review the derivatives business with reference to market risk exposure and assign various limits in accordance with the risk appetite of the Bank
- Review the Derivatives Business Policy and recommend approval to the BRMC / BoD
- Review and approve derivatives product programs
- Authorize changes in procedures and processes regarding derivatives and structured products

Overall responsibility for derivatives trading activity lies with the Treasury and Capital Markets Group (TCM). Measurement & monitoring of market and credit risk exposure and limits and its reporting to the senior management and the BoD is done by Market & Treasury Risk (MTR), which also coordinates with the business regarding approvals for derivatives risk limits. Treasury Operations records derivatives activity in the Bank's books, and handles its reporting to the SBP.

Derivatives risk management

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

Credit risk

Credit risk refers to the risk of non-performance or default by a party (a customer, guarantor, trade counterparty, third party, etc.), resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorized into settlement risk and pre-settlement risk. The credit limit proposals for derivatives transactions are reviewed by the MTR Head who recommends appropriate limits to the Credit Committee for approval. The credit exposure of each counterparty is estimated and monitored by Treasury Middle Office on a daily basis.

Market risk

The Bank, as a policy, hedges back-to-back all Options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by Treasury Middle Office on a daily basis.

Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

Operational risk

The staff involved in the process of trading, settlement and risk management of derivatives are carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or transaction memo, which contains detailed accounting and operational aspects of the transaction to further mitigate operational risk. In addition, the Treasury Middle Office and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Audit and Inspection Group also reviews this function, which covers regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses a derivatives system which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

Treasury Middle Office produces various reports for higher management (BoD, BRMC, MRC, etc) on a periodic basis. These reports provide details of the derivatives business profile containing outstanding positions, profitability, risk exposures and the status of compliance with limits.

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FOR THE YEAR ENDED DECEMBER 31, 2011**
23.1 Product analysis

	2011																
	Interest rate swaps		Cross currency swaps		FX options		Commodity options		Equity indices		Forward rate agreements		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total Notional (Rupees in '000)
	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	
With banks for																	
Hedging	4	3,479,100	4	15,273,700	-	-	-	-	-	-	-	-	-	-	-	-	18,752,800
Market making	3	1,579,801	1	2,191,250	-	-	-	-	-	-	-	-	-	-	-	-	3,771,051
	7	5,058,901	5	17,464,950	-	-	-	-	-	-	-	-	-	-	-	-	22,523,851
With other entities																	
Market making	4	3,385,550	9	17,576,889	-	-	-	-	-	-	-	-	-	-	-	-	20,962,439
Total																	
Hedging	4	3,479,100	4	15,273,700	-	-	-	-	-	-	-	-	-	-	-	-	18,752,800
Market making	7	4,965,351	10	19,768,139	-	-	-	-	-	-	-	-	-	-	-	-	24,733,490
	11	8,444,451	14	35,041,839	-	-	-	-	-	-	-	-	-	-	-	-	43,486,290
	2010																
	Interest rate swaps		Cross currency swaps		FX options		Commodity options		Equity indices		Forward rate agreements		Forward purchase contracts of government securities		Forward sale contracts of government securities		
	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Number of contracts	Notional principal (Rupees in '000)	Total Notional (Rupees in '000)
With banks for																	
Hedging	4	3,475,777	4	14,996,850	82	2,055,442	-	-	-	-	-	-	-	-	-	-	20,528,069
Market making	3	1,871,064	2	2,201,000	-	-	-	-	-	-	-	-	-	-	-	-	4,072,064
	7	5,346,841	6	17,197,850	82	2,055,442	-	-	-	-	-	-	-	-	-	-	24,600,133
With other entities																	
Market Making	4	1,638,862	9	18,372,993	82	2,055,442	-	-	-	-	-	-	-	-	2	441,981	22,509,278
Total																	
Hedging	4	3,475,777	4	14,996,850	82	2,055,442	-	-	-	-	-	-	-	-	-	-	20,528,069
Market making	7	3,509,926	11	20,573,993	82	2,055,442	-	-	-	-	-	-	-	-	2	441,981	26,581,342
	11	6,985,703	15	35,570,843	164	4,110,884	-	-	-	-	-	-	-	-	2	441,981	47,109,411

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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23.2 Maturity analysis of derivatives

Remaining maturity	2011				
	No. of contracts	Notional principal	Unrealized		
			(Loss)	Gain	Net
(Rupees in '000)					
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 months to 1 year	2	6,799,201	(2,581)	68,258	65,677
1 to 2 years	8	5,351,906	(71,252)	82,442	11,190
2 to 3 Years	2	3,529,700	(48,378)	-	(48,378)
3 to 5 years	5	21,611,032	(1,623,223)	49,529	(1,573,694)
5 to 10 years	8	6,194,451	(116,810)	194,695	77,885
Above 10 years	-	-	-	-	-
	<u>25</u>	<u>43,486,290</u>	<u>(1,862,244)</u>	<u>394,924</u>	<u>(1,467,320)</u>

Remaining maturity	2010				
	No. of contracts	Notional principal	Unrealized		
			(Loss)	Gain	Net
(Rupees in '000)					
Upto 1 month	66	1,152,095	-	514	514
1 to 3 months	101	3,425,771	(360)	-	(360)
3 to 6 months	1	9,091	(264)	-	(264)
6 months to 1 year	2	1,050,000	(27,191)	117	(27,074)
1 to 2 years	2	6,921,500	(19,363)	220,133	200,770
2 to 3 years	8	6,039,258	(60,313)	195,625	135,312
3 to 5 years	4	8,883,870	(816)	254,858	254,042
5 to 10 years	8	19,627,826	(645,547)	22,428	(623,119)
Above 10 years	-	-	-	-	-
	<u>192</u>	<u>47,109,411</u>	<u>(753,854)</u>	<u>693,675</u>	<u>(60,179)</u>

24. MARK-UP / RETURN / INTEREST EARNED	2011	2010
	(Rupees in '000)	
On loans and advances to customers	39,338,884	39,973,411
On lendings to financial institutions		
Call money lending	28,593	53,696
Securities purchased under resale agreements	498,919	930,386
Advances to financial institutions	331,952	227,360
	859,464	1,211,442
On investments in		
Held for trading securities	1,334,591	780,660
Available for sale securities	15,838,536	8,116,778
Held to maturity securities	12,922,458	8,921,541
	30,095,585	17,818,979
On deposits with financial institutions	138,680	240,528
Discount income	17,862	33,002
	<u>70,450,475</u>	<u>59,277,362</u>
25. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	23,726,846	18,908,226
On securities sold under repurchase agreements	3,157,294	1,686,337
On other short term borrowings	2,642,233	2,974,333
On long term borrowings	1,499,496	1,428,292
	<u>31,025,869</u>	<u>24,997,188</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	2011	2010
		----- (Rupees in '000) -----	
26. GAIN ON SALE OF SECURITIES - NET			
Federal government securities			
Market Treasury Bills		184,128	(598)
Pakistan Investment Bonds		6,714	(12,899)
		<u>190,842</u>	<u>(13,497)</u>
Ordinary shares of listed companies		170,391	110,967
Other securities		157,477	61,415
		<u>518,710</u>	<u>158,885</u>
27. OTHER INCOME			
Charges recovered from customers		686,972	739,823
Rent on owned properties		142,879	121,551
Income from dealing in derivatives		1,563,446	499,426
Others		36,049	26,287
		<u>2,429,346</u>	<u>1,387,087</u>
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances etc.	28.1	7,749,775	7,067,760
Charge for compensated absences	36.8	423,268	152,261
Medical expenses		400,821	380,919
Contribution to defined contribution plan		142,354	104,035
Reversal in respect of defined benefit obligations		(143,595)	(239,658)
Rent, taxes, insurance, electricity etc.		2,514,090	2,266,225
Outsourced service charges including sales commission		1,602,550	1,484,632
Advertisement and publicity		577,756	764,051
Communications		799,445	742,184
Depreciation	11.2	1,234,055	1,492,923
Legal and professional charges		230,936	276,249
Banking service charges		711,979	580,242
Stationery and printing		405,620	431,297
Travelling		244,286	176,953
Cash transportation charges		313,831	287,641
Repairs and maintenance		947,748	694,616
Insurance expense		141,434	82,819
Vehicle expense		152,094	132,446
Amortization	11.3	300,667	221,047
Training and seminars		52,997	43,497
Office running expense		330,322	231,156
Entertainment		126,949	96,486
Cartage, freight and conveyance		78,371	64,411
Auditors' remuneration	28.3	51,256	39,620
Subscriptions		44,590	22,097
Brokerage expenses		30,028	16,521
Subordinated debt related costs		5,280	7,086
Donations	28.2	53,944	84,087
Non-executive Directors' fees and allowances		34,553	42,993
Miscellaneous expenses		227,490	159,656
		<u>19,784,894</u>	<u>17,906,252</u>

28.1 This includes employee benefits in the form of awards / bonus to all permanent staff including the Chief Executive Officer and is determined on the basis of employees' evaluation and the Bank's performance during the year. The aggregate benefit determined in respect of all permanent staff amounted to Rs.779.929 million (2010: Rs.570.475 million).

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	2011 ----- (Rupees in '000) -----	2010
28.2 Donations exceeding Rs.0.1 million			
Karachi Education Initiative	28.2.1	20,000	40,000
Prime Minister's Relief Fund		10,000	-
Institute of Business Administration		10,000	-
The Kidney Center Postgraduate Training Center (TKCI)		2,850	-
Friends of Burns Centre		2,160	1,008
Civil Hospital Karachi		2,000	-
Medical Aid Foundation		1,000	-
Memon Medical Institute		1,000	-
Family Education Services Foundation		900	900
Marie Adelaide Leprosy Centre		850	850
SOS Children's' Villages of Sindh		736	681
Children Welfare School		500	-
Lahore University of Management Sciences		500	815
The Book Group		437	-
Thardeep Rural Development Program (TDRP)		200	-
Khorfakkan Club		235	-
UBL Flood Relief Campaign	28.2.2	-	28,142
Police Hospital Fund		-	5,000
The Citizens Foundation		-	2,200
Hisaar Foundation		-	1,086
Defence Raya Golf & Country Club		-	1,000
Patient Welfare Association		-	800
Edhi Foundation		-	550
Special Olympics Pakistan		-	200
Subh-E-Nau		-	300
Umeed-e-Noor		-	150
		53,368	83,682

28.2.1 The President is a Director on the Board of the Karachi Education Initiative, a sponsoring and fund raising entity of the Karachi School for Business & Leadership.

28.2.2 During the year, the Bank has paid Rs.18.10 million to M/s. Hisaar Foundation, for flood relief activities, from the funds allocated to the UBL Flood Relief Campaign in 2010.

28.3 Auditors' remuneration

	2011			
	Ernst & Young Ford Rhodes Sidat Hyder	BDO Ebrahim & Co.	Overseas Auditors	Total
	----- (Rupees in '000) -----			
Audit fee	6,455	6,455	29,062	41,972
Fee for audit of EPZ branch	250	-	-	250
Fee for other certifications	2,835	1,700	-	4,535
Out of pocket expenses	2,269	2,210	20	4,499
	11,809	10,365	29,082	51,256
	----- (Rupees in '000) -----			
	2010			
	Ernst & Young Ford Rhodes Sidat Hyder	BDO Ebrahim & Co.	Overseas Auditors	Total
	----- (Rupees in '000) -----			
Audit fee	5,738	5,738	23,911	35,387
Fee for audit of EPZ branch	250	-	-	250
Fee for other certifications	315	-	-	315
Out of pocket expenses	1,725	1,709	234	3,668
	8,028	7,447	24,145	39,620

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	2011 ----- (Rupees in '000) -----	2010
29. OTHER PROVISIONS / WRITE OFFS - NET			
Provision / (reversal) against other assets - net	13.2	89,935	(122,261)
Provision against off - balance sheet obligations	19.2	4,144	-
Other provisions / write offs		137,309	188,424
Reversal against Ijarah Assets - Specific		(3,261)	(803)
Reversal against Ijarah Assets - General		(1,923)	(2,127)
		<u>226,204</u>	<u>63,233</u>

30. WORKERS' WELFARE FUND

The Bank is liable to pay Workers' Welfare Fund @ 2% of profit before tax as per the financial statements or declared income as per the income tax return, whichever is higher, under the Workers' Welfare Ordinance, 1971.

	2011 ----- (Rupees in '000) -----	2010
31. OTHER CHARGES		
Penalties imposed by the SBP	4,826	7,491
Other penalties	613	4,900
Others	<u>99,500</u>	<u>228,000</u>
	<u>104,939</u>	<u>240,391</u>

	2011			Total
	Overseas	Azad Kashmir	Domestic	
	----- (Rupees in '000) -----			
32. TAXATION				
Current	1,011,714	-	7,934,325	8,946,039
Prior year	391,734	-	287,556	679,290
Deferred	(491,456)	5,261	(416,006)	(902,201)
	<u>911,992</u>	<u>5,261</u>	<u>7,805,875</u>	<u>8,723,128</u>

	2010			Total
	Overseas	Azad Kashmir	Domestic	
	----- (Rupees in '000) -----			
Current	1,002,082	22,653	5,780,771	6,805,506
Prior year	415,136	-	-	415,136
Deferred	(2,343)	(239)	(635,772)	(638,354)
	<u>1,414,875</u>	<u>22,414</u>	<u>5,144,999</u>	<u>6,582,288</u>

	2011 ----- (Rupees in '000) -----	2010
32.1 Relationship between tax expense and accounting profit		
Accounting profit for the year	<u>24,222,791</u>	<u>17,742,218</u>
Tax on income @ 35% (2010: 35%)	8,477,977	6,209,776
Tax effect of items that are either not included in determining taxable profit or taxed at reduced rates (permanent differences)	(157,247)	(44,107)
Prior year tax charge	679,290	415,136
Others	(276,892)	1,483
Tax charge	<u>8,723,128</u>	<u>6,582,288</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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33. EARNINGS PER SHARE

	2011	2010
	----- (Rupees in '000) -----	
Profit after taxation for the year	<u>15,499,663</u>	<u>11,159,930</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares	<u>1,224,179,687</u>	<u>1,224,179,687</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>12.66</u>	<u>9.12</u>

33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue at December 31, 2011 or 2010.

34. CASH AND CASH EQUIVALENTS

	Note	2011	2010
		----- (Rupees in '000) -----	
Cash and balances with treasury banks	6	86,409,551	67,461,668
Balances with other banks	7	<u>16,546,311</u>	<u>18,642,142</u>
		<u>102,955,862</u>	<u>86,103,810</u>

35. STAFF STRENGTH

	----- (Number) -----	
Permanent	8,784	8,473
On contract	<u>27</u>	<u>26</u>
Bank's own staff strength at the end of the year	8,811	8,499
Outsourced	<u>3,514</u>	<u>3,074</u>
Total number of employees at the end of the year	<u>12,325</u>	<u>11,573</u>

36. DEFINED BENEFIT PLANS
36.1 General description

The Bank operates a funded pension scheme established in 1986. The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme. The Bank also operates a contributory benevolent fund scheme and provides post retirement medical benefits to eligible retired employees. The benevolent fund scheme and the post-retirement medical scheme cover all regular employees of the Bank who joined the Bank pre-privatization. The Bank also maintains an employee compensated absences scheme. The liabilities of the Bank in respect of these schemes are determined based on actuarial valuations carried out using the Projected Unit Credit Method. Actuarial valuations of the defined benefit schemes are carried out every year and the latest valuation was carried out as at December 31, 2011.

36.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2011	2010
	----- (Number) -----	
- Pension fund	7,604	7,723
- Gratuity fund	5,760	5,589
- Benevolent fund	7,064	7,490
- Employee compensated absences	4,102	4,429
- Post retirement medical benefit scheme	8,160	8,277

The pension fund, benevolent fund and post retirement medical benefit schemes include 5,374 (2010: 5,384), 2,833 (2010: 3,010) and 3,979 (2010: 3,797) members respectively who have retired or whose widows are receiving the benefits.

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2011 based on the Projected Unit Credit Method, using the following significant assumptions:

	2011	2010
	----- Per annum -----	
Discount rate	13.00%	14.50%
Expected rate of return on plan assets	13.00%	14.50%
Expected rate of salary increase	8.00%	12.50%
Expected rate of pension increase	5.25%	6.75%

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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36.4 Reconciliation of (receivable from) / payable to defined benefit plans

Note	2011					2010				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences
	(Rupees in '000)									
Present value of funded obligations	3,671,958	472,157	424,851	-	-	3,598,231	417,733	420,778	-	-
Fair value of plan assets	(5,477,630)	(381,841)	(827,840)	-	-	(5,527,239)	(325,781)	(799,917)	-	-
	(1,805,672)	90,316	(402,989)	-	-	(1,929,008)	91,952	(379,139)	-	-
Present value of unfunded obligations	-	-	-	831,508	825,137	-	-	-	826,088	677,152
Net actuarial gains or (losses) not recognized (Receivable) / payable	1,748,936	(95,098)	149,817	308,083	-	1,925,416	(100,137)	198,356	313,528	-
	(56,736)	(4,782)	(253,172)	1,139,591	825,137	(3,592)	(8,185)	(180,783)	1,139,616	677,152

36.5 Movement in defined benefit obligations

	2011					2010				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences
	(Rupees in '000)									
Obligation at the beginning of the year	3,598,231	417,733	420,778	826,088	677,152	3,585,208	365,292	459,080	852,603	731,908
Current service cost	9,859	53,870	5,063	5,494	44,394	10,788	48,711	6,694	6,430	41,106
Interest cost	170,066	60,966	54,441	120,181	92,237	118,861	48,331	48,347	112,903	104,760
Benefits paid by the Bank	(412,233)	(60,087)	(79,180)	(96,835)	(275,283)	(333,708)	(61,513)	(73,242)	(100,658)	(207,017)
Recognition of prior service cost	-	-	-	-	158,412	-	-	-	-	-
Return allocated to other funds	36.8.1	302,709	-	-	-	232,232	-	-	-	-
Actuarial (gain) / loss on obligations	3,326	(325)	23,749	(23,420)	128,225	(15,150)	16,912	(20,101)	(45,190)	6,395
Obligation at the end of the year	3,671,958	472,157	424,851	831,508	825,137	3,598,231	417,733	420,778	826,088	677,152

36.6 Movement in fair value of plan assets

	2011					2010				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences
	(Rupees in '000)									
Fair value at the beginning of the year	5,527,239	325,781	799,917	-	-	6,107,212	301,174	796,302	-	-
Expected return on plan assets	721,974	48,929	104,336	-	-	642,077	40,904	87,822	-	-
Contribution by the Bank	-	74,545	5,096	-	-	-	68,631	5,450	-	-
Contribution by the employees	-	-	5,096	-	-	-	-	5,450	-	-
Amount paid by the fund to the Bank	(771,758)	(66,421)	(76,885)	-	-	(1,214,658)	(77,251)	(85,232)	-	-
Actuarial gain / (loss) on plan assets	175	(993)	(9,720)	-	-	(7,392)	(7,677)	(9,875)	-	-
Fair value at the end of the year	5,477,630	381,841	827,840	-	-	5,527,239	325,781	799,917	-	-

36.7 Movement in (receivable from) / payable to defined benefit plans

	2011					2010				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences
	(Rupees in '000)									
Opening balance	(3,592)	(8,185)	(180,783)	1,139,616	677,152	(402,731)	(15,502)	(131,566)	1,147,095	731,908
Mark-up receivable on Bank's balance	(1,742)	(130)	(274)	-	-	(13,046)	(237)	(1,773)	-	-
Charge / (reversal) for the year	(410,926)	71,743	(64,724)	96,810	423,268	(468,765)	60,447	(53,984)	93,179	152,261
Contribution by the Bank	-	(74,545)	(5,096)	-	-	-	(68,631)	(5,450)	-	-
Amount paid by the Fund to the Bank	771,758	66,421	76,885	-	-	1,214,658	77,251	85,232	-	-
Benefits paid by the Bank	(412,233)	(60,087)	(79,180)	(96,835)	(275,283)	(333,708)	(61,513)	(73,242)	(100,658)	(207,017)
Closing balance	(56,736)	(4,783)	(253,172)	1,139,591	825,137	(3,592)	(8,185)	(180,783)	1,139,616	677,152

36.8 Charge for defined benefit plans

	2011					2010				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences
	(Rupees in '000)									
Current service cost	9,859	53,870	5,063	5,494	44,394	10,788	48,711	6,694	6,430	41,106
Interest cost	170,066	60,966	54,441	120,181	92,237	118,861	48,331	48,347	112,903	104,760
Expected return on plan assets	(721,974)	(48,929)	(104,336)	-	-	(642,077)	(40,904)	(87,822)	-	-
Recognition of prior service cost	-	-	-	-	158,412	-	-	-	-	-
Actuarial (gains) / losses	(171,586)	5,836	(14,796)	(28,865)	128,225	(188,569)	4,309	(15,753)	(26,154)	6,395
Return allocated to other funds	36.8.1	302,709	-	-	-	232,232	-	-	-	-
Employees' contribution	-	-	(5,096)	-	-	-	-	(5,450)	-	-
	(410,926)	71,743	(64,724)	96,810	423,268	(468,765)	60,447	(53,984)	93,179	152,261

36.8.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred to in note 5.10.1.

36.9 Actual return on plan assets

Amongst the defined benefit plans, the pension, gratuity and benevolent fund plans are funded. The actual returns earned on the assets during the year are:

	2011					2010				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences
	(Rupees in '000)									
Expected return on plan assets	721,974	48,929	104,336	-	-	642,077	40,904	87,822	-	-
Actuarial gain / (loss) on plan assets	175	(993)	(9,720)	-	-	(7,392)	(7,677)	(9,875)	-	-
Actual return on plan assets	722,149	47,936	94,616	-	-	634,685	33,227	77,947	-	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
36.10 Five year data on surplus/ (deficit) of the plans and experience adjustments

Pension Fund	2011	2010	2009	2008	2007
	(Rupees in '000)				
Present value of defined benefit obligations	(3,671,958)	(3,598,231)	(3,585,208)	(3,625,280)	(4,343,529)
Fair value of plan assets	5,477,630	5,527,239	6,107,212	6,526,828	7,260,256
Surplus	1,805,672	1,929,008	2,522,004	2,901,548	2,916,727
Experience adjustments on plan liabilities [loss / (gain)]	(13,450)	(214,828)	89,216	(87,141)	126,265
Experience adjustments on plan assets [loss / (gain)]	23,879	57,726	(282,376)	(1,195)	(11,848)
Gratuity Fund					
Present value of defined benefit obligations	(472,157)	(417,733)	(365,292)	(384,786)	(399,289)
Fair value of plan assets	381,841	325,781	301,174	291,292	356,676
Deficit	(90,316)	(91,952)	(64,118)	(93,494)	(42,613)
Experience adjustments on plan liabilities [loss / (gain)]	(4,001)	36,338	137,106	43,905	27,782
Experience adjustments on plan assets [loss / (gain)]	8,063	6,400	96,896	55,290	(5,179)
Benevolent Fund					
Present value of defined benefit obligations	(424,851)	(420,778)	(459,080)	(529,647)	(564,591)
Fair value of plan assets	827,840	799,917	796,302	739,180	914,356
Surplus	402,989	379,139	337,222	209,533	349,765
Experience adjustments on plan liabilities [loss / (gain)]	4,886	1,505	(8,798)	138,712	(90,203)
Experience adjustments on plan assets [loss / (gain)]	20,826	2,737	(56,670)	144,550	(45,638)
Post retirement medical benefit					
Present value of defined benefit obligations	(831,508)	(826,088)	(852,603)	(875,509)	(1,202,462)
Experience adjustments on plan liabilities [loss / (gain)]	(34,740)	(26,232)	37,473	761	(67,904)
Employee compensated absences					
Present value of defined benefit obligations	825,137	677,152	731,908	613,602	843,193

36.11 Effects of a 1% movement in assumed medical cost trend rates

The annual medical expense entitlement is based on the frozen non-monetized basic pay of employees as on June 30, 2001. Accordingly, movements in medical cost trend rates would not affect current service cost, interest cost and defined benefit obligations for the post retirement medical benefit scheme.

