



FINANCIAL STATEMENTS 2011



UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2011

2010	2011		Note	2011	2010
US Dollars in '000		ASSETS		Rupees in '000	
1,283,467	1,463,949	Cash and balances with treasury banks	6	131,675,907	115,442,360
337,867	306,648	Balances with other banks	7	27,581,695	30,389,664
255,990	493,413	Lendings to financial institutions	8	44,380,396	23,025,156
3,350,063	3,552,490	Investments	9	319,531,213	301,323,804
5,308,831	5,837,364	Advances	10	525,045,764	477,506,564
298,938	305,227	Operating fixed assets	11	27,453,815	26,888,226
77,298	88,225	Deferred tax assets	12	7,935,497	6,952,666
625,065	733,480	Other assets	13	65,973,449	56,221,878
11,537,519	12,780,796			1,149,577,736	1,037,750,318
LIABILITIES					
89,016	101,225	Bills payable	14	9,104,710	8,006,631
223,508	293,195	Borrowings	15	26,371,675	20,103,591
9,251,714	10,310,904	Deposits and other accounts	16	927,421,438	832,151,888
-	-	Sub-ordinated loans		-	-
1,186	850	Liabilities against assets subject to finance lease	17	76,477	106,704
-	-	Deferred tax liabilities	12	-	-
543,502	599,828	Other liabilities	18	53,951,988	48,885,676
10,108,926	11,306,002			1,016,926,288	909,254,490
1,428,593	1,474,794	NET ASSETS		132,651,448	128,495,828
REPRESENTED BY					
149,586	186,983	Share capital	19	16,818,285	13,454,628
271,833	281,757	Reserves		25,342,817	24,450,244
732,191	760,001	Unappropriated profit		68,358,910	65,857,438
1,153,610	1,228,741			110,520,012	103,762,310
274,983	246,053	Surplus on revaluation of assets - net	20	22,131,436	24,733,518
1,428,593	1,474,794			132,651,448	128,495,828
CONTINGENCIES AND COMMITMENTS					
			21		

The annexed notes 1 to 45 and Annexure I and II form an integral part of these unconsolidated financial statements.

President

Director

Director

Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2011

2010	2011		Note	2011	2010
US Dollars in '000				Rupees in '000	
983,617	1,059,808	Mark-up / return / interest earned	23	95,325,179	88,472,134
503,086	539,388	Mark-up / return / interest expensed	24	48,515,618	45,250,476
<u>480,531</u>	<u>520,420</u>	Net mark-up / interest income		<u>46,809,561</u>	<u>43,221,658</u>
77,948	68,946	Provision against non-performing advances-net	10.3	6,201,358	7,011,046
32,850	34,885	Provision for diminution in the value of investments-net	9.10	3,137,768	2,954,678
45	-	Provision against off balance sheet obligations	18.1	-	3,965
<u>110,843</u>	<u>103,831</u>			<u>9,339,126</u>	<u>9,969,689</u>
<u>369,688</u>	<u>416,589</u>	Net mark-up / interest income after provisions		<u>37,470,435</u>	<u>33,251,969</u>
NON MARK-UP / INTEREST INCOME					
107,082	106,596	Fee, commission and brokerage income		9,587,856	9,631,579
12,224	19,424	Dividend income		1,747,073	1,099,493
24,583	34,826	Income from dealing in foreign currencies	25	3,132,461	2,211,139
27,932	26,574	Gain on sale and redemption of securities - net	26	2,390,211	2,512,363
75	(455)	Unrealized (loss) / gain on revaluation of investments classified as held-for-trading	9.11	(41,011)	6,730
24,141	28,022	Other income	27	2,520,458	2,171,336
<u>196,037</u>	<u>214,987</u>	Total non mark-up / interest income		<u>19,337,048</u>	<u>17,632,640</u>
<u>565,725</u>	<u>631,576</u>			<u>56,807,483</u>	<u>50,884,609</u>
NON MARK-UP / INTEREST EXPENSES					
291,316	334,838	Administrative expenses	28	30,117,272	26,202,577
1,646	6,017	Other provisions / write offs		541,186	148,026
1,322	1,533	Other charges	29	137,852	118,887
<u>294,284</u>	<u>342,388</u>	Total non mark-up / interest expenses		<u>30,796,310</u>	<u>26,469,490</u>
<u>271,441</u>	<u>289,188</u>			<u>26,011,173</u>	<u>24,415,119</u>
-	-	Extra ordinary / unusual items		-	-
<u>271,441</u>	<u>289,188</u>	PROFIT BEFORE TAXATION		<u>26,011,173</u>	<u>24,415,119</u>
109,344	102,211	Taxation - Current		9,193,471	9,835,048
(10,442)	2,891	- Prior year(s)		260,000	(939,256)
(22,724)	(11,641)	- Deferred		(1,047,020)	(2,043,887)
76,178	93,461		30	8,406,451	6,851,905
<u>195,263</u>	<u>195,727</u>	PROFIT AFTER TAXATION		<u>17,604,722</u>	<u>17,563,214</u>
----- US Dollars -----				----- Rupees -----	
<u>0.12</u>	<u>0.12</u>	Basic and diluted earnings per share	31	<u>10.47</u>	<u>10.44</u>

The annexed notes 1 to 45 and Annexure I and II form an integral part of these unconsolidated financial statements.

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Director

Director

Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2011

2010 US Dollars in '000		2011 Rupees in '000	
195,263	195,727	Profit after taxation for the year	17,604,722 17,563,214
		Other comprehensive income:	
136	(9,649)	Exchange adjustments on translation of net assets of foreign branches	(867,899) 12,216
-	-	Income tax relating to component of other comprehensive income	- -
136	(9,649)		(867,899) 12,216
<u>195,399</u>	<u>186,078</u>	Comprehensive income transferred to equity	<u>16,736,823</u> <u>17,575,430</u>
		Components of comprehensive income not reflected in equity	
(2,206)	(26,972)	Deficit on revaluation of investments	(2,426,043) (198,424)
3,092	(714)	Deferred tax on revaluation of investments	(64,189) 278,133
886	(27,686)		(2,490,232) 79,709
<u>196,285</u>	<u>158,392</u>	Total comprehensive income	<u>14,246,591</u> <u>17,655,139</u>

Surplus arising on revaluation of investments has been reported in accordance with the requirements of the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes 1 to 45 and Annexure I and II form an integral part of these unconsolidated financial statements.

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Director

Director

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2011

2010	2011		Note	2011	2010
US Dollars in '000	US Dollars in '000			Rupees in '000	Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES					
271,441	289,188	Profit before taxation		26,011,173	24,415,119
(12,224)	(19,424)	Less: Dividend income		(1,747,073)	(1,099,493)
259,217	269,764			24,264,100	23,315,626
Adjustments:					
11,935	14,486	Depreciation	11.2	1,302,969	1,073,545
103	349	Amortization	11.3	31,387	9,300
77,948	68,946	Provision against non-performing advances - net	10.3	6,201,358	7,011,046
32,850	34,885	Provision for diminution in the value of investments - net	9.10	3,137,768	2,954,678
44	-	Provision against off balance sheet obligations	18.1	-	3,965
(75)	456	Unrealized loss / (gain) on revaluation of investments classified as held-for-trading	9.11	41,011	(6,730)
(3,273)	(7,127)	Capital gain on redemption of NI(U)T LoC Units	26	(641,081)	(294,424)
(368)	(224)	Gain on sale of operating fixed assets	11.6	(20,138)	(33,081)
220	300	Financial charges on leased assets		27,069	19,829
1,645	6,017	Other provisions / write offs		541,186	148,026
121,029	118,088			10,621,529	10,886,154
380,246	387,852			34,885,629	34,201,780
(Increase) / decrease in operating assets					
(38,640)	(237,868)	Lendings to financial institutions - gross		(21,395,240)	(3,475,480)
(46,287)	(77,422)	Net investment in trading securities		(6,963,792)	(4,163,338)
(103,109)	(597,478)	Advances - net		(53,740,558)	(9,274,179)
53,889	(54,468)	Other assets (excluding advance tax)		(4,899,195)	4,847,206
(134,147)	(967,236)			(86,998,785)	(12,065,791)
Increase in operating liabilities					
(29,068)	12,208	Bills payable		1,098,079	(2,614,538)
(285,143)	71,496	Borrowings		6,430,764	(25,647,384)
1,163,892	1,059,190	Deposits and other accounts		95,269,550	104,687,063
43,072	54,506	Other liabilities (excluding current taxation)		4,902,559	3,874,183
892,753	1,197,400			107,700,952	80,299,324
(102,506)	(158,045)	Income tax paid		(14,215,505)	(9,219,871)
(220)	(301)	Financial charges paid		(27,069)	(19,829)
(102,726)	(158,346)			(14,242,574)	(9,239,700)
1,036,126	459,670	Net cash generated from operating activities		41,345,222	93,195,613
CASH FLOWS FROM INVESTING ACTIVITIES					
(1,013,680)	55,145	Net investment in available-for-sale securities		4,960,038	(91,176,168)
101,544	(161,580)	Net investment in held-to-maturity securities		(14,533,415)	9,133,429
11,870	17,412	Dividend income received		1,566,153	1,067,664
(30,347)	(22,649)	Investment in operating fixed assets (including intangible)		(2,037,195)	(2,729,586)
136	(9,649)	Effects of exchange differences on translation of net assets of foreign branches		(867,899)	12,216
(3,634)	(75,854)	Investment in subsidiary and associates		(6,822,781)	(326,853)
653	1,165	Sale proceeds of operating fixed assets disposed off	11.6	104,803	58,852
(933,458)	(196,010)	Net cash used in investing activities		(17,630,296)	(83,960,446)
CASH FLOWS FROM FINANCING ACTIVITIES					
(544)	(550)	Payments of lease obligations		(49,450)	(48,902)
(89,615)	(112,037)	Dividend paid		(10,077,218)	(8,060,510)
(90,159)	(112,587)	Net cash used in financing activities		(10,126,668)	(8,109,412)
12,509	151,073	Increase in cash and cash equivalents		13,588,258	1,125,755
1,602,847	1,615,363	Cash and cash equivalents at beginning of the year		145,294,950	144,169,195
1,615,356	1,766,436	Cash and cash equivalents at end of the year	32	158,883,208	145,294,950

The annexed notes 1 to 45 and Annexure I and II form an integral part of these unconsolidated financial statements.

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UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2011

Share capital	Reserves			Revenue General	Unappropriated Profit	Total	
	Capital		Statutory				
	Exchange Translation	Bonus Shares Issue					
----- Rupees in '000 -----							
Balance as at January 1, 2010	10,763,702	6,906,851	-	15,253,518	521,338	60,696,510	94,141,919
Total comprehensive income for the year							
Profit after tax for the year ended December 31, 2010	-	-	-	-	-	17,563,214	17,563,214
Other comprehensive income - Exchange adjustment on translation of foreign branches	-	12,216	-	-	-	-	12,216
Transferred from surplus on revaluation of operating fixed assets	-	12,216	-	-	-	17,563,214	17,575,430
Transfer to statutory reserve	-	-	-	1,756,321	-	(1,756,321)	-
Transactions with owners, recorded directly in equity							
Transfer for issue of bonus shares	-	-	2,690,926	-	-	(2,690,926)	-
Issue of bonus shares (25%)	2,690,926	-	(2,690,926)	-	-	-	-
Cash dividend paid for the year ended December 31, 2009 (Rs. 7.5 per share)	-	-	-	-	-	(8,072,777)	(8,072,777)
	2,690,926	-	-	-	-	(10,763,703)	(8,072,777)
Balance as at December 31, 2010	13,454,628	6,919,067	-	17,009,839	521,338	65,857,438	103,762,310
Total comprehensive income for the year							
Profit after tax for the year ended December 31, 2011	-	-	-	-	-	17,604,722	17,604,722
Other comprehensive income - Exchange adjustment on translation of foreign branches	-	(867,899)	-	-	-	-	(867,899)
Transferred from surplus on revaluation of operating fixed assets	-	(867,899)	-	-	-	17,604,722	16,736,823
Transfer to statutory reserve	-	-	-	1,760,472	-	(1,760,472)	-
Transactions with owners, recorded directly in equity							
Transfer for issue of bonus shares	-	-	3,363,657	-	-	(3,363,657)	-
Issue of bonus shares (25%)	3,363,657	-	(3,363,657)	-	-	-	-
Cash dividend paid for the year ended December 31, 2010 (Rs. 7.5 per share)	-	-	-	-	-	(10,090,971)	(10,090,971)
	3,363,657	-	-	-	-	(13,454,628)	(10,090,971)
Balance as at December 31, 2011	16,818,285	6,051,168	-	18,770,311	521,338	68,358,910	110,520,012

The annexed notes 1 to 45 and Annexure I and II form an integral part of these unconsolidated financial statements.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The bank is engaged in providing commercial banking and related services in Pakistan and overseas. The bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,277 (2010: 1,266) branches in Pakistan and 23 (2010: 23) overseas branches (including the Export Processing Zone branch, Karachi). The bank also provides services as trustee to National Investment Trust (NIT), Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government of Pakistan regarding shifting of banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible form of trade related mode of financing includes purchase of goods by the Bank 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 financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches of the Bank have been disclosed in note 42 to these financial statements.

2.2 These financial statements are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in the consolidated financial statements.

2.3 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 89.9457 to 1 US Dollar has been used for 2010 and 2011 as it was the prevalent rate as on December 31, 2011.

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued under the Companies Ordinance, 1984 and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued under the Companies Ordinance, 1984 and the State Bank of Pakistan differ with the requirements of IFRSs or IFASs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

3.3 Application of new and revised International Financial Reporting Standards (IFRSs)

3.3.1 New / revised standards and interpretations to existing standards effective from current period or earlier adopted

The following standards (revised or amended) and interpretations became effective for the current financial period or earlier adopted:

- IFRS 2 (Amendments) "Share-based Payments - Group cash-settled share-based payment transactions".

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund created for the purpose by each of such entities. The eligible employees would be allotted units by respective Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from respective Trust Fund in exchange for the surrendered units as would be determined based on market price for listed entities or break-up value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Fund to meet the re-purchase commitment would be met by the GoP.

An employees trust fund to administer the scheme for the Bank's employees was formed on October 26, 2010. However, the shares have not yet been transferred to the Trust Fund.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises, needs to be accounted for by the covered entities, including the Bank, under the provisions of amended International Financial Reporting Standard 2 Share Based Payments (IFRS 2). Securities and Exchange Commission of Pakistan has granted an exemption from application of IFRS 2 to the Scheme. Had the exemption not been granted, the staff costs of the Bank for the period would have been higher by Rs. 1,125 million (December 31, 2010: Rs. 1,125 million), profit before taxation would have been lower by Rs. 1,125 million (December 31, 2010: Rs. 1,125 million), unappropriated profit would have been lower by Rs. 2,677 million (December 31, 2010: Rs. 1,552 million) and reserves would have been higher by Rs. 2,677 million (December 31, 2010: Rs. 1,552 million), hence, there would have been no impact on net equity. Further, earnings per share would have been lower by Rs. 0.67 per share (December 31, 2010: Rs. 0.67).

3.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2012:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 01, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendments are not relevant to the financial statements of the Bank.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments are not likely to have an impact on financial statements of the Bank.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments are not likely to have an impact on financial statements of the Bank.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. During the year, the Bank has not recognised any actuarial loss in the profit and loss account and its net unrecognised actuarial loss at December 31, 2011 amounted to Rs. 5,262 million. Following the change actuarial losses will be recorded immediately in other comprehensive income.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments are not likely to have an impact on financial statements of the Bank.
- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after July 01, 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments are not likely to have an impact on financial statements of the Bank.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on financial statements of the Bank.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments are not likely to have an impact on financial statements of the Bank.
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 01, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The interpretation is not relevant to the financial statements of the Bank.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of land and buildings which are stated at revalued amount and certain investments, commitments in respect of certain forward exchange contracts and derivative financial instruments that are carried at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts less overdrawn nostro accounts.

5.2 Investments

Investments other than those categorised as held-for-trading are initially recognised at fair value which includes transactions costs associated with the investments. Investments classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

All regular way purchases / sales of investment are recognised on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

The Bank has classified its investment portfolio, except for investments in subsidiaries, associates and joint ventures, into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days. These are carried at market value, with the related unrealized gain / (loss) on revaluation being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value except in case of unquoted securities where market value is not available, which are carried at cost less provision for diminution in value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account shown below equity. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to book value of the same. On derecognition or impairment in quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' below equity is included in the profit and loss account for the period.
- Provision for diminution in value of investments for unquoted debt securities is calculated as per the SBP's Prudential Regulations.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV) or MUFAP or the Stock Exchanges, as the case may be.

Investments in subsidiaries, associates and joint venture companies are stated at cost. Provision is made for impairment in value, if any.

5.3 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

5.4 Derivative financial instruments

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

5.5 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. A financial asset is derecognised where (a) the rights to receive cash flows from the asset have expired; or (b) the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Bank has transferred substantially all the risks and rewards of the asset, or (ii) the Bank has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

5.6 Advances

Advances are stated net off specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by the SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances by the banks) for classification of non-performing loans and advances and computing provision / allowance there against. Such regulations also require the Bank to maintain general provision / allowance against consumer advances at specified percentage of such portfolio. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery.

5.7 Operating fixed assets and depreciation

Property and equipment

Owned assets

Property and equipment except land and buildings are stated at cost less accumulated depreciation and impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. Cost of operating fixed assets of foreign branches include exchange differences arising on translation at year-end rates. Depreciation is charged to profit and loss account applying the diminishing balance method except vehicles, computers and peripheral equipment and furnishing provided to executives, which are depreciated on straight-line method at the rates stated in note 11.2. Depreciation is charged from the month in which the assets are brought into use and no depreciation is charged from the month the assets are deleted.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account currently.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and buildings' valuation are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value.

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Assets account" shown below equity. The bank has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 and SECP's SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Leased assets (as lessee)

Assets subject to finance lease are accounted for by recording the asset and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

Ijarah (as lessor)

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 period of lease term. However, in the event the asset is expected to be available for re-Ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised on a straight line basis over the period of Ijarah contract.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to income applying the straight-line method at the rates stated in note 11.3. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are transferred to specific assets as and when assets are available for use.

Impairment

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, operating fixed assets are written down to their recoverable amounts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

5.8 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

5.9 Taxation

Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned for local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.

Deferred

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax is not recognised on differences relating to investment in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or deductible temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognized in surplus on revaluation of assets is charged / credited to such account.

5.10 Employee benefits

5.10.1 Defined benefit plans

Pension scheme

The Bank operates an approved funded pension scheme for its eligible employees. The Bank's costs are determined based on actuarial valuation carried out using Projected Unit Credit Method. Actuarial gains / losses exceeding the higher of 10% of present value of defined benefit obligation or 10% of the fair value of plan assets are recognized as income or expense in the profit and loss account over the estimated working lives of the employees. Where the fair value of plan assets, exceeds the present value of defined benefit obligation together with unrecognized

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

actuarial gains or losses and unrecognized past service cost, the Bank reduces the resulting asset to an amount equal to the total of present value of any economic benefit in the form of reduction in future contributions to the plan and unrecognized actuarial losses and past service costs.

Gratuity scheme

The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. Provision is made in the financial statements based on the actuarial valuation using the Projected Unit Credit Method. Actuarial gains / losses are accounted for in a manner similar to pension scheme.

Post retirement medical benefits

The Bank operates an un-funded post retirement medical benefits scheme for all of its employees. Provision is made in the financial statements for the benefit based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses are recognised in the profit and loss account over the estimated working lives of employees.

Benevolent scheme

The Bank operates un-funded benevolent scheme for all of its eligible employees. Provision is made in the financial statements for the benefit based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses are accounted for in a manner similar to pension scheme.

5.10.2 Other employee benefits

Employees' compensated absences

The Bank also makes provision in the financial statements for its liabilities towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit method.

5.11 Revenue recognition

Income on loans and advances and debt security investments are recognized on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Fee, brokerage and commission income other than commission on letter of credit and guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments and mutual funds is recognized when right to receive is established.

Premium or discount on debt securities classified as held-for-trading, available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments and operating fixed assets are dealt with through the profit and loss account in the year in which they arise.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

5.12 Foreign currencies translation

The bank's financial statements are presented in Pak Rupees (Rs.) which is the Bank's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies and assets / liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities. All gains or losses on dealing in foreign currencies are taken to profit and loss account currently.

Profit and loss account balances of foreign branches are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gain / losses arising on translation of net assets of foreign branches, which is credited to exchange translation reserve reflected under reserves.

Items included in the financial statements of the Bank's foreign branches are measured using the currency of the primary economic environment in which the Bank operates (the functional currency).

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange ruling on the financial position date.

5.13 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

5.14 Off setting

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

5.15 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in the statement of financial position.

5.16 Dividend and other appropriations

Dividend and appropriation to reserves, except appropriation which are required by the law, are recognised as liability in the Bank's financial statements in the year in which these are approved.

5.17 Earnings per share

The bank presents basic and diluted earnings per share (EPS) for its shareholders. 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no dilutive potential ordinary shares in issue at December 31, 2011.

5.18 Related party transactions

Transactions between the Bank and its related parties are carried out on an arm's length basis other than pension fund and other staff loan.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

5.19 Accounting estimates and judgments

The preparation of financial statements in conformity with Approved Accounting Standards requires the use of certain critical accounting estimates.

It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of estimates and judgments in relation to these financial statements are as follows:

a) Provision against non-performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and determine provision required there against on a quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position of the borrower, value of collateral held and requirements of Prudential Regulations are considered except for loans and advances where relaxation has been allowed by SBP. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks.