36.12 Components of plan assets as a percentage of total plan assets

	2011			2010		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
Government securities	89.02%	98.00%	96.47%	83.82%	98.51%	95.35%
Units of mutual funds	0.00%	0.00%	0.00%	5.20%	0.00%	0.00%
Ordinary shares of listed companies	0.68%	0.60%	1.23%	0.69%	0.75%	2.55%
Term finance certificates	10.27%	0.69%	2.29%	9.72%	0.73%	1.99%
Others (including bank balances)	0.03%	0.71%	0.01%	0.57%	0.01%	0.11%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

As per actuarial recommendations, the expected return on plan assets was assumed at 13% per annum on Pension Fund assets, Gratuity Fund assets and Benevolent Fund assets. The expected return on plan assets was determined by considering the expected returns available on the underlying assets.

36.13 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, the management estimates that the charge / (reversal) in respect of defined benefit plans for the year ended December 31, 2012, subject to the provisions of the Trust Deeds, would be as follows:

	2012				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit	Employee compensated absences
Expected charge / (reversal) for the year	(350,963)	73,876	(55,989)	81,297	321,324

37. OTHER EMPLOYEE BENEFITS
37.1 Defined contribution plan

The Bank operates a contributory provident fund scheme for 5,438 (2010: 5,209) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

37.2 Employee Motivation and Retention Scheme

The Bank operates a long term motivation and retention scheme for its employees. The objective of the scheme is to reward, motivate and retain high performing executives and officers of the Bank by way of bonus in the form of shares of the Bank. The liability of the Bank in respect of this scheme is fixed, determined and approved each year by the Board of Directors of the Bank. The scheme is managed by separate Trusts formed in respect of each year. During the year, Rs.170.563 million (2010: Rs.206.819 million) and Rs.24.528 million (2010: Rs.33.817 million) were received by the Executives and the Chief Executive respectively from the scheme. For further details, refer note 19.1.

37.3 Benazir Employees' Stock Option Scheme

On August 14, 2009, the Government of Pakistan (GoP) launched the Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-SOEs.

The Scheme needs to be accounted for by the covered entities, including the Bank, under the provisions of amended IFRS 2, Share Based Payments. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the staff costs of the Bank for the year would have been higher by Rs.114 million (2010: Rs.396 million), profit before taxation would have been lower by Rs.114 million (2010: Rs.396 million), unappropriated profit would have been lower by Rs.696 million (2010: Rs.582 million) and reserves would have been higher by Rs.696 million (2010: Rs.582 million), hence, there would have been no impact on net equity. Further, earnings per share would have been lower by Rs.0.09 per share (2010: Rs.0.32 per share).

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
38. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	----- (Rupees in '000) -----					
Fees	-	-	34,553	42,993	-	-
Managerial remuneration	67,783	61,349	-	-	2,858,140	2,445,961
Charge for defined benefit plans	1,243	1,001	-	-	254,073	215,447
Charge for defined contribution plan	2,030	1,880	-	-	64,156	56,021
Rent and house maintenance	5,299	4,750	-	-	448,887	384,325
Utilities	901	269	-	-	199,352	171,749
Medical	234	65	-	-	90,637	78,025
Conveyance	-	-	-	-	334,846	306,773
Reimbursement of children's education fees	1,464	1,106	-	-	-	-
Others	5,046	3,133	-	-	155,281	123,137
	<u>84,000</u>	<u>73,553</u>	<u>34,553</u>	<u>42,993</u>	<u>4,405,372</u>	<u>3,781,438</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>9</u>	<u>1,353</u>	<u>1,244</u>

The Bank's President / Chief Executive Officer and certain Executives are provided with free use of Bank maintained cars and household equipment.

In addition to the above, all Executives including the Chief Executive Officer of the Bank, are also entitled to certain short and long term employee benefits which are disclosed in notes 36 and 37 to these financial statements.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted investments other than those classified as held to maturity is based on quoted market price. The fair value of unquoted equity investments, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the year ended December 31, 2011					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	(Rupees in '000)					
Total income	470,136	6,723,574	35,057,246	8,951,575	940,328	-
Total expenses	(121,130)	(2,490,438)	(20,411,593)	(4,399,200)	(497,707)	-
Profit before tax	349,006	4,233,136	14,645,653	4,552,375	442,621	-
Segment return on assets (ROA) (%)	4.9%	0.9%	1.7%	1.0%	-	-
Segment cost of funds (%)	0.3%	7.9%	4.1%	7.3%	-	-

	For the year ended December 31, 2010					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	(Rupees in '000)					
Total income	471,169	2,650,688	31,320,877	9,213,072	714,530	-
Total expenses	(102,402)	(692,978)	(20,764,613)	(4,295,316)	(772,809)	-
Profit / (loss) before tax	368,767	1,957,710	10,556,264	4,917,756	(58,279)	-
Segment return on assets (ROA) (%)	3.7%	0.6%	1.5%	1.1%	-	-
Segment cost of funds (%)	0.2%	7.1%	4.0%	7.3%	-	-

	As at December 31, 2011					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	(Rupees in '000)					
Segment assets (gross of NPL provisions)	1,890,059	363,562,165	598,730,339	333,590,846	81,079,379	(560,842,322)
Segment non performing loans (NPL)	616,212	2,151,690	23,899,966	24,435,803	13,153	-
Segment provision required against NPL	149,404	1,667,117	19,262,645	18,858,407	13,153	-
Segment liabilities	1,416,057	358,598,945	611,090,007	273,270,982	15,373,164	(560,842,322)

	As at December 31, 2010					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	(Rupees in '000)					
Segment assets (gross of NPL provisions)	5,003,810	248,930,910	571,131,531	270,656,229	75,809,776	(438,180,097)
Segment non performing loans (NPL)	-	2,002,017	23,896,808	22,680,582	13,153	-
Segment provision required against NPL	-	10,105	18,347,997	15,163,017	13,153	-
Segment liabilities	4,667,770	249,756,280	547,983,060	251,170,721	16,005,088	(438,180,097)

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

41. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, it acts as custodian for some of the Term Finance Certificates it arranges and distributes on behalf of its customers.

42. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its associates, subsidiary companies, employee benefit plans and its Directors and executive officers (including their associates).

The Bank enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
42.1 RELATED PARTY TRANSACTIONS

	2011					2010				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)										
Balances with other banks										
In current accounts	-	-	882,673	-	-	-	-	1,274,033	-	-
In deposit accounts	-	-	1,708,188	-	500,006	-	-	-	-	352,773
	-	-	2,590,861	-	500,006	-	-	1,274,033	-	352,773
Investments										
In shares / mutual funds - cost										
Opening balance	-	-	2,201,948	7,382,192	317,176	-	-	2,201,948	6,921,080	317,176
Investment made during the year	-	-	-	13,550,000	-	-	-	-	2,620,000	-
Investment sold / liquidated during the year	-	-	-	(4,275,075)	(52,623)	-	-	-	(2,158,888)	-
Closing balance	-	-	2,201,948	16,657,117	264,553	-	-	2,201,948	7,382,192	317,176
Provision for diminution in value of investments	-	-	-	-	58,259	-	-	-	15,361	59,803
Purchase of investment	-	-	101,170	-	-	-	-	-	-	-
Advances										
Opening balance	969	141,762	-	-	-	2,142	84,122	-	-	-
Addition during the year	-	33,717	-	-	-	-	170,447	-	-	-
Repaid during the year	(98)	(53,463)	-	-	-	(1,173)	(112,807)	-	-	-
Closing balance	871	122,016	-	-	-	969	141,762	-	-	-
Other assets										
Interest markup accrued	11	139	821	-	4,549	-	135	-	-	4,656
Receivable from staff retirement funds	-	-	-	-	99,182	-	-	-	-	66,595
Prepaid insurance	-	-	-	805	-	-	-	-	1,368	-
Advance for pre-IPO investment	-	-	-	100,000	-	-	-	-	-	-
Other receivable	-	-	2,403	-	-	-	-	2,369	-	-
Borrowings										
Opening balance	-	-	-	-	428,195	-	-	-	300,000	100,000
Borrowings during the year	-	-	1,628,297	-	899,480	-	-	1,461,661	2,100,000	1,284,584
Settled during the year	-	-	(1,628,297)	-	(877,935)	-	-	(1,461,661)	(2,400,000)	(956,389)
Closing balance	-	-	-	-	449,740	-	-	-	-	428,195
Overdrawn nostros	-	-	-	-	-	-	-	120,552	533	-
Deposits and other accounts										
Opening balance	2,796,798	24,857	146,247	3,824,208	957,640	28,205	19,365	112,363	220,116	888,467
Received during the year	15,000,221	1,817,159	112,822,806	36,730,601	82,625,198	9,791,140	444,766	127,723,196	37,943,495	62,734,505
Withdrawn during the year	(14,898,240)	(1,778,521)	(112,837,151)	(39,337,630)	(82,096,908)	(7,022,547)	(439,274)	(127,689,312)	(34,339,403)	(62,665,332)
Closing balance	2,898,779	63,495	131,902	1,217,179	1,485,930	2,796,798	24,857	146,247	3,824,208	957,640
Subordinated loans	-	5	-	5,998	-	-	5	-	5,999	-
Other Liabilities										
Interest / markup payable on deposits	35,518	222	158	64	2,844	9,431	41	50	17,769	1,024
Interest / markup payable on borrowings	-	-	-	-	761	-	-	-	-	-
Interest / markup payable on subordinated loans	-	0	-	167	-	-	0	-	167	-
Unrealised loss on derivative transactions	-	-	-	-	1,623,223	-	-	-	-	618,818
Unearned income	-	-	154	-	-	-	-	-	-	-
Others	-	-	10,000	-	-	-	-	10,000	-	-
Contingencies and commitments										
Letter of guarantee	1,782,540	-	-	75,668	-	1,697,143	-	-	30,031	-
Forward foreign exchange contracts purchase	-	-	696,955	-	1,451,040	-	-	-	-	2,602,090
Forward foreign exchange contracts sale	-	-	696,955	-	1,448,555	-	-	-	-	429,850

	2011					2010				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)										
Mark-up / return / interest earned	126	7,490	2,004	-	25,335	260	9,238	1,012	-	75,321
Commission / charges recovered	5	11	136	596	1,860	4	5	76	954	6,139
Dividend income	-	-	31,703	457,847	942	-	-	101,870	356,010	2,346
Net gain on sale of investment	-	-	-	36,085	-	-	-	-	2,393	-
Realised gain on derivative transactions	-	-	-	-	2,318,442	-	-	-	-	2,127,895
Other income	-	2,398	1,142	90	-	-	528	3,193	749	23
Mark-up / return / interest paid	111,731	2,845	1,572	112,260	34,468	28,113	716	679	242,488	22,786
Remuneration paid	-	379,600	-	-	-	-	336,588	-	-	-
Post retirement benefits	-	14,203	-	-	-	-	12,224	-	-	-
Non-executive directors' fee and allowances	34,553	-	-	-	-	42,993	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	142,354	-	-	-	-	104,035
Net reversal for defined benefit plans	-	-	-	-	(305,143)	-	-	-	-	(402,939)
Payment for employee motivation and retention scheme	-	-	-	-	230,000	-	-	-	-	210,000
Donation	-	-	-	-	20,000	-	-	-	-	40,000
Other expenses	-	-	-	-	-	-	-	13,407	-	-
Insurance premium paid	-	-	-	250,661	-	-	-	-	204,492	-
Insurance claims settled	-	-	-	205,459	-	-	-	-	164,859	-

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011****43. CAPITAL ADEQUACY**

43.1 The Basel II Framework is applicable to the Bank whereby the Standardized Approach for reporting Capital Adequacy is currently implemented. Under this approach, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach.

The Bank's capital adequacy is reported using the rules and ratios provided by the State Bank of Pakistan.

The capital adequacy ratio is a measure of the amount of a Bank's capital expressed as a percentage of its risk weighted assets (RWAs). Measuring RWAs requires risk mitigants to be applied to the amount of assets shown on a Bank's statement of financial position and assignment of weightages according to the degree of inherent risk.

The Bank has developed an Internal Capital Adequacy Assessment Process (ICAAP) as per the guidelines provided by the SBP. This framework has been approved by the Bank's Board of Directors and submitted to the SBP. The Bank additionally covers risk not yet included under Pillar I, so as to carry adequate capital to cater for any future business requirements. The Bank reviews the ICAAP framework on an annual basis and changes/updates are recommended to the Basel II committee for onward submission to the Board of Directors.

The Bank plans to move towards the Advanced Approach for Basel II, including the Foundation Internal Ratings Based Approach for credit risk, Internal Models Approach for market risk and the Alternate Standardized Approach for operational risk.

43.2 Capital Management

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank maintains a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Statutory minimum capital and capital adequacy requirements

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10 billion by the year ending December 31, 2013. The paid-up capital of the Bank for the year ended December 31, 2011 stood at Rs.12,241.798 million (2010: Rs.12,241.798 million) and is in compliance with SBP requirements.

Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10% of the risk weighted exposure of the Bank. The Bank's CAR as at December 31, 2011 was 14.28% (2010: 14.51%). The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

Tier 1 capital includes fully paid-up capital, balance in share premium account, general reserves as per the financial statements and net un-appropriated profits after deduction of the book value of goodwill / intangibles, deficit on revaluation of available for sale investments and 50% of investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the statement of financial position as per the guidelines laid under the Basel II framework.

Tier 2 capital includes general provisions for loan losses, reserves on the revaluation of fixed assets and equity investments, foreign exchange translation reserves and subordinated debts (upto a maximum of 50% of Tier 1 capital) after deduction of 50% of investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the statement of financial position as per the guidelines laid under the Basel II Framework.

Tier 3 capital has also been prescribed by the SBP for managing market risk; however, the Bank does not have any Tier 3 capital.

Banking operations are categorized as either Trading Book or Banking Book and RWAs are determined according to specified requirements of the SBP that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total RWAs comprise of credit risk, market risk and operational risk.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
43.3 Capital Adequacy Ratio

The capital adequacy ratio, calculated in accordance with the SBP's guidelines on capital adequacy was as follows:

	2011	2010
	----- (Rupees in '000) -----	
Regulatory capital base		
Tier 1 Capital		
- Fully paid-up capital	12,241,798	12,241,798
- Statutory reserves	15,996,864	14,446,898
- Un-appropriated profit	33,534,116	26,250,489
Total Tier 1 Capital	<u>61,772,778</u>	<u>52,939,185</u>
Deductions:		
- Book value of intangibles	1,603,587	1,440,826
- Shortfall in provisions irrespective of relaxation provided	756,000	261,637
- Reciprocal cross holdings by banks	5,998	5,999
- 50% of investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the statement of financial position	-	-
	<u>1,224,465</u>	<u>1,224,465</u>
	<u>3,590,050</u>	<u>2,932,927</u>
Total eligible Tier 1 Capital	<u>58,182,728</u>	<u>50,006,258</u>
Supplementary Capital		
Tier 2 Capital		
- General provisions or general reserves for loan losses - upto a maximum of 1.25% of risk weighted assets	1,008,694	1,425,496
- Revaluation reserves up to 45%	5,701,125	5,496,317
- Foreign exchange translation reserves	8,912,150	7,370,891
- Subordinated loans - upto a maximum of 50% of total eligible Tier 1 capital	6,783,480	7,852,176
- Cash flow hedge reserve	(95,377)	(198,695)
Total Tier 2 Capital	<u>22,310,072</u>	<u>21,946,185</u>
Deductions:		
- 50 % of investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the statement of financial position	1,224,465	1,224,465
Total eligible Tier 2 Capital	<u>21,085,607</u>	<u>20,721,720</u>
Total eligible Capital	<u><u>79,268,335</u></u>	<u><u>70,727,978</u></u>

Risk weighted exposures

	Capital requirements		Risk weighted assets	
	2011	2010	2011	2010
	----- (Rupees in '000) -----			
Credit risk				
Claims on:				
Federal and Provincial Governments, SBP and other sovereigns – in foreign currency	2,912,091	1,806,245	29,120,906	18,062,446
Public Sector Enterprises	894,849	1,285,319	8,948,485	12,853,191
Banks	3,945,216	3,197,031	39,452,164	31,970,310
Corporates	22,290,315	22,086,826	222,903,149	220,868,255
Retail portfolio	2,586,963	3,428,589	25,869,631	34,285,894
Secured by residential property	164,803	174,425	1,648,031	1,744,250
Past due loans	1,874,084	1,944,316	18,740,841	19,443,160
Listed equity investments	134,042	900,932	1,340,416	9,009,323
Unlisted equity investments	2,588,180	83,307	25,881,796	833,073
Investments in fixed assets	2,137,829	2,098,325	21,378,291	20,983,246
Other assets	803,222	530,330	8,032,224	5,303,299
	<u>40,331,594</u>	<u>37,535,645</u>	<u>403,315,934</u>	<u>375,356,447</u>
Market risk				
Interest rate risk	3,580,837	2,268,723	44,760,466	28,359,037
Equity exposure risk	955,828	296,776	11,947,850	3,709,701
Foreign exchange risk	627,128	40,273	7,839,103	503,413
	<u>5,163,793</u>	<u>2,605,772</u>	<u>64,547,419</u>	<u>32,572,151</u>
Operational risk	<u>6,992,693</u>	<u>6,356,450</u>	<u>87,408,658</u>	<u>79,455,626</u>
	<u><u>52,488,080</u></u>	<u><u>46,497,867</u></u>	<u><u>555,272,011</u></u>	<u><u>487,384,224</u></u>
Capital adequacy ratio				
Total eligible regulatory capital held	79,268,335	70,727,978		
Total risk weighted assets	555,272,011	487,384,224		
Capital adequacy ratio	14.28%	14.51%		

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
43.4. Credit Risk - General Disclosures

The Bank follows the Standardized Approach for its Credit Risk Exposures, which sets out fixed risk weights corresponding to external credit ratings where applicable. Where no external rating is available, a 100% risk weight is used.

Under the Standardized Approach, the Capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of claim. The Bank utilizes the credit ratings assigned by PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company Limited – Vital Information Systems), Fitch, Moody's and Standard & Poors. The Bank also utilizes rating scores of Export Credit Agencies participating in the "Arrangement on Officially Supported Export Credits".

Mapping to SBP Rating Grades

For all exposures, the selected final ratings after application of the principles stated above are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long – Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC CC C	CCC CC C D	7

Short – Term Rating Grades Mapping

SBP Rating Grade	Fitch	Moody's	S & P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

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Types of exposures and ECAI's used

	JCR-VIS	PACRA	FITCH	Moody's	S & P	ECA scores
Corporate	✓	✓	-	✓	-	-
Banks	✓	✓	✓	✓	✓	-
Sovereigns	-	-	-	-	-	✓
Public sector enterprises	✓	✓	-	-	-	-

Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2011 Rupees in '000			2010 Rupees in '000		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	23,088,337	-	23,088,337	14,266,546	-	14,266,546
Claims on Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR	-	121,016,072	-	121,016,072	121,556,124	12,686,226	108,869,898
Foreign currency claims on the SBP arising out of statutory obligations in Pakistan	-	5,175,221	-	5,175,221	5,043,830	-	5,043,830
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1, 2, 3, 4.5, 6, Unrated	1,432,766, 2,076,447, 7,583,570, 1,883,061, 15,353,848	-	1,432,766, 2,076,447, 7,583,570, 1,883,061, 15,353,848	207,144, 3,063,371, 7,766,882, 1,883,061, 9,046,552	-	207,144, 3,063,371, 7,766,882, 1,883,061, 9,046,552
Corporates	0, 1, 2, 3.4, 5.6, Unrated	28,329,692, 42,570,159, 19,831,207, 350,906, 650,243, 216,878,069, 280,280,584	-, 2,522, 8,940, 1, 13,725,850, 13,737,313	-, 42,567,637, 19,822,267, 350,905, 650,243, 203,152,219, 266,543,271	-, 24,189,772, 22,955,606, 1,081,533, 1,456,141, 219,662,847, 269,345,899	2,332, 2,437,971, 191, -	-, 21,751,801, 22,955,415, 1,081,533, 1,381,139, 201,886,947, 249,056,835
Banks	0, 1, 2.3, 4.5, 6, Unrated	113,097,140, 65,915,937, 28,676,942, 9,187,990, 3,333,656, 5,982,615	28,242,244, -	84,854,896, 37,673,693, 28,676,942, 9,187,990, 3,333,656, 5,982,615	96,517,121, 46,327,423, 36,295,927, 7,171,065, 6,722,706	21,523,536, 17,890,757, 2,470,749, 1,162,030	74,993,585, 28,436,666, 33,825,178, 6,009,035, 6,722,706
Claims on banks with maturity less than 3 months and denominated in foreign currency	1.2,3, 4.5, 6, Unrated	1,991,733, -	-	1,991,733, -	-	-	-
Public sector enterprises	0, 1, 2.3, 4.5, 6, Unrated	1,597,643, -	299, -	1,597,344, -	89,861, 4,666	193, 2,678	89,668, 1,988
Retail portfolio	75%, 35%	36,865,824, 4,708,661	2,372,983, -	34,492,841, 4,708,661	48,894,320, 4,983,571	3,179,795, -	45,714,525, 4,983,571
Equity investments	- Listed, - Unlisted	1,340,416, 17,254,530	-	1,340,416, 17,254,530	9,009,323, 555,382	-	9,009,323, 555,382
Past due loans	- Less than 20%, - Between 20% to 50%, - More than 50%	5,903,702, 7,707,316, 3,463,203	-	5,903,702, 7,707,316, 3,463,203	4,923,887, 11,360,230, 3,677,090	1,450,172, -	3,473,715, 11,360,230, 3,677,090
Past due loans secured against mortgage of residential property:	- past due for more than 90 days, - past due by 90 days	178,257, 536,227	-	178,257, 536,227	560,433, 946,757	-	560,433, 946,757
Fixed assets	100%	21,378,291	-	21,378,291	20,983,246	-	20,983,246
Others		8,032,224	-	8,032,224	5,303,299	-	5,303,299
Total		731,772,565	76,918,170	654,854,395	719,464,569	114,824,504	604,640,066

Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

The Bank has adopted the Comprehensive Approach of Credit Risk Mitigation for the Banking Book. Under this approach, cash, lien on deposits, government securities and eligible guarantees etc. are considered as eligible collateral. The Bank has in place detailed guidelines with respect to valuation and management of each of these types of collateral. Where the Bank's exposure to an obligor is secured by eligible collateral, the Bank reduces its exposure for the calculation of capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

No credit risk mitigation benefit is taken in the Trading Book.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENT:
FOR THE YEAR ENDED DECEMBER 31, 2011**

44. RISK MANAGEMENT

This section presents information about the Bank's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity, and operational risks.

Managing risk is one of the major challenges for the banking industry. The main goal is not to eliminate risk, but rather to be proactive in identifying, assessing and managing risks to the organisation's strategic advantage.

The Bank has an integrated risk management structure in place. The Board Risk Management Committee (BRMC) oversees the entire risk management process of the Bank. The Risk and Credit Policy Group is responsible for the implementation of policies as approved by the BRMC. The group is organized into the functions of Market and Treasury Risk, Commercial and FIRMU Credit Policy, Consumer and Retail Credit, Credit Risk Management and Operational Risk and Basel II. Each risk function is headed by a senior manager who reports directly to the Group Executive, Risk and Credit Policy. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's appetite for risk.
- Recommending risk management policies in accordance with the Basel II framework and international best practices.
- Reviewing policies/ manuals and ensuring that these are in accordance with BRMC approved risk management policies.
- Developing systems and resources to review the key risk exposures of the Bank.
- Approving credits and granting approval authority to qualified and experienced individuals
- Reviewing the adequacy of credit training across the Bank.
- Organizing portfolio reviews focusing on quality assessment, risk profiles, industry concentrations, etc.
- Setting systems to identify significant portfolio indicators, problem credits and level of provisioning required.

44.1 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer or counterparty's willingness to meet an obligation or its ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Credit Policy, which provides policies and procedures in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management.

Individual credit authorities are delegated to credit officers by the Board according to their seasoning/maturity. Approvals for Corporate and Consumer loans are centralized, while approval authorities for Commercial and SME exposures are delegated to a Regional level. All credit policy functions are centrally organized.

The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations or to areas of higher risk, or to control the rate of portfolio growth.

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENT:
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44.2 Segmental information
44.2.1 Segments by class of business

	2011					
	Gross advances		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	5,956,280	1.63%	6,585,168	1.07%	3,250,238	0.61%
Agri business	47,098,763	12.86%	42,150,054	6.88%	59,505	0.01%
Textile spinning	15,015,949	4.10%	975,609	0.16%	1,001,370	0.19%
Textile weaving	8,322,335	2.27%	1,043,165	0.17%	783,030	0.15%
Textile composite	24,024,679	6.56%	319,769	0.05%	199,997	0.04%
Textile others	12,328,906	3.37%	3,679,286	0.60%	2,922,216	0.55%
Cement	4,502,596	1.23%	1,674,669	0.27%	1,006,931	0.19%
Sugar	7,126,082	1.95%	3,574,065	0.58%	28,939	0.01%
Shoes and leather garments	2,261,079	0.62%	3,273,864	0.53%	178,949	0.03%
Automobile and transportation equipment	5,019,017	1.37%	3,875,871	0.63%	2,951,532	0.55%
Financial	12,282,190	3.35%	12,957,945	2.11%	302,414,636	56.63%
Insurance	-	0.00%	17,048,287	2.78%	7,438	0.00%
Electronics and electrical appliances	2,645,758	0.72%	3,527,863	0.58%	831,435	0.16%
Production and transmission of energy	41,158,790	11.24%	17,177,054	2.80%	20,945,901	3.92%
Paper and allied	1,374,357	0.38%	1,762,145	0.29%	623,438	0.12%
Surgical and metal	335,641	0.09%	3,539,760	0.58%	58,810	0.01%
Contractors	8,167,991	2.23%	18,465,596	3.01%	22,860,205	4.28%
Wholesale traders	13,784,426	3.76%	41,776,985	6.82%	3,342,661	0.63%
Fertilizer dealers	6,870,880	1.88%	11,698,466	1.91%	429,624	0.08%
Sports goods	356,647	0.10%	1,679,032	0.27%	36,154	0.01%
Food industries	8,992,044	2.45%	7,192,939	1.17%	3,876,565	0.73%
Airlines	5,173,722	1.41%	414,250	0.07%	72,829	0.01%
Cables	551,500	0.15%	65,054	0.01%	328,151	0.06%
Construction	17,972,549	4.91%	12,107,200	1.98%	6,643,268	1.24%
Containers and ports	1,762,702	0.48%	8,432,724	1.38%	3,430,024	0.64%
Engineering	1,068,788	0.29%	3,467,976	0.57%	2,185,733	0.41%
Glass and allied	150,762	0.04%	929,968	0.15%	76,524	0.01%
Hotels	2,660,081	0.73%	3,861,057	0.63%	89,227	0.02%
Infrastructure	714,286	0.19%	4,098,615	0.67%	9,365	0.00%
Media	369,290	0.10%	206,796	0.03%	53,209	0.01%
Polyester and fiber	2,734,383	0.75%	236,116	0.04%	155,848	0.03%
Telecommunication	5,987,777	1.63%	6,489,672	1.06%	17,163,745	3.21%
Individuals	50,088,570	13.67%	302,638,004	49.37%	23,245,742	4.35%
Others	49,447,808	13.49%	66,055,115	10.78%	112,791,376	21.12%
	<u>366,306,628</u>	<u>100.00%</u>	<u>612,980,139</u>	<u>100.00%</u>	<u>534,054,615</u>	<u>100.00%</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENT:
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2010					
	Gross advances		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	6,217,583	1.69%	8,389,268	1.52%	6,082,131	1.13%
Agri business	53,034,196	14.38%	33,824,201	6.14%	315,807	0.06%
Textile spinning	17,497,654	4.75%	1,289,002	0.23%	5,058,213	0.94%
Textile weaving	6,722,278	1.82%	2,477,437	0.45%	4,289,442	0.79%
Textile composite	23,145,685	6.28%	330,764	0.06%	814,737	0.15%
Textile others	13,779,179	3.74%	2,182,465	0.40%	3,740,450	0.69%
Cement	6,803,468	1.85%	1,908,802	0.35%	2,801,403	0.52%
Sugar	8,153,681	2.21%	3,078,292	0.56%	358,817	0.07%
Shoes and leather garments	2,447,523	0.66%	2,216,787	0.40%	298,515	0.06%
Automobile and transportation equipment	4,455,055	1.21%	3,027,770	0.55%	4,940,641	0.92%
Financial	4,895,906	1.33%	15,918,040	2.89%	298,818,733	55.37%
Insurance	-	-	22,443,630	4.08%	43,143	0.01%
Electronics and electrical appliances	2,385,744	0.65%	3,265,744	0.59%	1,541,579	0.29%
Production and transmission of energy	39,057,078	10.59%	17,157,862	3.12%	58,716,619	10.88%
Paper and allied	789,310	0.21%	2,189,563	0.40%	660,772	0.12%
Surgical and metal	2,265,932	0.61%	1,450,750	0.26%	335,306	0.06%
Contractors	4,263,223	1.16%	16,640,821	3.02%	19,463,140	3.61%
Wholesale traders	20,775,990	5.64%	36,074,167	6.55%	1,290,820	0.24%
Fertilizer dealers	6,823,565	1.85%	8,494,701	1.54%	677,458	0.13%
Sports goods	803,919	0.22%	840,738	0.15%	17,885	0.00%
Food industries	6,848,598	1.86%	3,931,436	0.71%	3,699,826	0.69%
Airlines	6,033,039	1.64%	308,457	0.06%	108,106	0.02%
Cables	661,900	0.18%	96,185	0.02%	744,510	0.14%
Construction	21,866,860	5.93%	8,675,833	1.58%	10,260,326	1.90%
Containers and ports	1,813,903	0.49%	1,543,051	0.28%	2,974,909	0.55%
Engineering	1,531,426	0.42%	3,472,111	0.63%	1,618,692	0.30%
Glass and allied	301,653	0.08%	385,593	0.07%	220,958	0.04%
Hotels	2,708,633	0.73%	1,223,853	0.22%	438,627	0.08%
Infrastructure	2,273,671	0.62%	4,285,714	0.78%	40,879	5.83%
Media	620,575	0.17%	365,056	0.07%	78,234	0.01%
Polyester and fiber	1,980,509	0.54%	623,175	0.11%	1,167,952	0.01%
Telecommunication	11,333,927	3.07%	3,894,923	0.71%	17,737,304	0.22%
Individuals	65,802,937	17.85%	267,478,119	48.58%	31,461,991	3.29%
Others	20,597,339	5.59%	71,161,457	12.92%	51,488,491	10.91%
	368,691,940	100.00%	550,645,767	100.00%	532,306,416	100.00%

44.2.2 Segment by Sector

	2011					
	Gross advances		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	62,708,253	17.12%	64,423,780	10.51%	70,842,557	13.27%
Private	303,598,375	82.88%	548,556,359	89.49%	463,212,058	86.73%
	366,306,628	100.00%	612,980,139	100.00%	534,054,615	100.00%

	2010					
	Gross advances		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	64,861,230	17.59%	71,320,777	12.95%	84,207,505	15.60%
Private	303,830,710	82.41%	479,324,990	87.05%	448,098,911	84.40%
	368,691,940	100.00%	550,645,767	100.00%	532,306,416	100.00%

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
44.2.3 Details of non performing advances and specific provisions by class of business segment

	2011		2010	
	Classified advances	Specific provision held	Classified advances	Specific provision held
----- (Rupees in '000) -----				
Chemical and pharmaceuticals	219,819	202,894	226,502	196,114
Agri business	1,492,362	982,720	1,430,020	903,057
Textile spinning	4,641,798	4,405,456	5,417,208	4,479,514
Textile weaving	1,118,563	942,390	910,470	873,022
Textile composite	6,233,524	3,914,856	5,210,214	2,337,315
Textile others	3,275,453	2,531,570	2,282,350	1,937,098
Sugar	243,298	63,255	33,638	33,638
Shoes and leather garments	259,343	211,908	226,903	224,110
Automobile and transportation equipment	337,798	215,613	726,577	650,422
Financial	2,298,561	1,813,987	2,151,805	57,003
Electronics and electrical appliances	256,359	248,387	365,354	345,164
Production and transmission of energy	2,433,707	2,371,643	3,049,109	2,981,719
Paper and allied	359,645	262,131	179,264	113,240
Wholesale traders	1,629,270	1,478,940	1,167,377	881,274
Fertilizer dealers	66,459	66,459	7,490	6,878
Sports goods	127,325	127,325	128,325	128,325
Food industries	1,247,467	1,177,347	1,258,725	964,667
Construction	4,178,163	2,213,976	3,885,120	1,134,507
Engineering	668,542	585,544	440,297	410,139
Glass and allied	16,822	16,822	24,527	12,264
Hotels	485,993	123,993	485,993	113,086
Polyester and fiber	1,796,629	1,760,954	1,751,479	1,743,679
Individuals	14,267,464	11,607,632	13,238,040	9,816,791
Others	3,462,460	2,624,924	3,995,773	3,191,246
	<u>51,116,824</u>	<u>39,950,726</u>	<u>48,592,560</u>	<u>33,534,272</u>

44.2.4 Details of non performing advances and specific provision by sector

	2011		2010	
	Classified advances	Specific provision held	Classified advances	Specific provision held
----- (Rupees in '000) -----				
Public / Government	-	-	-	-
Private	51,116,824	39,950,726	48,592,560	33,534,272
	<u>51,116,824</u>	<u>39,950,726</u>	<u>48,592,560</u>	<u>33,534,272</u>

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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44.2.5 Geographical segment analysis

	2011			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) -----			
Pakistan operations	21,392,145	625,357,250	54,271,871	410,039,278.0
Middle East	2,618,024	148,372,957	22,976,014	121,309,333
United States of America	183,781	3,981,189	1,596,319	2,569,842
Karachi Export Processing Zone	28,841	348,345	308,704	136,162
	2,830,646	152,702,491	24,881,037	124,015,337
	24,222,791	778,059,741	79,152,908	534,054,615

	2010			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) -----			
Pakistan operations	14,879,127	557,309,700	42,331,160	429,062,349
Middle East	2,655,182	138,862,962	24,430,003	100,425,762
United States of America	173,800	3,158,076	1,322,216	2,586,153
Karachi Export Processing Zone	34,109	487,149	331,686	232,152
	2,863,091	142,508,187	26,083,905	103,244,067
	17,742,218	699,817,887	68,415,065	532,306,416

Total assets employed include intra group items of Rs.Nil.

44.3 Market Risk

Market risk is the uncertainty that the Bank may experience due to movements in market prices. It results from changes in interest rates, exchange rates, equity prices and volatilities of individual market factors as well as the correlations between them. Each component of risk includes a general market risk and a specific aspect of market risk that originates in the portfolio structure of a bank.

Measuring and controlling market risk is usually carried out at the portfolio level. However, certain controls are applied, where necessary, to individual risk types, to particular books and to specific exposures. Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price, volatility, market depth and liquidity. These controls also include limits on exposure to individual market risk variables as well as on concentrations of tenors, issuers etc.

Trading activities are centered in the Treasury and Capital Markets (TCM) Group to facilitate clients as well as run proprietary positions. The Bank is active in the cash and derivative markets for equity, interest rate and foreign exchange.

The Market and Treasury Risk (MTR) division performs market risk management activities. The division is composed of two units, Market Risk Management and Treasury Middle Office. The Market Risk Management unit is responsible for the development and review of market risk policies and processes, and is involved in research, financial modeling and testing/implementation of risk management systems. Treasury Middle Office is responsible for implementation and monitoring of market risk and other policies, escalation of any deviation to senior management, and MIS reporting.

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The scope of market risk management is as follows:

- To keep the market risk exposure within the Bank's risk appetite as assigned by the BoD and the BRMC.
- To develop, review and upgrade procedures for the effective implementation of Market Risk Management policies approved by the BoD and BRMC jointly with the senior management through the Market Risk
- To review new product proposals and propose/recommend/approve procedures for the management of their market risk. Various limits are assigned to different businesses on a product/portfolio basis. The products are approved through product programs, where risks are identified and limits and parameters are set. Any transactions/ products falling outside these product programs are approved through separate transaction / product memos.
- To maintain a comprehensive database for performing risk analysis, stress testing and scenario analysis. Stress testing activities are performed on a quarterly basis on both the Banking and Trading books.

44.3.1 Foreign Exchange Risk

	2011			
	Assets	Liabilities	Off - balance sheet items	Net currency exposure
----- (Rupees in '000) -----				
Pakistan Rupee	606,852,073	518,985,310	(5,730,401)	82,136,362
US Dollar	63,231,377	43,904,874	(21,335,735)	(2,009,232)
Pound Sterling	2,630,855	10,811,280	7,953,477	(226,948)
Japanese Yen	57,624	9,086	(44,050)	4,488
Euro	1,561,980	5,244,854	3,497,165	(185,709)
UAE Dirham	68,550,969	83,187,074	9,218,891	(5,417,214)
Bahraini Dinar	9,313,278	12,733,254	3,956,376	536,400
Qatari Riyal	12,798,773	13,011,881	2,383,686	2,170,578
Other Currencies	13,062,812	11,019,220	100,591	2,144,183
	<u>778,059,741</u>	<u>698,906,833</u>	-	<u>79,152,908</u>

	2010			
	Assets	Liabilities	Off - balance sheet items	Net currency exposure
----- (Rupees in '000) -----				
Pakistan Rupee	546,744,646	470,070,512	(8,122,491)	68,551,643
US Dollar	52,574,047	40,361,882	(12,599,803)	(387,638)
Pound Sterling	4,510,945	9,812,996	5,342,193	40,142
Japanese Yen	52,598	50,108	1,053	3,543
Euro	2,797,215	6,036,416	3,414,013	174,812
UAE Dirham	73,558,662	82,626,550	8,968,295	(99,593)
Bahraini Dinar	9,079,631	11,750,538	2,654,725	(16,182)
Qatari Riyal	3,541,983	3,746,636	256,878	52,225
Other Currencies	6,958,160	6,947,184	85,137	96,113
	<u>699,817,887</u>	<u>631,402,822</u>	-	<u>68,415,065</u>

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Foreign Exchange Risk is the uncertainty that the Bank is exposed to due to changes in exchange rates. Limits are used to monitor exposure in individual currencies and also on an overall basis to ensure compliance with the SBP's Foreign Exchange Exposure Limit.

The Bank is an active participant in the cash and derivatives markets for currencies and carries currency risk from these trading activities, conducted primarily by Treasury and Capital Markets Group. These trading exposures are subject to monitoring through prescribed stress tests and sensitivity analysis.

The Bank's reporting currency is the Pakistan Rupee, but its assets, liabilities, income and expenses are denominated in different currencies. Treasury and Capital Markets Group from time to time, proactively hedges expected foreign currency exposures, in accordance with the instructions of the SBP and subject to pre-defined limits.

44.3.2 Equity position risk

Equity position risk arises due to changes in the prices of individual stocks or levels of equity indices. The Bank's equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium-term view of both capital gains and dividend income. Product program manuals have been developed to provide guidelines on the objectives and policies, risks and mitigants, limits and controls for the equity portfolios of the Bank.

44.3.3 Yield / interest rate risk

Interest rate risk is the uncertainty resulting from changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off balance sheet assets and liabilities or shifts in the yield curve. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

The objective of yield / interest rate risk management is to minimize adverse impacts to the Bank's profitability. Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

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44.3.4 Mismatch of interest rate sensitive assets and liabilities

		2011										Non-interest bearing financial instruments
Effective yield / interest rate	Total	Exposed to yield / interest rate risk										
		Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
		----- (Rupees in '000) -----										
On-balance sheet financial instruments												
	%											
Assets												
Cash and balances with treasury banks	0.02%	86,409,551	1,432,766	-	-	-	-	-	-	-	-	84,976,785
Balances with other banks	1.03%	16,546,311	11,156,988	-	899,457	-	-	-	-	-	-	4,489,866
Lendings to financial institutions	6.04%	9,536,211	1,969,092	3,260,425	3,059,422	239,052	-	-	-	-	-	1,008,220
Investments	11.82%	294,410,661	7,827,998	21,992,156	47,859,174	133,423,335	5,194,260	1,182,745	32,574,639	20,193,272	1,495,740	22,667,342
Advances	12.10%											
Performing		314,181,110	63,913,126	153,524,346	39,484,003	13,392,249	6,319,428	9,787,003	8,853,192	3,152,668	15,755,095	-
Non-performing		11,166,098	-	-	-	-	-	-	-	-	-	11,166,098
Operating fixed assets - Ijarah assets	10%-23%	441,220	11,273	22,546	33,819	67,638	135,276	135,276	35,392	-	-	-
Other assets	0%	13,543,509	-	-	-	-	-	-	-	-	-	13,543,509
		<u>746,234,671</u>	<u>86,311,243</u>	<u>178,799,473</u>	<u>91,335,875</u>	<u>147,122,274</u>	<u>11,648,964</u>	<u>11,105,024</u>	<u>41,463,223</u>	<u>23,345,940</u>	<u>17,250,835</u>	<u>137,851,820</u>
Liabilities												
Bills payable	0%	5,879,043	-	-	-	-	-	-	-	-	-	5,879,043
Borrowings	12.23%	49,953,251	30,764,811	10,009,431	4,504,431	255,614	261,447	405,482	1,265,795	2,486,240	-	-
Deposits and other accounts	4.29%	612,980,139	252,532,609	60,620,583	22,585,676	32,976,633	5,940,342	2,545,046	7,499,243	6,453,061	4,303	221,822,643
Subordinated loans	12.80%	11,317,080	-	8,652,640	-	665,040	1,999,400	-	-	-	-	-
Other liabilities	0%	17,796,644	-	-	-	-	-	-	-	-	-	17,796,644
		<u>697,926,157</u>	<u>283,297,420</u>	<u>79,282,654</u>	<u>27,090,107</u>	<u>33,897,287</u>	<u>8,201,189</u>	<u>2,950,528</u>	<u>8,765,038</u>	<u>8,939,301</u>	<u>4,303</u>	<u>245,498,330</u>
On-balance sheet gap		<u>48,308,514</u>	<u>(196,986,177)</u>	<u>99,516,819</u>	<u>64,245,768</u>	<u>113,224,987</u>	<u>3,447,775</u>	<u>8,154,496</u>	<u>32,698,185</u>	<u>14,406,639</u>	<u>17,246,532</u>	<u>(107,646,510)</u>
Non financial net assets		<u>30,844,394</u>										
Total net assets		<u>79,152,908</u>										
Off-balance sheet financial instruments												
Interest Rate Derivatives - Long position		8,444,451	1,000,000	2,149,300	329,801	250,000	1,000,000	-	-	3,715,350	-	-
Interest Rate Derivatives - Short position		(8,444,451)	-	(3,385,550)	(1,579,801)	-	(1,000,000)	-	-	(2,479,100)	-	-
Cross Currency Swap - Long position		35,041,839	5,255,285	24,924,238	4,862,316	-	-	-	-	-	-	-
Cross Currency Swap - Short Position		(35,041,839)	(5,255,285)	(24,924,238)	(4,862,316)	-	-	-	-	-	-	-
Forward Sale of Govt. Securities		-	-	-	-	-	-	-	-	-	-	-
Foreign currency forward sales		(94,144,141)	(48,935,976)	(29,313,441)	(15,894,724)	-	-	-	-	-	-	-
Foreign currency forward purchases		136,641,383	61,759,877	45,893,954	27,202,572	1,784,980	-	-	-	-	-	-
Off-balance sheet gap		<u>42,497,242</u>	<u>13,823,901</u>	<u>15,344,263</u>	<u>10,057,848</u>	<u>2,034,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,236,250</u>	<u>-</u>	<u>-</u>
Total Yield/Interest Risk Sensitivity Gap		<u>90,805,756</u>	<u>(183,162,276)</u>	<u>114,861,082</u>	<u>74,303,616</u>	<u>115,259,967</u>	<u>3,447,775</u>	<u>8,154,496</u>	<u>32,698,185</u>	<u>15,642,889</u>	<u>17,246,532</u>	<u>(107,646,510)</u>
Cumulative Yield/Interest Risk Sensitivity Gap			<u>(183,162,276)</u>	<u>(68,301,194)</u>	<u>6,002,422</u>	<u>121,262,389</u>	<u>124,710,164</u>	<u>132,864,660</u>	<u>165,562,845</u>	<u>181,205,734</u>	<u>198,452,266</u>	<u>90,805,756</u>

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates.

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		2010										Non-interest bearing financial instruments
Effective yield / interest rate	Total	Exposed to yield / interest rate risk										
		Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.28%	67,461,668	-	-	-	-	-	-	-	-	-	67,461,668
Balances with other banks	0.67%	18,642,142	15,490,082	250,000	-	-	-	-	-	-	-	2,902,060
Lendings to financial institutions	9.20%	11,934,778	4,970,604	2,429,720	732,223	1,284,550	2,165,956	145,058	206,667	-	-	-
Investments	11.01%	224,578,556	12,623,734	71,921,560	81,181,895	14,806,550	3,291,050	3,640,867	4,300,605	17,197,357	3,952,527	11,662,411
Advances	11.75%											
Performing		318,673,884	46,588,038	186,585,426	55,872,077	11,908,971	4,104,428	7,623,532	5,875,584	41,330	74,498	-
Non-performing		15,058,288	-	-	-	-	-	-	-	-	-	15,058,288
Operating fixed assets - Ijarah assets	6.55%-25.00%	692,584	346,292	9,765	18,603	26,533	48,910	125,787	80,692	35,908	94	-
Other assets	0%	13,815,259	-	-	-	-	-	-	-	-	-	13,815,259
		<u>670,857,159</u>	<u>80,018,750</u>	<u>261,196,471</u>	<u>137,804,798</u>	<u>28,026,604</u>	<u>9,610,344</u>	<u>11,535,244</u>	<u>10,463,548</u>	<u>17,274,595</u>	<u>4,027,119</u>	<u>110,899,686</u>
Liabilities												
Bills payable	0%	5,045,815	-	-	-	-	-	-	-	-	-	5,045,815
Borrowings	11.02%	45,104,849	26,295,293	5,499,203	7,670,247	544,798	332,891	856,859	569,933	3,336,625	-	-
Deposits and other accounts	3.98%	550,645,767	106,133,728	128,561,488	59,940,763	50,327,484	3,044,356	2,281,413	2,358,697	8,692,490	-	189,305,348
Subordinated loans	11.91%	11,985,748	-	7,991,228	-	665,040	1,330,080	1,999,400	-	-	-	-
Other liabilities	0%	16,404,166	-	-	-	-	-	-	-	-	-	16,404,166
		<u>629,186,345</u>	<u>132,429,021</u>	<u>142,051,919</u>	<u>67,611,010</u>	<u>51,537,322</u>	<u>4,707,327</u>	<u>5,136,672</u>	<u>2,928,630</u>	<u>12,029,115</u>	<u>-</u>	<u>210,755,329</u>
On-balance sheet gap		<u>41,670,814</u>	<u>(52,410,271)</u>	<u>119,144,552</u>	<u>70,193,788</u>	<u>(23,510,718)</u>	<u>4,903,017</u>	<u>6,398,572</u>	<u>7,534,918</u>	<u>5,245,480</u>	<u>4,027,119</u>	<u>(99,855,643)</u>
Non financial net assets		<u>26,744,251</u>										
Total net assets		<u>68,415,065</u>										
Off-balance sheet financial instruments												
Interest Rate Derivatives - Long position		6,985,703	2,000,000	1,129,713	380,183	-	500,000	1,000,000	-	1,975,807	-	-
Interest Rate Derivatives - Short position		(6,985,702)	-	(1,629,713)	(1,880,183)	(1,000,000)	-	(1,000,000)	-	(1,475,806)	-	-
Cross Currency Swap - Long position		35,570,843	5,255,285	24,893,088	5,422,470	-	-	-	-	-	-	-
Cross Currency Swap - Short Position		(35,570,843)	(5,255,285)	(24,893,088)	(5,422,470)	-	-	-	-	-	-	-
FX Options - Long position		2,055,442	-	-	-	-	-	-	-	-	-	2,055,442
FX Options - Short position		(2,055,442)	-	-	-	-	-	-	-	-	-	(2,055,442)
Forward Sale of Govt. Securities		(441,981)	-	(441,981)	-	-	-	-	-	-	-	-
Foreign currency forward sales		(85,434,818)	(47,916,643)	(32,245,519)	(5,246,944)	(25,712)	-	-	-	-	-	-
Foreign currency forward purchases		130,653,749	51,863,243	50,772,312	26,823,607	1,149,200	45,387	-	-	-	-	-
Off-balance sheet gap		<u>44,776,951</u>	<u>5,946,600</u>	<u>17,584,812</u>	<u>20,076,663</u>	<u>123,488</u>	<u>545,387</u>	<u>-</u>	<u>-</u>	<u>500,001</u>	<u>-</u>	<u>-</u>
Total Yield/Interest Risk Sensitivity Gap		<u>86,447,765</u>	<u>(46,463,671)</u>	<u>136,729,364</u>	<u>90,270,451</u>	<u>(23,387,230)</u>	<u>5,448,404</u>	<u>6,398,572</u>	<u>7,534,918</u>	<u>5,745,481</u>	<u>4,027,119</u>	<u>(99,855,643)</u>
Cumulative Yield/Interest Risk Sensitivity Gap			<u>(46,463,671)</u>	<u>90,265,693</u>	<u>180,536,144</u>	<u>157,148,914</u>	<u>162,597,318</u>	<u>168,995,890</u>	<u>176,530,808</u>	<u>182,276,289</u>	<u>186,303,408</u>	<u>86,447,765</u>

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates.