The amount of general provision against consumer advances is determined in accordance with the relevant prudential regulations and SBP directives.

b) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest and exchange rates over the term of the contract.

c) Impairment of available-for-sale investments

The Bank considers that available-for-sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost except for investments where relaxation has been allowed by SBP. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. In view of the conditions placed on sale of certain investments, the Bank has been allowed exemption from impairment on investments in shares of PSO and SNGPL referred to in note 9.2.1 by SBP.

d) Held-to-maturity investments

The bank follows the guidance provided in the SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

e) Income taxes

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

f) Operating fixed assets, depreciation and amortization

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

g) Employees' benefit plans

The liabilities for employees' benefits plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets, future salary increases and future pension increases as disclosed in note 35. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

6. CASH AND BALANCES WITH TREASURY BANKS

	Note	2011	2010
		Rupees in '000	
In hand			
Local currency		12,134,009	11,169,566
Foreign currency		2,702,235	2,667,896
		<u>14,836,244</u>	<u>13,837,462</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	69,637,092	59,345,464
Local currency deposit account		29	29
		<u>69,637,121</u>	<u>59,345,493</u>
Foreign currency current account	6.2	2,451,020	2,183,736
Foreign currency deposit account	6.2	7,353,061	6,551,208
Foreign currency collection account		164,451	49,397
Foreign currency placement account	6.3	-	8,588,450
		<u>9,968,532</u>	<u>17,372,791</u>
With other central banks in			
Foreign currency current accounts	6.4	29,606,207	15,324,162
Foreign currency deposit accounts	6.5	7,627,803	9,562,452
		<u>37,234,010</u>	<u>24,886,614</u>
	32	<u>131,675,907</u>	<u>115,442,360</u>

6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 This represents US Dollar placements and carry interest at the rate of Nil per annum (2010: 0.67% per annum).

6.4 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and central bank regulatory requirements of respective countries.

6.5 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and central bank regulatory requirements. These carry interest at the rate of 0.25% per annum (2010: 0.23% to 0.25% per annum).

7. BALANCES WITH OTHER BANKS

	Note	2011	2010
		Rupees in '000	
In Pakistan			
On current account		620	545
On deposit account		1,600	1,600
		<u>2,220</u>	<u>2,145</u>
Outside Pakistan			
On current accounts		10,008,945	5,621,448
On deposit accounts	7.1	17,570,530	24,766,071
		<u>27,579,475</u>	<u>30,387,519</u>
	32	<u>27,581,695</u>	<u>30,389,664</u>

7.1 These include various deposits with correspondent banks and carry interest rates ranging from 0.04% to 8.0% per annum (2010: 0.05% to 9.0% per annum).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

8. LENDINGS TO FINANCIAL INSTITUTIONS	Note	2011	2010
		Rupees in '000	
Call money lendings	8.3	722,400	1,053,000
Repurchase agreement lendings (Reverse Repo)	8.4 & 8.4.1	43,657,996	21,932,156
Letters of placement	8.5	173,500	173,500
	8.1	<u>44,553,896</u>	<u>23,158,656</u>
Less: Provision held against lendings	8.2	<u>(173,500)</u>	<u>(133,500)</u>
		<u>44,380,396</u>	<u>23,025,156</u>

8.1 Particulars of lendings - gross

In local currency	44,553,896	23,158,656
In foreign currencies	-	-
	<u>44,553,896</u>	<u>23,158,656</u>

8.2 Movement in provision held against lendings is as follows:

Opening balance	133,500	96,000
Charge for the year	<u>40,000</u>	<u>37,500</u>
Closing balance	<u>173,500</u>	<u>133,500</u>

8.3 These carry mark-up [excluding zero rate lending to a financial institution amounting to Rs. 122.400 million (2010: Rs. 153.000 million) which is guaranteed by the SBP] at rates ranging from 12% to 13.15% per annum (2010: 12.75% to 14% per annum) having maturities ranging from January 03, 2012 to March 29, 2012.

8.4 These carry mark-up at rates ranging from 11% to 12% per annum (2010: 12.75% to 13.9% per annum) having maturities ranging from January 03, 2012 to February 27, 2012.

8.4.1 Securities held as collateral against lendings to financial institutions

	2011			2010		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Market Treasury Bills	35,301,587	-	35,301,587	16,594,751	-	16,594,751
Pakistan Investment Bonds	<u>8,356,409</u>	-	<u>8,356,409</u>	<u>5,337,405</u>	-	<u>5,337,405</u>
	<u>43,657,996</u>	-	<u>43,657,996</u>	<u>21,932,156</u>	-	<u>21,932,156</u>

8.4.2 Market value of the securities under repurchase agreement lendings amount to Rs. 43,503 million (2010: Rs. 22,184 million).

8.5 These carry mark-up at rates ranging from 11.20% to 18.5% per annum (2010: 11.20% to 18.5% per annum). Full provision has been made against these placements at year-end.

NOTES TO 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			Rupees in '000		
Held-for-trading securities	9.11						
Market Treasury Bills		13,042,925	-	13,042,925	5,278,693	-	5,278,693
Pakistan Investment Bonds		97,727	-	97,727	732,253	-	732,253
Ordinary shares of listed companies		388,774	-	388,774	533,677	-	533,677
Ijarah Sukuk Bonds		20,000	-	20,000	-	-	-
Total held-for-trading securities		13,549,426	-	13,549,426	6,544,623	-	6,544,623
Available-for-sale securities							
Ordinary shares of listed companies	9.12	27,801,608	-	27,801,608	18,850,212	-	18,850,212
Ordinary shares of unlisted companies		1,065,173	-	1,065,173	1,053,198	-	1,053,198
Investment outside Pakistan	9.6	28,866,781	-	28,866,781	19,903,410	-	19,903,410
Market Treasury Bills		463,295	-	463,295	463,295	-	463,295
Preference shares		159,199,048	10,971,238	170,170,286	155,716,032	9,051,796	164,767,828
Pakistan Investment Bonds		285,260	-	285,260	272,260	-	272,260
GoP Foreign Currency Bonds		38,097,048	-	38,097,048	15,992,937	302,801	16,295,738
Foreign Government Securities		3,484,334	-	3,484,334	3,193,093	-	3,193,093
Foreign Currency Debt Securities		-	-	-	214,663	-	214,663
Term Finance Certificates / Musharika and Sukuk Bonds		5,362,824	-	5,362,824	3,254,119	-	3,254,119
Investments in mutual funds		19,536,942	-	19,536,942	61,741,707	-	61,741,707
NI(U)T LoC Units	9.5.1	1,831,543	-	1,831,543	898,793	-	898,793
NI(U)T Non-LoC Units		-	-	-	1,397,619	-	1,397,619
NIT Equity Market Opportunity Fund Units	9.5.2	600,000	-	600,000	600,000	-	600,000
		1,032,755	-	1,032,755	1,147,500	-	1,147,500
Total available-for-sale securities		258,759,830	10,971,238	269,731,068	264,795,428	9,354,597	274,150,025
Held-to-maturity securities							
Pakistan Investment Bonds	9.4	24,105,281	-	24,105,281	8,738,582	-	8,738,582
GoP Foreign Currency Bonds		534,046	-	534,046	-	-	-
Foreign Government Securities		793,296	-	793,296	1,407,077	-	1,407,077
Foreign Currency Debt Securities		120,272	-	120,272	114,842	-	114,842
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates		2,125,567	-	2,125,567	2,885,128	-	2,885,128
Total held-to-maturity securities	9.3	27,678,462	-	27,678,462	13,145,629	-	13,145,629
Investments in associates	9.7	7,117,374	-	7,117,374	1,373,254	-	1,373,254
Investments in joint venture	9.8	1,244,835	-	1,244,835	1,244,835	-	1,244,835
Investments in subsidiaries	9.9	3,452,967	-	3,452,967	2,274,306	-	2,274,306
Investments at cost		311,802,894	10,971,238	322,774,132	289,378,075	9,354,597	298,732,672
Less: Provision for diminution in value of investments	9.10	(10,080,358)	-	(10,080,358)	(6,720,091)	-	(6,720,091)
Investments (net of provisions)		301,722,536	10,971,238	312,693,774	282,657,984	9,354,597	292,012,581
Unrealized (loss) / gain on revaluation of investments classified as held-for-trading	9.11	(41,011)	-	(41,011)	6,730	-	6,730
Surplus / (deficit) on revaluation of available-for-sale securities	20.1	6,822,246	56,204	6,878,450	9,339,128	(34,635)	9,304,493
Total investments at carrying value		308,503,771	11,027,442	319,531,213	292,003,842	9,319,962	301,323,804

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

9.2 Investments by segments

	Note	2011 Rupees in '000	2010
Federal Government Securities			
- Market Treasury Bills		183,213,211	170,046,521
- Pakistan Investment Bonds	9.4	62,300,056	25,766,573
- GoP Foreign Currency Bonds		4,018,380	3,193,093
- Ijarah Sukuk Bonds		2,750,000	1,000,000
		<u>252,281,647</u>	<u>200,006,187</u>
Foreign Government Securities		793,296	1,621,740
Fully Paid up Ordinary Shares	9.13		
- Listed Companies		28,190,382	19,383,889
- Unlisted Companies		1,065,173	1,053,198
		<u>29,255,555</u>	<u>20,437,087</u>
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds			
- Listed		2,180,288	2,637,311
- Unlisted		16,752,221	60,989,524
		<u>18,932,509</u>	<u>63,626,835</u>
Foreign Currency Debt Securities		5,483,096	3,368,961
Other Investments			
- NI(U)T LoC Units	9.5.1	-	1,397,619
- NI(U)T Non-LoC Units		600,000	600,000
- NIT Equity Market Opportunity Fund Units	9.5.2	1,032,755	1,147,500
- Investments in mutual funds		1,831,543	898,793
- Preference Shares		285,260	272,260
- Investment outside Pakistan	9.6	463,295	463,295
Investments in associates	9.7	7,117,374	1,373,254
Investments in joint venture	9.8	1,244,835	1,244,835
Investments in subsidiaries	9.9	3,452,967	2,274,306
Total investments at cost		<u>322,774,132</u>	<u>298,732,672</u>
Provision for diminution in value of investments	9.10	(10,080,358)	(6,720,091)
Investments (Net of provisions)		<u>312,693,774</u>	<u>292,012,581</u>
Unrealized (loss) / gain on revaluation of investments classified as held-for-trading	9.11	(41,011)	6,730
Surplus on revaluation of available-for-sale securities	20.1	6,878,450	9,304,493
Total investments at carrying value		<u>319,531,213</u>	<u>301,323,804</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

9.2.1 SBP vide their letter dated January 26, 2012 has granted exemption till December 31, 2012 from recognising impairment loss of Rs. 793 million on account of shares acquired as tri-party consent agreement dated June 29, 2011.

9.3 Market value of held-to-maturity investments is Rs. 26,834 million (2010: Rs. 10,654 million).

9.4 These include Pakistan Investment Bonds amounting to Rs. 75 million (2010: Rs. 75 million) held by the SBP as pledge against demand loans and TT / DD discounting facilities.

9.5 **Investment in Mutual Funds managed by National Investment Trust Limited (NITL)**

9.5.1 **National Investment (Unit) Trust - [NI(U)T]**

In the meeting of NI(U)T - LoC Holders, held on November 11, 2010, the LoC Holders consented to the transfer of frozen shares [Pakistan State Oil Company Limited (PSO) and Sui Northern Gas Pipe Line Limited (SNGPL)] to the Bank on closing share price of October 13, 2010. A letter was also sent to the Privatization Commission (PC) to communicate about the settlement and obtain concurrence for transfer of the strategic assets to the Bank. PC responded on February 17, 2011 requiring that new agreement would be signed between the Bank, NITL and PC and the frozen shares after the transfer to the Bank will remain frozen in the books of the Bank on the same conditions as these are held by NITL. In this respect a new agreement termed as "Consent Agreement" was finalised on June 29, 2011. Consequently the Bank has recorded the redemption / disposal of remaining 71.347 million LoC units and in consideration of those units the Bank has recorded its share of Strategic Investments at the closing rate of October 13, 2010. The Bank's share of Strategic Investments comprise of the shares of PSO (11.00 million shares) and SNGPL (13.72 million shares). Accordingly, there is a capital gain of Rs. 641 million on redemption / disposal of balance LoC units. The share of other LoC Holders has been recorded as payable to NI(U)T - LoC Holders Fund. These shares are valued at Rs. 2,715 million and can not be sold without the concurrence of PC.

9.5.2 **NIT Equity Market Opportunity Fund**

The bank's investment is Rs. 1,033 million (2010: Rs. 1,148 million) in NIT Market Opportunity Fund (NIT EMOF). NIT EMOF was established in the year 2008 as an open end mutual fund for the special purpose of equity market stabilization and is managed by National Investment Management Limited. As of the statement of financial position date, the net assets value of the NIT EMOF units held by the Bank amounted to Rs. 1,380 million (2010: Rs. 1,650 million).

9.6 **Investment outside Pakistan - Bank Al-Jazira**

The bank holds 17,500,000 (2010: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2010: 5.83%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. Rating of BAJ is BBB+ by Capital Intelligence.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

9.7 Investments in associates			2011	2010
Unlisted	Number of shares	Percentage of holding	Rupees in '000	
Pakistan Emerging Venture Limited	12,500,000	33.33	51,415	51,415
Information System Associates Limited	2,300,000	21.89	1,719	1,719
National Fructose Company Limited	1,300,000	39.50	6,500	6,500
Pakistan Insulation Limited	-	-	-	695
Venture Capital Fund Management	33,333	33.33	-	-
Kamal Enterprises Limited	11,000	20.37	-	-
Mehran Industries Limited	37,500	32.05	-	-
National Assets Insurance Company Limited	4,481,500	8.96	44,815	-
Tharparkar Sugar Mills Limited	2,500,000	21.50	-	-
Youth Investment Promotion Society	644,508	25.00	-	-
Khushhali Bank Limited	40,000,000	23.45	400,000	400,000
Dadabhoj Energy Supply Company Limited	9,900,000	23.11	32,105	32,105
K-Agricole Limited	5,000	20.00	-	-
New Pak Limited	200,000	20.00	-	-
Pakistan Mercantile Exchange Limited	9,000,000	30.00	90,000	90,000
Prudential Fund Management	150,000	20.00	-	-
			626,554	582,434
Listed				
First Credit and Investment Bank Limited	20,000,000	30.77	157,429	157,429
National Fibres Limited	17,119,476	20.19	-	-
Taha Spinning Mills Limited	833,300	20.59	2,501	2,501
Land Mark Spinning Mills Limited	3,970,859	32.79	39,710	39,710
S.G. Fibres Limited	3,754,900	25.03	218,535	218,535
Nina Industries Limited	4,906,000	20.27	49,060	49,060
AKD Opportunity Fund	3,280,254	24.55	100,000	-
NAFA Income Opportunity Fund (Formerly NAFA Cash Fund)	3,601,691	1.66	35,920	35,920
NAFA Multi Asset Fund	4,410,752	7.28	42,123	42,123
NAFA Financial Sector Income Fund	49,917,635	48.56	500,000	-
NAFA Stock Fund	7,500,000	5.44	57,554	57,554
NAFA Islamic Aggressive Income Fund (Formerly NAFA Islamic Income Fund)	7,500,000	35.27	52,826	52,826
NAFA Islamic Multi Asset Fund	7,500,000	27.93	73,229	73,229
NAFA Government Securities Liquid Fund	502,722,026	32.75	5,130,861	30,861
NAFA Savings Plus Fund	3,000,000	5.03	31,072	31,072
			6,490,820	790,820
			7,117,374	1,373,254
Less: Provision for diminution			(620,640)	(492,240)
			6,496,734	881,014

9.7.1 Aggregate value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 6,548 million (2010: Rs. 887.389 million). Due to low trade volumes of securities, management considers that there is no active market for these quoted investments, except for First Credit and Investment Bank Limited, AKD Opportunity Fund and NAFA Funds therefore provision for impairment has been made against the same.

9.7.2 Associates with zero carrying amount, represent the investments acquired from former NDFC which have negative equity or whose operations were closed at the time of amalgamation.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

9.7.3 Subsequent to year end a consortium led by United Bank Limited have offered a price of Rs. 20.44 per share for Bank's holding in Khushali Bank Limited.

9.7.4 The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value
		Rupees in '000
Pakistan Emerging Venture Limited	June 30, 2011	1,694
Information System Associates Limited	June 30, 2011	17,949
Mehran Industries Limited	June 30, 2001	5,681
Tharparkar Sugar Mills Limited	September 30, 2001	(83,140)
Khushhali Bank Limited	December 31, 2010	520,400
Prudential Fund Management	June 30, 2007	(2,482)
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2011	(84,533)

9.8 Investments in joint venture

	Note	2011	2010
		Rupees in '000	
United National Bank Limited (UNBL)	9.8.1	<u>1,244,835</u>	<u>1,244,835</u>
		<u>1,244,835</u>	<u>1,244,835</u>

9.8.1 Under a joint venture agreement, the Bank holds 13.5 million ordinary shares (45%) and United Bank Limited (UBL) holds 16.5 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the Bank and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the Bank or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Bank or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value.

9.9 Investments in subsidiaries

	Note	Percentage of holding	2011	2010
			Rupees in '000	
NBP Leasing Limited		100.00	500,000	500,000
JSC Subsidiary Bank of NBP in Kazakhstan		100.00	2,185,644	1,006,983
NBP Exchange Company Limited		100.00	300,000	300,000
NBP Modaraba Management Company Limited		100.00	105,000	105,000
Taurus Securities Limited		58.32	24,725	24,725
Cast-N-Link Products Limited		76.51	1,245	1,245
NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited)	9.9.1	54.00	<u>336,353</u>	<u>336,353</u>
			<u>3,452,967</u>	<u>2,274,306</u>
Less: Provision for diminuation			<u>(51,245)</u>	<u>(51,245)</u>
			<u>3,401,722</u>	<u>2,223,061</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

9.9.1 The recoverable amount of investment in NBP Fullerton Asset Management Limited was tested for impairment based on value in use, in accordance with IAS-36. The value in use calculations are based on cash flow projection based on the budget and forecast approved by management for 2012. These are then extrapolated for a period of five years using a steady long term expected growth of 3% and terminal value is determined based on long term earnings multiple. The cash flows are discounted using a pre-tax discount rate of 20%.

9.10 Particulars of provision for diminution in value of investments

	Note	2011 Rupees in '000	2010
Opening balance		6,720,091	2,141,534
Charge for the year		3,944,886	3,332,615
Reversals		(807,118)	(377,937)
		3,137,768	2,954,678
Transfer		223,081	1,630,000
Amount written off	9.10.4	(582)	(6,121)
Closing balance	9.10.1	<u>10,080,358</u>	<u>6,720,091</u>

9.10.1 Particulars of provision in respect of type

Available-for-sale securities

Ordinary shares of listed companies and mutual funds		5,659,580	2,918,818
Ordinary shares of unlisted companies		217,675	99,768
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		2,689,018	2,246,593
Preference shares		113,000	80,000

Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		729,200	831,427
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Investments in associates

9.7 620,640 492,240

Investments in subsidiaries

9.9 51,245 51,245

10,080,358 6,720,091

9.10.2 Particulars of provision in respect of segments

Fully Paid up Ordinary Shares		5,673,963	2,728,388
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9.10.3	3,418,218	3,078,020
Other investments		316,292	370,198
Investments in associates		620,640	492,240
Investments in subsidiaries		51,245	51,245
		<u>10,080,358</u>	<u>6,720,091</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

9.10.3 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing investments. During the year, total FSV benefit availed by the Bank resulted in increase in after tax profit of Rs. 997 million. Accordingly, as of December 31, 2011, the accumulated increase in profit after tax of Rs. 1,257 million (2010: Rs. 260 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

9.10.4 Write off / waiver of TFCs

	Write off Rupees in '000	Waiver Rupees in '000
Scan Recycling Limited	582	473
Allied Ghee	-	1,370
	582	1,843

9.11 Unrealized (loss) / gain on revaluation of investments classified as held-for-trading

	2011 Rupees in '000	2010 Rupees in '000
Ordinary shares of listed companies	(39,000)	6,385
Federal Government securities	(2,011)	345
	(41,011)	6,730

9.12 The investment in shares includes shares of Pakistan International Airlines Corporation, Pakistan National Shipping Corporation, Pakistan State Oil Company Limited, Sui Northern Gas Pipeline Limited and Pakistan Engineering Company Limited, with carrying value of Rs. 2,769 million that have been frozen by the Government of Pakistan (GoP) for sale in the equity market due to their proposed privatization.

9.13 Detailed information relating to investments in shares of listed and unlisted companies, Preference Shares, Mutual Funds, Government Securities, Bonds, Debentures, Term Finance Certificates, Participant Term Certificate, Sukuks etc. including quality of available-for-sale securities is given in Annexure-I to the financial statements.

10. ADVANCES

	Note	2011 Rupees in '000	2010 Rupees in '000
Loans, cash credits, running finances, etc.			
In Pakistan		518,915,140	457,970,677
Outside Pakistan		46,494,802	48,732,703
		565,409,942	506,703,380
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		11,718,036	19,410,104
Payable outside Pakistan		15,237,920	12,495,712
		26,955,956	31,905,816
Advances - gross	10.1	592,365,898	538,609,196
Less: Provision against non-performing advances		67,320,134	61,102,632
Advances - net of provision		525,045,764	477,506,564

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

10.1 Particulars of advances - gross

10.1.1	In local currency	530,633,176	477,380,781
	In foreign currencies	61,732,722	61,228,415
		<u>592,365,898</u>	<u>538,609,196</u>
10.1.2	Short-term (for upto one year)	400,646,403	356,324,445
	Long-term (for over one year)	191,719,495	182,284,751
		<u>592,365,898</u>	<u>538,609,196</u>

10.2 Advances include Rs. 88,161 million (2010: Rs. 86,642 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	622,297	-	622,297	-	-	-	-	-	-
Substandard	5,606,741	365,295	5,972,036	1,038,961	91,324	1,130,285	1,038,961	91,324	1,130,285
Doubtful	12,284,111	908,853	13,192,964	3,865,157	454,426	4,319,583	3,865,157	454,426	4,319,583
Loss	65,939,496	2,433,929	68,373,425	56,312,080	1,714,363	58,026,443	56,312,080	1,714,363	58,026,443
	<u>84,452,645</u>	<u>3,708,077</u>	<u>88,160,722</u>	<u>61,216,198</u>	<u>2,260,113</u>	<u>63,476,311</u>	<u>61,216,198</u>	<u>2,260,113</u>	<u>63,476,311</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	399,848	-	399,848	-	-	-	-	-	-
Substandard	5,085,209	296,281	5,381,490	937,870	74,070	1,011,940	937,870	74,070	1,011,940
Doubtful	9,644,901	339,350	9,984,251	2,383,650	169,675	2,553,325	2,383,650	169,675	2,553,325
Loss	68,356,327	2,520,172	70,876,499	51,925,715	1,846,220	53,771,935	51,925,715	1,846,220	53,771,935
	<u>83,486,285</u>	<u>3,155,803</u>	<u>86,642,088</u>	<u>55,247,235</u>	<u>2,089,965</u>	<u>57,337,200</u>	<u>55,247,235</u>	<u>2,089,965</u>	<u>57,337,200</u>

10.3 Particulars of provision against non-performing advances

Note	2011			2010		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	57,337,200	3,765,432	61,102,632	53,604,048	2,014,914	55,618,962
Foreign exchange adjustments	(33,992)	(1,570)	(35,562)	2,681	(451)	2,230
Charge for the year	9,790,721	258,277	10,048,998	9,924,877	1,750,969	11,675,846
Reversal during the year	(3,669,324)	(178,316)	(3,847,640)	(4,664,800)	-	(4,664,800)
	<u>6,121,397</u>	<u>79,961</u>	<u>6,201,358</u>	<u>5,260,077</u>	<u>1,750,969</u>	<u>7,011,046</u>
Transfer in / (out)	478,202	-	478,202	(1,630,000)	-	(1,630,000)
Amounts written off	(256,574)	-	(256,574)	(25,846)	-	(25,846)
Other adjustments	(169,922)	-	(169,922)	126,240	-	126,240
Closing balance	<u>63,476,311</u>	<u>3,843,823</u>	<u>67,320,134</u>	<u>57,337,200</u>	<u>3,765,432</u>	<u>61,102,632</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

10.4 Particulars of provisions against non-performing advances

	2011			2010		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	61,216,198	3,339,558	64,555,756	55,247,235	3,371,012	58,618,247
In foreign currencies	<u>2,260,113</u>	<u>504,265</u>	<u>2,764,378</u>	<u>2,089,965</u>	<u>394,420</u>	<u>2,484,385</u>
	<u>63,476,311</u>	<u>3,843,823</u>	<u>67,320,134</u>	<u>57,337,200</u>	<u>3,765,432</u>	<u>61,102,632</u>

10.4.1 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing advances. During the year, total FSV benefit availed by the Bank resulted in increase in after tax profit of Rs. 2,705 million. Accordingly, as of December 31, 2011, the accumulated increase in profit after tax of Rs. 5,039 million (2010: Rs. 2,334 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

10.4.2 General provision against consumer loans represents provision maintained at an amount ranging from 1.5% to 3% of the performing portfolio as required by the Prudential Regulations issued by the SBP. In addition, management in the previous year reviewed recoverability of loans in certain sectors with particular reference to history of default and current economic conditions. Based on this review, in addition to specific provision made in accordance with the prudential regulations, a general provision has been made for possible risk of losses in respect of such sectors aggregating Rs. 1,538 million (2010: Rs. 1,716 million).