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44.4 Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

The Assets and Liability Management Committee (ALCO) of the Bank has the responsibility for the formulation of overall strategy and oversight of liquidity management and meets on a monthly basis or more frequently, if required.

The Bank's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

44.4.1 Maturities of assets and liabilities - based on working prepared by the Assets and Liabilities Management Committee (ALCO) of the bank

The maturity profile disclosed below includes maturities of products that do not have a contractual maturity. The maturity profile of such products is based on the historical behavioral pattern of these products and has been approved by ALCO.

	2011									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	86,409,551	42,321,575	8,050,396	5,178,834	6,364,723	6,864,088	187,185	146,953	17,295,797	-
Balances with other banks	16,546,311	14,543,571	1,673,024	329,716	-	-	-	-	-	-
Lendings to financial institutions	9,536,211	1,697,545	3,622,713	2,548,894	182,579	176,260	300,000	-	1,008,220	-
Investments	294,410,661	3,759,283	19,458,862	34,799,292	133,607,608	18,601,489	9,808,205	32,974,425	22,542,432	18,859,065
Advances - Performing	314,181,110	79,513,374	73,674,286	33,307,299	30,066,377	9,323,136	14,824,609	21,969,319	35,412,154	16,090,556
- Non-performing	11,166,098	-	-	-	-	-	-	-	11,166,098	-
Other assets	20,836,736	2,497,708	4,131,670	10,767,077	2,509,808	366,747	66,305	-	497,421	-
Operating fixed assets	22,981,878	51,186	109,565	175,602	260,857	789,783	702,065	1,981,500	2,170,025	16,741,295
Deferred tax assets	1,991,185	-	-	-	896,034	1,095,151	-	-	-	-
	<u>778,059,741</u>	<u>144,384,242</u>	<u>110,720,516</u>	<u>87,106,714</u>	<u>173,887,986</u>	<u>37,216,654</u>	<u>25,888,369</u>	<u>57,072,197</u>	<u>90,092,147</u>	<u>51,690,916</u>
Liabilities										
Bills payable	5,879,043	5,879,043	-	-	-	-	-	-	-	-
Borrowings	49,953,251	30,764,823	10,009,419	4,504,430	255,614	261,447	405,483	1,265,795	2,486,240	-
Deposits and other accounts	612,980,139	103,563,383	97,475,967	68,387,422	71,573,103	73,036,967	4,342,620	19,659,374	174,941,303	-
Subordinated loan	11,317,080	-	998,908	-	998,908	2,667,136	667,728	4,800	5,979,600	-
Other liabilities	18,777,320	8,324,288	2,458,045	2,233,374	2,192,189	395,500	93,145	75,772	3,005,007	-
	<u>698,906,833</u>	<u>148,531,537</u>	<u>110,942,339</u>	<u>75,125,226</u>	<u>75,019,814</u>	<u>76,361,050</u>	<u>5,508,976</u>	<u>21,005,741</u>	<u>186,412,150</u>	<u>-</u>
Net assets	<u>79,152,908</u>	<u>(4,147,295)</u>	<u>(221,823)</u>	<u>11,981,488</u>	<u>98,868,172</u>	<u>(39,144,396)</u>	<u>20,379,393</u>	<u>36,066,456</u>	<u>(96,320,003)</u>	<u>51,690,916</u>
Represented by:										
Share capital	12,241,798									
Reserves	24,847,019									
Unappropriated profit	33,534,116									
Surplus on revaluation of assets	8,529,975									
	<u>79,152,908</u>									



NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2010									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
	----- (Rupees in '000) -----									
Assets										
Cash and balances with treasury banks	67,461,668	32,424,575	5,961,763	4,315,224	4,895,167	5,617,703	226,485	184,107	13,836,644	-
Balances with other banks	18,642,142	16,587,752	2,054,390	-	-	-	-	-	-	-
Lendings to financial institutions	11,934,778	4,896,880	3,329,671	897,322	1,070,458	1,388,722	145,058	206,667	-	-
Investments	224,578,556	12,307,779	40,816,574	64,100,679	26,996,398	7,830,314	14,295,267	28,384,640	27,742,531	2,104,374
Advances - Performing	318,673,884	95,348,986	98,192,050	25,932,792	24,742,350	5,178,136	12,017,576	20,777,863	27,702,735	8,781,396
- Non-performing	15,058,288	-	-	-	-	-	-	-	15,058,288	-
Other assets	19,746,096	1,609,433	1,484,016	11,867,123	3,850,892	297,012	-	9,504	628,116	-
Operating fixed assets	22,424,072	-	-	-	-	-	-	-	22,424,072	-
Deferred tax assets	1,298,403	-	-	-	584,281	714,122	-	-	-	-
	699,817,887	163,175,405	151,838,464	107,113,140	62,139,546	21,026,009	26,684,386	49,562,781	107,392,386	10,885,770
Liabilities										
Bills payable	5,045,815	4,039,238	1,006,577	-	-	-	-	-	-	-
Borrowings	45,104,849	28,819,625	10,041,662	5,326,026	-	-	-	917,536	-	-
Deposits and other accounts	550,645,767	114,986,109	87,333,984	60,045,885	57,431,382	63,119,549	4,073,702	4,003,813	159,651,343	-
Subordinated loan	11,985,748	-	2,028	-	666,640	1,997,816	2,667,136	670,128	5,982,000	-
Other liabilities	18,620,643	(5,430,055)	1,272,008	(561,825)	5,154,457	2,711,842	494,053	10,040,293	2,841,692	2,098,178
	631,402,822	142,414,917	99,656,259	64,810,086	63,252,479	67,829,207	7,234,891	15,631,770	168,475,035	2,098,178
Net assets	68,415,065	20,760,488	52,182,205	42,303,054	(1,112,933)	(46,803,198)	19,449,495	33,931,011	(61,082,649)	8,787,592
Represented by:										
Share capital	12,241,798									
Reserves	21,688,637									
Unappropriated profit	26,250,489									
Surplus on revaluation of assets	8,234,141									
	<u>68,415,065</u>									

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**
44.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank's Operational Risk Management implementation framework is based on the Advanced Risk Management architecture. The framework is flexible enough to implement in stages, and permits the overall risk management approach to evolve in response to organizational learning and the future needs of the organization.

Following are the high-level strategic initiatives that the Bank has undertaken for the effective implementation of Operational Risk Management:

- Recruiting skilled resources for Operational Risk Management.
- Developing an operational risk management infrastructure.
- Determining the current state of key risks and their controls residing in each business unit.
- Developing policies, procedures and defining end-to-end information flow to establish a vigorous governance infrastructure.
- Implementing systems for data collection, migration, validation and retention for current and historical reference and calculation.

A consolidated Business Continuity Plan is being augmented for the Bank which encompasses roles and responsibilities, recovery strategy, IT and structural backups, scenario and impact analyses and testing directives.

There are several IT developments underway in the credit, market and operational risk areas. Specifically for operational risk mitigation and control, an IT infrastructure is being developed along with the other high-level initiatives, including process re-engineering and creating an inventory of risks and controls within the Bank. A methodology for Risk and Control Self Assessment has been implemented at all core units of the Bank.

45. ISLAMIC BANKING BUSINESS

The Bank operates 14 (2010: 6) Islamic Banking branches and 15 (2010: 17) Islamic Banking windows. The statement of financial position of the Bank's Islamic Banking branches at December 31, 2011 is as follows:

	2011	2010
	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	520,737	389,582
Balances with other banks	2,185,282	496,654
Investments	5,006,664	2,884,260
Financing and receivables		
- Murabaha	355,909	203,787
- Musharaka	111,111	166,667
- Diminishing Musharaka	67,051	90,888
Provision against advances	(21,982)	-
	512,089	461,342
Operating fixed assets including assets given on Ijarah	503,512	426,052
Due from Head Office	-	83,725
Other assets	384,977	297,649
Total Assets	9,113,261	5,039,264
LIABILITIES		
Bills payable	960	970
Deposits and other accounts		
- Current accounts	1,453,763	724,750
- Saving accounts	1,233,772	933,100
- Term deposits	1,652,628	1,456,596
- Deposits from financial institutions - remunerative	2,841,225	1,344,775
	7,181,388	4,459,221
Due to Head Office	1,339,874	-
Other liabilities	105,099	101,782
	8,627,321	4,561,973
NET ASSETS	485,940	477,291
REPRESENTED BY		
Islamic Banking Fund	681,000	681,000
Accumulated losses	(199,658)	(203,000)
	481,342	478,000
Surplus / (deficit) on revaluation of assets	4,598	(709)
	485,940	477,291

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

The profit and loss account of the Bank's Islamic Banking Branches for the year ended December 31, 2011 is as follows:

	2011	2010
	----- (Rupees in '000) -----	
Return earned	885,293	623,262
Return expensed	<u>(614,947)</u>	<u>(308,015)</u>
	270,346	315,247
Provision against loans and advances - net (Reversal) / provision for diminution in value of investments	<u>21,982</u>	<u>-</u>
Reversal against assets given on Ijarah	<u>(27,384)</u>	<u>69,091</u>
	<u>(5,184)</u>	<u>(2,930)</u>
	<u>(10,586)</u>	<u>66,161</u>
Net return after provisions	<u>280,932</u>	<u>249,086</u>
Other Income		
Fee, commission and brokerage income	<u>8,755</u>	<u>5,996</u>
Dividend income	<u>29,586</u>	<u>9,871</u>
Income from dealing in foreign currencies	<u>331</u>	<u>1,414</u>
Loss on sale of securities	<u>-</u>	<u>(4,750)</u>
Other income	<u>5,694</u>	<u>2,184</u>
Total other income	<u>44,366</u>	<u>14,715</u>
	325,298	263,801
Other Expenses		
Administrative expenses	<u>304,458</u>	<u>289,921</u>
Other provisions / write offs	<u>17,498</u>	<u>2,476</u>
Total other expenses	<u>321,956</u>	<u>292,397</u>
Net profit / (loss) for the year	<u>3,342</u>	<u>(28,596)</u>
Accumulated losses brought forward	<u>(203,000)</u>	<u>(174,404)</u>
Accumulated losses carried forward	<u>(199,658)</u>	<u>(203,000)</u>

	2011	2010
	----- (Rupees in '000) -----	
Remuneration to Shariah Advisor	<u>2,482</u>	<u>2,615</u>
CHARITY FUND		
Opening balance	11,792	20,732
Addition during the year	3,825	840
Payments during the year	<u>(6,650)</u>	<u>(9,780)</u>
Closing balance	<u>8,967</u>	<u>11,792</u>

46. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 21, 2012 has proposed a cash dividend in respect of 2011 of Rs. 6 per share (2010: Rs.4 per share). In addition, the Directors have also announced a bonus issue of Nil (2010: Nil). These appropriations will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2011 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2012.

47. DATE OF AUTHORIZATION

These financial statements were authorized for issue on February 21, 2012 by the Board of Directors of the Bank.

48. GENERAL
48.1 Comparatives

Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated financial statements for the purposes of better presentation. Major reclassifications made are as follows:

- Rs.171.666 million has been reclassified from mark-up / return / interest expensed - discount expense to administrative expenses - banking service charges.
- Rs.450 million has been reclassified from lendings to financial institutions to balances with other banks in deposit accounts.

48.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

Atif R. Bokhari
President and
Chief Executive Officer

Seerat Asghar
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

Annexure 'A' as referred to in note 9.8 of Bank's unconsolidated financial statements
1) Particulars of investments held in listed companies and Modarbas

Investee	Number of shares / certificates held	Paid up value per share / certificate (Rupees)	Total paid up value (Rupees in '000)	Cost
<u>Held for trading securities</u>				
Investments in ordinary shares				
Engro Corporation Limited	190,000	10.00	1,900	24,750
Fauji Fertilizer Company Limited	370,000	10.00	3,700	63,317
Fauji Fertilizer Bin Qasim Limited	30,000	10.00	300	1,623
MCB Bank Limited	235,300	10.00	2,353	39,302
National Bank of Pakistan	1,556,682	10.00	15,567	68,691
Pakistan Telecommunication Company Limited	600,000	10.00	6,000	7,361
Pak Oilfields Limited	91,556	10.00	916	32,841
Pakistan Petroleum Limited	804,018	10.00	8,040	148,897
				<u>386,782</u>
<u>Available for sale securities</u>				
Investments in ordinary shares				
Adamjee Insurance Company Limited	1,689,000	10.00	16,890	226,490
D.G. Khan Cement Limited	3,787,387	10.00	37,874	147,340
Engro Corporation Limited	3,581,624	10.00	35,816	520,225
Engro Foods Limited	1,093,000	10.00	10,930	27,325
Engro Polymer & Chemicals Limited	3,950,857	10.00	39,509	69,785
Fatima Fertilizer Company Limited	7,047,219	10.00	70,472	150,261
Fauji Cement Company Limited	100,117,247	10.00	1,001,172	1,584,402
Fauji Fertilizer Company Limited	3,306,236	10.00	33,062	535,939
Hub Power Company Limited	14,812,467	10.00	148,125	555,235
IGI Investment Bank Limited	9,986,501	10.00	99,865	99,865
International Steels Limited	2,824,488	10.00	28,245	39,741
KASB Securities Limited	1,382,627	10.00	13,826	93,327
Kot Addu Power Company Limited.	3,377,072	10.00	33,771	146,224
Lotte Pakistan PTA Limited	4,000,000	10.00	40,000	53,027
National Bank of Pakistan	6,759,205	10.00	67,592	364,333
Nishat Power Limited	6,161,387	10.00	61,614	96,496
Pak Oilfields Limited	840,199	10.00	8,402	303,060
Pakistan Petroleum Limited	1,765,968	10.00	17,660	341,488
Pakistan State Oil Company Limited	1,293,023	10.00	12,930	345,196
Pakistan Telecommunication Company Limited	3,189,375	10.00	31,894	65,371
Shell Pakistan Limited	106,672	10.00	1,067	24,966
DP World	6,926	1,798.84	12,459	16,197
				<u>5,806,294</u>
Investments in preference shares				
Chenab Limited	7,889,482	10.00	78,895	78,895
Masood Textile Mills Limited	11,000,000	10.00	110,000	110,000
JSC Alliance Bank	95,720	4,087.73	288,921	288,921
				<u>477,816</u>
Investments in units of mutual funds				
ABL Cash Fund	127,206,219	10.00	1,272,062	1,300,000
ABL Income Fund	48,780,012	10.00	487,800	500,000
ABL Government Securities Fund - B	20,000,000	10.00	200,000	200,000
Meezan Islamic Income Funds	2,209,003	50.00	110,450	114,075
				<u>2,114,075</u>

Annexure 'A' as referred to in Note 9.8 of Unconsolidated Financial Statements
2) Particulars of investments held in unlisted companies

Investee	Percentage of holding (%)	Number of shares / certificates held	Breakup-up	Paid up	Cost	Based on audited accounts as at	Name of Chief Executive
			value per share	value per share			
			Rupees	Rupees	(Rupees '000)		
Shareholding more than 10%							
Pakistan Agricultural Storage & Services Corporation Limited	18.3%	5,500	(162,421)	1,000	5,500	31-Mar-10	Maj Gen Sohail Shafkat
World Bridge Connect Inc.	18.1%	1,979,295	-	-	77,606	-	Gurojot Singh Khalsa
Cinepax Limited	14.6%	5,037,200	5	10	50,372	30-Jun-10	Arif Baigmohamed
Khushhali Bank Limited	11.7%	20,000,000	13	10	200,000	31-Dec-10	Ghalib Nishtar
Shareholding upto 10%							
First Women Bank Limited	8.9%	2,532,000	38	10	21,100	31-Dec-10	Ms Shafqat Sultana
National Institutional Facilitation Technologies (Pvt.) Limited	8.4%	914,093	60	10	1,527	30-Jun-11	M. M. Khan
National Investment Trust Limited	8.3%	79,200	14,404	100	100	30-Jun-11	Wazir Ali Khoja
JCR - VIS Credit Rating Company Limited	4.7%	32,500	(2)	10	325	30-Jun-11	Faheem Ahmad
Techlogix International Limited	4.4%	4,455,829	3	0	50,703	31-Dec-10	Mr. Salman Akhtar & Kewan Khawaja (Co Chief Executive)
Equity Participation Fund	1.7%	27,000	665	100	2,700	31-Dec-08	Syed Shabahat Hussain (Executive Director)
Kay Textile Mills Limited	Not available	377,800	-	-	3,778	Not available	Not available
SME Bank Limited	1.7%	3,975,003	9	10	26,950	31-Dec-10	Ihsan-ul-Haq Khan
SWIFT	0.0%	25	309,391	0	2,905	31-Dec-10	Lazaro Campos
MasterCard Incorporated	0.0%	461	3,575	0	0	31-Dec-10	Ajay Banga
The Benefit Company B.S.C ©	0.0%	80		23,857	1,909	-	Abdul Wahid Janahi
					<u>445,474</u>		

Annexure 'A' as referred to in note 9.8 of Bank's unconsolidated financial statements
3) Particulars of bonds

Investee	Terms of Redemption		Rate of Interest/Profit	Outstanding Amount
	Principal	Interest/Profit		

(Rupees in '000)

Available for sale securities
Government of Pakistan Islamic Bonds

Government of Pakistan Ijarah Sukuk Bonds - III	Maturity	Bi-annually	Cut off yield of 6M T-Bills plus 0 bps	2,350,600
Government of Pakistan Ijarah Sukuk Bonds - V	Maturity	Bi-annually	Cut off yield of 6M T-Bills plus 0 bps	100,996
Government of Pakistan Ijarah Sukuk Bonds - VI	Maturity	Bi-annually	Cut off yield of 6M T-Bills plus 0 bps	700,000
Government of Pakistan Ijarah Sukuk Bonds - VII	Maturity	Bi-annually	Cut off yield of 6M T-Bills plus 0 bps	1,514,936
Government of Pakistan Ijarah Sukuk Bonds - IX	Maturity	Bi-annually	Cut off yield of 6M T-Bill plus 10 bps	3,000,000
				7,666,532

Government of Pakistan - Eurobond

Islamic Republic of Pakistan - 2017 - Eurobond	At Maturity	Bi-annually	6.875%	6,069,988
Pakistan Bond -2016	At Maturity	Bi-annually	7.125%	1,303,621
				7,373,609

Foreign bonds

DEWA - AL IJARA FRN 2013	At Maturity	Semi Annually	6M EBOR + 125bps	7,346,700
Tamweel Sukuk FRN 2013	At Maturity	Quarterly	3M EBOR + 225bps	3,673,350
Bank of Bahrain & Kuwait Bond - 2015	At Maturity	Semi Annually	4.500%	180,164
IPIC GMTN Ltd - 2020	At Maturity	Semi Annually	5.000%	72,832
DUBAI GOVT.-2015 EMTN	At Maturity	Semi Annually	6.700%	1,283,119
State of Qatar 2030	At Maturity	Quarterly	9.750%	1,495,737
DEWA-2016	At Maturity	Semi Annually	6.375%	179,087
EMAAR - 2016	At Maturity	Semi Annually	8.500%	72,571
Qatar DIAR Finance QSC -2020	At Maturity	Quarterly	5.000%	225,770
				14,529,330

Annexure 'A' as referred to in note 9.8 of Bank's unconsolidated financial statements
3) Particulars of bonds

Investee	Terms of Redemption		Rate of Interest/Profit	Outstanding Amount
	Principal	Interest/Profit		
(Rupees in '000)				
Held to maturity securities				
Government of Pakistan Islamic Bonds				
Government of Pakistan Sukuk Bond	At Maturity	Half Yearly	Cut off yield of 6M T-Bills plus 0 bps	300,000
				300,000
Government of Pakistan - Guaranteed Bonds				
Wapda Bonds - Sukuk II	At Maturity	Half Yearly	6M KIBOR minus 25bps	51,202
				51,202
Sukuk				
Security Leasing Corporation	Monthly	Monthly	Nil	30,990
B.R.R Guardian Modaraba	Monthly installments starting from August 2011	Monthly	Deferred interest instalment @ 1 month KIBOR	98,438
K.S. Suleman Jee - Diminishing Musharika	Quarterly	Quarterly	Simple Avg. of 3 months KIBOR ask side + 140 bps	170,151
Sitara Energy Limited	Half Yearly	Half Yearly	Avg. rate of 6 Month KIBOR ask side plus 1.15%	63,409
Sitara Peroxide Limited	Quarterly	Quarterly	Avg rate of 3 Months KIBOR ask side plus 1.1%	281,250
Pakistan International Airlines Ltd	Half Yearly	Half Yearly	6 month KIBOR plus 1.75%	890,000
Islamic Sukuk Bonds - Central Bank of Bahrain	At maturity	BI Annually	3.750%	329,231
				1,863,468
Foreign securities				
JSC Alliance Bank - US \$ Discount Bonds	At Maturity	Bi-annually	10.500%	195,101
JSC Alliance Bank - US \$ Recovery Notes	At Maturity	N/A	N/A	289,214
Sri Lanka Euro Bonds	At Maturity	Bi-annually	8.250%	1,799,876
				2,284,192