		Note	2011	2010
			Rupees in '000	
10.5	Particulars of write offs			
10.5.1	Against provisions	10.3	<u>256,574</u>	<u>25,846</u>
			<u>256,574</u>	<u>25,846</u>
10.5.2	Write offs of Rs. 500,000 and above	10.6	11,742	25,034
	Write offs of below Rs. 500,000		<u>244,832</u>	<u>812</u>
			<u>256,574</u>	<u>25,846</u>

10.6 Details of loans 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 Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2011 is given in Annexure II.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

	2011	2010	
	Rupees in '000		
10.7 Particulars of loans and advances to directors, associated companies, etc.			
Debts due by directors, executives, officers and staff of the Bank or any of them either severally or jointly with any other person:			
Balance at beginning of the year	19,379,753	19,492,373	
Loans granted / additions during the year	3,386,182	3,521,317	
Repayments	<u>(3,160,052)</u>	<u>(3,633,937)</u>	
Balance at end of the year	<u>19,605,883</u>	<u>19,379,753</u>	
Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies as members:			
Balance at beginning of the year	17,479,250	12,423,114	
Adjustment due to retirement / appointment of directors	(7,914,702)	-	
Loans granted / additions during the year	1,635,668	9,969,859	
Repayments / other adjustments	<u>(1,192,748)</u>	<u>(4,913,723)</u>	
Balance at end of the year	<u>17,862,709</u>	<u>17,479,250</u>	
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:			
Balance at beginning of the year	1,761,206	1,863,346	
Loans granted / additions during the year	-	6,477	
Repayments	<u>(149,763)</u>	<u>(108,617)</u>	
Balance at end of the year	<u>1,611,443</u>	<u>1,761,206</u>	
	Note		
11. OPERATING FIXED ASSETS		2011	
		2010	
		Rupees in '000	
Capital work-in-progress	11.1	2,489,641	1,983,095
Property and equipment	11.2	24,892,380	24,896,901
Intangible assets	11.3	<u>71,794</u>	<u>8,230</u>
		<u>27,453,815</u>	<u>26,888,226</u>
11.1 Capital work-in-progress			
Civil works		1,460,038	1,150,111
Equipment		3,144	101
Advances to suppliers and contractors		25,466	123,917
License and implementation fee for core banking software		<u>1,000,993</u>	<u>708,966</u>
		<u>2,489,641</u>	<u>1,983,095</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

11.2 Property and equipment

	Cost / revalued amount			Accumulated depreciation				Book		Rate of depreciation
	At January 1, 2011	Revaluation / * transfers	Additions / (deletions) *(adjustments)	At December 31, 2011	At January 1, 2011	Charge for the year / (deletions) *(adjustments)	Revaluation / *(adjustments)	At December 31, 2011	Value at December 31, 2011	
Rupees in '000										
Owned										
Land										
- freehold	9,516,046	-	67,729	9,583,775	-	-	-	-	9,583,775	Nil
- leasehold	7,361,872	-	44,223 (34,230)	7,371,865	-	-	-	-	7,371,865	Nil
Buildings on land:										
- freehold	2,620,853	-	101,191 (36,000) * (69,000)	2,617,044	244,687	118,367	-	363,054	2,253,990	5% on book value
- leasehold	2,421,110	-	55,105 (2,520) * (2,808)	2,470,887	210,760	116,538 (25)	-	327,273	2,143,614	5% on book value
Furniture and fixtures	2,206,732	-	320,942 (5,569)	2,522,105	1,179,844	217,080 (3,769)	-	1,393,155	1,128,950	10% to 30% on book value, 20% on straight-line on new furnishing limit to executives and refurbishment of branches
Computer and peripheral equipment	2,095,501	-	273,163 (237)	2,368,427	1,669,053	287,206 (70)	-	1,956,189	412,238	33.33% on cost
Electrical and office equipment	2,542,730	-	245,356 (132)	2,787,954	1,591,975	218,369 (107)	-	1,810,237	977,717	20% on book value
Vehicles	1,039,848	-	233,476 (41,521)	1,231,803	580,291	148,864 (32,978)	-	696,177	535,626	20% on cost
	29,804,692	-	1,341,185 (120,209) * (71,808)	30,953,860	5,476,610	1,106,424 (36,949)	-	6,546,085	24,407,775	
Assets held under finance lease										
Vehicles	183,422	-	19,223	202,645	32,522	57,926	-	90,448	112,197	20% on cost
Assets given under Ijarah										
	494,619	-	94,513 (13,330)	575,802	76,700	138,619 (11,925)	-	203,394	372,408	25-33% on cost
2011	30,482,733	-	1,454,921 (133,539) * (71,808)	31,732,307	5,585,832	1,302,969 (48,874)	-	6,839,927	24,892,380	

* These represents transfer of non-banking assets.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

11.2.1 Property and equipment

	Cost / revalued amount			Accumulated depreciation				Book Value at December 31, 2010	Rate of depreciation
	At January 1, 2010	Revaluation / * transfers	Additions / (deletions) * (adjustments) December 31, 2010	At January 1, 2010	Charge for the year / (deletions)	Revaluation / * (adjustments) December 31, 2010	At December 31, 2010		
Rupees in '000									
Owned									
Land									
- freehold	9,516,046	-	-	9,516,046	-	-	-	9,516,046	Nil
- leasehold	7,297,134	-	64,738	7,361,872	-	-	-	7,361,872	Nil
Buildings on land:									
- freehold	2,442,385	-	178,468	2,620,853	124,382	120,305	-	244,687	2,376,166 5% on book value
- leasehold	2,180,285	-	240,825	2,421,110	100,338	110,422	-	210,760	2,210,350 5% on book value
Furniture and fixtures	1,675,416	3,064	534,452 (6,200)	2,206,732	1,017,960	165,292 (3,408)	-	1,179,844	1,026,888 10% to 30% on book value, 20% on straight-line on new furnishing limit to executives and refurbishment of branches
Computer and peripheral equipment	1,800,336	1,735	293,877 (447)	2,095,501	1,416,155	253,035 (137)	-	1,669,053	426,448 33.33% on cost
Electrical and office equipment	2,281,793	1,212	339,032 (79,307)	2,542,730	1,439,790	227,110 (74,925)	-	1,591,975	950,755 20% on book value
Vehicles	870,334	1,077	217,549 (49,112)	1,039,848	514,133	113,066 (46,908)	-	580,291	459,557 20% on cost
	28,063,729	7,088 -	1,868,941 (135,066)	29,804,692	4,612,758	989,230 (125,378)	-	5,476,610	24,328,082
Assets held under finance lease									
Vehicles	101,249	-	112,977 (30,804)	183,422	38,433	18,346 (24,257)	-	32,522	150,900 20% on cost
Assets given under Ijarah									
	239,977	-	350,000 (95,358)	494,619	96,553	65,969 (85,822)	-	76,700	417,919 25-33% on cost
2010	28,404,955	7,088 -	2,331,918 (261,228)	30,482,733	4,747,744	1,073,545 (235,457)	-	5,585,832	24,896,901

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

11.3 Intangible assets

	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2011	Rate of amortization
	At January 1, 2011	Additions	At December 31, 2011	At January 1, 2011	Charge for the year	At December 31, 2011		
	Rupees in '000							
Computer software	32,288	94,951	127,239	24,058	31,387	55,445	71,794	33.33 %
	<u>32,288</u>	<u>94,951</u>	<u>127,239</u>	<u>24,058</u>	<u>31,387</u>	<u>55,445</u>	<u>71,794</u>	on cost

	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2010	Rate of amortization
	At January 1, 2010	Additions	At December 31, 2010	At January 1, 2010	Charge for the year	At December 31, 2010		
	Rupees in '000							
Computer software	32,288	-	32,288	14,758	9,300	24,058	8,230	33.33 %
	<u>32,288</u>	<u>-</u>	<u>32,288</u>	<u>14,758</u>	<u>9,300</u>	<u>24,058</u>	<u>8,230</u>	on cost

11.4 The Bank's domestic properties were revalued by independent professional valuers in the year 2007 followed by desktop valuation in 2008. These properties were revalued by M/S Younus Mirza & Co., M/S Dimen Associates (Private) Limited and M/S Arch-e-Decon (Private) Limited on the basis of market value. The revaluation had resulted in increase in surplus on revaluation of operating fixed assets by Rs. 13,114 million. The Bank's property of Bishkek and Baku branches were revalued in 2009 and 2010 respectively by LLC The Agency of Services "Burana Asia" and External Auditors (as allowed under local laws) respectively resulting in a surplus of Rs. 97.283 million. Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	Rupees in '000
Land	
freehold	1,132,637
leasehold	871,228
Building	
freehold	578,233
leasehold	549,917

11.5 The Islamic Banking Branches of the Bank have entered into Ijarah transactions with customers during the year. The significant Ijarah transactions have been entered in respect of stationary engines and car. The rate of profit is 6 months KIBOR + 2.75% and 3 months KIBOR + 1.3% (2010: 6 months KIBOR + 2.0% to 2.75% and 3 months KIBOR + 1.3% to 2.5%).

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

	2011	2010
	Rupees in '000	
Not later than one year	161,773	145,098
Later than one year but not later than five years	261,082	489,385
	<u>422,855</u>	<u>634,483</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

11.6 Details of disposals of property and equipment

Details of property and equipment whose original cost or the book value exceeds Rupees one million or two hundred fifty thousand rupees respectively, whichever is lower are given below:

Particulars of property and equipment	Original cost	Book value	Sale proceeds	Gain/(loss) on disposal	Mode of Disposal	Particulars of Purchaser
Motor Vehicle	1,269	952	952	-	As per service rules	Mr. Ayaz Ahmed, Ex-SVP
Motor Vehicle	1,096	514	514	-	As per service rules	Mr. Ashraf Khan, Ex-SVP
Motor Vehicle	1,269	909	909	-	As per service rules	Mr. Raja Asad Habib, Ex-SVP
Motor Vehicle	1,319	616	616	-	As per service rules	Mr. Fayyaz Rabbani, Ex-EVP
Motor Vehicle	915	397	397	-	As per service rules	Mr. Farhan Ahmed, Ex-SVP
Motor Vehicle	995	402	402	-	As per service rules	Mr. Mohammad Rafique, SVP
Motor Vehicle	1,859	806	806	-	As per service rules	Mr. N.B. Soomro, Ex-SEVP
Motor Vehicle	1,239	785	785	-	As per service rules	Mr. Mahmoodul Hasan, Ex-SVP
Motor Vehicle	1,269	840	1,269	429	As per service rules	Mr. Muhammad Nazir, Ex-SVP
Motor Vehicle	1,239	698	698	-	As per service rules	Mr. Gulrez Khan, Ex-SVP
Motor Vehicle	699	419	523	104	Auction	Mr. Mian Muhammad Nadeem
Motor Vehicle	1,092	-	813	813	Auction	Mr. Naseer Ahmed
Motor Vehicle	1,288	-	777	777	Auction	Mr. Noor Shah
Building Land leasehold	35,260	35,234	35,000	(234)	Auction	Various
Building Freehold land	36,000	36,000	36,000	-	Auction	Mr. Tasawar-ul-Haq
Building Leasehold land	1,490	1,490	1,490	-	Auction	Mr. Tasawar-ul-Haq

Islamic Banking :

Ijarah Assets	1,108	111	111	-	Ijarah maturity	Hira Textiles Limited
Ijarah Assets	3,750	375	375	-	Ijarah maturity	Pacific Pharmaceuticals Limited
Ijarah Assets	1,271	199	199	-	Ijarah maturity	H.Sadar Ali Akhtar (Private) Limited
Ijarah Assets	7,200	720	720	-	Ijarah maturity	H.Sadar Ali Akhtar (Private) Limited
	101,627	81,467	83,356	1,889		

Other assets (having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000)

December 31, 2011	133,539	84,665	104,803	20,138
December 31, 2010	261,228	25,771	58,852	33,081

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

12. DEFERRED TAX ASSETS - net

Deductible temporary difference on:	Note	2011 Rupees in '000	2010 Rupees in '000
Provision for diminution in the value of investments		2,684,890	1,586,671
Provision against advances		6,424,530	6,189,551
Other provision		521,225	331,809
Charge against defined benefits plans		1,468,297	1,156,724
Unrealised loss on derivatives		-	942,204
Provision against off-balance sheet obligation		116,622	116,622
		<u>11,215,564</u>	<u>10,323,581</u>
Taxable temporary differences on:			
Excess of accounting book value of leased assets over lease liabilities		(12,502)	(15,469)
Difference between accounting book value of operating fixed assets and tax base		(299,322)	(391,165)
Revaluation of securities	20.1	(1,814,915)	(1,750,726)
Revaluation of operating fixed assets	20.2	(1,153,328)	(1,213,555)
		<u>(3,280,067)</u>	<u>(3,370,915)</u>
		<u>7,935,497</u>	<u>6,952,666</u>

12.1 Movement in temporary differences during the year

	January 1, 2010	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	December 31, 2010	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	December 31, 2011
Rupees in '000							
Deferred tax assets arising in respect of:							
Provision for diminution in the value of investments	552,534	1,034,137	-	1,586,671	1,098,219	-	2,684,890
Provision against advances	4,720,840	1,468,711	-	6,189,551	234,979	-	6,424,530
Other provision	280,000	51,809	-	331,809	189,416	-	521,225
Charge against defined benefits plans	927,443	229,281	-	1,156,724	311,573	-	1,468,297
Unrealised loss / (gain) on derivatives	-	942,204	-	942,204	(942,204)	-	-
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
	<u>6,597,439</u>	<u>3,726,142</u>	<u>-</u>	<u>10,323,581</u>	<u>891,983</u>	<u>-</u>	<u>11,215,564</u>
Less: Deferred tax (liabilities) arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(7,065)	(8,404)	-	(15,469)	2,967	-	(12,502)
Difference between accounting book value of operating fixed assets and tax base	(222,293)	(168,872)	-	(391,165)	91,843	-	(299,322)
Revaluation of securities	(2,028,859)	-	278,133	(1,750,726)	-	(64,189)	(1,814,915)
Revaluation of operating fixed assets	(1,276,951)	63,396	-	(1,213,555)	60,227	-	(1,153,328)
	<u>(3,535,168)</u>	<u>(113,880)</u>	<u>278,133</u>	<u>(3,370,915)</u>	<u>155,037</u>	<u>(64,189)</u>	<u>(3,280,067)</u>
Net deferred tax assets	<u>3,062,271</u>	<u>3,612,262</u>	<u>278,133</u>	<u>6,952,666</u>	<u>1,047,020</u>	<u>(64,189)</u>	<u>7,935,497</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

13. OTHER ASSETS	Note	2011 Rupees in '000	2010
Income / mark-up accrued in local currencies		19,739,324	18,661,486
Income / mark-up accrued in foreign currencies		760,809	734,511
Advances, deposits, advance rent and other prepayments	13.1	2,522,553	2,303,510
Advance taxation (payments less provisions)		5,901,554	1,139,520
Income tax refunds receivable		16,501,280	16,850,798
Compensation for delayed refund receivable	13.7	1,935,092	1,856,256
Receivable from GoP	13.2	5,648	5,648
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		372,854	405,657
Branch adjustment account - net		3,355,696	2,772,582
Unrealized gain on forward foreign exchange contracts		2,944,752	181,473
Receivable on account of swaps		2,725,638	2,725,638
Commission receivable		3,344,118	3,240,304
Stationery and stamps on hand		246,583	436,939
Non-banking assets acquired in satisfaction of claims	13.3	1,183,587	360,869
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.4	323,172	323,172
Receivable from Government under VHS scheme	13.5	418,599	418,599
Less: Provision		(418,599)	(418,599)
		-	-
Receivable from pension fund	34.1.2	4,050,405	3,522,884
Prize bonds in hand		296,133	260,403
Receivable for sale of shares		34,546	519,305
Others		3,021,717	3,076,046
		<u>69,460,860</u>	<u>59,572,400</u>
Less: Provision held against other assets			
Income / mark-up accrued in local currency / foreign currencies		296,729	327,081
Advances, deposits, advance rent and other prepayments		800,000	800,000
Stationery and stamps on hand		96,542	201,200
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.4	323,172	323,172
Others		1,775,569	1,503,670
	13.6	<u>3,487,411</u>	<u>3,350,522</u>
Other assets (net of provision)		<u>65,973,449</u>	<u>56,221,878</u>

- 13.1** This includes Rs. 800 million (2010: Rs. 800 million) advance against Pre-IPO placement of Term Finance Certificates.
- 13.2** Upon dissolution of CIRC and take over by the Bank with effect from September 22, 2006, the said amount represents receivable from GoP.
- 13.3** The market value of non-banking assets acquired in satisfaction of claims does not materially differ as most of properties have been acquired in 2011.
- 13.4** This represents amount receivable from GoP on account of encashment of various instruments handled by the Bank for GoP as an agent of the SBP.
- 13.5** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from GoP. Due to uncertainty about its recoverability, full amount has been provided for.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

13.6 Provision against other assets

	Note	2011 Rupees in '000	2010 Rupees in '000
Opening balance		3,350,522	3,089,996
Charge for the year		339,884	260,526
Transfer out		(46,477)	-
Reversals / write offs		(156,518)	-
Closing balance	13.6.1	<u>3,487,411</u>	<u>3,350,522</u>

13.6.1 This includes Rs. 800 million (2010: Rs. 800 million) as provision against Pre-IPO placement of Term Finance Certificates.

13.7 Movement in Compensation for delayed refund

	Note	2011 Rupees in '000	2010 Rupees in '000
Opening balance		1,856,256	9,766
Accrued during the year		2,280,430	1,846,490
Realized during the year		(2,201,594)	-
Closing balance		<u>1,935,092</u>	<u>1,856,256</u>

14. BILLS PAYABLE

In Pakistan	9,001,765	7,777,211
Outside Pakistan	102,945	229,420
	<u>9,104,710</u>	<u>8,006,631</u>

15. BORROWINGS

In Pakistan	25,696,333	19,265,569
Outside Pakistan	675,342	838,022
	<u>26,371,675</u>	<u>20,103,591</u>

15.1 Particulars of borrowings with respect to currencies

In local currency	25,696,333	19,265,569
In foreign currencies	675,342	838,022
	<u>26,371,675</u>	<u>20,103,591</u>

15.2 Details of borrowings

Secured

Borrowings from State Bank of Pakistan:

Under Export Refinance Scheme	8,747,072	6,213,967
Under Long-Term Financing under Export Oriented Project (LTF-EOP)	568,868	1,412,760
Under Long-Term Financing Facility (LTF)	<u>2,045,232</u>	<u>1,465,900</u>
	11,361,172	9,092,627
Repurchase agreement borrowings	<u>11,011,456</u>	<u>9,302,142</u>
	<u>22,372,628</u>	<u>18,394,769</u>

Unsecured

Call borrowings	3,553,853	1,100,948
Overdrawn nostro accounts	374,394	537,074
Others	70,800	70,800
	<u>3,999,047</u>	<u>1,708,822</u>
	<u>26,371,675</u>	<u>20,103,591</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

15.2.1 Mark-up / interest rates and other terms are as follows:

- 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 SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carries mark-up ranging from 5% to 10% (2010: 8% to 9.5%).
- Call borrowings carry interest ranging from 11.25% to 13.10% per annum (2010: 11.00% to 13.90% per annum) having maturities ranging from January 03, 2012 to March 29, 2012.
- Repurchase agreement borrowings carry mark-up at the rates ranging from 11.62% to 11.64% per annum (2010: 11.55% to 14.00% per annum) having maturity on January 06, 2012.
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2010: 10% per annum).

15.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

16. DEPOSITS AND OTHER ACCOUNTS

	Note	2011 Rupees in '000	2010 Rupees in '000
Customers			
Fixed deposits		257,375,642	218,559,101
Savings deposits		232,868,076	266,342,659
Current accounts - remunerative		80,724,968	68,393,177
Current accounts - non-remunerative		214,069,549	194,393,878
		785,038,235	747,688,815
Financial Institutions			
Remunerative deposits		65,183,827	31,232,041
Non - remunerative deposits		77,199,376	53,231,032
	16.1	142,383,203	84,463,073
16.1 Particulars of deposits		<u>927,421,438</u>	<u>832,151,888</u>
In local currency		761,982,819	688,966,742
In foreign currencies [including deposits of foreign branches of Rs. 119,925 million (2010: Rs. 97,996 million)]		165,438,619	143,185,146
		<u>927,421,438</u>	<u>832,151,888</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2011			2010		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000					
Not later than one year	58,119	10,384	47,735	58,791	14,828	43,963
Later than one year and but not later than five years	31,024	2,282	28,742	71,825	9,084	62,741
	<u>89,143</u>	<u>12,666</u>	<u>76,477</u>	<u>130,616</u>	<u>23,912</u>	<u>106,704</u>

The Bank has entered into lease agreements with First National Bank Modaraba and Orix Leasing Pakistan Limited for lease of vehicles. Lease rentals are payable in quarterly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 0.9% to KIBOR + 5% per annum (2010: KIBOR + 0.9% to KIBOR + 4.00% per annum). At the end of lease term, the Bank has option to acquire the assets, subject to adjustment of security deposits.

18. OTHER LIABILITIES

	Note	2011	2010
		Rupees in '000	
Mark-up / return / interest payable in local currency		14,660,584	14,523,641
Mark-up / return / interest payable in foreign currencies		231,953	342,494
Unearned commission and income on bills discounted		103,571	79,592
Accrued expenses		2,082,919	2,197,018
Advance payments		37,321	19,070
Unclaimed dividends		59,514	45,761
Derivatives:			
Loss on forward foreign exchange contracts		998,305	624,359
Loss on cross currency swaps	22.3	1,609,555	1,042,675
Provision against off balance sheet obligations	18.1	454,026	454,026
Employee benefits:			
Post retirement medical benefits	34.1.3	4,223,433	3,732,073
Compensated absences	34.2.1	3,148,005	2,572,878
Benevolent fund	34.1.4	1,156,499	895,661
Gratuity scheme	34.1.5	234,340	173,732
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Payable on account of cross currency swaps		4,014,936	4,014,936
Barter trade agreements		12,392,801	11,843,111
Special separation package		78,422	78,422
Payable to GoP for acquisition of assets from CIRC		232,460	232,460
Payable to brokers		-	345,922
Others [(including provision of Rs. 756 million (2010: Rs. 506 million) for contingencies)]		7,862,087	5,296,588
		<u>53,951,988</u>	<u>48,885,676</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

18.1 Provision against off balance sheet obligations

	Note	2011 Rupees in '000	2010 Rupees in '000
Opening balance		454,026	450,061
Charge for the year		-	3,965
Closing balance	18.1.1	<u>454,026</u>	<u>454,026</u>

18.1.1 This represents provision against non-funded exposure of borrowers where the Bank considers that the borrower will not be able to meet its contractual obligations at the time of amount becoming due.

19. SHARE CAPITAL

19.1 Authorized

2010 Number of shares	2011 Number of shares		2011 Rupees in '000	2010 Rupees in '000
<u>2,500,000,000</u>	<u>2,500,000,000</u>	Ordinary shares of Rs.10 each	<u>25,000,000</u>	<u>25,000,000</u>

19.2 Issued, subscribed and paid-up

2010	2011		2011	2010
140,388,000	140,388,000	Ordinary shares of Rs.10 each		
<u>1,205,074,800</u>	<u>1,541,440,500</u>	Fully paid in cash	1,403,880	1,403,880
<u>1,345,462,800</u>	<u>1,681,828,500</u>	Issued as fully paid bonus shares	<u>15,414,405</u>	<u>12,050,748</u>
			<u>16,818,285</u>	<u>13,454,628</u>

The Federal Government and the SBP held about 75.60 % (2010: 75.60%) shares of the Bank as at the year ended December 31, 2011.

19.3 Shares of the Bank held by its associates

Following shares were held by the associates of the Bank as of year end:

	2011 Number of shares	2010 Number of shares
NAFA Multi Asset Fund	309,522	225,018
NAFA Stock Fund	303,274	506,831
	<u>612,796</u>	<u>731,849</u>

20. SURPLUS ON REVALUATION OF ASSETS - net

	Note	2011 Rupees in '000	2010 Rupees in '000
Available-for-sale securities	20.1	5,063,535	7,553,767
Fixed assets	20.2	<u>17,067,901</u>	<u>17,179,751</u>
		<u>22,131,436</u>	<u>24,733,518</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax

	Note	2011 Rupees in '000	2010 Rupees in '000
Federal Government securities		500,745	(1,196,744)
Term Finance Certificates and Sukuks		(74,545)	(215,911)
Shares and mutual funds		(338,799)	2,698,818
GoP Foreign Currency Bonds		(119,692)	720,733
Foreign Currency Debt. Securities		(121,529)	(11,264)
NI(U)T LoC Units		-	511,892
NI(U)T Non-LoC Units		(21,809)	101,420
NIT Equity Market Opportunity Fund Units		402,853	565,873
Investment outside Pakistan		6,651,226	6,129,676
		6,878,450	9,304,493
Deferred tax liability recognized	12	(1,814,915)	(1,750,726)
		<u>5,063,535</u>	<u>7,553,767</u>

20.2 Surplus on revaluation of fixed assets - net of tax

Surplus on revaluation on January 1,		18,393,306	18,567,352
Surplus on revaluation of the Bank's properties during the year	11.4	-	7,088
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(111,850)	(117,738)
Related deferred tax liability		(60,227)	(63,396)
		<u>(172,077)</u>	<u>(181,134)</u>
		18,221,229	18,393,306
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,213,555	1,276,951
Incremental depreciation charged during the year transferred to profit and loss account		(60,227)	(63,396)
	12	<u>1,153,328</u>	<u>1,213,555</u>
Surplus on revaluation on December 31,		<u>17,067,901</u>	<u>17,179,751</u>

21. CONTINGENCIES AND COMMITMENTS

21.1 Direct credit substitutes

Include general guarantee of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

	2011 Rupees in '000	2010 Rupees in '000
- Government	3,677,940	4,513,887
- Financial institutions	5,361,703	7,239,823
- Others	21,588,873	21,223,626
	<u>30,628,516</u>	<u>32,977,336</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

21.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credits related to particular transactions issued in favour of:

	2011	2010
	Rupees in '000	
- Government	14,457,548	19,873,392
- Financial institutions	9,825,641	106,771
- Others	<u>13,282,900</u>	<u>15,527,147</u>
	<u>37,566,089</u>	<u>35,507,310</u>

21.3 Trade-related contingent liabilities

Letters of credit issued in favour of:

- Government	47,591,186	46,299,854
- Financial institutions	591	107,289
- Others	<u>121,860,942</u>	<u>114,746,125</u>
	<u>169,452,719</u>	<u>161,153,268</u>

21.4 Other contingencies

21.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 183 million (2010: Rs.178 million), claims relating to former Mehran Bank Limited amounting to Rs. 965 million (2010: Rs. 965 million) and claims relating to employees, the amount involved can not be ascertained reasonably].

<u>8,704,944</u>	<u>8,243,510</u>
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21.4.2 Taxation

The income tax returns of the Bank for global operations and for Azad Jammu Kashmir have been filed under section 120 of the Income Tax Ordinance, 2001 upto the tax year 2011 (accounting year ended December 31, 2010) and amended by the Taxation Officer under section 122(5A) of the Income Tax Ordinance, 2001 upto the tax year 2010 (accounting year ended December 31, 2009).

During the year, taxation authorities in connection with monitoring of withholding taxes have passed orders under section 161/205 of the Income Tax Ordinance, 2001 for the tax years 2009, 2010 and 2011 raising demand of Rs. 2.3 billion subject to rectification on production of additional challans. The additional challans have been collected from the branches and submitted to the income tax authorities for verification by them. An appeal has also been filed before the Appellate Tribunal of Inland Revenue on the grounds that monitoring default could not be created without identification of the specific parties to whom withholding tax was deductible.

In addition to above, other matters under contingencies includes interest credited to suspense account and allocation of common expenditure between taxable and exempt / low tax rate. The aggregate effect of aforementioned contingencies amounts to Rs. 5,453 million (2010: Rs. 3,413 million). However, management has made a provision of Rs. 260 million against the aforementioned matters based on the opinion of tax consultants of the Bank who expect favourable outcome upon adjudication.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

21.4.3 Barter Trade Agreements

In order to reduce pressure on the balance of payment, the GoP had entered into barter trade agreements with various countries and designated the Bank to handle the related transactions on behalf of GoP. Accordingly, the Bank executed banking arrangements with the designated banks of these countries and opened accounts in their names. In one of the barter agreement, repayments made to the Bank by the GoP could not be utilized due to non-finalization of Letter of Exchange for its utilization after 1994 at Government level, which was required under the relevant barter agreement. The concerned bank is now demanding payment of interest on the balances in its accounts with the Bank. Since these balances are maintained in current accounts and there is also no clause for payment of any interest in the relevant banking arrangement, therefore the Bank strongly refused such claims.

21.4.4 Golden Handshake (GHS)

In 1997 Golden Handshake Scheme (GHS) was introduced with the cut-off date of October 31, 1997. However, despite the lapse of due date, many GHS optees continued their services till 1998 and 1999. In February 1998, a circular was issued for enhancement in salaries, which was not applicable to GHS optees. In calculating dues of GHS optees, their pensionary benefits were calculated till the cut-off date. Such employees filed cases against the Bank in various courts including Federal Services Tribunal and the Honourable High Court for enhancement/recalculation of their dues in the light of circular of February 1998.

In some cases, the Honourable High Court decided against the Bank, despite the disclaimer signed by such optees not to claim any more benefits than what the Bank had already paid to them. This disclaimer came up for interpretation before the Supreme Court, which upheld the Bank's view that such disclaimer bars / prohibits the optees to claim any amount in excess of what they had received.

Lahore and Sindh Honourable High Courts, in some cases, decided against the Bank, and directed it, to pay additional benefits by calculating upto the actual date on which the optees released from the service. The Bank filed appeals against the aforesaid orders of Lahore and Sindh High Courts. The said appeals have been accepted by the Honourable Supreme Court and the judgment of Lahore and Sindh Honourable High Courts have been set-aside.

The writ petitions filed by some retired employees for additional benefits under GHS were pending in Honourable Islamabad High Court and were argued by the Bank's lawyer in December 2011 and have been dismissed by following the dictum laid down by the Honourable Supreme Court.

Similar writ petitions are still pending in Honourable Lahore High Court, Lahore & Multan Bench of Honourable Lahore High Court which have not yet been fixed for final hearing. However, the Bank based on the legal opinion is of the view that as per law, the Bank is not likely to be burdened in any further financial liability for payment of any additional benefits.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

	2011	2010
	Rupees in '000	
21.5 Commitments in respect of forward exchange contracts		
Purchase	160,587,401	98,499,566
Sale	106,748,426	60,773,315
21.6 Commitments in respect of trading in government securities		
Purchase (reverse repo)	2,000,000	-
Sale	-	50,000
21.7 Commitments for the acquisition of operating fixed assets	1,643,221	2,375,461
21.8 Other commitments		
Cross currency swap	3,410,259	4,956,420
Professional services to be received	147,669	166,126

22. DERIVATIVE INSTRUMENTS

22.1 The bank is involved in derivative transactions including interest rate swaps, cross currency swaps and equity futures. The bank also enter into forward foreign exchange contracts, the un-realized gain and loss on such contracts are disclosed in note 13 and 18.

The Asset Liability Committee regularly reviews the Bank's risk profile in respect of derivatives. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and derivative activities. These controls include appropriate segregation of duties, regular reconciliation of accounts, and the valuation of assets and positions. The Bank has established trading limits, allocation process, operating controls and reporting requirements that are specifically designed to control risk of aggregate positions, assure compliance with accounting and regulatory standards and provide accurate management information regarding these activities.

Accounting policies in respect of derivative financial instruments are mentioned in note 5.4.

At December 31, 2011 and 2010 only cross currency swaps were outstanding and their analysis is as follows:

22.2 Product Analysis

Counterparties	2011		2010	
	Cross Currency Swaps		Cross Currency Swaps	
	No. of Contracts	Notional Principal Rupees in'000	No. of Contracts	Notional Principal Rupees in'000
With other entities for				
Hedging	-	-	-	-
Market Making	10	3,410,259	10	4,956,420
Total				
Hedging	-	-	-	-
Market Making	10	3,410,259	10	4,956,420
	<u>10</u>	<u>3,410,259</u>	<u>10</u>	<u>4,956,420</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

22.3 Maturity Analysis
Cross Currency Swaps

Remaining Maturity	No. of Contracts	2011			
		Notional Principal	Mark to Market		
			Negative	Positive	Net
----- Rupees in '000 -----					
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 Year	-	-	-	-	-
1 to 2 Year	-	-	-	-	-
2 to 3 Years	-	-	-	-	-
3 to 5 Years	10	3,410,259	5,019,814	3,410,259	(1,609,555)
5 to 10 years	-	-	-	-	-
Above 10 Years	-	-	-	-	-

Remaining Maturity	No. of Contracts	2010			
		Notional Principal	Mark to Market		
			Negative	Positive	Net
----- Rupees in '000 -----					
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 Year	-	-	-	-	-
1 to 2 Year	-	-	-	-	-
2 to 3 Years	-	-	-	-	-
3 to 5 Years	10	4,956,420	4,380,877	3,338,202	(1,042,675)
5 to 10 years	-	-	-	-	-
Above 10 Years	-	-	-	-	-

23. MARK-UP / RETURN / INTEREST EARNED

	2011	2010
	Rupees in '000	
On loans and advances to:	62,024,018	57,602,913
Customers	1,624,155	1,358,824
Financial institutions	63,648,173	58,961,737
On investments in:	1,072,126	788,743
Held-for-trading securities	26,578,088	24,592,888
Available-for-sale securities	1,200,266	904,942
Held-to-maturity securities	28,850,480	26,286,573
On deposits with financial institutions	581,686	609,303
On securities purchased under resale agreements	2,244,840	2,614,521
	95,325,179	88,472,134

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

24. MARK-UP / RETURN / INTEREST EXPENSED	2011	2010
	Rupees in '000	
Deposits	45,701,466	43,150,062
Securities sold under repurchase agreements	1,501,188	1,137,865
Short-term borrowings	1,312,964	962,549
	<u>48,515,618</u>	<u>45,250,476</u>

25. INCOME FROM DEALING IN FOREIGN CURRENCIES

This includes Rs. 5,558 million (2010: Rs. 4,376 million) on account of interest income on swap transactions.

26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net	Note	2011	2010
		Rupees in '000	
Federal government securities			
Market Treasury Bills		269,822	36,824
Pakistan Investment Bonds		(78,059)	25,885
GoP Ijara Sukuks		4,500	-
		<u>196,263</u>	<u>62,709</u>
Gain on Redemption of NIT Units-LOC Holders' Fund	9.5.1	641,081	294,424
Gain on NIT - MOF		44,715	123,728
Shares and Mutual Funds		1,508,152	1,906,286
Gain on Sale of Foreign Government / debt securities		-	125,216
		<u>2,390,211</u>	<u>2,512,363</u>

27. OTHER INCOME

Rent on property		33,652	40,840
Gain on sale of property and equipment	11.6	20,138	33,081
Others	27.1	2,466,668	2,097,415
		<u>2,520,458</u>	<u>2,171,336</u>

27.1 This includes Rs. 2,280 million (2010: Rs. 1,846) for compensation of delayed refunds determined under Section 171 of Income Tax Ordinance 2001.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

28. ADMINISTRATIVE EXPENSES	Note	2011	2010
		Rupees in '000	
Salaries and allowances		18,939,204	16,577,663
Charge for defined benefit plans		2,256,365	1,646,552
Non-executive directors' fee, allowances and other expenses	35	27,564	26,903
Rent, taxes, insurance, electricity, etc.	28.1	1,761,909	1,542,526
Legal and professional charges		198,684	337,408
Communications		662,778	674,779
Repairs and maintenance		674,762	496,139
Financial charges on leased assets		27,069	19,829
Stationery and printing		679,935	544,824
Advertisement, sponsorship and publicity		273,017	135,129
Donations	28.2	96,600	59,585
Contributions for other Corporate and Social Responsibility	28.3	83,140	61,980
Auditors' remuneration	28.4	95,769	113,525
Depreciation	11.2	1,302,969	1,073,545
Amortization	11.3	31,387	9,300
Conveyance		145,452	123,939
Entertainment		57,359	47,190
Travelling		256,197	234,425
Security services		1,157,276	1,084,657
Outsourcing		455,123	366,241
Others		934,713	1,026,438
		30,117,272	26,202,577

28.1 This includes Rs. 2.254 million (2010: Rs. 3.381 million) insurance premium against directors' liability insurance.

28.2 Donations include following amounts exceeding Rs. 0.1 million

	2011	2010
	Rupees in '000	
Thalasemia Care Centre	1,600	-
Medical Aid Foundation	500	-
Mery Adelaide Leprosy Centre	2,000	-
Caravan of Life Trust Pakistan Ltd.	1,000	-
Children Welfare Society	500	-
Karachi School of Business Leadership	20,000	-
Institute of Business Administration (IBA)	25,000	-
Afzaal Memorial Thalasemia	1,000	1,368
Prime Minister Flood Relief Fund	45,000	50,000
SOS Children Village, Multan	-	3,000
Memon Medical Institute	-	1,200
Sheikh Zayed Hospital	-	250
Karachi Press Club Library	-	1,517
Nighaban Welfare Association	-	100
Islamabad Police	-	100
	96,600	57,535

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

28.3 Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs. 0.1 million

	2011	2010
	Rupees in '000	
Flood Relief 2011 /2010 (Affectees)	63,305	61,980
Construction of rural clean water supply & sewerage system model village Hamid Pur Multan	10,000	-
Medicines / eatable items purchased & distributed to affectees of rain Dist. of Badin & Mirpurkhas	5,110	-
Sun shade and uplifting of pedestrian bridge at Larkana	4,725	-
	83,140	61,980

None of the directors / executives or their spouses have any interest in the donees, except Mr. Syed Ali Raza (Chairman) and Mr. Tariq Kirmani (director) who are the member of the Board of Directors of Institute of Business Administration and the member of the Board of Governors' of Marie Adelaide Leprosy Centre respectively.

28.4 Auditors' remuneration

	KPMG Taseer Hadi & Co.	Anjum Asim Shahid Rahman	2011 Total	2010 Total
	----- Rupees in '000 -----			
Audit fee	5,660	5,660	11,320	11,320
Review of interim financial statements	1,980	1,980	3,960	3,960
Fee for audit of domestic branches	4,600	4,600	9,200	9,200
Fee for taxation, special certifications and sundry advisory services	578	2,942	3,520	37,085
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	62,838	47,326
Out-of-pocket expenses	2,520	2,411	4,931	4,634
	15,338	17,593	95,769	113,525

29. OTHER CHARGES

	2011	2010
	Rupees in '000	
Penalties imposed by the SBP	137,852	118,887
	137,852	118,887

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

30. TAXATION	Note	2011 Rupees in '000	2010 Rupees in '000
For the year			
Current	30.1	9,193,471	9,835,048
Deferred		<u>(1,047,020)</u>	<u>(2,043,887)</u>
		8,146,451	7,791,161
For prior year			
Current		260,000	629,118
Deferred		<u>-</u>	<u>(1,568,374)</u>
		260,000	(939,256)
	30.2	<u>8,406,451</u>	<u>6,851,905</u>

30.1 Current taxation includes Rs. 605 million (2010: Rs. 551 million) of overseas branches.

30.2 Relationship between tax expense and accounting profit

	2011 Rupees in '000	2010 Rupees in '000
Accounting profit before tax	<u>26,011,173</u>	<u>24,415,119</u>
Income tax at statutory rate @ 35% (2010: 35%)	9,103,911	8,545,292
Increase / (decrease) in taxes resulting from:		
Inadmissible differences	48,248	92,834
Income taxed at reduced rate	(1,087,202)	(858,965)
Prior year adjustable timing differences	-	(1,568,374)
Overseas taxation	81,494	12,000
Prior year tax effects	<u>260,000</u>	<u>629,118</u>
Tax charge for current and prior years	<u>8,406,451</u>	<u>6,851,905</u>

31. BASIC AND DILUTED EARNINGS PER SHARE

		2011	2010
Profit after tax for the year	Rupees in '000	<u>17,604,722</u>	<u>17,563,214</u>
Weighted average number of ordinary shares	Numbers in '000	<u>1,681,829</u>	<u>1,681,829</u>
Basic earnings per share	Rupees	<u>10.47</u>	<u>10.44</u>

Basic and diluted earnings per share are same.

31.1 Earnings per share for the year 2010 has been restated for the effect of bonus shares issued.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

32. CASH AND CASH EQUIVALENTS	Note	2011 Rupees in '000	2010 Rupees in '000
Cash and balances with treasury banks	6	131,675,907	115,442,360
Balances with other banks	7	27,581,695	30,389,664
Overdrawn nostros	15.2	<u>(374,394)</u>	<u>(537,074)</u>
		<u>158,883,208</u>	<u>145,294,950</u>

33. STAFF STRENGTH	2011 Rupees in '000	2010 Rupees in '000
Permanent	14,413	14,963
Temporary / on contractual basis	<u>2,511</u>	<u>1,494</u>
Total Staff Strength	<u>16,924</u>	<u>16,457</u>

33.1 In addition to the above, the Bank is utilizing the services of other companies for outsourcing purposes including security staff and the number of persons deployed by such companies as at year end are 7,961 (2010: 7,337).

34. EMPLOYEE BENEFITS

34.1 Defined benefit plans

34.1.1 General description

General description of the type of defined benefit plan and accounting policy for recognising actuarial gains and losses is disclosed in note 5.10 to the financial statements.

Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2011 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2011	2010
Salary increase rate	13% per annum	14% per annum
Discount rate	13% per annum	14% per annum
Expected rate of return on plan assets	13% per annum	14% per annum
Pension indexation rate	10% per annum	10% per annum
Rate of inflation in the cost of medical benefits	10% per annum	10% per annum
Exposure inflation rate	3% per annum	3% per annum
Number of employees covered under retirement benefit plan	14,481	14,656

34.1.2 Reconciliation of recoverable from pension fund

	Note	2011 Rupees in '000	2010 Rupees in '000
Present value of defined benefit obligations		28,538,893	21,761,425
Fair value of plan assets		(25,026,571)	(22,382,345)
Net actuarial losses not recognized		(4,237,006)	(2,197,457)
Past service cost - non vested		<u>(3,325,721)</u>	<u>(704,507)</u>
	13	<u>(4,050,405)</u>	<u>(3,522,884)</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

The recognized amount has been restricted to present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan.