4) Particulars of Debentures

Investee	Terms of Redemption		Rate of Interest	Outstanding Amount
	Principal	Interest		
(Rupees in '000)				
Public Sector				
SDA - Cold Storage Haripur	Overdue	Overdue	12.50%	1,300
SDA - Cold Storage Haripur	Overdue	Overdue	12.00%	825
Private Sector				
Effef Industries Limited	Overdue	Overdue	11.00%	1,017
Effef Industries Limited	Overdue	Overdue	14.00%	379
Khyber Textile Mills Ltd	Overdue	Overdue	14.00%	395
Morgah Valey Ltd	Overdue	Overdue	11.00%	316
Morgah Valey Ltd	Overdue	Overdue	14.00%	160
				4,392

Annexure 'A' as referred to in note 9.8 of Bank's unconsolidated financial statements
5) Particulars of investments in term finance certificates

Investee	No. of Certificates held	Paid up value per certificate (Rupees)	Total Paid up value (Rupees in '000)	Outstanding Amount	Name of Chief Executive
Unlisted - available for sale					
Pakistan International Airlines TFC II	1,700	5,000	8,500	7,077	Capt. Nadeem Khan Yousufzai
Engro Corporation Limited	140,000	5,000	700,000	701,232	Asad Umar
				708,309	
Listed - available for sale					
Allied Bank Limited TFC-II	53,000	5,000	265,000	270,901	Khalid A. Sherwani
Azgard Nine Limited	60,000	5,000	300,000	224,694	Ahmed H. Shaikh
Bank Al Falah Limited TFC II	3,000	5,000	15,000	10,006	Sirajuddin Aziz
Bank Al Falah Limited TFC III	26,200	5,000	131,000	132,373	Sirajuddin Aziz
Bank Al Habib Limited TFC II	44,766	5,000	223,830	227,465	Abbas D. Habib
Bank Al Habib Limited TFC III	46,000	5,000	230,000	229,540	Abbas D. Habib
Engro Corporation Limited TFC III	22,562	5,000	112,810	113,075	Asad Umar
Faysal Bank Limited TFC II	46,000	5,000	230,000	229,908	Naved A. Khan
				1,437,962	
Unlisted - held to maturity					
Pakistan International Airlines Corporator	410,567	5,000	2,052,835	2,043,110	Capt. Nadeem Khan Yousufzai
Orix Leasing Pakistan Limited	2,000	100,000	200,000	100,000	Teizoon Kisanat
Orix Leasing Pakistan Limited	1,500	100,000	150,000	150,000	Teizoon Kisanat
Al Abbas Sugar Mills Limited	12,000	5,000	60,000	24,000	Shunaid Qureshi
Dewan Farooq Spining Mills Limited	30,000	5,000	150,000	37,472	Dewan Abdul Baqi Farooqui
Security Leasing Corporation Limited	40,000	5,000	200,000	43,750	Mohammad Khalid Ali
Faysal Bank Limited	70,000	5,000	350,000	119,952	Naved A. Khan
Al-Azhar Textile Mills Limited	14	774,670	10,845	5,418	Mirza Muhammad Umer Baig
Bachani Sugar Mills Limited	-	-	-	25,500	Noorul Amin Bachani
Bentonite (Pakistan) Limited	14	268,894	3,765	3,417	Khalid Shakil
Blue Star Spinning Mills Limited	17	497,020	8,449	3,392	Muhammad Arif
Cast-N-Link Products Limited	16	1,064,039	17,025	2,549	Nisar Ahmed
Frontier Ceramics Limited	46	370,100	17,025	1,307	Omer Khalid
Regency Textile Limited	40	287,715	11,509	6,165	M. Iqtidar Pervaiz
Tanocrafts Limited	22	156,241	3,437	537	Ashfaq Hussain
Tharparkar Sugar Mills	1	8,770,219	8,770	16,678	Mr Imtiaz Ali Shah
				2,583,247	
Listed - held to maturity					
Allied Bank Limited TFC II	136,360	5,000	681,800	646,093	Khalid A. Sherwani
Askari Commercial Bank Limited	43,412	5,000	217,059	217,059	Mohammad Rafiquddin Mehkari
Askari Commercial Bank Limited	40,000	5,000	200,000	199,520	Mohammad Rafiquddin Mehkari
Bank Al Habib Limited	250	100,000	25,000	16,623	Abbas D. Habib
Faysal Bank Limited (Formerly Royal Bank of Scotland)	22,000	5,000	110,000	54,890	Naved A. Khan
Soneri Bank Limited	999	5,000	4,995	3,737	Atif A. Bajwa
Pak Arab Fertilizer (Private) Limited	30,000	5,000	150,000	111,000	Fawad Ahmad Mukhtar
				1,248,922	

6) Particulars of participation term certificates

Investee	No. of Certificates held	Paid up value per certificate	Total Paid up value	Outstanding Amount	Name of Chief Executive
			(Rupees)	(Rupees in '000)	
Brother Steel Industries Limited	17	362,000	6,154,000	2,144	Mian Yousuf Aziz
Crystal Chemicals Limited	14	145,933	2,043,067	3,897	Maqsood A. Shaikh
Morgah Valey Limited	16	29,250	468,000	436	Air Marshal A. Rahim Khan
Pangrio Sugar Mills Limited	44	472,091	20,772,000	1,825	Aftab Ahmed
Zamrock Fibers Glass Limited	12	32,833	394,000	2,358	-
				10,661	



Annexure 'A' as referred to in note 9.8 of Bank's unconsolidated financial statements

7) Quality of investments classified as available for sale (AFS)

Investee	Market Value (Rupees in '000)	Credit Rating
Investment in ordinary shares		
Adamjee Insurance Company Limited	78,555	AA
D.G. Khan Cement Limited	72,074	Not available
Engro Corporation Limited	332,017	AA
Engro Foods Limited	24,702	Not available
Engro Polymer & Chemicals Limited	28,723	Not available
Fatima Fertilizer Company Limited	161,522	A+
Fauji Cement Company Limited	330,387	Not available
Fauji Fertilizer Company Limited	494,415	Not available
Hub Power Company Limited	506,586	AA+
IGI Investment Bank Limited	8,988	A
International Steels Limited	32,792	Not available
KASB Securities Limited	3,180	A-
Kot Addu Power Company Limited.	139,541	AA+
Lotte Pakistan PTA Limited	37,080	Not available
National Bank of Pakistan	277,465	AAA
Nishat Power Limited	79,790	AA
Pak Oilfields Limited	291,087	Not available
Pakistan Petroleum Limited	297,248	Not available
Pakistan State Oil Company Limited	293,788	AA+
Pakistan Telecommunication Company Limited	54,521	Not available
Shell Pakistan Limited	20,298	Not available
DP World	16,197	Not available
	3,580,955	
Investments in preference shares		
Chenab Limited.	13,412	Not available
Masood Textile Mills Limited	110,000	Not available
JSC Alliance Bank	288,921	Not available
	412,333	
Investments in units of mutual funds		
ABL Cash Fund	1,275,191	AA+(f)
ABL Income Fund	488,698	A+(f)
ABL Government Securities Fund	200,572	A+(f)
Meezan Islamic Income Funds	112,085	A(f)
	2,076,546	



Annexure 'A' as referred to in note 9.8 of Bank's unconsolidated financial statements

7) Quality of investments classified as available for sale (AFS)

Investee	Cost	Credit Rating
(Rupees in '000)		
Investment in unlisted shares		
Shareholding more than 10%		
Khushhali Bank Limited	200,000	A
PASSCO	5,500	Not available
Cinepax Limited	50,372	Not available
World Bridge Connect Inc.	77,606	Not available
Shareholding upto 10%		
Equity Participation Fund	2,700	Not available
First Women Bank Limited	21,100	BBB+
National Institutional Facilitation Technologies (Pvt.) Limited	1,527	Not available
SME Bank Limited	26,950	BBB
Kay Textile Mills Limited	3,778	Not available
Techlogix International Limited	50,703	Not available
SWIFT	2,905	Not available
National Investment Trust Limited	100	AM2-
JCR - VIS Credit Rating Company Limited	325	BBB+
MasterCard Incorporated	0	Not available
The Benefit Company B.S.C ©	1,909	Not available
	445,474	

Particulars	Market Value	Credit Rating
(Rupees in '000)		
Federal Government Securities		
Market Treasury Bills	128,421,768	Unrated - Govt Securities
Pakistan Investment Bonds	28,026,968	Unrated - Govt Securities
	156,448,736	
Government of Pakistan Islamic Bonds		
Government of Pakistan Ijara Sukuk	7,686,712	B- (S&P)
	7,686,712	
Government of Pakistan - Euro bond		
Islamic Republic of Pakistan - 2016 - Euro Bond	1,114,579	B- (S&P)
Islamic Republic of Pakistan - 2017 - Euro Bond	5,013,889	B- (S&P)
	6,128,468	
Foreign bonds		
DEWA Sukuk - 2013	7,216,296	Ba1 (Moody's)
State of Qatar-2030 -USD Bonds	1,503,043	AA
Dubai Govt EMTN-2015 USD	1,323,705	Un-rated
Qatar DIAR Finance QSC-2020	240,775	AA
DEWA - 2016	184,466	Ba1 (Moody's)
IPIC GMTN Limited -2020	74,163	Aa3 (Moody's)
TAMWEEL Sukuk 2013 FRN	3,363,429	Baa3 (Moody's)
EMAAR Sukuk-2016	83,745	B1 (Moody's)
Bank of Bahrain and Kuwait 2015	170,339	Baa2 (Moody's)
	14,159,961	

Investee	Market Value	Credit Rating
(Rupees in '000)		
Term finance certificates		
Listed		
Allied Bank Limited TFC-II	265,063	AA-
Azgard Nine Limited	224,694	D
Bank Al Falah Limited TFC II	130,241	AA-
Bank Al Falah Limited TFC III	9,974	AA-
Bank Al Habib Limited TFC II	229,671	AA
Bank Al Habib Limited TFC III	246,155	AA
Engro Corporation Limited	110,437	AA
Faysal Bank Limited	237,769	AA-
	1,454,006	
Unlisted		
Pakistan International Airlines TFC II	7,078	Not available
Engro Corporation Limited TFC III	700,000	AA
	707,078	

STATEMENT SHOWING WRITE OFF OF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED DURING THE YEAR

Rs in 000's

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					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
1	New Tariq Flour Mill Basti Karimabad Bwp Road Multan	Muhammad Asghar	36302-2703369-1	Fazal Muhammad	4,854	-	1,166	6,020	554	-	1,166	1,720
2	Friend Zari Service Lundi, Saiden Road, Hajipur Sharif, Jampur	Haji Abdul Majeed	32402-1417433-9	Ghulam Sarwar	1,000	-	509	1,509	-	-	509	509
3	Al Fateh Departmental Store Abass Plaza, GT Road Kot Addu	Aqeel Ahmed Bukhari (Late)	32303-2029093-9	Khalil Ahmed Bukhari	800	-	657	1,457	-	-	513	513
4	Malik Muhammad Saleem Bhutta 1219/4, Outside Pakgate, Multan	Saleem Bhutta	36302-7099725-1	Malik Allah Bux	1,500	-	399	1,899	342	-	399	741
5	Allah Ditta Mohalla Beriwalla bagh, Chutaka Gate, Shujabad	Allah Ditta	36304-1410707-5	Khuda Bux	231	-	404	635	231	-	404	635
6	Ihsan Enterprises Gul Kadda Mingora Swat	Hamid Ullah	15602-0379577-3	Ihsan ullah	1,705	648	239	2,592	-	648	239	888
7	Rehmani Gul Tourist shop Main Bazar Mingora Swat	Hidayat ullah	15602-7818051-7	Renamni Gul	1,822	-	501	2,323	1,822	-	501	2,323
8	Kashif Medical & Surgical Store Javed Akhtar, Shamsi Road opposite District Head Quarters Hospital Mardan	Javed Akhtar	16101-8441754-3	Aziz ullah	-	-	601	601	-	-	601	601
9	Mohammad Yaqoob Khan Village Nar Muzaffar Khan Walliwal District Lakk Marwat	Mohammad Yaqoob Khan	15677-33668-0	Qasim Khan	577	-	757	1,334	-	-	635	635
10	Mohammad Behram Khan Village Nar Muzaffar Khan Walliwal District Lakk Marwat	Mohammad Behram Khan	15578-56172-8	Qasim Khan	714	-	868	1,582	-	-	732	732
11	Tricon Developers Ltd Newage House, 114-Kashmir Road, Gulberg- II, Lahore.	Asif Kamal Zahid Rafiq Ahmad Khalil	35202-2550469-9 35202-2860883-1 35202-7577418-5	Muhammad Azam Muhammad Rafiq Khalil-ur-Rehman	315,000	74,730	-	389,730	-	12,800	-	12,800
12	Zulaikha Textile Mills Ltd 106/3, Saint Jhons Park, Lahore Cantt.	Muhammad Ramzan Saleem Irshad Asadullah Khan	36202-7318947-5 36302-7947307-7 31301-1490031-7	Allah Ditta Lal Muhammad Akhtar Mughal Khan	-	-	-	-	-	140,709	-	140,709
13	S. U. Garments R-172, Pak Kauser Town, Khokhrapar # 2, Malir, Karachi	Bakht Beedar Fasih Shamsi	42201-8046577-1	Fasih ul Hassan Qaiser Shamsi	19,780	-	-	19,780	5,026	-	5,748	10,774
14	Mehar Shahzad Cotton Ginners Tehsil Kahrur Pacca Distt. Lodhran	Mahr Abdul Hameed Mahr Abdul Razzaq Abdul Rahman Abdul Razzaq	36202-2594109-5 36202-3213447-9 36202-5879240-1	Imam Bukhsh Imam Bukhsh Karim Bukhsh Imam Bukhsh	9,593	-	-	9,593	4,330	-	3,739	8,069
15	Hasnain Mining Corp. Hashmi Manzil, Shahrak-E-Alamdar, Quetta	Aleem Iqbal Hashmi	42301-4909082-7	Syed Iqbal Shah Hashmi	44,000	-	-	44,000	-	-	6,397	6,397
16	Haq Hosiery Pvt. Ltd # 3, Tahir Road, Gulistan Colony Sheikhpura Road, Faisalabad.	Khalid Mehmood Sabir Haq Ikramul Haq		Abdul Haq Abdul Haq Abdul Haq	5,508	-	-	5,508	-	-	4,343	4,343
17	Malik Paint & Hardware Malik Building Zakir Stop Tokhar Niaz Baig, Multan Road, Lahore	Malik Anwar Ali	35200-1481682-9	Malik Ghulam Sarwar Zakir	10,000	-	-	10,000	-	-	3,823	3,823
18	Fashion Out-Fitters Pvt. Ltd. Humayun Town Jaranwala Road, Faisalabad.	Basit Majeed Rehana Ikram	33100-1345448-9 33100-4082261-0	Ikram Majeed Ikram Majeed	10,500	-	-	10,500	-	-	3,775	3,775
19	Hafiz A. Rahim A Karim Mole # 22, Fish Harbour, Karachi	Zardad H.Khan (Deceased) Salma Begum (Mortgagor)	42201-4081561-6	Abdul Hakeem Khan Kalimullah	814	1,038	-	1,852	-	-	3,039	3,039
20	Rehman Maternity Home 1.5 Km, Faisalabad, Khurrianwala Road, Faisalabad.	Tasneem Rasheed	33104-3365392-4	Maj @ Abdul Rehman	14,220	-	-	14,220	-	-	2,908	2,908

STATEMENT SHOWING WRITE OFF OF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED DURING THE YEAR

Rs in 000's

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					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
21	Allied Ghee Industries Ltd. Plot No.8 to 28/A, Small Industries Estate, Mardan, Khyber Pukhtoon Khwa	Muhammad Afzal Khan Pirzada Noorul Basar Muhammad Adnan Jalil Muhammad Jabran Adeel Liaquat Ali Khan Khattak Abdul Qahar Saidullah Khan		Haji Mir Afzal Pirzada Noor Muhammad Haji Muhammad Adeel Haji Muhammad Adeel Haji Mir Hassan Khan Abdul Sattar Khan Maula Dad Khan	1,125	88	-	1,213	-	-	2,572	2,572
22	Al-Faisal Cotton Ginners Hayatwala Basti Mithu, Sujababad, Distt. Multan	Tahir Razzaq Irfan Mahmood Imran Razzaq Sufyan Mehmood	36303-4948147-3 36302-4396204-3 36302-3310849-1 36303-9808897-5	Rana Abdul Razzak Rana Zaildar Khan Rana Abdul Razzak Rana Zaildar Khan	5,061	-	-	5,061	-	-	2,081	2,081
23	Marium Developers Queens Centre, Mz-1, Mezzanine Floor, Plot # 6Q R9 M. T. Khan Road, Karachi.	Muhammad Rafiq Ibrahim Abida Rafique	42201-0400007-3 42301-0778520-6	Muhammad Ibrahim Muhammad Rafique	3,454	1,898	-	5,351	-	-	1,838	1,838
24	Khan Packages Plot # 1 Shams Colony, Golra More, Rawalpindi	Muhammad Shafiq Khan Muhammad Jamal Khan	37405-0664411-5 14376-50390-5	Khuda Dad Khan Khuda Dad Khan	4,994	-	-	4,994	-	-	1,794	1,794
25	Dalhousie Shoes Company 110-J,EME Society,Multan Road,Lahore.	Ali Faran Malik	35202-0346039-7	Javed Aziz Malik	5,600	-	-	5,600	-	-	1,745	1,745
26	Paradise Textile Corporation Opp: Zafar Fabrics, 1-Km Link Sargodha Road, Samana Pull Faisalabad	Iftikhar Ahmed	33201-1699995-7	Muhammad Siddique	3,226	-	-	3,226	-	-	1,455	1,455
27	Real Gas Industry St. # 5, Gobind Garh, College Road, Gujranwala	Irfan Masood Chaudhry	34101-8256249-5	Choudhry Sirajdin	2,000	-	-	2,000	771	-	417	1,188
28	Shahid Cloth House 5-Muslim Block, Azam Cloth Market, Lahore	Umar Daraz	26643-07725-0	Sh Bhag Din	6,000	-	-	6,000	-	-	1,086	1,086
29	Raghib Farooqi A-199,Blk-10-A,Gul-E-Iqbal,Kda Sch -24,Karachi	Raghib Farooqi	42201-7503125-7	Muhammad Rashid Farooqi	6,793	-	-	6,793	-	-	1,075	1,075
30	Akifa Adil Plot # 25, Block-A, Phase-1, Green City Housing Scheme, Lahore.	Akifa Adil	35201-1484815-4	Adil Iftikhar	2,015	-	-	2,015	415	-	321	736
31	Hasnat Traders 292-A, Block Model Town, Gujranwala.	Muhammad Imran Ali	34101-4801324-5	Muhammad Ali	4,000	-	-	4,000	-	-	704	704
32	Goni International Goni Street Tariq Cinema Road Faisalabad.	Muhammad Faisal Aman Sohail Sarfraz Tuwana	33100-1389602-3 24561-02160-3	Muhammad Aman Malik Sarfraz Tuwana	5,567	-	-	5,567	-	-	702	702
33	Rajput Food Products T-47, S.I.T.E. Hyderabad	Mst. Shamim Aslam Rao Muhammad Aslam (Deceased)	42101-8222713-2	Rao Muhammad Aslam (Late)	1,965	303	-	2,268	-	268	413	681
34	Imtiaz Rasheed Qureshi 32-Niclison Road Lahore	Imtiaz Rasheed Qureshi	35387-29025-9	Abdur Rasheed Qureshi	1,327	-	-	1,327	-	-	708	708
35	Nazimuddin Dahar & Co. 100/3, Military Road, Near Alfaisal Hospital,Sukkur.	Nazimuddin Dahar	45504-9654317-3	Ali Murad Khan Dahar	2,500	-	-	2,500	-	-	514	514
36	Khursheed-ul-Islam HouseNo. 34/A, Jail Road, Malikpura, Abbotabad.	Khursheed-ul-Islam	13101-3878541-5	Khawaj Muhammad	-	-	-	-	-	-	507	507
37	Mashriq Mechanical Works Mustlim Road, Street Masjid-E-Aqdas Wali, Gujranwala	Abdul Hameed Shad	28555-20601-4	Muhammad Yousaf	1,000	45	-	1,045	300	45	159	504
38	Imran Ehsan H.No.185, Safari Villas, Phase-7, Behria Town, Rawalpindi	Imran Ehsan	35201-4080850-1	Mian Ehsan ul Haq	5,366	-	-	5,366	-	-	682	682
39	Khan Jewellers H # 19-S-C, St # ,1 Moh Saith Coloni,Okara	Abdul Qayyum	35302-4528427-9	Bashir Ahmed	775	1,018	-	1,793	-	-	568	568

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					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
40	Baloch Rice Mill Industrial Area DM Jamali	Raj Kumar	43102-2467078-9	Jani Mal	1,764		-	1,764	-	1,216	-	1,216
41	Ch Muhammad Kashif Yunas H # D-294 School Road Lala Rukh Near School # 6 Wah Cantt	Ch Muhammad Kashif Yunas	37406-1249010-9	Choudhary Muhammad Younas	686	207	197	1,091	103	207	197	508
42	Inam ullah H # 2925 Mohtasiban Tehsil Goregatri Peshawar	Inam ullah	17301-2963838-9	Said Mohammad	738	216	277	1,231	111	216	277	603
43	Mohammad Amir Mohalla Faridi Airport Road Rahim Yar Khan	Mohammad Amir	31303-5791916-3	Naseem Bibi	711	352	246	1,310	142	352	246	741
44	M. Imran Khan 165 Mir Shah Mohammad Goth Near Arain Chowk	M. Imran Khan	41307-1399786-3	Naseeruddin	601	213	339	1,153	30	213	339	582
45	Ch Al Muzaf Ahmad Cheema H No 8,Banglow # 10, Meo Colony, Sargodha	Ch Al Muzaf Ahmad Cheema	38403-8771947-5	Choudary Muhammad Hussain Cheema	924	292	186	1,402	185	292	166	643
46	Muhammad Sajid Nizami Combined Builders 60-T-Commercial Phase II Dha Lahore	Muhammad Sajid Nizami	35201-7921778-3	Haji Mohammad Sadiq	1,017	316	461	1,794	51	316	441	808
47	Raja Zaid Ul Sadaat H No P-93 St No 4 Tariq Abad ,Faisalabad	Raja Zaid Ul Sadaat	33100-7806977-7		84	688	4	776	6	688	4	698
48	Muhammad Waseem Rainbow Autose Shop No D-117 Rainbow Autos Station Road,Sukkar	Muhammad Waseem	45504-1073931-5		433	321	52	806	128	321	52	501
49	Nadeem Abass Butt H No 9-A, St No 7A, Shah Street, Abdali Road,Islam Pura, ,Lahore	Nadeem Abass Butt	35202-2484506-1		504	432	31	967	137	432	31	600
50	Rao Nasir Mahmood Manager Academic Audit Tevta Govt Of Punjab 96.H Gulberg.11. Lahore.	Rao Nasir Mahmood	35201-3357063-3		503	516	42	1,061	98	516	42	656
51	Mohammad Hanif Memon Ware Housing M 273 Jilani Center Tower ,Karachi	Mohammad Hanif	42301-1105210-7		493	400	60	953	148	400	60	608
52	Mian Pervaiz Ahmed Alba International Ghafoor Chamber,2Nd Floor Office No-4 Ram Gali No-3 Brandreth Road Lahore.	Mian Pervaiz Ahmed	35201-3593052-5		504	464	35	1,002	101	464	35	599
53	Tipu Sultan Bucher Khana, Haji Abdul Karim Rd, Nr Bucher Khana Chowk Sialkot	Tipu Sultan	34603-2715584-1		470	509	42	1,020	38	509	42	588
54	Riffat Karim Rana H No 173-A, Shadman No 2,Lahore	Riffat Karim Rana	35202-2825343-7		397	412	34	843	79	412	34	525
55	Malik Imtiaz Ahmed M M Malik And Co 15 19 Ground Flr Marine Centre Block 2 Clifton Karachi	Malik Imtiaz Ahmed	42301-3653584-5		404	19	483	906	81	19	483	583
56	Muhammad Shamroz Khan Insta Sales St 4B Afridi Centr Shereen Jinnah Blk 2 Shereen Jinnah Col Karachi	Muhammad Shamroz Khan	42301-5520211-1	Mohammad Feroz Khan	8,270	3,219	194	11,684	-	3,189	194	3,384
57	Haji Muhammad Haneef Anjum Ahmad Sweets And Bakers P-69 Mohalah Fateh Abad Main Satiana Road Main Road Faisalabad	Haji Muhammad Haneef Anjum	33100-7438664-9	Ch Muhammad Bota	4,793	1,522	115	6,430	293	1,522	115	1,930
58	Adnan Aziz Baqai H No B-51 Block J North Nazimabad	Adnan Aziz Baqai	42101-3697234-9	A Khan Baqai	130	2,075	26	2,231	130	2,075	129	2,334
59	Muhamamd Asim Ishtiaq H No D-36 Block 5 F B Area	Muhamamd Asim Ishtiaq	42301-1548275-3	Muhammad Ishtiaq	23,379	2,322	485	26,186	-	2,322	485	2,807