Movement in recoverable from pension fund

	2011	2010
	Rupees in '000	
Opening net asset	(3,522,884)	(3,666,344)
Charge for the year	470,360	695,262
Contribution to the fund made during the year	<u>(997,881)</u>	<u>(551,802)</u>
	<u>(4,050,405)</u>	<u>(3,522,884)</u>

Charge for pension fund

	2011	2010
	Rupees in '000	
Current service cost	548,862	581,304
Interest cost	2,948,199	2,733,227
Expected return on plan assets	(3,104,980)	(2,769,422)
Actuarial gains recognized	-	71,874
Past service cost-vested	<u>78,279</u>	<u>78,279</u>
	<u>470,360</u>	<u>695,262</u>

Movement of present value of defined benefit obligation

	2011	2010
	Rupees in '000	
Opening present value of defined benefit obligation	21,761,425	19,523,049
Current service cost	548,862	581,304
Interest cost	2,948,199	2,733,227
Benefit paid	(1,405,716)	(923,087)
Past service cost-non vested	2,699,492	-
Actuarial loss / (gain) on obligation	<u>1,986,631</u>	<u>(153,068)</u>
Closing present value of defined benefit obligation	<u>28,538,893</u>	<u>21,761,425</u>

Movement in fair value of plan assets

	2011	2010
	Rupees in '000	
Opening fair value of plan assets	22,382,345	19,781,585
Expected return on plan assets	3,104,980	2,769,422
Contributions	997,881	551,801
Benefits paid	(1,405,716)	(923,087)
Actuarial (loss) / gain on assets	<u>(52,919)</u>	<u>202,624</u>
Closing fair value of plan assets	<u>25,026,571</u>	<u>22,382,345</u>
Actual return on plan assets	<u>3,052,061</u>	<u>2,972,045</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

34.1.2.1 Components of fair value of plan assets as a percentage of total fair value of plan assets

	2011	2010
	%	%
Bonds	78.10	84.44
Equities	20.35	11.71
Cash and net current assets	1.55	3.85

Reconciliation of recoverable from pension fund for the five years is as follows:

	2011	2010	2009	2008	2007
	Rupees				
Present value of defined benefit obligations	28,538,893	21,761,425	19,523,049	15,011,555	12,704,049
Fair value of plan assets	(25,026,571)	(22,382,345)	(19,781,585)	(17,738,992)	(19,503,391)
Net actuarial (losses) / gains not recognized	(4,237,006)	(2,197,457)	(2,625,022)	(1,587,558)	3,122,997
Past service cost - Non vested	(3,325,721)	(704,507)	(782,786)	(181,948)	-
	<u>(4,050,405)</u>	<u>(3,522,884)</u>	<u>(3,666,344)</u>	<u>(4,496,943)</u>	<u>(3,676,345)</u>

34.1.3 Reconciliation of payable to medical benefit plan

	Note	2011	2010
		Rupees in '000	
Present value of defined benefit obligations		5,362,361	4,019,855
Net actuarial losses not recognized		<u>(1,138,927)</u>	<u>(287,782)</u>
	18	<u>4,223,434</u>	<u>3,732,073</u>

Movement in net liability recognized

Opening net liability	3,732,073	3,407,225
Charge for the year	688,585	589,042
Benefits paid	<u>(197,224)</u>	<u>(264,194)</u>
	<u>4,223,434</u>	<u>3,732,073</u>

Charge for medical benefit plan

Current service cost	139,611	108,454
Interest cost	<u>548,974</u>	<u>480,588</u>
	<u>688,585</u>	<u>589,042</u>

Movement of present value of defined benefit obligation

	2011	2010
	Rupees in '000	
Opening present value of defined benefit obligation	4,019,855	3,432,771
Current service cost	139,611	108,454
Interest cost	548,974	480,588
Benefit paid	<u>(197,225)</u>	<u>(264,195)</u>
Actuarial loss on obligation	<u>851,146</u>	<u>262,237</u>
Closing present value of defined benefit obligation	<u>5,362,361</u>	<u>4,019,855</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Reconciliation of payable to medical benefit plan for the five years is as follows:

	2011	2010	2009	2008	2007
	Rupees				
Present value of defined benefit obligations	5,362,361	4,019,855	3,432,771	2,909,308	2,726,617
Net actuarial (losses) / gains not recognized	(1,138,927)	(287,782)	(25,546)	37,246	(144,141)
	<u>4,223,434</u>	<u>3,732,073</u>	<u>3,407,225</u>	<u>2,946,554</u>	<u>2,582,476</u>

Effect of 1% movement in assumed medical cost trend rate

	2011		2010	
	Increase	Decrease	Increase	Decrease
	Rupees			
Impact on obligations	626,598	(532,708)	404,578	(364,652)
Impact on cost	106,659	(90,564)	70,093	(59,996)

34.1.4 Reconciliation of payable to benevolent fund

	Note	2011	2010
		Rupees in '000	
Present value of defined benefit obligations		1,486,439	895,661
Actuarial gain on obligation not recognised		140,775	-
Past service cost - non vested		(470,715)	-
		<u>1,156,499</u>	<u>895,661</u>

Movement in net liability recognized for benevolent fund

Opening net liability		895,661	838,123
Charge for the year		278,646	79,725
Benefits paid		(17,808)	(22,187)
	18	<u>1,156,499</u>	<u>895,661</u>

Charge for benevolent fund

Current service cost		17,444	14,392
Interest cost		124,146	117,337
Past service cost - vested		137,056	-
Actuarial gains recognized		-	(52,004)
		<u>278,646</u>	<u>79,725</u>

Movement of present value of defined benefit obligation

Opening present value of defined benefit obligation		895,661	838,123
Current service cost		17,444	14,392
Interest cost		124,146	117,337
Benefit paid		(17,808)	(22,187)
Past service cost - vested		137,056	-
Past service cost - non vested		470,715	-
Actuarial (gain) on obligation		(140,775)	(52,004)
Closing present value of defined benefit obligation		<u>1,486,439</u>	<u>895,661</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Reconciliation of net liability recognized for benevolent fund for the five years is as follows:

	2011	2010	2009	2008	2007
	Rupees				
Opening net liability	895,661	838,123	765,748	759,957	802,937
Net charge for the year	278,646	79,725	114,022	53,256	22,756
Benefits paid	(17,808)	(22,187)	(41,647)	(47,465)	(65,736)
	<u>1,156,499</u>	<u>895,661</u>	<u>838,123</u>	<u>765,748</u>	<u>759,957</u>

34.1.5 Reconciliation of payable to gratuity benefit plan

	Note	2011 Rupees in '000	2010
Present value of defined benefit obligations		367,576	187,884
Net actuarial losses not recognized		(27,413)	(14,152)
Past service cost - non vested		(105,823)	-
	18	<u>234,340</u>	<u>173,732</u>
Movement in net liability recognized			
Opening liability		173,732	123,789
Charge for the year		78,504	52,553
Benefits paid		(17,896)	(2,610)
		<u>234,340</u>	<u>173,732</u>
Charge for gratuity benefit plan			
Current service cost		53,453	33,484
Interest cost		25,051	19,069
		<u>78,504</u>	<u>52,553</u>
Movement of present value of defined benefit obligation			
Opening present value of defined benefit obligation		187,884	136,211
Current service cost		53,453	33,484
Interest cost		25,051	19,069
Benefit paid		(17,896)	(2,610)
Past service cost - non vested		105,823	-
Actuarial loss on obligation		13,261	1,730
Closing present value of defined benefit obligation		<u>367,576</u>	<u>187,884</u>

Reconciliation of net liability recognized for defined gratuity obligation for the five years is as follows:

	2011	2010	2009	2008	2007
	Rupees				
Present value of defined benefit obligations	367,576	187,884	136,211	116,216	82,098
Net actuarial gains not recognized	(27,413)	(14,152)	(12,422)	(9,946)	(4,309)
Past service cost - Non vested	(105,823)	-	-	-	(11,081)
	<u>234,340</u>	<u>173,732</u>	<u>123,789</u>	<u>106,270</u>	<u>66,708</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

34.2 Other employee benefits

34.2.1 Movement in net liability recognized for compensated absences

	Note	2011 Rupees in '000	2010
Opening net liability		2,572,878	2,397,308
Charge for the year		740,270	229,971
Benefits paid during the year		(165,143)	(54,401)
	18	<u>3,148,005</u>	<u>2,572,878</u>

Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2011	2010	2009	2008	2007
	----- Rupees -----				
Opening net liability	2,572,878	2,397,308	2,246,752	1,662,930	1,639,708
Net charge for the year	575,127	175,570	150,556	583,822	23,222
	<u>3,148,005</u>	<u>2,572,878</u>	<u>2,397,308</u>	<u>2,246,752</u>	<u>1,662,930</u>

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

	2012			
	Pension Funds	Benevolent Scheme	Medical Scheme	Gratuity Scheme
	----- Rupees -----			
Contributions to be paid	1,759,294	286,996	974,824	141,288

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	----- Rupees -----					
Fees	-	-	27,564	26,903	-	-
Managerial remuneration	14,708	11,760	-	-	1,250,826	672,313
Charge for defined benefit plan	1,745	-	-	-	176,025	90,761
Rent and house maintenance	6,589	4,539	-	-	542,628	346,189
Utilities	1,851	2,680	-	-	158,259	100,834
Medical	71	101	-	-	156,847	138,597
Conveyance	608	-	-	-	386,561	211,726
Leave fare assistance	443	12,456	-	-	-	-
Bonus and others	51,512	38,109	-	-	645,822	443,494
	<u>77,527</u>	<u>69,645</u>	<u>27,564</u>	<u>26,903</u>	<u>3,316,968</u>	<u>2,003,914</u>
	----- Number -----					
Number of persons	2	1	4	6	1232	796

The President and certain executives are also provided with free use of the Bank's cars, household equipment and free membership of clubs.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 9.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.6.

The maturity and re-pricing profile and effective rates are stated in notes 42.4.1 and 42.3.3 respectively.

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

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
2011	----- Rupees in '000 -----						
Total income	554,927	1,138,933	6,030,707	52,189,766	1,802,687	4,429,589	66,146,609
Inter segment revenue	-	(764,606)	13,134,219	(12,369,613)	-	-	-
Total expenses	17,318	45,683	15,234,998	19,981,549	1,352,241	3,503,647	40,135,436
Net income	537,609	328,644	3,929,928	19,838,604	450,446	925,942	26,011,173
Segment assets (Gross)	-	13,849,429	169,320,927	949,284,694	-	17,201,680	1,149,656,730
Segment non-performing loans	-	-	4,798,458	83,362,264	-	-	88,160,722
Segment provision required	-	-	5,083,567	62,236,567	-	-	67,320,134
Segment liabilities (Gross)	-	-	251,928,747	752,205,966	-	12,791,575	1,016,926,288
Segment return on net assets (ROA) (%)	0.00%	3.25%	2.57%	2.33%	0.00%	8.08%	2.54%
Segment cost of funds (%)	0.00%	0.00%	4.98%	6.38%	0.00%	0.00%	5.90%
2010							
Total income	347,119	1,548,066	4,217,608	48,220,291	2,287,441	4,233,773	60,854,298
Inter segment revenue	-	(1,267,561)	12,778,269	(11,510,708)	-	-	-
Total expenses	11,678	39,976	13,342,913	18,985,995	1,254,454	2,804,163	36,439,179
Net income	335,441	240,529	3,652,964	17,723,588	1,032,987	1,429,610	24,415,119
Segment assets (Gross)	-	6,544,623	140,144,578	874,378,354	-	13,957,125	1,035,024,680
Segment non-performing loans	-	-	6,618,312	80,023,776	-	-	86,642,088
Segment provision required	-	-	5,564,909	55,537,723	-	-	61,102,632
Segment liabilities (Gross)	-	-	222,764,481	683,764,371	-	-	906,528,852
Segment return on net assets (ROA) (%)	0.00%	2.09%	2.51%	2.16%	0.00%	12.51%	2.47%
Segment cost of funds (%)	0.00%	0.00%	4.59%	6.26%	0.00%	0.00%	5.81%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

37.1 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product 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.

37.1.1 Business segments

Corporate finance

Corporate banking includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, IPO and secondary private placements.

Trading and sales

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

Retail banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking service, trust and estates investment advice, merchant / commercial and private labels and retail.

Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, factoring, lending, guarantees, bills of exchange and deposits.

Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

Agency services

It includes escrow, depository receipts, securities lending (customers), corporate actions, issuer and paying agents.

38. TRUST ACTIVITIES

38.1 National Investment Trust (NIT)

Under a trust deed, the Bank provides services, as a trustee to NIT and is performing functions of sale / purchase of NIT units, safe custody and maintaining unit holders accounts. The Bank is keeping approximately 1,129 million (2010: 1,010 million) shares with market value of Rs. 31,908 million (2010: Rs. 35,500 million) in safe custody / Central Depository Company of Pakistan on behalf of NIT.

38.2 Long-Term Credit Fund (LTCF)

Consequent upon the NDFC's amalgamation, the Bank manages on behalf of the GoP, LTCF established from the proceeds of loans disbursed by various international funding agencies for financing private sector energy development projects. Fund assets are accounted for separately from those of the Bank and amounted to Rs. 57,724 million on December 31, 2011 (2010: Rs. 58,885 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

38.3 Endowment Fund

Students Loan Scheme was launched by the GoP in collaboration with major commercial bank's with a view to extend financial help by way of mark-up free loan to the meritorious students without sufficient resources for pursuing scientific technical and professional education within Pakistan.

Students Loan Scheme is being administered by a high powered committee headed by the Deputy Governor, the SBP and the Presidents of the Bank, Habib Bank Limited, United Bank Limited, MCB Bank Limited, Allied Bank Limited and the Deputy Secretary, Ministry of Finance as member. The SBP has assigned the Bank to operate the scheme.

The Committee in its meeting held on August 7, 2001 approved creation of Endowment Fund initially at an amount of Rs. 500 million, Rs. 396 million were transferred from the old Qarz-e-Hasna Fund, Rs. 50 million contributed by the GoP and Rs. 54 million were contributed by participating banks (HBL, NBP and UBL 25% each, MCB 17.5% and ABL 7.5%).

The amount of the endowment fund in investments stands at Rs. 649 million as at December 31, 2011 (2010: Rs.697 million).

39. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiary companies and associated undertakings are stated in note 9.

Transactions between the Bank and its related parties are carried out under normal course of business, except employees staff loans, employees sale of assets, provident fund and loan given to NBP Exchange Company Limited, that are as per agreement.

Detail of loans and advances to the companies or firms, in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.7. There are no transactions with key management personnel other than under advance salary. Contributions in respect of staff retirement and other benefit plans are disclosed in note 34. Remuneration to the executives and disposal of assets are disclosed in notes 35 and 11.6.

	2011			2010				
	At January 01,	Given during the year	Received during the year	At December 31,	At January 01,	Given during the year	Received during the year	At December 31,
	Rupees in '000							
Advances								
Subsidiaries	466,787	-	(136,373)	330,414	575,404	-	(108,617)	466,787
Associates	1,294,419	-	(13,390)	1,281,029	1,287,942	6,477	-	1,294,419
Key management executives	126,519	10,700	(16,768)	120,451	97,439	46,553	(17,473)	126,519
*Adjustment	(38,341)			(38,341)	-	-	-	-
	88,178	10,700	(16,768)	82,110	97,439	46,553	(17,473)	126,519
	<u>1,849,384</u>	<u>10,700</u>	<u>(166,531)</u>	<u>1,693,553</u>	<u>1,960,785</u>	<u>53,030</u>	<u>(126,090)</u>	<u>1,887,725</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

	2011			2010				
	At January 01,	Received during the year	Withdrawals during the year	At December 31,	At January 01,	Received during the year	Withdrawals during the year	At December 31,
Deposits								
Rupees in '000								
Key management executives	58,136	217,213	(260,763)	14,586	15,500	214,538	(171,902)	58,136
*Adjustment	164			164				
	58,300	217,213	(260,763)	14,750	15,500	214,538	(171,902)	58,136
Subsidiaries	292,977	36,920	-	329,897	259,618	33,359	-	292,977
Pension Fund (Current)	5,037	30,056	(29,237)	5,856	405,351	9,798,211	(10,198,525)	5,037
Pension Fund (Fixed Deposit)	8,400,000	10,200,000	(2,500,000)	16,100,000	7,300,000	2,600,000	(1,500,000)	8,400,000
Provident Fund	8,909,272	2,281,333	(966,150)	10,224,455	7,448,100	3,093,222	(1,632,050)	8,909,272
	<u>17,665,586</u>	<u>12,765,522</u>	<u>(3,756,150)</u>	<u>26,674,958</u>	<u>15,428,569</u>	<u>15,739,330</u>	<u>(13,502,477)</u>	<u>17,665,422</u>

*Adjustments due to retirement / appointment of directors and changes in key management executives.

	2011	2010
	Rupees in '000	
Placements with:		
Subsidiaries	8,374	2,573
Joint ventures	614,100	264,591
Associates	23,332	23,332
Reverse Repo lending to:		
Subsidiaries	66,093	-
Pension Fund	9,999,998	-
Repo borrowing from:		
Subsidiaries	-	401,760
Joint ventures	78,063	311,349
Associates	-	380,362
Other receivables from subsidiaries	46,796	-
Other payables to subsidiaries	5,414	929
Off Balance Sheet items		
Forward exchange contracts with Joint Ventures		
- Bought	974,344	-
- Sold	962,351	-
Income for the year		
On advances / placements with:		
Subsidiaries	46	271
Joint ventures	2,874	272
Key management executives	3,077	3,503
Debts due by company in which a directors of the Bank is interested as director	1,376,979	2,032,190
Mark-up on lending (Reverse Repo):		
Subsidiaries	220	271
Associates	2,257	-
Pension Fund	19,545	-
Expenses for the year		
Remuneration to key management executives		
Charge for defined benefit plan	396,086	300,596
	13,236	11,721
Mark-up on deposits of:		
Subsidiaries	9,696	5,868
Provident fund	1,743,585	1,772,840
Pension fund	940,492	929,343
Commission paid to subsidiaries	4,135	4,690
Key management executives	2,597	1,101
Mark-up on Borrowing (Repo / Call):		
Subsidiaries	1,271	47,309
Joint ventures	1,661	-
Associates	130	4,117

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

- 39.1 Although the Federal Government and the SBP held about 75.60% (2010: 75.60%) shares of the Bank, the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure. The amount of advances, investments and deposits are disclosed in respective notes.

40. CAPITAL ASSESSMENT AND ADEQUACY BASEL II

40.1 Statutory minimum capital requirement and management of capital

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

According to the BSD Circular No. 7 dated 15th April, 2009, minimum paid up capital requirement have been revised as follows:

"Minimum Paid up Capital (Net of losses) - Rs. in '000'"	"Dead line by which to be increased"
8,000,000	31-12-2011
9,000,000	31-12-2012
10,000,000	31-12-2013

The paid-up capital of the Bank for the year ended December 31, 2011 stood at Rs. 16,818 billion (2010 : Rs. 13.454 billion) and is in compliance with the SBP requirement for the said year. In addition the Bank has maintained minimum Capital Adequacy Ratio (CAR) of 16.10% (2010: 16.93%).

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital, which comprises highest quality capital element and include fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and unappropriated profits (net of accumulated losses, if any).
- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.
- Tier III capital, which includes short term sub-ordinated debt. This capital is solely for the purpose of meeting a proportion of the capital requirement for market risk.

Various limits are applied to elements of the capital base. Qualifying Tier II and Tier III capital cannot exceed the Tier I capital. Revaluation reserves are eligible up to 45 percent for treatment as Tier II capital. There is also restriction on the amount of general reserve for loan losses up to 1.25 percent of total risk weighted assets. Subordinated debt cannot exceed 50 percent of Tier I capital. Further Tier III capital cannot exceed 250 percent of Tier I capital.

Risk weighted assets are measured according to the nature and reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect more contingent nature of potential losses.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratio under the SBP rules, which ultimately determines the regulatory capital required to be maintained by Banks and DFIs.

There have been no material changes in the Bank's management of capital during the year.

40.2 Tier I Capital

	2011	2010
	Rupees in '000	
Fully paid-up capital	16,818,285	13,454,628
General reserves	19,291,649	17,531,177
Unappropriated profits	68,358,910	65,857,438
	<u>104,468,844</u>	<u>96,843,243</u>
Deductions:		
Book value of intangibles	1,072,787	717,196
Shortfall in provisions required against classified assets irrespective of any relaxation allowed	3,716,918	2,349,749
Reciprocal cross holdings by the Bank	25,155	56,221
50% of the investments in equity and other regulatory capital of majority owned subsidiaries or other financial subsidiaries not consolidated in the statement of financial position	2,624,401	2,012,663
	<u>97,029,583</u>	<u>91,707,414</u>
Supplementary Capital		
Tier II Capital		
General provisions subject to 1.25% of total Risk Weighted Assets	1,465,953	3,765,432
Revaluation reserve (upto 45%)	11,294,856	11,917,910
Foreign exchange translation reserve	6,051,168	6,919,067
	18,811,977	22,602,409
Deductions:		
50% of the investments in equity and other regulatory capital of majority owned subsidiaries or other financial subsidiaries not consolidated in the statement of financial position	2,624,401	2,012,663
Total eligible Tier II capital	<u>16,187,576</u>	<u>20,589,746</u>
Tier III Capital	-	-
Eligible Tier III Capital	-	-
Total eligible Capital	<u>113,217,159</u>	<u>112,297,160</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

40.3 Capital Adequacy Ratio

	Capital Requirements		Risk Weighted Assets	
	2011	2010	2011	2010
	Rupees in '000		Rupees in '000	
Credit Risk				
Claim on				
Public sector entities	1,505,770	849,802	15,057,704	8,498,024
Claims on other sovereigns	2,734,894	4,024,385	27,348,939	40,243,849
Banks	1,110,621	998,217	11,106,213	9,982,171
Corporates	20,912,314	15,914,066	209,123,141	159,140,661
Retail portfolio	7,377,958	8,185,406	73,779,579	81,854,059
Loans secured by residential property	570,195	589,577	5,701,948	5,895,773
Past due loans	3,023,388	3,811,016	30,233,882	38,110,156
Investment in operating fixed assets	2,600,862	2,617,103	26,008,620	26,171,030
Other assets	3,995,659	2,426,314	39,956,594	24,263,141
Off balance sheet - non-market related exposure	7,062,420	8,052,952	70,624,200	80,529,517
Off balance sheet - market related exposure	208,008	112,132	2,080,075	1,121,318
Equity exposure risk held in the banking book	1,444,950	1,600,481	14,449,497	16,004,814
	52,547,039	49,181,451	525,470,392	491,814,513
Market Risk				
Interest rate risk	372,879	248,493	3,728,790	2,484,928
Equity position risk	4,437,427	3,886,143	44,374,274	38,861,426
Foreign exchange risk	2,090,626	2,810,868	20,906,260	28,108,677
	6,900,932	6,945,504	69,009,324	69,455,031
Operational Risk	10,890,282	10,215,730	108,902,818	102,157,303
Total	<u>70,338,253</u>	<u>66,342,685</u>	<u>703,382,534</u>	<u>663,426,847</u>
Capital Adequacy Ratio				
Total eligible regulatory capital held	(a) (40.2)	<u>113,217,159</u>	<u>112,297,160</u>	
Total Risk Weighted Assets	(b) (40.3)	<u>703,382,534</u>	<u>663,426,847</u>	
Capital Adequacy Ratio	(a) / (b)	<u>16.10%</u>	<u>16.93%</u>	

40.4 Credit risk - General disclosures

The Bank uses the 'Standardised Approach' for all its credit risk exposures.

The Bank uses reputable and the SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on - balance sheet and off - balance sheet exposures. The methodology applied for using External Credit Assessment Institutions (ECAI's) inclusive of the alignment of alpha numerical scale of each agency used with risk bucket is as per the SBP Basel II guidelines as is given below:

Exposures	2011	
	JCR - VIS	PACRA
Corporate	✓	✓
Banks	✓	✓
Sovereigns	X	X
SME's	X	X
Securitisation	N / A	N / A
Others	N / A	N / A

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41. RISK MANAGEMENT

The Bank in its capacity of being the largest bank in the country is fully aware of its critical and leading role in sustainable economic growth of Pakistan. The Bank is therefore committed to the establishment of a robust risk management system that caters to the full range of activities that can potentially impact its risk profile i.e. volatility of the global / local markets, technological advancement, innovative new financial products, changing regulatory environment etc.

A significant milestone towards achieving this objective was the hiring of external consultancy services of one of the most reputed and experienced consultant for the Bank wide implementation of the Basel II Accord last year. This project will align the Bank to international best practices and the requirements of the Basel II Accord. This would also maintain long term sustainable growth of the Bank and ensure that it continues to retain the role of the market leader. This would cater interests of all stakeholders, especially the depositors.

Risk management function has been restructured and made independent of all risk taking and approving units; its functional reporting is to the Board of Directors of the Bank and administrative reporting to the President of the Bank.

Risk management has been reorganized and staffing capacity strengthened to effectively cater to the requirements of Basel II accord. Credit Risk Review Wing has been made a separate entity to focus on this key risk function. Data collection, structuring and sanitization have also been recognized as a critical component in risk management, therefore a dedicated Unit has been created for this challenging function.

Risk management function's charter and specific job descriptions of all of the Units have been designed and approved. Risk management charter states the scope, functions and roles and responsibilities of the risk management function.

There is also an Executive Risk Management Committee, comprising of key Group Heads - emphasizing the Bank's commitment to a robust risk management process and risk culture.

In conjunction with the consultant, there has been a significant progress towards achieving the objective of this consultancy, such as:

- The bank wide diagnostic exercise, interactively with all the groups within the Bank, has been performed and areas for improvement have been identified and systematically documented.
- A remediation planning exercise has been conducted whereby proposed actions (i.e. projects / initiatives) against the gaps identified in Basel II diagnostic phase, together with their prioritization, responsibilities for implementation and timelines have been developed.
- Assessment of existing and proposed systems has been performed to identify data fields / requirements and system functionalities for capital charge to be calculated accurately on the basis of information captured / to be captured / aggregated in such systems.
- Data collection and validation guidelines have been developed and disseminated across the Bank. Further, training sessions have been conducted by the Consultants to train the staff operating at regional and branch levels with regard to data capturing and validation, cleansing and aggregation.
- An Operational Risk Management Framework has been developed to help align the Bank with the sound practices for operational risk set by Basel Committee and provide guidance for setting the operational risk strategy of the Bank, selection and adoption of risk and loss measurement tools, reporting and communication and establishment of operational risk management processes. Other initiatives with respect to Operational Risk Management include nominations of Operational Risk Coordinators from all groups / divisions and conduct of detailed orientation sessions with the stakeholders across the Bank.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

- To strengthen the risk management culture in the organization, the Bank organized various orientation and discussion sessions during the year. In this regard, an orientation / discussion session with members of the Board Risk Committee and Director - BSD, the SBP was held during the year. Additionally, an Enterprise Risk Management training session, by a reputed external consultant, was arranged for creating awareness amongst the senior management across all disciplines.
- The implementation process of this consultancy will also systematically lay the building blocks for future implementation of the Advanced Approaches of the Basel Accord.

41.1 Credit risk management

41.1.1 Credit risk architecture

The Credit Risk Architecture Unit (CRAU) has been formed as a part of the organizational restructuring and a charter for it has been designed. Credit Risk Architecture is responsible to supervise that there is a framework in place for effective assessment / measurement, mitigation and reporting of credit risks both on counterparty as well as portfolio level.

Primary responsibilities include formulation and proposition of credit risk strategies, policies, credit assessment methodologies, credit portfolio and sector management, including limit setting, MIS and monitoring. This Wing on regular frequency also analyses and presents to the Executive Risk Management Committee / Board Risk Committee, the Bank's comparative position to other key market players on diverse facets, and makes necessary recommendations.

The Wing has ownership for the development process of credit risk ratings models for current use and subsequently rating models to be used for the Basel II FIRB approach; this includes necessary data collection, storage, cleansing and validation.

41.1.2 Credit risk policy, strategy and ICAAP

Focus on Policy formulation and review, monitoring progress on implementation, ICAAP and other strategic aspects etc. Where required / applicable, the function will work with the support and involvement of the respective business and other groups / functions and will coordinate with them in this regard.

41.1.3 Credit Modelling and Analytics

This includes development of obligor risk rating templates and supporting rating framework to achieve such compliance, coordinating the process of data collection, cleansing and validation processes to be undertaken in this regard and provide due facilitation and support in implementation of credit rating engine, going forward.

41.1.4 Credit Portfolio Management

Credit portfolio management activities extend to development of an effective portfolio management structure and framework for conduct of portfolio quality reviews and proactive reporting to the management for necessary remedial actions.

41.1.5 Credit Risk Review

In line with the SBP's Risk Management Guidelines, Risk Management Committee has constituted a dedicated Risk Review Wing for undertaking review of loans and advances on post facto basis. The Wing is responsible to independently review the approved credit cases pertaining to new proposals, renewals, restructuring, rescheduling, write-offs and cases involving other credit decisions, on a reasonable sample basis. The results are to be reported to the Chief Risk Officer for onward communication to Executive Risk Management Committee, Board Risk Committee and other relevant authorities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Credit risk review policy has been approved by BoD in September 2011. The function of reviewing cases on a sample basis has also been initiated in the year. Initially, the scope of the Wing is reviewing corporate, commercial and SME portfolios, which will be expanded to Agriculture, FIs, Islamic Banking and Overseas portfolios as the capacity and expertise develops.

41.1.6 Country Risk Management

This includes establishing, jointly with relevant stakeholders, processes and reporting framework for effective management of country risk including risk assessment, limit setting, exposure monitoring, reporting on concentrations, limit breaches and other aspects.

41.1.7 Basel II Implementation and Risk Automation project

Basel II / Risk Automation Project Unit is responsible for managing the Basel II project in close coordination with the Basel II consultants and with the active support and involvement of other functions within the risk management as well as other groups and functions across the Bank. The Unit is also responsible to perform project management and support services in relation to evaluation, selection and implementation of suitable risk management applications, as required by the Bank.

Risk Automation Project Unit is also responsible for coordinating with various functions regarding their requirements from the risk management applications and providing details to the respective vendors (if the related features are available or supposed to be available in any existing or already procured system) and coordinating with the respective functions and selected vendor(s) in relation to finalization of system blue prints and in the process of deployment of system in accordance with the approved blue prints.

41.1.8 Consumer Risk Management Unit

The Unit is responsible for developing an overall consumer risk policy framework describing the consumer risk structure, principles, standards and policies for product programme designing and approvals management of third party relationships. Consumer Risk Management Unit also supervises that there is a framework in place for effective assessment and measurement and mitigation and reporting of credit risks arising from the consumer and programme based SME portfolios.

The bank, as part of its Basel II project is in the process of developing expert judgment scorecards for its housing and personal loan portfolio.

The primary responsibilities include formulation / proposition of credit risk strategies, policies, credit assessment methodologies, credit portfolio management including limit setting, MIS and monitoring.

41.1.9 E-CIB and Data Management

E-CIB and Data Management Wing consists of a dedicated team of personnel responsible for reviewing quality and integrity of credit and advances related data. Such data may be input at various input sources in various groups, divisions and field functionaries.

The Wing is also responsible for performing post facto periodic review of advances data, highlighting inconsistencies and errors in the data and issuing instructions to the relevant data entry points for rectification of errors identified.

The wing has started working on enhanced data fields for capital calculations and historical data for credit rating models used for Basel-II standardized and FIRB approaches.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.1.10 SEGMENTAL INFORMATION

41.1.10.1 Segment by class of business

	2011					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	3,453,264	0.57	2,153,498	0.23	2,170,256	0.91
Agriculture	29,924,062	5.05	22,778,270	2.46	602,169	0.25
Textile	66,317,171	11.20	2,855,870	0.31	8,286,747	3.49
Cement	10,472,359	1.77	230,214	0.02	2,586,112	1.09
Sugar	15,147,088	2.56	218,833	0.02	2,317,072	0.98
Flour	2,806,650	0.47	2,460,809	0.27	-	0.00
Rice processing	9,934,453	1.68	798,678	0.09	-	0.00
Shoes and leather garments	1,203,755	0.20	268,768	0.03	155,492	0.07
Automobile and transportation equipment	3,166,708	0.53	1,008,302	0.11	1,639,679	0.69
Financial	21,123,408	3.57	139,556,268	15.05	5,295,744	2.23
Insurance	-	0.00	6,224,703	0.67	3,151	0.00
Transportation	32,871,756	5.55	16,100,895	1.74	4,606,049	1.94
Real estate construction	9,789,563	1.65	10,845,989	1.16	4,381,728	1.84
Electronics and electrical appliances	9,046,856	1.53	726,442	0.08	2,549,876	1.07
Production and transmission of energy	54,116,131	9.14	19,444,626	2.10	105,493,477	44.39
Food and tobacco	1,594,232	0.27	779,278	0.08	737,868	0.31
Fertilizer	19,006,645	3.21	5,696,512	0.61	4,163,001	1.75
Metal products	26,443,680	4.46	3,582,195	0.39	3,160,006	1.33
Telecommunication	5,608,880	0.95	12,131,343	1.31	4,843,222	2.04
Hotel and services	13,850,473	2.34	50,415,290	5.44	3,407,171	1.43
Public sector commodity operations	64,620,621	10.91	11,346,682	1.22	17,714,533	7.45
Individuals	86,220,204	14.56	391,651,501	42.23	-	0.01
General traders	16,950,643	2.86	26,339,994	2.84	12,570,429	5.29
Others	88,697,296	14.97	199,806,478	21.54	50,963,542	21.45
	592,365,898	100.00	927,421,438	100.00	237,647,324	100.00

	2010					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,939,606	0.92	2,724,555	0.33	2,537,993	1.11
Agriculture	27,067,257	5.03	16,330,516	1.96	257,337	0.11
Textile	69,925,475	12.98	2,137,019	0.26	7,817,950	3.40
Cement	7,118,138	1.32	193,034	0.02	2,838,910	1.24
Sugar	13,102,797	2.43	144,765	0.02	66,860	0.03
Flour	706,581	0.13	72,098	0.01	-	0.00
Rice processing	9,644,656	1.79	852,648	0.10	6,000	0.00
Shoes and leather garments	1,010,159	0.19	166,693	0.02	101,344	0.04
Automobile and transportation equipment	2,819,605	0.52	860,034	0.10	198,077	0.09
Financial	14,477,321	2.69	84,463,073	10.15	13,827,347	6.02
Insurance	414	0.00	6,212,119	0.75	4,323	0.00
Transportation	27,702,664	5.14	4,252,295	0.51	3,605,133	1.57
Real estate construction	7,820,325	1.45	6,671,156	0.80	942,572	0.41
Electronics and electrical appliances	7,537,267	1.40	569,528	0.07	2,609,892	1.14
Production and transmission of energy	62,241,849	11.56	54,559,085	6.56	32,519,887	14.16
Food and tobacco	1,965,897	0.36	475,862	0.06	10,480	0.00
Fertilizer	18,004,257	3.34	2,707,187	0.33	1,241,291	0.54
Metal products	18,882,624	3.51	5,214,970	0.63	9,328,650	4.06
Telecommunication	6,797,151	1.26	48,345,139	5.81	5,319,973	2.32
Hotel and services	16,572,004	3.08	33,665,800	4.05	619,473	0.27
Public sector commodity operations	64,157,338	11.91	12,575,136	1.51	15,492,881	6.75
Individuals	76,673,326	14.24	340,352,770	40.90	-	0.00
General traders	22,121,886	4.11	32,607,558	3.90	5,588,927	2.43
Others	57,320,599	10.64	175,998,848	21.15	124,702,614	54.31
	538,609,196	100.00	832,151,888	100.00	229,637,914	100.00

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.1.10.2 Segment by sector

	2011					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	117,084,000	19.77	340,281,916	36.69	148,696,983	62.57
Private	475,281,898	80.23	587,139,522	63.31	88,950,341	37.43
	<u>592,365,898</u>	<u>100.00</u>	<u>927,421,438</u>	<u>100.00</u>	<u>237,647,324</u>	<u>100.00</u>
	2010					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	133,982,491	24.88	329,822,417	39.63	163,647,783	71.26
Private	404,626,705	75.12	502,329,471	60.37	65,990,131	28.74
	<u>538,609,196</u>	<u>100.00</u>	<u>832,151,888</u>	<u>100.00</u>	<u>229,637,914</u>	<u>100.00</u>

41.1.10.3 Details of non-performing advances and specific provision by class of business segment

	2011		2010	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	----- Rupees in '000 -----			
Chemical and pharmaceuticals	2,320,021	2,212,596	2,441,160	2,272,721
Agriculture	2,110,428	1,078,854	1,873,395	1,054,027
Textile	28,724,029	22,433,532	26,432,192	21,267,263
Cement	5,091,254	3,981,947	5,059,717	4,612,161
Sugar	4,137,093	3,706,226	3,200,306	2,649,031
Flour	303,328	288,198	244,968	191,749
Rice processing	2,545,678	1,723,942	1,875,295	1,514,164
Shoes and leather garments	259,679	240,897	429,807	423,583
Automobile and transportation equipment	1,311,135	1,215,260	1,354,447	1,209,634
Financial	904,931	621,681	1,410,483	564,124
Transportation / Karobar	1,654,131	1,486,754	2,176,995	1,810,487
Real estate construction	2,472,746	1,406,314	2,255,065	952,419
Electronics and electrical appliances	5,421,061	1,360,165	332,040	285,549
Production and transmission of Energy	3,572,236	2,020,461	11,607,222	1,464,294
Food and tobacco	1,017,692	1,001,229	1,238,095	1,117,937
Fertilizer	3,258,527	101,086	2,697,674	138,795
Metal products	572,471	448,215	1,473,132	359,831
Hotel and services	817,451	564,904	447,913	131,829
Telecommunication	1,696,360	1,696,360	1,142,498	142,000
Individuals	4,972,215	3,070,664	2,884,481	1,761,335
General traders	4,679,531	4,066,700	5,385,614	4,523,526
Others	10,318,725	8,750,326	10,679,589	8,890,741
	<u>88,160,722</u>	<u>63,476,311</u>	<u>86,642,088</u>	<u>57,337,200</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.1.10.4 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	673,818	406,818	16,782,757	406,818
Private	87,486,904	63,069,493	69,859,331	56,930,382
	<u>88,160,722</u>	<u>63,476,311</u>	<u>86,642,088</u>	<u>57,337,200</u>

41.1.10.5 Geographical segment analysis

	2011			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
----- Rupees in '000 -----				
Pakistan	24,283,764	1,014,161,807	114,710,221	207,664,521
Asia Pacific (including South Asia)	716,218	72,121,879	12,049,826	12,865,515
Europe	(138,855)	10,319,264	3,036,679	4,760,299
United States of America	260,998	18,968,235	2,363,318	6,494,184
Middle East	889,048	34,006,551	491,404	5,862,805
	<u>26,011,173</u>	<u>1,149,577,736</u>	<u>132,651,448</u>	<u>237,647,324</u>

	2010			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
----- Rupees in '000 -----				
Pakistan	22,840,886	912,358,407	113,433,625	206,901,499
Asia Pacific (including South Asia)	385,303	46,431,357	8,810,396	8,462,795
Europe	(108,632)	13,532,817	2,879,027	5,768,015
United States of America	265,681	21,033,619	2,142,935	7,326,269
Middle East	1,031,881	44,394,118	1,229,845	1,179,336
	<u>24,415,119</u>	<u>1,037,750,318</u>	<u>128,495,828</u>	<u>229,637,914</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.2 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks.

In compliance with the Risk Management Guidelines, issued by the SBP, an Operational Risk Management Wing has been established within Risk Management Function. The unit has been strengthened by recruiting skilled resources for Operational Risk Management and imparting adequate trainings to the existing resources.

Year 2011 has been a year of significant development in respect of Operational Risk Management. The Bank, after having gone through the diagnostic study phase, has now developed the Operational Risk Management Framework that not only complies with all SBP and Basel II requirements but also accounts for the international best practices.

For the purpose of effective and timely implementation of Operational Risk Management Framework, the Bank has also developed remediation plans for Operational Risk Management. These plans are broadly for the areas; Risk and Control Self Assessment, KRIs, Business Line Mapping, Loss Data Collection etc.

For identification and assessment of operational risk across the Bank, the Bank has decided to adopt the risk assessment methodology known as Risk and Control Self Assessment (RCSA). The first phase of the RCSA exercise which is Risk & Control Design Assessment (RCDA) is currently being carried out and the Bank intend to develop its first-cut RCDA's by the first half of the year 2012.

In 2011, the Bank also underwent a huge historical loss data collection exercise whereby historical loss data was collected from various business / support units. In addition to this, Operational Risk Profile is also communicated to the Board and senior management on a regular basis through presentations, reports, MIS etc.

41.3 Market and Liquidity Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market factors such as interest rates, foreign exchange rates, equity prices, and commodity prices; resulting in loss of earnings and capital.

Market risk includes price risk and liquidity exposures. Price and liquidity risks are closely interlinked to other risks within the Bank. The objective of Market Risk Management is to identify, measure, monitor and manage the Bank's portfolio in order to manage / reduce losses due to market volatility inherent in financial instruments.

Risk Management Policy approved by the Board covers investment, equity trading, foreign exchange, money market, Assets Liability Management and Liquidity Risk. The Bank's Assets Liability Committee (ALCO) and Credit Committee approve different exposure limits for implementation by respective business units. Market Risk and Liquidity Wing monitors Market Risk Exposure's and Market Risk activities on a day to day basis. This includes investment, Net Open Position, Interest Rate Risk, Revaluation Limits, and Mark to Market Limit, Settlement Limit, Money Market Call Limit, Money Market Reverse Repo Limit, Foreign Currency Wise Exposure and Gap Limit etc.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.3.1 Foreign Exchange Risk

	2011			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----				
Pakistan Rupee	1,001,015,258	836,107,085	(51,888,051)	113,020,122
United States Dollar	68,464,452	91,545,972	23,852,815	771,295
Great Britain Pound	7,884,108	7,800,493	2,657,351	2,740,966
Japanese Yen	30,905,940	56,751,032	21,525,309	(4,319,783)
Euro	10,566,686	8,393,812	3,843,499	6,016,373
Other currencies	30,741,292	16,327,894	9,077	14,422,475
	148,562,478	180,819,203	51,888,051	19,631,326
	<u>1,149,577,736</u>	<u>1,016,926,288</u>	<u>-</u>	<u>132,651,448</u>
----- Rupees in '000 -----				
	2010			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupee	887,195,266	755,467,402	(31,340,714)	100,387,150
United States Dollar	86,104,761	102,684,958	19,578,552	2,998,355
Great Britain Pound	7,281,706	8,718,349	4,198,884	2,762,241
Japanese Yen	12,421,571	16,630,907	4,504,219	294,883
Euro	13,818,777	11,834,997	3,050,345	5,034,125
Other currencies	30,928,237	13,917,877	8,714	17,019,074
	150,555,052	153,787,088	31,340,714	28,108,678
	<u>1,037,750,318</u>	<u>909,254,490</u>	<u>-</u>	<u>128,495,828</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Currency Risk arises where the value of a financial instrument changes due to changes in foreign exchange rates. In order to manage currency risk exposure the Bank enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market.

The Bank's foreign exchange exposure comprises forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with the SBP and foreign currencies assets and liabilities. The net open position is managed with the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions.

41.3.2 Equity Position Risk

Investments in equity are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The risks from various factors include, but are not limited to:

- changes in business cycle affecting the business of the company in which the investment is made. Change in business circumstances (i.e. fundamentals) of the company, its business sector, industry and / or economy in general;
- mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud, etc. in the company in which investment is made;
- fluctuation in the shares' prices resulting from their dependence on market sentiment, speculative activity, supply and demand of shares and liquidity in the market;
- possibility of defaults by participant or failure of the stock exchanges, the depositories, the settlement or the clearing system on discharging their fiduciary responsibilities; and
- any government or court order restraining payment of dividend by a company to its shareholders.

The Bank mitigates the aforesaid risks as follows:

- through diversification and capping maximum exposure in a single sector / company. Additionally, continuous follow up of these sectors and companies through self monitoring and fundamentals research from reputable brokerage houses;
- compliance with the SECP Corporate Governance Rules by the investee company prudent investing practices (focus on dividend payout history);
- the Bank will refrain from speculative trading and the investment will be made as per the guidelines on liquidity and growth as per investment policy manual or set by the Board of Directors of the Board; and
- the Bank follows a delivery versus payment settlement system thereby minimizing risk in relation to settlement risk.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.3.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market mark-up / interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching / re-pricing of assets and liabilities. The Bank is generally not excessively exposed to interest / mark-up rate risk as more of its assets and liabilities are re-priced frequently. The Assets and Liabilities Committee (ALCO) / Executive Risk Management Committee (ERMC) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

Management of interest rate risk is one of the critical components of market risk management in banks. The Bank's net interest income or net interest margin is also dependent on the movement of interest rates and mismatches in the cash flows or re-pricing dates. Interest rate risk management includes establishing and monitoring various risk curbing limits such as duration limits, duration gap limits and interest rate sensitivity limits.