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					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
60	Muhammad Amin Muqadas Fabrics Shop No 14-15 Basement Chmi Plaza, Katchari Bazar Faisalabad	Muhammad Amin	33102-1754924-3	Sh Muhammad Aslam	4,277	544	97	4,917	-	544	97	640
61	Nuzhat Akbar H No 10 st No 33 F-8/1 Islamabad	Nuzhat Akbar	36603-6230214-2	Akbar Ali Bhatti	48,845	6,269	997	56,112	-	4,900	485	5,386
62	Farhat Ali H No B-22 Block D North Nazimabad Karachi	Farhat Ali	42101-2092966-3	Mohammad Ali	7,464	2,727	469	10,660	-	2,727	469	3,196
63	Ehsan Bhatti H No 151 Habib Ullah Road Lahore Lahore	Ehsan Bhatti	35202-4662032-5	Faqer Ullah Bhatti	1,919	773	98	2,789	-	773	98	871
64	Muhammad Khalid Chanel Artitact Engineer 439-Q Dha Lahore	Muhammad Khalid	35201-1219394-1	Muhammad Usman	4,201	1,643	119	5,963	-	1,643	119	1,762
65	Ejaz Zakria Auto Zoo Office No B-729 4Th Road Chandni Chowk Rawalpindi	Ejaz Zakria	37405-0338033-1	M Zakria	4,019	989	109	5,118	-	989	80	1,069
66	Naveed Ahmed Khan H No 528/A St No 26 Gulistan Colony Mustafabad Lahore	Naveed Ahmed Khan	35201-1503165-3	Abdul Majeed	4,640	873	133	5,645	-	873	133	1,005
67	Asghar Hussain Shah H No P-10/5, St No 8, Prime Centre, Munshi Mohalla, Faisalabad	Asghar Hussain Shah	33100-5423864-7	Syed Alamdar Hussain Shah	4,430	583	110	5,123	-	583	110	693
68	Rai Mohammad Usman H No 143, Block C Phase I D H A Lahore	Rai Mohammad Usman	35202-8188509-7	Rai Mushtaq Ahmad	4,519	668	115	5,302	-	668	115	783
69	Mehmood Ali Hashmi Flat No B-304 Rufi Paradise Block B Block 18 Gulistan-E-Jauhar	Mehmood Ali Hashmi	42301-2433085-3	Ahmed Ddin (Late)	4,023	1,294	100	5,416	-	1,217	100	1,316
70	Agha Abrar Ahmed 273/2 Z Block Phase 111 D H A Lahore	Agha Abrar Ahmed	35201-9757242-5		6,185	1,059	157	7,401	-	1,059	157	1,216
71	Muhammad Irfan 292-A1 The Govt Employee Housing Society Lahore	Muhammad Irfan	61101-3795174-7		8,485	4,896	125	13,507	-	4,896	125	5,022
72	Chaudary Safdar Ali H No 70, Sabzi Mandi Ferozepur Road Lahore	Chaudary Safdar Ali	35201-5776720-7	Muhammad Siddiq	7,586	1,343	165	9,094	-	1,343	165	1,508
73	Najma Begum H No 170/1 Block B Officer Colony No 2 Madina Town Faisalabad	Najma Begum	33100-0809260-6	Sheikh M Aslam	3,608	1,450	105	5,163	-	1,450	105	1,555
74	Muhammad Imran H No P-3, Block B, Tahir Park Sheikh Colony Faisalabad	Muhammad Imran	3310-01593341-1	Muhammad Akram	1,952	859	71	2,881	-	859	71	930
75	Tariq Mehmood H No 272, Main Road, Sarfraz Colony Faisalabad	Tariq Mehmood	33100-4991565-1	Bashir Ahmed	3,141	1,069	97	4,307	-	1,068	97	1,165
76	Rana Salman Asif 98-Tariq Block New Garden Town Lahore	Rana Salman Asif	35202-4910357-9		14,000	2,425	327	16,751	-	2,425	327	2,751
77	Abdul Rahim Mayet H No 82/1 Khayban-E-Rahat 21st Street Phase VI Dha Karachi	Abdul Rahim Mayet	42301-4345472-9		3,514	55	1,787	5,356	-	55	1,787	1,842
78	Muhammad Pervez H No Pd-502-D Khokhar Market Nawaz Sharif Park Pindora Rawalpindi	Muhammad Pervez	37405-6540044-1	Muhammad Yousaf	2,380	732	125	3,237	-	732	125	857
79	Farrukh Mirza H No C-9 Block R North Nazimabad Near Ship Owner College	Farrukh Mirza	42101-1091390-7	Muhammad Faiq Mirza	9,087	3,170	382	12,639	-	3,170	382	3,552
80	Irfan Ullah Khan Texplora 1-C/9 1st Floor Canal Park Gulberg li Lahore	Irfan Ullah Khan	35202-3297762-1	Aman Ullah Khan	1,369	629	83	2,080	-	629	83	712
81	Sheikh Alla Uddin 201, Riwaz Garden Lahore	Sheikh Alla Uddin	35202-4515443-9		4,265	1,252	245	5,762	-	1,252	245	1,497

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82	Muhammad Irfan Malik H No 1 Block 2 Sector A/2 Township Lahore	Muhammad Irfan Malik	35200-1513428-9		2,495	2,535	153	5,183	-	2,535	153	2,688
83	Muhammad Mubashir Safdar H No 32 Ghulam Nabi Colony Samanabad Lahore	Muhammad Mubashir Safdar	35202-8715833-7	Khalid Safdar Jang	4,860	2,240	132	7,232	-	2,240	132	2,372
84	Ramzan Ali Gill H No 140,D Street,Near Dental Clinic Razia Khanam,Upper Gizri Phase V Dha Karachi	Ramzan Ali Gill	42301-1847673-5	Rehmat Ali Gill	4,921	1,516	130	6,567	-	1,516	130	1,646
85	Anwar Ul Haq House No 32-A Block-2 Street No 13 Irshad Road Madina Town Faisalabad	Anwar Ul Haq	33100-0868546-3		4,685	1,595	18	6,298	-	1,595	18	1,613
86	Muhammad Bilal H No 12 Block D Peoples Colony No 1 Faisalabad	Muhammad Bilal	33102-1819639-3	Sheikh M Yousaf	16,466	10,152	699	27,316	-	10,138	699	10,837
87	Tariq Mehmood H No 6-A St No 5-B Shah Kamal Road Gunj Mughal Pu Lahore	Tariq Mehmood	35201-0647422-9	Ashgar Ali	5,825	3,605	165	9,595	-	3,605	165	3,770
88	Muhammad Faisal 779-E.Gulistan Colony 1 Faisalabad Faisalabad 0418789683	Muhammad Faisal	33100-6462410-7		1,752	872	5	2,628	-	872	5	877
89	Nasir Mehmood Noon Ch House No 41 Spring Valley Pulgran Bhara Kahu	Nasir Mehmood Noon	37301-8812335-1		481	18	18	516	481	18	18	516
90	M Raghbir Farooqui A 1 99 Blk 10 A Gulshan E Iqbal Behind Toyota Eastern Motros	M Raghbir Farooqui	42201-7503125-7		454	61	17	533	454	61	17	533
91	Humayun A Mughal H No CA-312 6Th Road Block F Mohalla Cheshtiya Abad	Humayun A Mughal	37405-8532121-7		421	76	80	577	421	76	80	577
92	Aashiq Hussain H No 132-C-1 Faisal Town Lahore	Aashiq Hussain	35202-6238130-1		449	55	16	520	449	55	16	520
93	Nisar Ahmad Malik H No 307 Gulberg A Gulberg	Nisar Ahmad Malik	33100-0989432-3		477	63	20	560	477	63	20	560
94	Waseem Ahmad H No 181 Block-C Gulberg Colony	Waseem Ahmad	33100-3470946-3		499	67	23	588	499	67	23	589
95	Naeem Fazal Hussain H No 7 St No H/2 Wapda Town	Naeem Fazal Hussain	35202-4657678-9		486	42	21	548	486	42	21	548
96	Malik Abdul Waheed H No 67 Block A Allama Shabeer Usmani Road Opp Jinah Hospital Faisal Town	Malik Abdul Waheed	35202-2698817-7		494	54	25	573	494	54	25	573
97	Malik Hadi Hussain H No 152 F Model Town Caltex Petrol Pump	Malik Hadi Hussain	35202-2087176-9		478	29	16	523	478	29	16	523
98	Muhammad Asim 2-G P And T Colony Multan Road	Muhammad Asim	35202-2741488-5		452	50	18	520	452	50	18	521
99	Jamal Mazhar H No B-4 Block 18 6 Gulshan-E-Iqbal	Jamal Mazhar	42201-0357624-7		499	66	22	587	500	66	22	587
100	Sheikh M Arshad H No 13 St No 35 Ghani Road Sanat Nagar	Sheikh M Arshad	35202-1071657-3		484	63	20	567	484	63	20	567
101	Usman Masood H No 177 A Ahmad Block New Garden Town	Usman Masood	35202-5483047-7		482	40	22	544	482	40	22	544
102	S Munawar Hussain H No 12 Block Q Model Town	S Munawar Hussain	35200-1405463-5		437	58	19	514	437	58	19	514
103	Fayyaz Ahmad Dar H No P-3015/A St No 4 Roza Park Mansoor Abad	Fayyaz Ahmad Dar	33100-2247333-5		483	65	19	566	483	65	19	566
104	Syed Sohail Raza H No 12 Block Q Model Town	Syed Sohail Raza	35200-1405456-7		484	59	21	564	484	59	21	564

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105	Muhammad Arshad H No P-632 St No 3 Ayub Colony	Muhammad Arshad	33100-8743938-5		489	64	18	571	489	64	18	571
106	Sheikh M Irfan H No 77/282 Ghazi Officers Colony Cantt	Sheikh M Irfan	34603-0515750-9		480	40	19	538	480	40	19	538
107	Tariq Sohail H No 1001 St No 105 I-10/4 Nr Javed Market,	Tariq Sohail	61101-1802394-9		491	66	19	576	491	66	19	576
108	Shahzain Bugti Bughti House Fatima Jinnah Road Quetta	Shahzain Bugti	42301-2209592-3		483	70	16	569	483	70	16	569
109	Khalid Mahmood H No 259 Abadi No 3 St No 13 Rahmat Street Qumar Colony Tench Bhatta	Khalid Mahmood	37405-7872107-7		485	42	17	544	486	42	17	544
110	Syed Zafar Abbas H No 619/1 Sector Z Phase Iii Dha	Syed Zafar Abbas	35201-0914900-9		465	46	33	544	465	46	33	544
111	Muhammad Shafique 3-D Liaqat St No 14 Punj Mehal Road Mozang	Muhammad Shafique	35202-2924587-5		483	3	37	523	483	3	37	523
112	Nisar Ahmed H No B-22 Sector 11-G North Karachi	Nisar Ahmed	42101-0712552-5		456	63	16	536	457	63	16	536
113	Nadeem Kiyani H No 18 34-A Khy-E-Shamsher Phase V Ext Dha	Nadeem Kiyani	37405-1278931-9		496	51	27	574	496	51	27	574
114	Naseer A Samma H No 333 Block X Dha	Naseer A Samma	35201-6159732-1		527	64	25	616	527	64	25	616
115	Abdul Malik H No 192/2 Block B Shahrah-E-Quadeen Khudadad Colony	Abdul Malik	42301-0943202-9		485	63	42	591	485	63	42	591
116	Mian Muhammad Iqbal 101 Block-B Gulberg II	Mian Muhammad Iqbal	35202-4847431-7		549	53	31	633	549	53	31	633
117	Ch Akhter Saeed H No 53-Dt Mohallah Afandi Colony Rasool Nagar	Ch Akhter Saeed	37405-4403763-7		436	46	29	510	436	46	29	510
118	Abdul Hameed Shop # 44, New Fruit Market Ravi Link Road, Lahore	Abdul Hameed	35202-92437767	Muhammad Gulab	4,721	978	-	5,699	-	978	-	978
119	Faisal Emboidery 13-A, Gazi Park, Peco Road, Lahore	Muhammad Naeem	33100-9222798-5	Muhammad Shafi	2,000	833	-	2,833	-	899	-	899
120	Karim Fabrics 486-Z DHA Lahore	Aamir Sadiq	35201-8122585-7	Muhammad Sadiq	37,000	2,810	-	39,810	-	2,810	-	2,810
121	Nagina Food Industries 153 Ind Area Kot Lakhpat Lahore	Aamir Pervaiz	35202-7338045-1	Prevaiz Akhtar	19,597	10,342	-	29,939	-	10,342	-	10,342
122	Mahad Thread 15E-1-A-II Township Lahore	Qamar Hussain Butt	35202-2755995-9	Muhammad Ashraf Butt	5,000	2,894	-	7,894	-	2,894	-	2,894
123	Muhammad Hanif Khan Fateh pur, Kasur	Muhammad Hanif Khan		Abdul Karim Khan	1,462	1,059	-	2,521	-	544	-	544
124	Muhammad Amin Bhella Roshan, Kasur	Muhammad Amin		Muhammad Bakshsh	3,000	798		3,798	843,5220			844
125	Khaweshgi Dairy Farm Kot Nasir Khan, Kasur	Nadir Behlol Khan		Sultan Ali Behlol	1,525	1,475		3,000		923		923,280
126	Shabbir Ahmad S/o Abdul Karim Fateh Pur, Kasur	Shabbir Ahmad Abdul Karim		Abdul Karim Khan	1,372	1,245	-	2,617	-	838	-	830
127	Al Jannat Cloth House Muslim Bazar Sialkot City	Jehangir Razzak	34603-2315831-9	Abdul Razzak	3,000	-	827	3,827	-	-	827	827
128	Ijaz Poultry Farm Village & PO Maggo Ghuman, Daska Distt. Sialkot	Ijaz Ahmed	34601-0715634-9	Muhammad Malik	1,000	836	-	1,836	-	-	836	836

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129	Waleed Haider & Company Village Lawarey Distt Hafizabad	Irfan Ashraf M.Nawaz	34101-4883256-3 34101-5785468-9	Mian M.Ashraf Ahmed Ali	170	1,058	-	1,228	-	-	584	584
130	New Style Enterprises 03-Nasir Street Ratta Road Gujranala	Agha Almas Ali Khan	34101-2420805-5	Agha Usman Ali Khan	2,500	720	40	3,260	-	-	560	560
131	Ronald C. Detaro	Ronald C. Detaro			432	78	10	519	432	78	10	519
132	Dailybalqassim Hafdi	Dailybalqassim Hafdi			735	34	7	776	735	34	7	776
133	Haider Fadhel	Haider Fadhel			530	36	10	575	530	36	10	575
134	Sriyantha Nishantha	Sriyantha Nishantha			213	449	-	661	213	449	-	661
135	Eve Angela	Eve Angela			504	414	-	918	504	414	-	918
136	Hewagama Arachchige	Hewagama Arachchige			594	344	-	938	594	344	-	938
137	Mohammed Feras	Mohammed Feras			536	595	-	1,130	584	547	-	1,130
138	Juan Barga Turqueza	Juan Barga Turqueza			1,771	50	-	1,821	1,771	50	-	1,821
139	Mathai Eldho	Mathai Eldho			774	680	-	1,454	774	680	-	1,454
140	Manohar Prakash	Manohar Prakash			659	523	-	1,182	659	523	-	1,182
141	Sudhanshu Shekhar	Sudhanshu Shekhar			456	515	-	970	456	515	-	970
142	Abdul Rashid Mohamed	Abdul Rashid Mohamed			321	998	-	1,319	321	998	-	1,319
143	Hamdy Abdelmongy	Hamdy Abdelmongy			955	439	-	1,394	955	439	-	1,394
144	Mohammed Abedali Abdulla	Mohammed Abedali Abdulla			2,113	1,924	-	4,037	2,113	1,924	-	4,037
145	Safa Mohammed Sadat Ali Ridha	Safa Mohammed Sadat Ali Ridha			2,067	376	-	2,443	2,067	376	-	2,444
146	Sanjeev Kumar Maini	Sanjeev Kumar Maini			2,696	1,959	-	4,655	2,696	1,959	-	4,655
147	Maitham Khalil Ebrahim	Maitham Khalil Ebrahim			1,186	119	-	1,304	1,186	119	-	1,304
148	Isa Abdulla Isa Al Sarh	Isa Abdulla Isa Al Sarh			601	176	-	777	601	176	-	777
149	Hamed Abdul Hussain Ahmed Zuhair	Hamed Abdul Hussain Ahmed Zuhair			472	153	-	625	472	153	-	625
150	Mazen Ebrahim Maroof Malas	Mazen Ebrahim Maroof Malas			1,528	343	-	1,871	1,528	343	-	1,871
151	Abdulla Abdul Razzaq Abdulla	Abdulla Abdul Razzaq Abdulla			962	89	-	1,051	962	89	-	1,051
152	Christopher Cecil Thomas George	Christopher Cecil Thomas George			2,215	945	-	3,159	2,215	945	-	3,159
153	Abdul Ridha Qanber Dadi Orzanki	Abdul Ridha Qanber Dadi Orzanki			1,476	80	-	1,556	1,476	80	-	1,556
154	Emmanuel Hoaquim Palacios	Emmanuel Hoaquim Palacios			427	497	2	926	427	499	-	926
155	Hussain Abdulla Haider Haji	Hussain Abdulla Haider Haji			1,169	208	-	1,376	1,169	208	-	1,376
156	Hussain Hasan Mirza Radhi	Hussain Hasan Mirza Radhi			588	455	-	1,043	588	455	-	1,043

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157	Ali Hussain Ahmed Zuhair	Ali Hussain Ahmed Zuhair			6,281	709	-	6,990	6,281	709	-	6,990
158	Abdeali Ebrahim Yousif Saleh	Abdeali Ebrahim Yousif Saleh			6,312	428	-	6,740	6,312	428	-	6,740
159	Ali Hussain Ahmed Zuhair	Ali Hussain Ahmed Zuhair			5,425	399	-	5,824	5,425	399	-	5,824
160	Ali Hussain Mohammed Hussain	Ali Hussain Mohammed Hussain			1,614	2,796	-	4,410	1,614	2,796	-	4,410
161	Surveyo W.L.L	Ahmed Janahi Eyed Saleem			3,556	900	-	4,456	3,556	900	-	4,456
162	Ajay Kumar Ram Rattan	Ajay Kumar Ram Rattan			1,257	1,053	-	2,310	1,257	1,053	-	2,310
163	Husam Najeeb Thubyan	Husam Najeeb Thubyan			878	1,362	-	2,240	878	1,362	-	2,240
164	Juan Uy Magalong	Juan Uy Magalong			1,078	791	-	1,870	1,078	791	-	1,870
165	Shaima Mohammad Fikri Ahmed	Shaima Mohammad Fikri Ahmed			1,454	111	-	1,565	1,454	111	-	1,565
166	Azhar Hilal Ahmed Altaitoon	Azhar Hilal Ahmed Altaitoon			954	235	-	1,189	954	235	-	1,189
167	Lucia Gabriela Neacus	Lucia Gabriela Neacus			107	565	-	672	107	565	-	672
168	Zaid Prodehl	Zaid Prodehl			495	1,062	-	1,557	495	1,062	-	1,557
169	Jeyabalan Sakthi Singaravelan	Jeyabalan Sakthi Singaravelan			61	1,446	-	1,507	61	1,446	-	1,507
170	Hussain Ali Ebrahim Alkhabbaz	Hussain Ali Ebrahim Alkhabbaz			1,010	106	-	1,117	1,010	154	-	1,165
171	Hussain Ahmed Ali Alkittab	Hussain Ahmed Ali Alkittab			249	455	-	704	249	455	-	704
172	Ahmed Khamis Mubarak Alhindi	Ahmed Khamis Mubarak Alhindi			513	638	-	1,151	513	638	-	1,151
173	Chandran Kunhambu Annukkaran	Chandran Kunhambu Annukkaran			108	555	2	666	108	555	2	666
174	Waleed Saleh R. Albakr				1,909	139	12	2,059	1,909	139	12	2,059
175	Techno Gulf Trading LLC P.O.Box.13847 Dubai	Ibrahim Al Rais (UAE) Morteza Reza (Irani)			306,652	47,480	-	354,132	306,652	47,480	-	354,132
176	Al Mashgooni General Contracting Est. P.O.Box.15521 Al Ain	Madad Saif Madad (UAE)			189,130	44,477	-	233,606	189,130	44,477	-	233,606
177	Jafar Habibi Hengameh Razdar No#1618Zarafshan 10th Street Tehran-Iran	Jafar Habibi Hengameh Razdar (Irani)			48,148	16,373	-	64,521	14,205	1,337	-	15,543
178	Phoenicia Office Equipment & Supplies LLC P.O.Box. 7954 Abu Dhabi	Ibrahim Mahmoud (UAE) Waleed Yousuf (Lebnese)			10,368	5,143	-	15,511	10,368	5,143	-	15,511
179	Al Geetara's Textile Trading LLC P.O.Box.71633 Abu Dhabi	Rashid Mohammad Hassan (UAE) Prem Chand (Indian)			7,445	2,551	-	9,995	7,445	2,551	-	9,995
180	Dr.Tor Albert Louis Mattsson P.O.Box.29510Abu Dhabi	Dr.Tor Albert Louis Mattsson (Late)			4,360	291	-	4,651	4,360	291	-	4,651
181	Shahzad Auto Parts P.O.Box. 7954Abu Dhabi	Mohammad Qambar (UAE) Abdul MalikAbdul Samad Abdul Akbar Abdul Samad			2,857	9,089	-	11,945	1,006	3,592	-	4,598
182	Dipiti Mahendra Nagindas P.O.Box.1367 Dubai	Dipiti Mahendra Nagindas			1,104	89	-	1,194	1,104	89	-	1,194
183	Chaman Textile P.O.Box.7984 Saif Zone Sharjah	Moosa Khan Ayaz Khan			2,566	238	-	2,804	729	238	-	967