As part of the risk reporting, an interest rate sensitivity statement is prepared on a quarterly basis. This statement classifies the interest rate-sensitive assets and liabilities into various maturity groups enabling the management to monitor the impact of interest rate movements on the Statement of Financial Position.

2011

Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
----- Rupees in '000 -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	131,675,907	44,751,551	-	-	-	-	-	-	-	-	-	86,924,356
Balances with other banks	27,581,695	5,165,859	9,047,137	2,375,447	909,675	74,012	-	-	-	-	-	10,009,565
Lending to financial institutions - net	44,380,396	44,157,996	222,400	-	-	-	-	-	-	-	-	-
Investments - net	319,531,213	4,365,404	27,987,620	51,116,246	108,461,312	8,879,098	31,429,674	7,202,510	27,280,746	831,548	-	51,977,055
Advances - net	525,045,764	152,052,718	144,037,340	84,944,642	79,495,256	16,983,478	14,095,004	24,562,682	4,562,166	4,312,478	-	-
Other assets	31,398,173	-	-	-	-	-	-	-	-	-	-	31,398,173
	1,079,613,148	250,493,528	181,294,497	138,436,335	188,866,243	25,936,588	45,524,678	31,765,192	31,842,912	5,144,026	-	180,309,149
Liabilities												
Bills payable	9,104,710	-	-	-	-	-	-	-	-	-	-	9,104,710
Borrowings	26,371,675	15,383,539	6,442,364	1,683,072	177,800	-	-	2,684,900	-	-	-	-
Deposits and other accounts	927,421,438	531,117,713	25,525,458	42,346,431	33,224,236	2,164,210	1,140,466	534,029	99,970	-	-	291,268,925
Sub-ordinated loans	76,477	5,274	6,229	11,979	30,157	22,496	342	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	41,583,618	-	-	-	-	-	-	-	-	-	-	41,583,618
	1,004,557,918	546,506,526	31,974,051	44,041,482	33,432,193	2,186,706	1,140,808	3,218,929	99,970	-	-	341,957,253
On-balance sheet gap	75,055,230	(296,012,998)	149,320,446	94,394,853	155,434,050	23,749,882	44,383,870	28,546,263	31,742,942	5,144,026	-	(161,648,104)
Off-balance sheet financial instruments												
Cross currency swaps	3,140,259	-	3,140,259	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	160,587,401	59,541,648	78,146,001	17,447,702	5,452,050	-	-	-	-	-	-	-
Forward sale of foreign exchange	106,748,426	69,905,801	20,102,435	14,867,890	1,872,300	-	-	-	-	-	-	-
Off-balance sheet gap	270,476,086	129,447,449	101,388,695	32,315,592	7,324,350	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	345,531,316	(166,565,549)	250,709,141	126,710,445	162,758,400	23,749,882	44,383,870	28,546,263	31,742,942	5,144,026	-	(161,648,104)
Cumulative Yield / Interest Risk Sensitivity Gap	-	-	84,143,592	210,854,037	373,612,437	397,362,319	441,746,189	470,292,452	502,035,394	507,179,420	-	345,531,316

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

2010

Exposed to Yield / Interest risk

Effective Yield/ Interest rate	Total	Rupees in '000										Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
On-balance sheet financial instruments													
Assets													
0.44%	115,442,360	31,487,219	8,588,450	29	277,314	-	-	-	-	-	-	-	75,366,662
4.09%	30,389,664	13,463,517	9,591,700	1,435,140	-	-	-	-	-	-	-	-	5,621,993
14.99%	23,025,156	19,136,044	3,889,112	-	-	-	-	-	-	-	-	-	-
10.38%	301,323,804	40,013,820	99,946,941	79,985,264	2,760,915	10,195,202	7,450,951	3,371,642	17,346,446	135,995	-	-	40,116,628
12.79%	477,506,564	129,704,340	158,807,039	72,244,739	58,042,554	13,374,064	12,545,012	23,466,434	5,155,191	4,167,191	-	-	-
0.00%	27,384,182	-	-	-	-	-	-	-	-	-	-	-	27,384,182
	975,071,730	233,804,940	280,823,242	153,665,172	61,080,783	23,569,266	19,995,963	26,838,076	22,501,637	4,303,186	-	-	148,489,465
Liabilities													
0.00%	8,006,631	-	-	-	-	-	-	-	-	-	-	-	8,006,631
6.80%	20,103,591	12,050,929	2,290,967	1,958,271	853,964	-	-	-	-	-	-	-	-
5.60%	832,451,888	475,021,636	36,438,582	41,842,355	21,682,122	4,520,133	4,522,150	500,000	2,949,460	-	-	-	247,624,910
0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
17.10%	106,704	1,284	4,683	10,420	27,576	40,673	22,068	-	-	-	-	-	-
0.00%	40,390,354	-	-	-	-	-	-	-	-	-	-	-	40,390,354
	900,759,168	487,073,849	38,734,232	43,811,046	22,563,662	4,560,806	4,544,218	3,449,460	-	-	-	-	296,021,895
	74,312,562	(253,268,909)	242,083,010	109,854,126	38,517,121	19,008,460	15,451,745	23,388,616	22,501,637	4,303,186	-	-	(147,532,430)
Off-balance sheet financial instruments													
	4,956,420	-	4,956,420	-	-	-	-	-	-	-	-	-	-
	98,499,566	46,239,361	47,847,428	4,412,777	-	-	-	-	-	-	-	-	-
	60,773,315	33,090,853	26,041,957	1,640,505	-	-	-	-	-	-	-	-	-
	164,229,301	79,330,214	78,843,805	6,053,282	-	-	-	-	-	-	-	-	-
	238,541,863	(173,938,695)	320,934,815	115,907,408	38,517,121	19,008,460	15,451,745	23,388,616	22,501,637	4,303,186	-	-	(147,532,430)
	(173,938,695)	146,996,120	262,903,528	301,420,649	320,429,109	335,880,854	359,269,470	381,771,107	386,074,293	238,541,863	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.4 Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its liability when they fall due. To limit this risk, management has arranged diversified funded sources, manages assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Bank maintains statutory deposits with central banks inside and outside Pakistan.

The purpose of liquidity management is to ensure sufficient cash flows to meet all of the Bank's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Bank's business franchises, as well as to capitalize on opportunities for business expansion. This includes the Bank's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature and to make new loans and investments as opportunities arise.

The ALCO / ERM is responsible for ensuring that the Bank has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Stress testing is performed on the Bank's liquidity processes in line with the SBP requirements.

41.4.1 Maturities of Assets and Liabilities

	Exposed to Yield / Interest risk									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	131,675,907	131,675,907	-	-	-	-	-	-	-	-
Balances with other banks	27,581,695	15,175,424	9,047,137	2,375,447	909,675	74,012	-	-	-	-
Lending to financial institutions - net	44,380,396	44,157,996	222,400	-	-	-	-	-	-	-
Investments - net	319,531,213	4,754,179	27,987,620	51,116,246	148,905,053	14,093,829	31,892,968	7,971,222	27,280,746	5,529,350
Advances - net	525,045,764	95,503,998	43,474,748	85,440,956	108,906,567	40,495,418	33,298,082	45,336,616	60,980,628	11,608,751
Operating fixed assets	27,453,815	-	-	-	1,972,273	1,966,227	445,276	1,379,958	222,390	21,467,691
Deferred tax assets - net	7,935,497	-	-	-	-	-	-	1,745,947	6,189,550	-
Other assets	65,973,449	13,697,690	14,138,496	8,251,160	3,060,010	16,538,565	5,976,125	666,038	1,620,162	2,025,203
	1,149,577,736	304,965,194	94,870,401	147,183,809	263,753,578	73,168,051	71,612,451	57,099,781	96,293,476	40,630,995
Liabilities										
Bills payable	9,104,710	9,104,710	-	-	-	-	-	-	-	-
Borrowings	26,371,675	15,383,539	6,442,364	1,683,072	177,800	-	-	2,684,900	-	-
Deposits and other accounts	927,421,438	636,470,479	101,515,335	79,877,514	93,435,130	6,661,923	2,662,071	6,586,933	212,053	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	76,477	5,274	6,229	11,979	30,157	22,496	342	-	-	-
Other liabilities	53,951,988	22,291,137	883,173	7,105,733	599,886	16,609,151	1,312,668	2,591,858	1,279,191	-
Deferred tax liabilities	1,016,926,288	683,255,139	108,847,101	88,678,298	94,242,973	23,293,570	3,975,081	11,863,691	1,491,244	1,279,191
	132,651,448	(378,289,945)	(13,976,700)	58,505,511	169,510,605	49,874,481	67,637,370	45,236,090	94,802,232	39,351,804
Net assets										
Share capital	16,818,285									
Reserves	25,342,817									
Unappropriated profit	68,358,910									
Surplus on revaluation of assets - net	22,131,436									
	132,651,448									

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

41.4.1 Maturities of Assets and Liabilities - (continued)

	2010									
	Exposed to Yield / Interest risk									
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets	Rupees in '000-									
Cash and balances with treasury banks	115,442,360	106,853,881	8,588,450	-	-	-	-	-	-	-
Balances with other banks	30,389,664	19,085,510	9,591,700	277,314	-	-	-	-	-	-
Lending to financial institutions - net	23,025,156	19,136,044	3,889,112	-	-	-	-	-	-	-
Investments - net	301,323,804	32,373,791	71,457,733	26,966,827	36,987,673	33,788,231	10,334,812	18,082,045	4,128,036	
Advances - net	477,506,564	115,769,075	55,507,309	94,565,490	29,388,566	33,827,618	59,095,345	39,979,936	19,993,286	
Operating fixed assets	26,888,226	-	-	789,196	2,684,955	638,576	663,031	435,686	21,676,782	
Deferred tax assets - net	6,952,666	-	-	-	-	-	1,609,040	5,343,626	-	
Other assets	56,221,878	15,377,163	11,139,014	864,447	20,609,647	1,220,651	283,960	-	-	
	1,037,750,318	308,595,464	160,173,318	123,463,274	89,670,841	69,475,076	71,986,188	63,841,293	45,798,104	
Liabilities										
Bills payable	8,006,631	8,006,631	-	-	-	-	-	-	-	
Borrowings	20,103,591	12,050,929	2,290,967	853,964	-	-	2,949,460	-	-	
Deposits and other accounts	832,151,888	643,518,642	51,743,524	75,543,493	4,710,578	4,816,868	6,451,581	-	-	
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	
Liabilities against assets subject to finance lease	106,704	1,284	4,683	27,576	40,673	22,068	-	-	-	
Other liabilities	48,885,676	24,064,584	181,138	438,453	14,510,798	1,080,092	2,160,182	1,080,092	1,080,092	
	909,254,490	687,642,070	54,220,312	76,863,486	19,262,049	5,919,028	11,561,223	1,080,092	1,080,092	
Net assets	128,495,828	(379,046,606)	105,953,006	46,599,788	70,408,792	63,556,048	60,424,965	62,761,201	44,718,012	
Share capital	13,454,628									
Reserves	24,450,244									
Unappropriated profit	65,857,438									
Surplus on revaluation of assets - net	24,733,518									
	128,495,828									

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

42. ISLAMIC BANKING BUSINESS

The Bank is operating 8 Islamic banking branches as at December 31, 2011 (December 31, 2010: 8 branches). The statement of financial position, profit and loss account and cash flow statement of such branches are as under:

42.1 Profit Distribution Policy for Islamic Banking Division

The profit distribution mechanism during the year complies with the rules and principles of Islamic Shariah and is in the light of guidelines approved by the Shariah Advisor of the Bank's Islamic Banking Division and the SBP guidelines related to Shariah Compliance.

The non-compliant income identified during the year is transferred to the charity account.

42.2 Statement of Financial Position As at December 31, 2011

	2011	2010
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	141,873	157,726
Balances with and due from financial institutions	-	200,000
Investments	1,557,399	1,038,673
Financing / Receivables under:		
- Murabaha	658,310	278,398
- Diminishing Musharika	723,313	212,500
- Ijarah assets	372,408	417,920
- Other Islamic modes	-	94,513
Provision against non performing financings	(192,874)	(278,233)
Operating fixed assets	11,613	11,763
Due from Head Office	-	44,650
Other assets	111,182	47,993
	3,383,224	2,225,903
LIABILITIES		
Bills payable	9,385	5,421
Deposits and other accounts	1,519,844	2,193,413
Due to Head Office	1,433,810	-
Other liabilities	48,650	36,186
	3,011,689	2,235,020
NET ASSETS	371,535	(9,117)
REPRESENTED BY		
Islamic Banking Fund	300,000	300,000
Unappropriated profit / (Accumulated loss)	71,535	(309,117)
	371,535	(9,117)
(Deficit) / Surplus on revaluation of assets - net	-	-
	371,535	(9,117)
Remuneration to Shariah Advisor	1,273	988
CHARITY FUND		
Opening balance	-	-
Additions during the period	426	3,000
Payment / utilisation during the period	(426)	(3,000)
Closing balance	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

42.3 PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2011

	2011	2010
	Rupees in '000	
Profit / return earned on financings, investments and placements	529,589	170,744
Profit / return expensed on deposit	(280,346)	(57,448)
Net spread earned	249,243	113,296
Depreciation on assets given on Ijarah	(138,619)	(65,969)
	<u>110,624</u>	<u>47,327</u>
Provision against advances and investments	(46,875)	(278,233)
Provision reversed against advances and investments	107,234	-
Profit / (Loss) after provision	<u>60,359</u>	<u>(278,233)</u>
	170,983	(230,906)
Other income		
Fee, commission and brokerage income	4,105	3,104
Income from dealing in foreign currencies	132	351
Other income	274	36
Total other income	<u>4,511</u>	<u>3,491</u>
	175,494	(227,415)
Other expenses		
Administrative expenses	(103,959)	(84,575)
Profit / (loss) for the year	<u>71,535</u>	<u>(311,990)</u>

42.4 Cash Flow Statement

For the year ended December 31, 2011

	2011	2010
	Rupees in '000	
Cash Flow from Operating Activities		
Profit / (Loss) for the year	71,535	(311,990)
Adjustments :		
Depreciation - Own assets	2,056	1,409
Depreciation - Ijarah assets	138,619	65,969
Provision against non performing financings	46,875	278,233
	<u>187,550</u>	<u>345,611</u>
	259,085	33,621
(Increase) / Decrease in operating assets		
Due from Financial Institutions	200,000	(200,000)
Financings	(1,616,684)	(1,133,449)
Other assets	(63,189)	31,580
	<u>(1,479,873)</u>	<u>(1,301,869)</u>
(Increase) / Decrease in operating liabilities		
Bills payable	3,964	(649)
Deposits and other accounts	(673,569)	1,712,514
Borrowings from Head Office	1,861,179	(276,726)
Other liabilities	13,871	(49,544)
	<u>1,205,445</u>	<u>1,385,595</u>
Net cash (used in) / generated from operating activities	<u>(15,343)</u>	<u>117,347</u>
Cash Flow from Investing Activities		
Investment in operating fixed assets	(510)	(2,911)
Net cash used in investing activities	<u>(510)</u>	<u>(2,911)</u>
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	-	-
(Decrease) / Increase in cash and cash equivalents	<u>(15,853)</u>	<u>114,436</u>
Cash and cash equivalents at beginning of the year	157,726	43,290
Cash and cash equivalents at end of the year	<u>141,873</u>	<u>157,726</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool

For the year ended December 31, 2011

	2011	2010
	Rupees in '000	
Income from financing activities	339,457	123,317
Income from investments	188,141	46,649
Income from placements with Financial Institutions	1,991	779
Total Income	529,589	170,745
Less: Administrative expenses directly attributable to the Pool	(138,619)	(65,969)
Less: Profit Distributed to other Special Pools	(81,092)	(14,641)
Gross Distributable Income	309,878	90,135
Mudarib (Bank) share of profit before Hiba	(79,748)	(15,108)
Less: Hiba from bank's share to depositors	32,800	8,281
Net Mudarib (Bank) share of profit	(46,948)	(6,827)
Rab-ul-Maal Share of Profit	262,930	83,308
Rab-ul-Maal Share of Profit is distributed as follows:		
Remunerative depositors' share in Mudarabah pool	216,252	51,330
Bank's equity in Mudarabah pool	46,678	31,978
	262,930	83,308

Note: Administrative and operating expenses are paid by the Bank and not charged to the depositors' pool as per guidelines of mudarabah.

43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs. 7.5 per share (2010: Rs. 7.5 per share) amounting to Rs. 12,614 million (2010: Rs. 10,091 million) and bonus shares in the proportion of 10 ordinary shares (2010: 25) per 100 ordinary shares held amounting to Rs. 1,682 million (2010: Rs. 3,364 million) at its meeting held on March 6, 2012 for approval of the members at the annual general meeting to be held on March 30, 2012. These financial statements do not reflect this appropriation as explained in note 5.16.

44. GENERAL

Figures have been rounded off to the nearest thousand rupees.

45. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on March 6, 2012 by the Board of Directors of the Bank.

President

Director

Director

Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Annexure 'I'

Referred to in Note 9.13 to the financial statements

Details of Investments

As at December 31

1.1 Particulars of investments held in listed companies and modarabas

1.1.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2011	2010	2011	2010
----- Rupees in '000 -----						
Held-for-trading						
Attock Refinery Limited	Unrated	AA/A1+	250,000	275,000	26,913	34,287
Attock Petroleum Limited	Unrated	Unrated	-	50,000	-	16,726
Dawood Hercules Chemical Limited	Unrated	Unrated	-	25,000	-	4,959
D G Khan Cement	Unrated	Unrated	-	1,000,000	-	30,170
FFC Bin Qasim Limited	Unrated	Unrated	-	647,561	-	23,137
Habib Bank Limited	AA+	Unrated	-	300,000	-	36,582
ICI Pakistan Limited	Unrated	Unrated	-	62,916	-	9,075
Lucky Cement Limited	Unrated	Unrated	36,985	354,038	2,775	26,833
MCB Bank Limited	Unrated	AA+/A1+	175,267	100,000	23,591	22,854
Nishat Mills Limited	Unrated	AA-/A1+	1,497,407	205,500	60,570	13,187
National Refinery Limited	Unrated	AAA/A1+	75,000	214,924	18,202	58,844
Pakistan Oilfields	Unrated	Unrated	105,141	212,500	36,426	62,892
Pakistan Petroleum Limited	Unrated	Unrated	-	345,680	-	75,064
Pakistan State Oil company Limited	Unrated	AA+/A1+	737,861	425,000	167,649	125,452
P.T.C.L	Unrated	Unrated	106,000	-	1,101	-
			2,983,661	4,218,119	337,227	540,061
Available-For-Sale						
Abbott Laboratories Limited	Unrated	Unrated	1,267,462	1,267,462	126,480	139,091
Accord Textile Mills Limited	Unrated	Unrated	233,400	233,400	93	163
Adamjee Floorings Limited	Unrated	Unrated	30,080	30,080	-	-
Adamjee Insurance Company Limited	Unrated	AA	769,442	768,942	35,787	67,282
Adamjee Papers & Board Mills Limited	Unrated	Unrated	137,597	137,597	-	-
Adil Polypropylene Limited	Unrated	Unrated	69,093	69,093	-	-
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
Afsar Textile Mills Limited	Unrated	Unrated	32,778	32,778	-	-
Agriauto Industries Limited	Unrated	Unrated	567,047	617,047	32,605	47,019
Agritrec Limited	Unrated	D	11,499,000	11,499,000	176,625	274,826
Al Abbas Sugar Mills Limited	Unrated	A/A1	727,285	727,285	65,303	69,019
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	14,297	19,596
Al Qaim Textile Mills	Unrated	Unrated	183,265	183,265	73	275
Al-Ghazi Tractors Limited	Unrated	Unrated	1,705	30,900	329	7,014
Al-Hussany Industries Limited	Unrated	Unrated	31,514	31,514	-	-
Alif Textile Mills Limited	Unrated	Unrated	163,464	163,464	-	-
Allawasaya Textile & Finishing Mills Limited	Unrated	Unrated	-	25	-	2
Allied Bank Limited	Unrated	AA/A1+	3,990,783	1,304,406	214,983	91,504
Amazai Textile Limited	Unrated	Unrated	10,111	10,111	5	5
Amtex Limited	Unrated	Unrated	23,172,472	23,172,472	27,807	93,849
Apex Fabrics Limited	Unrated	Unrated	144,506	144,506	-	-
Arag Industries Limited	Unrated	Unrated	96,478	96,478	-	-
Arif Habib Investments Limited	Unrated	Unrated	-	63,932	-	1,135
Arif Habib Limited	Unrated	Unrated	129,255	129,255	1,833	3,362
Arif Habib Corp Limited (Arif Habib Securities Limited)	Unrated	Unrated	3,733,816	2,626,146	96,743	68,280
Aruj Garment Accessories Limited	Unrated	Unrated	34,541	34,541	155	181
Asim Textile Mills Limited	Unrated	Unrated	582,237	582,237	757	1,456
Askari Commercial Bank Limited	Unrated	AA/A1+	13,070,676	11,882,433	131,099	210,200
Aslo Electronics Limited	Unrated	Unrated	20,054	20,054	-	-
Aswan Tantage Limited	Unrated	Unrated	86,030	86,030	-	-
Atlas Bank Limited	Unrated	Unrated	-	11,703,953	-	19,077
Atlas Honda Limited	Unrated	Unrated	-	48,561	-	6,069
Attock Petroleum Limited	Unrated	Unrated	1,584,126	105,000	653,452	35,125
Attock Refinery Limited	Unrated	AA/A1+	2,300,457	3,207,000	247,644	399,849
Awan Textile Mills Limited	Unrated	Unrated	108,696	108,696	-	-
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine	Unrated	SD	22,169,691	2,515,091	63,184	24,296
Babri Cotton Mills Limited	Unrated	Unrated	41,026	41,026	343	473
Bahawalpur Textile Limited	Unrated	Unrated	33,283	33,283	-	-
Balochistan Glass Limited	Unrated	Unrated	-	301,443	-	922
Balochistan Particle Board Limited	Unrated	Unrated	398,550	398,550	279	478
Baluchistan Foundry (Tower)	Unrated	Unrated	37,664	37,664	-	-
Baluchistan Wheels Limited	Unrated	Unrated	811,357	811,357	21,193	27,440
Bank Al Habib Limited	Unrated	AA+/A1+	28,114,699	25,257,506	802,112	915,837
Balance carried forward			117,122,338	101,252,281	2,713,182	2,523,825