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184	Ultimate Auto Parts P.O.Box.9362Abu Dhabi	Abdul Ahad			-	684	-	684	-	684	-	684
185	Boumedienne Ould Boubacar Mal P.O.Box 253Abu Dhabi	Boumedienne Ould Boubacar Mal			4,445	328	-	4,773	4,445	328	-	4,773
186	Sona Ram Vohra Jagan Nath P.O.Box.6987 Duabii	Sona Ram Vohra Jagan Nath			-	4,547	-	4,547	-	4,547	-	4,547
187	Mohammed Geabel Mohammed P.O.Box. 77274 Abu Dhabi	Mohammed Geabel Mohammed			3,615	663	-	4,278	3,615	663	-	4,278
188	Tahar El Maakoul P.O.Box.253Abu Dhabi	Tahar El Maakoul			3,965	272	-	4,238	3,965	272	-	4,238
189	Adivanni Razak Ali P.O.Box.46450 Abu Dhabi	Adivanni Razak Ali			3,047	843	148	4,038	3,047	843	148	4,038
190	Sid Ahmed Ould Sidi Mohamed P.O.Box.253Abu Dhabi	Sid Ahmed Ould Sidi Mohamed			2,633	1,280	-	3,913	2,633	1,280	-	3,913
191	Lonela Florentina Boricean P.O.Box.1038 Dubai	Lonela Florentina Boricean			2,783	1,097	-	3,879	2,783	1,097	-	3,879
192	Mohamed Ould Amenech P.O.Box.253Al Ain	Mohamed Ould Amenech			2,691	1,185	-	3,876	2,691	1,185	-	3,876
193	Eugenia Daniela Jamru P.O.Box 73663Dubai	Eugenia Daniela Jamru			2,491	1,350	-	3,841	2,491	1,350	-	3,841
194	Naveed Islam P.O.Box 2058 Dubai	Naveed Islam			2,017	1,350	-	3,368	2,017	1,350	-	3,368
195	Devesh Bhatnagar P.O.Box. 20212 Sharjah	Devesh Bhatnagar			2,153	1,018	60	3,231	2,153	1,018	60	3,231
196	Saiful Islam P.O.Box.564 Dubai	Saiful Islam			2,394	755	-	3,149	2,394	755	-	3,149
197	Charles Alles P.O.Box.17691 Al Ain	Charles Alles			1,220	1,661	52	2,933	1,220	1,661	52	2,933
198	Prabath Krishna Sarathchandra P.O.Box.16870 Dubai	Prabath Krishna Sarathchandra			1,839	1,054	-	2,893	1,839	1,054	-	2,893
199	MA PIA Candice Jose Cuba P.O.Box.261737 Dubai	MA PIA Candice Jose Cuba			1,761	1,118	-	2,879	1,761	1,118	-	2,879
200	Marisa Cristie Ras Redoblado P.O.Box73663 Dubai	Marisa Cristie Ras Redoblado			1,786	870	-	2,656	1,786	870	-	2,656
201	Raafat Mohd Elmoursi Abdou P.O.Box45 Abu Dhabi	Raafat Mohd Elmoursi Abdou			2,001	613	-	2,614	2,001	613	-	2,614
202	Khaled Mahmoud Mohamed P.O.Box.17000 Dubai	Khaled Mahmoud Mohamed			1,529	1,066	-	2,595	1,529	1,066	-	2,595
203	Royston Alban Lobo P.O.Box 62870 Dubai	Royston Alban Lobo			1,488	857	21	2,367	1,488	857	21	2,367
204	Chatheri Kunheedu P.O.Box # , Dubai	Chatheri Kunheedu			2,220	-	-	2,220	2,220	-	-	2,220
205	Mohamad Ould Mohamed Yaslem P.O.Box 5800 Abu Dhabi	Mohamad Ould Mohamed Yaslem			1,032	1,173	-	2,205	1,032	1,173	-	2,205
206	Muhammad Nadukkandy P.O.Box 3258 Dubai	Muhammad Nadukkandy			1,046	1,048	-	2,093	1,046	1,048	-	2,093
207	Abdul Qayoom Khan P.O.Box.370 Abu Dhabi	Abdul Qayoom Khan			1,102	850	115	2,068	1,102	850	115	2,068
208	Sathyan Vijaya Kumar P.O.Box 2149 Dubai	Sathyan Vijaya Kumar			931	1,045	31	2,007	931	1,045	31	2,007
209	Bernrdo Librado Salavarria P.O.Box.73028 Abu Dhabi	Bernrdo Librado Salavarria			1,252	676	56	1,985	1,252	676	56	1,985
210	El Ghazali Ould Baba Ahmed P.O.Box 253 Abu Dhabi	Ghazali Ould Baba Ahmed			833	1,097	-	1,929	833	1,097	-	1,929

STATEMENT SHOWING WRITE OFF OF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED DURING THE YEAR

Rs in 000's

Sr. No.	Name and address	NAME OF INDIVIDUALS PARTNERS / PROPRIETOR / DIRECTORS	CNIC NUMBER	FATHER / HUSBAND NAME	At the beginning				Written off			
					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
211	Farhan Juma Farhan P.O.Box. Al Ain	Farhan Juma Farhan			1,917	-	-	1,917	1,917	-	-	1,917
212	Angelita Mercado P.O.Box 502300 Dubai	Angelita Mercado			926	893	78	1,897	926	893	78	1,897
213	Murali Krishna P.O.Box. 37393 Dubai	Murali Krishna			1,202	653	-	1,854	1,202	653	-	1,854
214	Charnaine Caeryl Cerado Bugas P.O.Box.1515 Dubai	Charnaine Caeryl Cerado Bugas			1,199	629	-	1,828	1,199	629	-	1,828
215	Mohamed Shaik Mohaideen P.O.Box 3258Dubai	Mohamed Shaik Mohaideen			812	943	-	1,755	812	943	-	1,755
216	Chellappan Murali P.O.Box 3258 Dubai	Chellappan Murali			527	1,159	19	1,704	527	1,159	19	1,704
217	Garnet Lizada Gomez P.O.Box.7657 Abu Dhabi	Garnet Lizada Gomez			1,111	546	-	1,657	1,111	546	-	1,657
218	Mohammed Anisul Alam P.O.Box. 157, Dubai	Mohammed Anisul Alam			1,145	503	-	1,648	1,145	503	-	1,648
219	George Francisco Fernandes P.O.Box.894 Dubai	George Francisco Fernandes			880	763	-	1,643	880	763	-	1,643
220	Sivassubramanina Sundaram P.O.Box 3399 Dubai	Sivassubramanina Sundaram			913	715	-	1,628	913	715	-	1,628
221	Clifford Jude Narcis P.O.Box 8988 Dubai	Clifford Jude Narcis			476	1,132	-	1,608	476	1,132	-	1,608
222	Radakrishnan Narayanan P.O.Box.11051 Dubai	Radakrishnan Narayanan			1,118	462	-	1,580	1,118	462	-	1,580
223	Mazhar Siddique P.O.Box.1204 Al Ain	Mazhar Siddique			948	538	68	1,554	948	538	68	1,554
224	Rashed Mohamed El Sayed P.O.Box 3649 Abu Dhabi	Rashed Mohamed El Sayed			971	572	-	1,543	971	572	-	1,543
225	Aboobacker Kanam Kottayil P.O.Box.372 Abu Dhabi	Aboobacker Kanam Kottayil			801	636	31	1,468	801	636	31	1,468
226	Pacencio Honor Calolot P.O.Box 118899 Dubai	Pacencio Honor Calolot			453	914	82	1,449	453	914	82	1,449
227	Tilak Ranasinghe Seneviratne P.O.Box.44486 Abu Dhabi	Tilak Ranasinghe Seneviratne			827	566	43	1,436	827	566	43	1,436
228	Mushtaq Ahmed Khan Niazi P.O.Box.42000 Abu Dhabi	Mushtaq Ahmed Khan Niazi			1,171	217	38	1,426	1,171	217	38	1,426
229	Ghulam Yasin P.O.Box. 80771 Dubai	Ghulam Yasin			735	646	33	1,414	735	646	33	1,414
230	Abdul Gafoor Kunnath Parambil P.O.Box 3668 Abu Dhabi	Abdul Gafoor Kunnath Parambil			709	597	46	1,352	709	597	46	1,352
231	Valiyakath Mohamed P.O.Box.30 Sharjah	Valiyakath Mohamed			637	679	-	1,316	637	679	-	1,316
232	Mary Christina Mattsson P.O.Box.51900 Abu Dhabi	Mary Christina Mattsson			903	392	-	1,296	903	392	-	1,296
233	Emilia Bobis Marilag P.O.Box.30439 Dubai	Emilia Bobis Marilag			507	659	82	1,248	507	659	82	1,248
234	Anurk Gaeokoon P.O.Box.120890 Dubai	Anurk Gaeokoon			804	441	-	1,244	804	441	-	1,244
235	Palanivel Appavu P.O.Box.26780 Dubai	Palanivel Appavu			888	348	-	1,236	888	348	-	1,236
236	Muhammad Ajmal P.O.Box 3041Dubai	Muhammad Ajmal			391	796	45	1,232	391	796	45	1,232
237	Manuel I Benico Velitario P.O.Box.121890 Dubai	Manuel I Benico Velitario			772	417	-	1,189	772	417	-	1,189
238	Muhammad Ali Mannari P.O.Box.3258 Dubai	Muhammad Ali Mannari			445	743	-	1,188	445	743	-	1,188

STATEMENT SHOWING WRITE OFF OF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED DURING THE YEAR

Rs in 000's

Sr. No.	Name and address	NAME OF INDIVIDUALS PARTNERS / PROPRIETOR / DIRECTORS	CNIC NUMBER	FATHER / HUSBAND NAME	At the beginning				Written off			
					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
239	Rajender Kumar Tilwani P.O.Box # 45696, Dubai	Rajender Kumar Tilwani			788	273	45	1,105	788	273	45	1,105
240	Ahmed Nabil Abd Elaziz Salem P.O.Box 45Abu Dhabi	Ahmed Nabil Abd Elaziz Salem			621	475	-	1,095	621	475	-	1,095
241	Basilio Gatdula Costan P.O.Box. 76508, Dubai	Basilio Gatdula Costan			203	866	-	1,070	203	866	-	1,070
242	Arturo Jose Jr Capilitan P.O.Box 12890 Dubai	Arturo Jose Jr Capilitan			530	412	33	975	530	412	33	975
243	Jennifer Lyn Lorenzo Bautista P.O.Box 500220 Dubai	Jennifer Lyn Lorenzo Bautista			548	427	-	974	548	427	-	974
244	Kaja Hussain Abdul Azeez P.O.Box.46806 Abu Dhabi	Kaja Hussain Abdul Azeez			86	820	40	946	86	820	40	946
245	Premchand T. Dowlani P.O.Box.71633 Abu Dhabi	Premchand T. Dowlani			555	355	21	931	555	355	21	931
246	Maria Rosario Yumul De Guzman P.O.Box.29810 Abu Dhabi	Maria Rosario Yumul De Guzman			458	399	45	901	458	399	45	901
247	Mohammed Imran Qureshi P.O.Box.320 Dubai	Mohammed Imran Qureshi			546	317	-	863	546	317	-	863
248	Matthew Carl Hill P.O.BOX.31769, Dubai	Matthew Carl Hill			532	218	103	853	532	218	103	853
249	Shellina Nurdin Khakhi P.O.Box.113426 Dubai	Shellina Nurdin Khakhi			778	69	-	847	778	69	-	847
250	Khan Firoz Azizullah P.O.Box 6597 Dubai	Khan Firoz Azizullah			295	532	-	828	295	532	-	828
251	Alvin Dwight Jose Legaspi P.O.Box. 47814, Dubai	Alvin Dwight Jose Legaspi			294	452	21	767	294	452	21	767
252	Shaji Thatta Parambil P.O.Box.9138Abu Dhabi	Shaji Thatta Parambil			146	567	47	760	146	567	47	760
253	Meethele Kauzi Mohamood P.O.Box.3668 Abu Dhabi	Meethele Kauzi Mohamood			115	585	54	755	115	585	54	755
254	Tasawar Hussain P.O.Box # 1250, Dubai	Tasawar Hussain			466	215	61	742	466	215	61	742
255	Prahladan Thottarath Kitta P.O.Box 2915 Abu Dhabi	Prahladan Thottarath Kitta			390	345	-	735	390	345	-	735
256	Sarvesh Kumar Pandey P.O.Box.1184 Dubai	Sarvesh Kumar Pandey			299	359	56	714	299	359	56	714
257	Ahmed Said Mohamed P.O.Box 6318 Sharjah	Ahmed Said Mohamed			-	712	-	712	-	712	-	712
258	Mohamed Haris Kakkadavath P.O.Box. 2710 Dubai	Mohamed Haris Kakkadavath			98	511	86	695	98	511	86	695
259	Jeyavudeen Rafeek P.O.Box.1087 Ajman	Jeyavudeen Rafeek			333	314	42	690	333	314	42	690
260	MD Abdul Gaffar P.O.Box 16077 Al Ain	MD Abdul Gaffar			146	499	38	683	146	499	38	683
261	Tanka Nath Paudel P.O.Box.5151 Abu Dhabi	Tanka Nath Paudel			406	229	47	682	406	229	47	682
262	Ali Salman Habib P.O.Box 60772 Dubai	Ali Salman Habib			274	371	31	675	274	371	31	675
263	Said Hamood Said Al Sadl P.O.Box. 253 Abu Dhabi	Said Hamood Said Al Sadl			-	661	-	661	-	661	-	661
264	Rodel Diaz Liwanag P.O.Box 7657 Abu Dhabi	Rodel Diaz Liwanag			205	404	52	661	205	404	52	661
265	Surendran Kutteenta Vadakkayi P.O.Box.7657 Abu Dhabi	Surendran Kutteenta Vadakkayi			249	345	66	660	249	345	66	660
266	Dhana Bahadur Adhikari P.O.Box.5151 Abu Dhabi	Dhana Bahadur Adhikari			340	261	52	652	340	261	52	652

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Rs in 000's

Sr. No.	Name and address	NAME OF INDIVIDUALS PARTNERS / PROPRIETOR / DIRECTORS	CNIC NUMBER	FATHER / HUSBAND NAME	At the beginning				Written off			
					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
267	Gopinathan Ajith P.O.Box.16548 Al Ain	Gopinathan Ajith			103	429	115	648	103	429	115	648
268	Adnan B.Ghurani P.O.Box. 3384 Dubai	Adnan B.Ghurani			564	55	24	643	564	55	24	643
269	Pervez Iqbal P.O.Box 13933 Al Ain	Pervez Iqbal			469	129	29	628	469	129	29	628
270	Abdul Hamed Mohamed Said Ibrahim P.O.Box.59232 Al Ain	Abdul Hamed Mohamed Said Ibrahim			238	302	68	609	238	302	68	609
271	Elwalid Gami Ibrahim Gasmalla P.O.Box 1138 Al Ain	Elwalid Gami Ibrahim Gasmalla			243	340	-	583	243	340	-	583
272	Khurram Shahzad P.O.Box.823 Sharjah	Khurram Shahzad			434	114	21	570	434	114	21	570
273	Yousuf Ali P.O.Box.687 Dubai	Yousuf Ali			299	267	-	566	299	267	-	566
274	Gangadharan Vijayan P.O.Box 2676 Dubai	Gangadharan Vijayan			71	492	-	563	71	492	-	563
275	Mohammed Askar K.A.Rehiman P.O.Box 200 Abu Dhabi	Mohammed Askar K.A.Rehiman			212	348	-	561	212	348	-	561
276	Mohammed Azamatullah Shareef P.O.Box.282236 Dubai	Mohammed Azamatullah Shareef			415	86	42	543	415	86	42	543
277	Kishan Chand Parani P.O.Box.6487 Dubai	Kishan Chand Parani			264	254	24	542	264	254	24	542
278	Shabbir Ahmed Ansari P.O.Box.71925 Abu Dhabi	Shabbir Ahmed Ansari			112	354	54	521	112	354	54	521
279	Suresh Mohandas Lalwani P.O.Box. 16356 Dubai	Suresh Mohandas Lalwani			424	46	38	507	424	46	38	507
280	Ramel Alejo Pormalejo P.O.Box 153 Doha Qatar	Ramel Alejo Pormalejo			540	115	-	655	540	115	-	655
281	Marlon Anorico Mendiola P.O.Box 6002 Doha Qatar	Marlon Anorico Mendiola			559	120	-	679	559	120	-	679
282	Sreenivasan Ajaya Ghosh P.O.Box 153 Doha Qatar	Sreenivasan Ajaya Ghosh			619	136	-	755	619	136	-	755
283	Clemente Jr.Gammad Alonzo P.O.Box 1186 Doha Qatar	Clemente Jr.Gammad Alonzo			724	156	-	879	724	156	-	879
284	Catherine Cordano Al Fonso P.O.Box 4548 Doha Qatar	Catherine Cordano Al Fonso			1,900	424	-	2,323	1,900	424	-	2,323
285	Dinesh Remigious J.S.Don P.O.Box 22550 Doha Qatar	Dinesh Remigious J.S.Don			2,988	586	-	3,574	2,988	586	-	3,574
286	Ferdinand Lorenzo Molina P.O.Box 383 Doha Qatar	Ferdinand Lorenzo Molina			3,433	591	-	4,024	3,433	591	-	4,024
287	Mustafa M.Bashar Al Kabbani P.O.Box 23084 Doha Qatar	Mustafa M.Bashar Al Kabbani			3,641	773	-	4,415	3,641	773	-	4,415
288	Ibrahim Khadoun T.Al Sadi P.O.Box 3212 Doha Qatar	Ibrahim Khadoun T.Al Sadi			4,147	885	-	5,032	4,147	885	-	5,032
289	Lawrence Pabilan Canlas P.O.Box 383 Doha Qatar	Lawrence Pabilan Canlas			4,378	829	-	5,207	4,378	829	-	5,207
290	Jawaid Iqbal P.O.Box 22550 Doha Qatar	Jawaid Iqbal			5,474	-	-	5,474	5,474	-	-	5,474
291	Mohammed Said Ali Al Balushi P.O.Box 22247 Doha Qatar	Mohammed Said Ali Al Balushi			8,499	1,411	-	9,910	8,499	1,411	-	9,910
292	Said A.Al Farsi P.O.Box 22247 Doha Qatar	Said A.Al Farsi			9,141	1,681	-	10,822	9,141	1,681	-	10,822
293	Juan Iii Torrecarion Aspiras P.O.Box No 47 Doha Qatar	Juan Iii Torrecarion Aspiras			10,501	2,515	-	13,016	10,501	2,515	-	13,016
294	Adam Suwaidan P.O.Box No 2433 Doha Qatar	Adam Suwaidan			7,865	2,133	-	9,997	7,865	2,133	-	9,997

STATEMENT SHOWING WRITE OFF OF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED DURING THE YEAR

Rs in 000's

Sr. No.	Name and address	NAME OF INDIVIDUALS PARTNERS / PROPRIETOR / DIRECTORS	CNIC NUMBER	FATHER / HUSBAND NAME	At the beginning				Written off			
					Principal	Interest / Markup	Others	Total	Principal	Interest / Markup	Others	Total
295	Mohammad Ali Abusadeh P.O.Box No 383 Doha Qatar	Mohammad Ali Abusadeh			4,338	1,246	-	5,584	4,338	1,246	-	5,584
296	Isma Kania Dewi P.O.Box No 22550 Doha Qatar	Isma Kania Dewi			1,820	3,611	-	5,431	1,820	3,611	-	5,431
297	Khaled Gamal Rahrouh P.O.Box No 82 Doha Qatar	Khaled Gamal Rahrouh			3,263	1,741	-	5,003	3,263	1,741	-	5,003
298	Fahad Ali Salim Al Busaidi P.O.Box No 11301 Doha Qatar	Fahad Ali Salim Al Busaidi			2,513	1,446	-	3,959	2,513	1,446	-	3,959
299	Ahmed Abdel Aziz Ibrahim Aly P.O.Box No 23699 Doha Qatar	Ahmed Abdel Aziz Ibrahim Aly			2,679	539	-	3,218	2,679	539	-	3,218
300	Shree Nath Tamang P.O.Box No 153 Doha Qatar	Shree Nath Tamang			589	115	-	704	589	115	-	704
301	Dwi Iswahyudi P.O.Box No 22550 Doha Qatar	Dwi Iswahyudi			21,701	5,460	-	27,161	21,701	5,460	-	27,161
302	Irfan Usman Khan P.O.Box No 22550 Doha Qatar	Irfan Usman Khan			4,319	679	-	4,998	4,319	679	-	4,998
303	Joey Balcos Ilano P.O.Box No 383 Doha Qatar	Joey Balcos Ilano			3,771	587	-	4,358	3,771	587	-	4,358
304	Issa Gharib P.O.Box No 1463 Doha Qatar	Issa Gharib			3,436	486	-	3,922	3,436	486	-	3,922
305	Jun San Antonio Verde P.O.Box No 24798 Doha Qatar	Jun San Antonio Verde			1,344	319	-	1,663	1,344	319	-	1,663
306	Mohd Naif Mousa P.O.Box No 19315 Doha Qatar	Mohd Naif Mousa			76	1,274	-	1,350	76	1,274	-	1,350
307	Ariel Lucas Aranzanso P.O.Box No 153 Doha Qatar	Ariel Lucas Aranzanso			759	153	-	911	759	153	-	911
308	Mishaal Y.Ai Sulaity P.O.Box No 13295 Doha Qatar	Mishaal Y.Ai Sulaity			552	194	-	746	552	194	-	746
309	Rodolfo Jr.Cervantes Baral P.O.Box No 153 Doha Qatar	Rodolfo Jr.Cervantes Baral			583	133	-	716	583	133	-	716
310	Ahmed Samir El Sayed P.O.Box No 22340 Doha Qatar	Ahmed Samir El Sayed			417	118	-	535	417	118	-	535
311	Aziz Ait Bihi P.O.Box 22298 Doha Qatar	Aziz Ait Bihi			285	221	-	506	285	221	-	506
312	Vincent Joseph P.O.Box No 383 Doha Qatar	Vincent Joseph			493	42	-	535	493	42	-	535
313	Mohammed Sultan H No F-36/7Block V Cliftonnear Masjid-E-Saddi Karachi	Mohammed Sultan	42301-8304779-5	Sadar Uddin (Late)	626	1,740	176	2,541	626	1,740	176	2,541
314	Haji Muhammad Hafeez Anjum H# P-69,St# 1,Muhalla Fateh Abad Sharkey,Faisalabad	Haji Muhammad Hafeez Anjum	33100-7438664-9	Ch Muhammad Boota	293	1,567	121	1,980	293	1,567	121	1,980
315	Rasheed Ahmed H # 2, St # 62, Sharif Park,Pakki Thathi,Lahore	Rasheed Ahmed	35202-7491007-5	Ghulam Muhammad	119	598	26	744	119	598	26	744
316	Zahid Mehmood H # P-750, P-Block,Bukhary Chowk,D Type Colony,Faisalabad	Zahid Mehmood	33100-3633336-3	Muhammad Shafi	-	-	-	-	505	-	-	505
317	Shahid Sheikh H # 27,Cavalary Ground Ext,St # 14,Lahore Cantt	Shahid Sheikh	35201-1457828-1	Yousaf Hassan	-	-	-	-	794	-	-	794
318	Abid Nadeem H No 133,Ch Park,Shadbaghlahore	Abid Nadeem	35202-2875098-5	Mian Saraj Din	-	-	-	-	572	-	-	572
319	Wasim Akhtar H # 481, Shadman Colon # 1,Shadman,Lahore	Wasim Akhtar	35202-4221804-3	Sheikh Muhammad Latif	-	-	-	-	605	-	-	605

1,683,600 426,513 21,066 2,131,179 834,700 476,435 75,236 1,386,363

Annexure 'C' As Referred to in Note 11.7 of Unconsolidated Financial Statements

Disposals of operating fixed assets during the year 2011

	Cost	Accumulated depreciation <small>(Rupees in '000)</small>	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
Furniture and fixtures						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	37,793	35,222	2,571	3,147	Auction	Various
Electrical, office and computer equipment						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	84,179	82,324	1,855	6,030	Auction	Various
Vehicles						
Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000						
Commander Overland	3,524	3,377	147	1,100	Auction	4x4 Motors
C/Caprice	1,970	1,950	20	679	Auction	Al Futaim
S/Vitara	1,699	1,699	-	464	Auction	Ibrahim Hakimi
N/Sunny	1,062	1,062	-	298	Auction	Tariq Mahmood
S/Cultus	652	362	290	430	Auction	Nasir Khan
H/accord	6,206	279	5,927	6,206	Buy back	Rayomond Kotwal
T/Camry	2,899	1,478	1,421	1,957	Buy back	Hassan Raza
T/Camry	2,750	2,228	522	1,073	Buy back	Muhammad Ejazuddin
T/Camry	2,750	1,733	1,017	1,568	Buy back	Bahauddin Khan
H/accord	2,410	2,169	241	482	Buy back	Ali Sameer
H/accord	2,410	2,169	241	482	Buy back	Aameer Karachiwalla
H/Civic	1,881	508	1,373	1,750	Buy back	Najeeb Agrawalla
H/Civic	1,526	778	748	1,030	Buy back	Syed Javed
T/Corolla	1,389	417	972	1,242	Insurance Claimed	UBL Insurers
Items having book value of less than Rs. 250,000 and cost of less than Rs. 1,000,000						
T/Hilux	972	875	97	803	Auction	Abdul Rehman
T/Corolla	969	872	97	897	Auction	Juma Khan
T/Corolla	969	872	97	960	Auction	Zahid Qadri
T/Corolla	969	872	97	971	Auction	Adam Khan
T/Corolla	969	872	97	960	Auction	Zahid Qadri
T/Corolla	879	791	88	808	Auction	Riza Ahmed
T/Corolla	879	791	88	905	Auction	M. Azam
T/Corolla	879	791	88	801	Auction	Ansar Iqbal
T/Corolla	879	791	88	832	Auction	Bilal Khan
T/Hilux	859	773	86	538	Auction	Naveed Rauf
T/Corolla	849	764	85	880	Auction	Zahid Qadri
T/Corolla	849	764	85	812	Auction	Kaleem
T/Hilux	834	751	83	777	Auction	Muhammad Yameen
S/Cultus	620	539	81	552	Auction	Nouman Ahmed Siddiqi
S/Cultus	620	539	81	537	Auction	Bilal Khan
S/Cultus	620	558	62	519	Auction	Bilal Khan
S/Cultus	620	558	62	581	Auction	Khukdullah Qureshi
S/Cultus	620	558	62	551	Auction	Khukdullah Qureshi
S/Pothohar	618	556	62	362	Auction	Ghazanfar Ali
T/Corolla	600	540	60	507	Auction	Farrukh Zindani
S/Mehran	567	567	-	439	Auction	Bilal Khan
S/Cultus	560	412	148	392	Auction	Fazal Karim
S/Cultus	560	445	115	507	Auction	Farrukh Zindani
S/Cultus	560	448	112	439	Auction	Mian Muhammad Raza
S/Cultus	560	487	73	497	Auction	Nouman Ahmed Siddiqi
S/Cultus	560	504	56	486	Auction	Zahid Qadri
S/Cultus	560	504	56	524	Auction	Suzuki South
S/Cultus	560	504	56	573	Auction	Nouman Ahmed Siddiqi
S/Cultus	555	500	55	370	Auction	Atif Ikram
S/Cultus	555	500	55	540	Auction	Suzuki South
S/Cultus	555	500	55	425	Auction	Khair Muhammad
S/Cultus	555	500	55	437	Auction	Farrukh Zindani
S/Cultus	555	500	55	467	Auction	Zahid Qadri
S/Cultus	555	500	55	437	Auction	Farrukh Zindani
S/Cultus	555	500	55	460	Auction	Zahid Qadri
S/Cultus	555	500	55	495	Auction	Zahid Qadri

Annexure 'C' As Referred to in Note 11.7 of Unconsolidated Financial Statements

Disposals of operating fixed assets during the year 2011

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
	----- (Rupees in '000) -----					
S/Bolan	367	330	37	362	Auction	Suzuki South
S/Bolan	367	330	37	362	Auction	Adam Khan
S/Bolan	367	330	37	404	Auction	Nouman Ahmed Siddiqi
S/Mehran	350	315	35	204	Auction	Mohammad Amjad
S/Mehran	339	305	34	171	Auction	Muhammad Ayub
S/Cultus	308	221	87	444	Auction	Farrukh Zindani
S/Bolan	235	212	23	157	Auction	Farrukh Zindani
S/Cultus	620	530	90	215	Buy back	Habibullah Solangi
S/Cultus	560	445	115	218	Buy back	Muhammad Inayat ur Rehman
S/Cultus	560	504	56	168	Buy back	M. Shahid Farooq
S/Cultus	560	504	56	168	Buy back	Syed Mohsin Zaheer
S/Cultus	560	504	56	383	Buy back	Anis Ur Rehman
S/Mehran	360	308	52	204	Buy back	Feroz Akhtar
S/Mehran	355	319	36	183	Buy back	Abdul Majeed Edhi
S/Jeep	678	610	68	300	Insurance Claimed	UBL Insurers
S/Cultus	560	370	190	450	Insurance Claimed	UBL Insurers
S/Cultus	560	355	205	-	Write-off	
S/Cultus	555	500	55	-	Write-off	
S/Cultus	555	383	172	-	Write-off	
S/Alto	120	120	-	-	Write-off	
Various	611	558	53	936	Auction	Various
	67,675	50,560	17,115	46,131		

Ijara Assets

Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000

Commercial Ijarah - Ihsan Sons	80,000	76,000	4,000	4,000	Buy back	Ihsan Sons
Commercial Ijarah - Premier Dairies	30,500	27,450	3,050	3,050	Buy back	Premier Dairies
Commercial Ijarah - Atlas Honda	2,003	688	1,315	1,660	Buy back	Atlas Honda
T/Premio	1,771	1,016	755	778	Buy back	Asad Ali Khan
H/Civic	1,614	1,301	313	313	Buy back	Faisal Maalik
T/Corolla	1,431	815	616	616	Buy back	Ather Ali
T/Corolla	1,377	1,178	199	199	Buy back	Muhammad Asif Sheikh
T/Premio	1,338	718	620	676	Buy back	Mohammad Arif Khan
T/Corolla	1,328	148	1,180	1,211	Buy back	Amna Ahsan Siddiqui
T/Corolla	1,327	755	572	572	Buy back	Ikram Shahid Zahidi
T/Corolla	1,204	434	770	770	Buy back	Amynah Tariq Sheikh
T/Corolla	1,200	969	231	231	Buy back	Khalid Hussain Awan
T/Corolla	1,142	971	171	171	Buy back	Shiraz Ahmed
T/Corolla	1,122	582	540	540	Buy back	Anwar Ali
H/City	1,097	205	892	903	Buy back	Muhammad Ali
T/Corolla	1,073	1,073	-	55	Buy back	Mohammad Saleem Malik
H/City	1,058	899	159	159	Buy back	Syed Imtiaz Ali
T/Corolla	1,054	445	609	608	Buy back	Altaf Ahmed Paracha
T/Corolla	1,053	948	105	126	Buy back	Muhammad Farooq
T/Corolla	1,050	899	151	151	Buy back	Shahzad
T/Corolla	1,038	883	155	156	Buy back	Irfana Aslam
T/Corolla	1,036	881	155	184	Buy back	Liaquat Khan
T/Corolla	1,036	391	645	699	Buy back	Muhammad Iqbal Khan
H/City	1,034	833	201	201	Buy back	Muhammad Saleem
T/Corolla	1,033	711	322	302	Buy back	M. Salman Farooq
M/Lancer	1,031	781	250	250	Buy back	M Saleem
H/Civic	1,022	384	638	718	Buy back	Agha Ghulam Nabi
H/Civic	1,011	389	622	689	Buy back	Abdul Moeen Muddasir
T/Corolla	1,002	852	150	150	Buy back	Jannat Ali Khoja
T/Corolla	979	409	570	570	Buy back	Syed Sammad-Ul-Haque
T/Corolla	949	420	529	595	Buy back	Mohammad Amin
T/Corolla	948	538	410	429	Buy back	Rizwan Naeem
T/Corolla	947	355	592	659	Buy back	Amjad Ali
H/City	920	481	439	439	Buy back	Shafaat Hussain Khan
H/City	912	280	632	675	Buy back	Shakeel Ahmed Khan
H/City	907	556	351	351	Buy back	Samir S Amir
H/City	901	472	429	429	Buy back	Muhammad Ayaz
H/City	885	415	470	479	Buy back	Saeed Ahmed
T/Corolla	882	297	585	614	Buy back	Shahzad
S/Liana	872	459	413	413	Buy back	Muhammad Anwar Gopalani
S/Cultus	862	318	544	591	Buy back	Abdul Muneem
H/City	829	323	506	561	Buy back	Sara Kaleem
S/Cultus	802	344	458	499	Buy back	Rashid Hussain Khan Lodhi

Annexure 'C' As Referred to in Note 11.7 of Unconsolidated Financial Statements

Disposals of operating fixed assets during the year 2011

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
	----- (Rupees in '000) -----					
T/Corolla	799	213	586	649	Buy back	Shahzad
Shehzore	732	271	461	480	Buy back	Muhammad Qasim
S/Cultus	727	415	312	312	Buy back	Zafar Hussain Malvi
Shehzore	721	381	340	372	Buy back	Zarwali Khan
S/Cultus	719	375	344	368	Buy back	Tabinda Mahmood
S/Alto	718	414	304	304	Buy back	Muhammad Naveed
Shehzore	717	338	379	444	Buy back	Shahid Nawaz
Shehzore	711	385	326	358	Buy back	Ahmed Raza Khan
Shehzore	708	222	486	506	Buy back	Masood Hussain
S/Cultus	675	251	424	424	Buy back	Shanaz Siddiqui
S/Cultus	664	348	316	316	Buy back	Abdul Samad Sheikh
S/Cultus	663	404	259	259	Buy back	Shiekh Iqbal Ahmed
S/Cultus	659	302	357	397	Buy back	Noman
S/Cultus	650	165	485	506	Buy back	Abdullah Saifuddin
S/Cultus	642	366	276	299	Buy back	Waqas Riaz
D/Cuore	622	369	253	279	Buy back	Safiullah Khan
S/Alto	621	327	294	361	Buy back	Muhammad Mustaqeem
T/Corolla	609	272	337	379	Buy back	Sadiq Hussain Shah
S/Alto	598	282	316	240	Buy back	Yahia Khan
S/Alto	594	289	305	320	Buy back	Muhammad Javed
S/Bolan	591	246	345	400	Buy back	Danish Zaheer
S/Alto	561	297	264	265	Buy back	Fida Hussain Lakho
S/Alto	549	236	313	360	Buy back	Amir Hussain
S/Alto	546	296	250	310	Buy back	Mohammad Hussain
S/Alto	545	280	265	257	Buy back	Noor Ahmed Qureshi
S/Alto	545	288	257	257	Buy back	Huzaifa Osaid Khan
D/Cuore	539	270	269	275	Buy back	Sultan Mehmood
D/Cuore	529	275	254	254	Buy back	Muhammad Ilyas Baig
S/Mehran	488	233	255	300	Buy back	Mudasir Hussain
D/Cuore	475	208	267	336	Buy back	Muhammad Iqbal Mansoori
S/Bolan	460	157	303	322	Buy back	Abdul Wajid Mudi Urf Faisal
S/Bolan	492	200	292	376	Auction	Muhammad Imran Gul
S/Mehran	481	213	268	350	Auction	Sikander Ali
Items having book value of less than Rs. 250,000 and cost of less than Rs. 1,000,000						
H/City	907	775	132	132	Buy back	Muhammad Asif Aziz
H/City	886	789	97	75	Buy back	Abdul Shakur
S/Liana	864	699	165	165	Buy back	Mohammad Javed
S/Cultus	862	777	85	94	Buy back	Turhan Baigh Muhammad
S/Cultus	851	851	-	-	Buy back	Sandra Sequeira
T/Corolla	833	666	167	202	Buy back	Janan Khan
S/Cultus	748	636	112	112	Buy back	Syed Ata-Ur-Rehman Naqvi
Shehzore	740	601	139	140	Buy back	Mohammad Taj Uddin
Shehzore	740	600	140	140	Buy back	Afshan Naz
T/Corolla	732	659	73	133	Buy back	Amjad Ali
S/Cultus	727	727	-	88	Buy back	Muhammad Khalid
Shehzore	725	574	151	170	Buy back	Rashid Hussain
S/Alto	716	581	135	135	Buy back	Asad Ullah Farooqi
S/Cultus	715	547	168	179	Buy back	Sadrudin Dadwani
S/Cultus	708	637	71	157	Buy back	Mian Mujeeb Ur Rehman
S/Cultus	702	596	106	105	Buy back	Peerzada Mehmood UI Hassr
S/Cultus	697	593	104	105	Buy back	Parveen
S/Cultus	666	540	126	126	Buy back	Zulfiqar Ali Anees
S/Cultus	665	570	95	95	Buy back	Umair Ahmed
S/Cultus	664	537	127	126	Buy back	Barbari Arjun
S/Cultus	664	569	95	95	Buy back	Shahid Hussain Nayani
S/Cultus	656	561	95	116	Buy back	Mohammad Rizwan Abid
Santro Club	633	506	127	133	Buy back	Ashfaqe Ahmed
S/Cultus	624	394	230	292	Buy back	Jahangir Hussain
S/Alto	616	524	92	92	Buy back	Ramesh Kumar
S/Cultus	612	520	92	177	Buy back	Muhammad Ashraf
C/Joy	593	365	228	228	Buy back	Arif Hussain Durrani
S/Alto	593	425	168	168	Buy back	Pervaiz Shakil
C/Joy	591	421	170	170	Buy back	Khalid Hassan
H/City	584	411	173	173	Buy back	Tarana Zafar
S/Alto	575	439	136	136	Buy back	Ameer Sajjad Naizi
S/Mehran	561	482	79	79	Buy back	Syed Adnan Akhter
S/Alto	561	481	80	79	Buy back	Nazeer Ahmed
S/Alto	558	479	79	79	Buy back	Imran Butt

Annexure 'C' As Referred to in Note 11.7 of Unconsolidated Financial Statements

Disposals of operating fixed assets during the year 2011

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
	----- (Rupees in '000) -----					
H/City	556	457	99	160	Buy back	Abdul Razzak
S/Alto	555	477	78	78	Buy back	Asad Ullah Farooqi
S/Alto	554	369	185	185	Buy back	Muhammad Naveed
D/Cuore	554	440	114	114	Buy back	Saad Saleem
S/Alto	553	474	79	78	Buy back	Rafat Shahnaz Saad
S/Alto	545	388	157	156	Buy back	Muhammad Taufique
S/Alto	545	442	103	103	Buy back	Mohammad Shafiq
S/Alto	545	468	77	77	Buy back	Muhammad Kaleem
D/Cuore	543	414	129	148	Buy back	Nadeem Khan
S/Alto	542	334	208	208	Buy back	Huzaifa Moiz Ali
S/Alto	536	429	107	157	Buy back	Wasi Ahmed
S/Alto	536	429	107	154	Buy back	Atique Ur Rehman
S/Bolan	533	431	102	150	Buy back	Ghulam Habib Afridi
S/Alto	532	311	221	236	Buy back	Muhammad Naveed Jamil
D/Cuore	530	332	198	199	Buy back	Shakir Zafar
D/Cuore	528	429	99	99	Buy back	Javed Iqbal
S/Cultus	526	426	100	100	Buy back	Khawaja Muhammad Ahmed
S/Bolan	525	450	75	75	Buy back	Syed Muhammad Sohail Shal
S/Mehran	524	446	78	79	Buy back	Manoj Kumar
D/Cuore	520	421	99	99	Buy back	Mool Chand
S/Alto	517	372	145	145	Buy back	Kamran
S/Bolan	517	440	77	78	Buy back	Muhammad Rizwan Qureshi
S/Bolan	515	313	202	236	Buy back	Abdul Rasheed Gohar
S/Bolan	514	274	240	253	Buy back	Syed Zahid Ali Hashmi
D/Cuore	510	292	218	234	Buy back	Faraz Ahmed Sharif
S/Cultus	506	404	102	108	Buy back	Shazia Ashraf
S/Cultus	506	455	51	94	Buy back	Abdul Wahab
S/Cultus	505	455	50	76	Buy back	Nasir Jamal Siddiqui
Shehzore	503	503	-	33	Buy back	Nisar Akber
S/Alto	502	426	76	75	Buy back	Sohail Qureshi
S/Bolan	499	428	71	70	Buy back	Khalid Mateen
D/Cuore	498	367	131	130	Buy back	Ahsan Fayyaz
S/Alto	496	259	237	237	Buy back	Fazila Ejaz
S/Bolan	492	291	201	206	Buy back	Muhammad Maroof Khan Tar
D/Cuore	483	411	72	72	Buy back	Abdul Ghani
S/Bolan	481	343	138	137	Buy back	Saleem Uddin
S/Bolan	466	244	222	222	Buy back	Nadeem Hassan
S/Bolan	466	400	66	67	Buy back	Mohammad Rahim
S/Mehran	460	246	214	215	Buy back	Muhammad Tariq Ali
T/Corolla	458	389	69	69	Buy back	Salman Farooqi
S/Bolan	457	365	92	97	Buy back	Mohammad Shafi Azad
S/Mehran	455	337	118	93	Buy back	Ashiq Ali Narejo
S/Bolan	453	327	126	125	Buy back	Imran Khan
S/Alto	450	382	68	67	Buy back	Muhammad Akbar
S/Alto	443	254	189	259	Buy back	Muhammad Hafeez
S/Alto	443	354	89	168	Buy back	Iqbal Sumel
S/Alto	443	376	67	66	Buy back	Syed Imran
S/Alto	443	376	67	122	Buy back	Hassan Mukhtar
S/Alto	443	443	-	14	Buy back	Ilyas Farooq
S/Cultus	442	354	88	178	Buy back	Nadeem Uddin Khan
H/City	441	353	88	108	Buy back	Muhammad Yousuf
S/Bolan	440	271	169	180	Buy back	Aurangzaib Ahmed Memon
S/Bolan	440	377	63	63	Buy back	Muhammad Mohsin
S/Bolan	439	335	104	104	Buy back	Abdul Rehman Khan
S/Mehran	434	232	202	202	Buy back	Syeda Farkhunda Rizwan
S/Mehran	433	368	65	65	Buy back	Asif Saeed
S/Bolan	432	235	197	236	Buy back	M Rafiq Kasmani
S/Ravi	432	367	65	65	Buy back	Nadeem Akhter Siddiqui
S/Ravi	430	223	207	257	Buy back	Nadir Hussain
S/Mehran	430	221	209	219	Buy back	Ata Khan
S/Mehran	430	226	204	204	Buy back	Munawar Ali Dahri
S/Ravi	430	272	158	159	Buy back	Mohammad Ashraf
D/Cuore	422	359	63	63	Buy back	Abbas Ali
T/Corolla	418	355	63	63	Buy back	Muhammad Farooq
S/Mehran	415	209	206	222	Buy back	Khurram Abbas
S/Mehran	409	278	131	132	Buy back	Abdul Ghaffar
S/Ravi	405	303	102	113	Buy back	Muhammad Ishaq
S/Ravi	405	312	93	99	Buy back	Muhammad Shakil Hussain
S/Ravi	404	340	64	94	Buy back	Salman Abdul Aziz
S/Alto	403	342	61	60	Buy back	Muhammad Hanif
S/Ravi	402	322	80	140	Buy back	Shahzada Wakeel Ahmed
S/Mehran	396	341	55	55	Buy back	Tariq Hassan Khna

Annexure 'C' As Referred to in Note 11.7 of Unconsolidated Financial Statements

Disposals of operating fixed assets during the year 2011

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
	----- (Rupees in '000) -----					
S/Ravi	395	151	244	259	Buy back	Arshad Ali
S/Ravi	390	175	215	253	Buy back	Abdul Raheem
D/Cuore	388	298	90	90	Buy back	Najam Uddin Farooqi
S/Bolan	386	309	77	140	Buy back	Shiv Lal
S/Mehran	383	281	102	100	Buy back	Suhail Ahmed Memon
S/Bolan	383	326	57	57	Buy back	Imtiaz Jahan
S/Ravi	382	305	77	129	Buy back	Husnain Haider
S/Ravi	381	324	57	57	Buy back	Fawad Khan
S/Ravi	380	293	87	87	Buy back	Shaukat Ali
S/Bolan	380	304	76	112	Buy back	Mohammad Nafees
S/Ravi	379	275	104	104	Buy back	Khurram Shehzad
S/Alto	378	309	69	69	Buy back	Muhammad Hanif
S/Cultus	377	308	69	69	Buy back	Shakeel Ahmed
S/Ravi	375	193	182	217	Buy back	Muhammad Jumma
S/Ravi	370	174	196	217	Buy back	Muhammad Aslam Attari
S/Ravi	368	313	55	55	Buy back	Maryam
S/Alto	366	311	55	55	Buy back	Jamil Ahmed
S/Mehran	359	305	54	54	Buy back	Haroon Yusuf
S/Mehran	359	305	54	54	Buy back	Haroon Yusuf
S/Mehran	355	178	177	221	Buy back	Syed Nayyar Azam Saifi
S/Cultus	352	299	53	53	Buy back	Syed Mansoor Mehmood
S/Mehran	347	278	69	147	Buy back	Shahadat Hussain
S/Mehran	345	293	52	52	Buy back	Muhammad Zubair Ahmed
S/Bolan	344	292	52	52	Buy back	Babar Ali Humza
S/Bolan	344	292	52	52	Buy back	Ghulam Muhammad
S/Bolan	340	289	51	50	Buy back	Mustafa Dalwala
S/Mehran	336	269	67	144	Buy back	Mirza Kashif Iqbal
D/Cuore	330	280	50	49	Buy back	Tauqeer Ahmed
D/Cuore	329	280	49	49	Buy back	Syed Tahir Ali
S/Bolan	326	261	65	147	Buy back	Mohammad Aamir
S/Ravi	321	257	64	114	Buy back	Javaid Anwar
S/Ravi	321	273	48	48	Buy back	Aurangzeb Khan
S/Ravi	320	272	48	48	Buy back	Dawood Jan Mirza
S/Mehran	317	270	47	48	Buy back	Aisha Qutb
S/Mehran	311	250	61	100	Buy back	Muhammad Umair Farooqui
S/Mehran	310	136	174	225	Buy back	Muhammad Sharif
S/Alto	305	259	46	46	Buy back	Abdul Rasheed
S/Bolan	304	258	46	46	Buy back	Arshad Jamal
S/Ravi	298	227	71	119	Buy back	Faisal Ali
S/Ravi	298	253	45	45	Buy back	Muhammad Azam
S/Mehran	286	199	87	75	Buy back	Muhammad Talha Mustafa
S/Mehran	281	239	42	42	Buy back	Zafar Iqbal
S/Ravi	279	223	56	102	Buy back	Hameed
S/Alto	265	212	53	78	Buy back	Yahia Khan
S/Bolan	256	218	38	38	Buy back	Fazal Shamim
S/Bolan	252	214	38	38	Buy back	Syed Arshad Qadri
S/Bolan	229	195	34	34	Buy back	Roni
S/Mehran	208	166	42	6	Buy back	Syed Irfan Ali
S/Ravi	202	172	30	30	Buy back	Noman Saeed
	250,227	196,837	53,390	57,553		
Total	439,874	364,943	74,931	112,861		

Annexure 'D' of the Bank's Unconsolidated Financial Statements**Guidelines for mapping of Business Lines****Segment Reporting**

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segments**(a) Corporate finance**

Corporate finance includes services provided in connection with mergers and acquisitions, project finance and the underwriting / arrangement of debt and equity instruments through syndications, Initial Public Offerings and private placements.

(b) Trading and sales

Trading and sales includes fixed income, equity, foreign exchange, credit, funding, own position securities, lending and borrowings and derivatives for hedging and market making.

(c) Retail banking

Retail banking includes retail and consumer lending and deposits, banking services, cards and branchless banking.

(d) Commercial banking

Commercial banking includes project finance, working capital finance, trade finance, import and export, factoring, leasing, lending, deposits and guarantees.

(e) Others

Others includes functions which cannot be classified in any of the above segments.