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2011	2010	2011	2010
					----- Rupees in '000 -----	
Balance brought forward			117,122,338	101,252,281	2,713,182	2,523,825
Bank Alfalah Limited	Unrated	AA/A1+	57,943,846	35,890,098	651,868	402,328
Bank Of Punjab	Unrated	AA-/A1+	1,322,479	1,322,479	7,155	12,974
Bankers Equity Limited (B.E.L.)	Unrated	Unrated	251,022	251,022	-	-
Bankers Equity Limited (B.E.L.)	Unrated	Unrated	1,485,925	1,485,925	-	-
Bankislami Pakistan Limited	Unrated	Unrated	898,394	898,394	2,785	3,261
Bannu Woolen Mills Limited	Unrated	Unrated	75,697	190,840	1,061	2,557
Bata Pakistan Limited	Unrated	Unrated	578,040	570,512	473,068	393,168
Bawany Textile Mills Limited	Unrated	Unrated	42,972	42,972	-	-
Bela Engineers Limited	Unrated	Unrated	135,658	135,658	-	-
Berger Paints Limited	Unrated	Unrated	314,929	314,929	4,157	7,247
Blessed Textiles Limited	Unrated	Unrated	551,942	26,112	35,247	1,205
Boc Pakistan Limited	Unrated	Unrated	515,585	515,585	52,074	46,970
Bolan Casting Limited	Unrated	Unrated	1,367,863	1,367,863	38,984	60,323
Brother Textile Mills Limited	Unrated	Unrated	429,055	429,055	184	296
Brr Guardian Modaraba	D	Unrated	-	612,819	-	1,109
Buxlay Paints Limited	Unrated	Unrated	89,291	89,291	501	1,295
Callmate Telips Telecom Limited	Unrated	Unrated	44	44	-	-
Casspak Industries Limited	Unrated	Unrated	27,384	27,384	-	-
Central Cotton Mills	Unrated	Unrated	17,864	17,864	-	-
Century Paper & Board Mills Limited	A+	Unrated	1,735,329	1,916,525	22,559	32,293
Charsada Sugar Mills Limited	Unrated	Unrated	4,634	4,634	32	36
Chashma Sugar Mills Limited	Unrated	Unrated	73,223	73,223	585	909
Cherat Cement Limited	Unrated	Unrated	6,500,269	6,500,269	46,867	69,878
Chilya Corrugated Board Limited	Unrated	Unrated	22,076	22,076	-	-
Clariant Pakistan Limited	Unrated	Unrated	703,570	802,056	104,832	146,776
Colony Mills	Unrated	Unrated	775,397	775,397	775	1,977
Colony Sarhad Textile	Unrated	Unrated	167,677	167,677	126	101
Colony Sugar Mills Limited	Unrated	Unrated	181,491	181,491	272	586
Crescent Knitwear	Unrated	Unrated	42,130	42,130	-	-
Crescent Spinning Mills	Unrated	Unrated	370,744	370,744	-	-
Crescent Steel & Allied Product	Unrated	Unrated	3,571,714	2,613,083	64,827	71,886
Crescent Sugar Mills	Unrated	Unrated	-	364,790	-	2,462
Crescent Textile Mills Limited	Unrated	Unrated	1,049,799	1,049,799	8,640	24,901
Crown Textile	Unrated	Unrated	161,948	161,948	-	-
Cynamid(Wyeth Pakistan)	Unrated	Unrated	56,858	56,858	46,621	59,798
D.M.Textile Mills	Unrated	Unrated	-	171,537	-	465
D.S. Industries Limited	Unrated	Unrated	540,339	540,339	416	989
Dadabhoy Construction	Unrated	Unrated	40,024	40,024	20	20
Dadabhoy Cement Industries	Unrated	Unrated	5,004,500	5,004,500	7,056	8,558
Dadabhoy Leasing Co.	Unrated	Unrated	188,742	188,742	-	-
Dadabhoy Sack Limited	Unrated	Unrated	25,102	25,102	-	-
Dadex Eternit Limited	Unrated	Unrated	-	2,281	-	42
Dandot Cement	Unrated	Unrated	160,000	160,000	186	392
Data Agro Limited	Unrated	Unrated	50,135	50,135	-	-
Dawood Capital Management	Unrated	AM4+	338,285	338,285	220	656
Dawood Hercules Corporation Limited	Unrated	Unrated	7,205,328	1,728,428	305,434	342,851
Dawood Lawrencepur Limited	Unrated	Unrated	135,412	117,750	4,260	5,119
Dewan Automotive Engg. (Formerly: Allied Motors Limited)	Unrated	Unrated	-	1	-	-
Dewan Cement (Pakland Cement)	Unrated	D	4,587,003	4,587,003	5,734	10,275
Dewan Khalid Textile	Unrated	Unrated	142,425	142,425	142	456
Dewan Mushtaq Textile	Unrated	Unrated	14,442	64,442	33	380
Dewan Salman Fibres	Unrated	Unrated	2,740,202	4,240,202	3,316	12,678
Dewan Sugar Mills	Unrated	Unrated	696,135	696,135	1,392	2,506
Dg Khan Cement	Unrated	Unrated	6,929,158	3,420,132	131,862	103,185
Din Textile Mills Limited	Unrated	Unrated	-	195,769	-	5,266
Dost Steel Limited	Unrated	Unrated	55,076	55,076	63	149
Dynea Pakistan	Unrated	Unrated	23,358	23,358	199	262
Efu General Insurance	AA	Unrated	214,481	214,481	8,182	9,446
Ellcot Spinning Mills Limited	Unrated	Unrated	356,591	381,666	6,597	7,652
Emco Industries Limited	Unrated	Unrated	384,708	384,708	742	1,116
English Leasing Limited	Unrated	Unrated	360,416	360,416	234	234
Engro Corporation Limited	Unrated	AA/A1+	4,540,456	3,547,662	420,900	687,572
Engro Food Limited	Unrated	AA/A1+	26,104,614	-	589,964	-
Engro Polymer & Chemicals Limited	Unrated	Unrated	1,770,833	1,770,833	12,874	25,270
Escort Investment Bank	A+	Unrated	1,184,092	1,184,092	1,776	3,304
Exide Pakistan Limited	Unrated	Unrated	-	198,229	-	38,902
Faran Sugar Mills Limited	Unrated	Unrated	1,360,098	1,360,098	25,502	28,344
Fateh Industries	Unrated	Unrated	11,712	11,712	64	64
Fateh Sportswear Limited	Unrated	Unrated	23,003	23,003	219	219
Fateh Textile Mills	Unrated	Unrated	11,847	11,847	1,192	1,339
Fatima Enterprises	Unrated	Unrated	109	320,609	2	4,264
Fatima Fertilizer Company Limited	Unrated	Unrated	461,576	-	10,579	-
Fauji Fertilizer Company Limited	Unrated	Unrated	1,050,004	21,486,647	157,018	1,099,335
Faysal Bank Limited	AA	AA/A1+	4,637,860	4,500,000	37,706	70,155
Fazal Textile Mills	Unrated	Unrated	34,527	34,527	8,514	13,811
Fazal Vegetable Ghee	Unrated	Unrated	21,486	21,486	97	97
Balance carried forward			269,991,266	218,147,509	6,018,899	6,353,533

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2011	2010	2011	2010
----- Rupees in '000 -----						
Balance brought forward			269,991,266	218,147,509	6,018,899	6,353,533
Fecto Cement Limited	Unrated	Unrated	880,337	880,337	3,433	6,382
Ferozsons Laboratories Limited	Unrated	Unrated	1,429,315	1,242,883	117,190	108,292
Ffc Bin Qasim Limited	Unrated	Unrated	10,899	9,115,897	462	325,711
First Capital Securities Corp.	Unrated	Unrated	2,048,345	2,048,345	3,810	7,292
First Dawood Investment Bank	Unrated	CCC	1,394,028	1,394,028	1,059	2,635
First Equity Modarba	Unrated	Unrated	907,135	907,135	680	1,361
First Fidelity Leasing Mod.	Unrated	Unrated	189,062	523,903	287	912
First National Equities Limited	Unrated	Unrated	121,137	121,137	329	1,066
Frontier Ceramics Limited	Unrated	Unrated	-	1,331,265	-	3,208
General Tyre & Rubber Co.	Unrated	Unrated	1,600,000	1,600,000	33,456	36,160
Ghafoor Textile Mills	Unrated	Unrated	23,424	23,424	-	-
Ghandhara Nissan Limited	Unrated	Unrated	35,131	35,131	85	173
Ghani Gases Limited	Unrated	Unrated	-	2,485,000	-	28,553
Ghani Glass Limited	Unrated	Unrated	2,746,071	261,071	28,156	12,871
Gharibwal Cement	Unrated	D	1,339,000	1,339,000	7,472	11,154
Ghulam M.Dadabhoj (Dadabhoj Padube)	Unrated	Unrated	25,278	25,278	-	-
Glaxosmithkline (Glaxo Welcome)	Unrated	Unrated	3,714,959	3,158,249	249,199	278,526
Globe Textile Mills	Unrated	Unrated	33,704	33,704	320	371
Grays Of Cambridge	Unrated	Unrated	160,985	160,985	3,703	8,048
Greaves Aircondition	Unrated	Unrated	30,080	30,080	-	-
Gul Ahmed Textile	Unrated	Unrated	-	174,034	-	5,089
Gulistan Spinning Mills	Unrated	Unrated	148,830	148,830	610	1,025
Gulistan Textile Mills	Unrated	Unrated	374,355	374,355	9,340	6,974
Gulshan Spinning Mills	Unrated	Unrated	613,190	613,190	4,078	4,292
Gypsum Corporation	Unrated	Unrated	84,176	84,176	-	-
H.Shaikh Muhammed Hussain	Unrated	Unrated	57,634	57,634	-	-
Habib Bank Limited	Unrated	AA+	5,770,198	1,801,634	612,103	219,691
Habib Bank Modaraba 1St	Unrated	AA+/A1+	1,000,000	1,500,000	7,090	12,360
Habib Metropolitan Bank	Unrated	AA+/A1+	35,765,841	29,804,868	604,085	864,043
Habib Modaraba (Ist)	Unrated	AA-	26,635	279,701	193	1,874
Habib Sugar	Unrated	Unrated	6,546,806	5,237,445	143,441	174,459
Hafiz Textile Mills	Unrated	Unrated	3,792	3,792	69	72
Haji Mohammad Ismail Mills Limited	Unrated	Unrated	1,594,650	1,594,650	1,196	1,148
Hakkim Textile Mills	Unrated	Unrated	131,445	131,445	-	66
Hala Spinning Mills Limited	Unrated	Unrated	1,639,500	1,639,500	-	-
Harum Textile	Unrated	Unrated	29,683	29,683	-	-
Hashimi Can Company	Unrated	Unrated	82,154	82,154	674	542
Highnoon Laboratories	Unrated	Unrated	235,065	213,696	6,664	6,184
Hinopak Motors Limited	Unrated	Unrated	259,462	259,462	18,175	34,223
Honda Atlas Car	Unrated	Unrated	2,482,754	2,482,754	21,451	28,800
Hub Power Company Limited	Unrated	AA+/A1+	15,355,718	10,166,956	525,166	380,346
Hub Power Company Limited	Unrated	AA+/A1+	57,740,000	-	1,974,708	-
Huffaz Seamless Pipe Ind.	Unrated	Unrated	694,269	694,269	5,617	10,838
Hyderabad Electronic	Unrated	Unrated	50,135	50,135	-	-
I.B.L. Modaraba (Ist)	Unrated	Unrated	727,077	727,077	1,454	1,302
I.C.C. Textiles Limited	Unrated	Unrated	84,016	84,016	38	106
Ibl Healthcare	Unrated	Unrated	-	150,459	-	1,235
Ibrahim Fibers	Unrated	Unrated	945,213	945,213	25,559	39,831
Ici Pakistan	Unrated	Unrated	-	1,338,795	-	193,108
I.D.B.P	Unrated	Unrated	1,011	1,011	-	-
Indus Bank Limited.	Unrated	Unrated	76	76	-	-
Indus Dyeing & Manuf.	Unrated	Unrated	267,362	267,362	101,683	87,748
Indus Polyester Co.	Unrated	Unrated	3	3	-	-
Innovative Invest. Bank Limited(Housing Finance)	Unrated	Unrated	17,952	17,952	-	-
Inter Asia Leasing Company Limited	Unrated	Unrated	50,000	50,000	-	-
International Industries Limited	Unrated	Unrated	6,265,792	6,220,417	238,163	372,292
International Knit Wear	Unrated	Unrated	60,716	60,716	247	540
International Steel Limited	Unrated	Unrated	2,915,478	-	33,849	-
Invest Capital Investment Bank Limited	Unrated	Unrated	3,705,680	3,705,680	741	2,890
Investec Securities Limited	Unrated	Unrated	50,205	50,205	-	-
Islamic Investment Bank	Unrated	Unrated	71,339	71,339	-	496
Iti Textile Mills	Unrated	Unrated	83,418	83,418	-	-
Jahangir Siddiqui Investment Company	Unrated	Unrated	31,405	31,405	83	210
Javed Omer Vohra & Co	Unrated	Unrated	859,960	859,960	980	3,440
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	3,228,503	3,228,503	13,011	35,191
Johnson & Phillips (Pak.) Limited	Unrated	Unrated	292,675	292,675	2,049	2,760
Js Bank Limited	Unrated	A/A1	-	10,436,696	-	26,927
Js Bank Limited Lor	Unrated	Unrated	10,436,696	3,368,056	17,221	34
Junaid Cotton Mills Limited	Unrated	Unrated	51,759	51,759	-	-
Kaisar Arts & Krafts	Unrated	Unrated	868,959	868,959	-	-
Karachi Electric Supply Corporation	Unrated	Unrated	1,869,225	1,869,225	2,991	5,253
Karachi Pipes	Unrated	Unrated	79,710	79,710	-	-
Karam Ceramics Limited	Unrated	Unrated	182,554	182,554	931	1,424
Karim Cotton Mills	Unrated	Unrated	56,285	56,285	-	-
Karim Silk Mills Limited	Unrated	Unrated	9,690	9,690	-	-
Kasb Bank	Unrated	A-/A2	760	760	1	2
Balance carried forward			450,579,967	337,398,700	10,842,199	9,713,061

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2011	2010	2011	2010
----- Rupees in '000 -----						
Balance brought forward			450,579,967	337,398,700	10,842,199	9,713,061
Kasb Bank (Platinum Bank)	Unrated	Unrated	917,520	917,520	1,009	2,303
Kasb Modaraba	BBB+	Unrated	-	351,473	-	580
Kaytex Mills (Saleem Denim Ind.)	Unrated	Unrated	82,575	82,575	78	79
Kaytex Mills	Unrated	Unrated	-	1,208,227	-	-
Khairpur Sugar Mills Limited	Unrated	Unrated	3,088,000	3,088,000	38,507	24,550
Khursheed Spinning Mills	Unrated	Unrated	53,900	53,900	54	86
Kohat Cement Limited	Unrated	Unrated	479,941	479,941	3,988	3,100
Kohat Textile Mills Limited	Unrated	Unrated	2,926,554	2,926,554	4,156	4,097
Kohinoor (Cotton) Textile	Unrated	Unrated	31,935	31,935	-	-
Kohinoor Energy Limited	Unrated	Unrated	135,351	135,351	2,134	2,948
Kohinoor Industries	Unrated	Unrated	4,370	4,370	4	7
Kohinoor Looms Limited	Unrated	Unrated	86,366	86,366	-	-
Kohinoor Mills Limited	Unrated	Unrated	1,240,022	31,795	1,996	94
Kohinoor Power Co.	Unrated	Unrated	147,865	147,865	223	683
Kohinoor Sugar Mills	Unrated	Unrated	366,887	366,887	1,317	1,864
Kohinoor Textile Mills Limited	Unrated	Unrated	2,054,323	2,054,323	6,944	10,313
Kot Addu Power Company Limited	Unrated	Unrated	16,748,004	9,732,978	692,028	395,938
Ksb Pumps Co.Limited	Unrated	Unrated	1,004,638	1,004,638	24,423	60,519
Lafarge Pakistan Cement	Unrated	Unrated	2,594,936	3,927,387	4,878	12,607
Lafayette Industries Synth.	Unrated	Unrated	46,765	46,765	-	-
Leiner Pak.Gelatine	Unrated	Unrated	13,900	13,900	306	207
Libaas Textile Limited	Unrated	Unrated	250,000	250,000	188	175
Lotte Pakistan PTA Limited	Unrated	Unrated	5,800,000	-	53,766	-
Lucky Cement Limited	Unrated	Unrated	1,520,953	2,250,000	114,132	170,528
Maple Leaf Cement Limited	Unrated	D	194,819	194,819	360	559
Maqbool Textile Mills	Unrated	Unrated	833,382	849,029	6,359	7,302
Mari Gas Company Limited	Unrated	Unrated	2,915,417	1,972,334	236,149	246,483
Marr Fabrics Limited	Unrated	Unrated	60,246	60,246	-	-
Masood Textile Mills Limited	Unrated	Unrated	4,593,662	-	71,661	-
Mcb Bank Limited	Unrated	AA+/A1+	2,394,526	195,489	322,303	44,677
Medi Glass Limited.	Unrated	Unrated	150,404	150,404	-	-
Meezan Bank Limited	AA-	Unrated	-	6,958	-	118
Mehar Dastgir Textile	Unrated	Unrated	24,856	24,856	50	50
Mehran Bank Limited.	Unrated	Unrated	376,390	376,390	-	-
Mehran Jute Limited	Unrated	Unrated	61,931	61,931	-	-
Merit Packaging Limited	Unrated	Unrated	-	348,637	-	8,538
Metropolitan Steel Corp (Restricted)	Unrated	Unrated	50,204	50,204	801	801
Mian Mohammad Sugar	Unrated	Unrated	87,630	87,630	-	-
Millat Tractors Limited	Unrated	Unrated	521,290	521,290	190,380	260,530
Mirpurkhas Sugar Mills	Unrated	Unrated	551,541	551,541	22,409	28,460
Mitchell'S Fruit Farms	Unrated	Unrated	286,496	286,496	23,487	21,275
Modaraba Al-Mali	Unrated	A-/A2	-	73,539	-	111
Mohib Textile Limited	Unrated	Unrated	507,080	507,080	-	-
Moonlite Pak (Blanket)	Unrated	Unrated	58,846	58,846	274	324
Morafco Limited	Unrated	Unrated	29,069	29,069	298	270
Mubarik Dairies	Unrated	Unrated	28,227	28,227	15	113
Muslim Ghee	Unrated	Unrated	181,013	181,013	-	-
Mustehkam Cement Limited	Unrated	Unrated	345,923	345,923	3,804	4,981
Mybank Limited	Unrated	Unrated	-	19,483,044	-	54,747
Myfip Videos	Unrated	Unrated	537,300	537,300	-	-
Nagina Cotton Mills Limited	Unrated	Unrated	89,498	113,499	1,351	1,835
National Asset Leasing Corporation	Unrated	Unrated	135,050	135,050	-	-
National Match Ind.	Unrated	Unrated	13,398	13,398	-	-
National Over.	Unrated	Unrated	12,471	12,471	-	-
National Refinery Limited	Unrated	AAA/A1+	513,418	1,449,398	124,601	396,831
Natover Lease & Refinace	Unrated	Unrated	371,674	371,674	-	-
Naveed Textile Mills	Unrated	Unrated	35,979	35,979	-	-
Nib (Ndlc-Ific Bank)Nib Bank Limited	Unrated	AA-/A1+	12,862,190	7,862,190	22,252	23,194
Nishat (Chunian) Limited	Unrated	A+	4,515,797	1,300,000	80,652	29,536
Nishat Chunian Power Limited	Unrated	AA-/A1+	17,801,350	19,376,860	226,967	311,774
Nishat Mills Limited	Unrated	A+/A1	11,330,410	7,757,836	458,315	497,820
Nishat Power Limited	Unrated	AA-/A1+	5,835,515	14,145,116	75,570	229,575
Noon Sugar Mills Limited	Unrated	Unrated	-	11,337	-	136
Norrie Textile Mills	Unrated	Unrated	69,557	69,557	-	-
Nowshera Engg. Works Limited	Unrated	Unrated	13,229	13,229	-	-
Nusrat Textile Mills	Unrated	Unrated	156,134	156,134	-	-
Oil And Gas Company Limited	Unrated	AAA	400,481	76,421	60,721	13,055
Olympia Spinning & Weaving	Unrated	Unrated	21,838	21,838	38	33
Olympia Textile Mills	Unrated	Unrated	-	182,618	-	365
Orix Leasing Pakistan Limited	Unrated	AA/A1+	1,689,793	1,689,793	10,730	11,609
Otsuka Pakistan	Unrated	Unrated	53,619	53,619	1,759	1,759
Pace Pakistan Limited	Unrated	D	22,364,967	17,155,335	29,074	46,834
Package Limited	Unrated	AA/A1+	2,388,163	2,388,163	197,549	307,142
Pak Datacom Limited	Unrated	Unrated	600,633	600,633	20,722	47,931
Pak Electron Limited	Unrated	A-/A2	4,599,015	4,599,015	16,051	64,570
Pak Ghee Limited	Unrated	Unrated	29,491	29,491	15	15
Pak Paper Corporation	Unrated	Unrated	52,831	52,831	-	-
Pak Suzuki Motors Limited	Unrated	Unrated	2,315,727	1,995,222	136,697	139,306
Balance carried forward			593,237,252	475,242,452	14,133,747	13,206,397

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2011	2010	2011	2010
----- Rupees in '000 -----						
Balance brought forward			593,237,252	475,242,452	14,133,747	13,206,397
Pakistan Engineering Company Limited	Unrated	Unrated	135,242	135,242	4,867	33,809
Pakistan Gum & Chemicals	Unrated	Unrated	49,460	49,460	2,016	1,091
Pakistan International Airlines Corporation "A-Class"	Unrated	Unrated	20,851,011	20,851,011	41,077	47,123
Pakistan International Container Terminal	Unrated	Unrated	-	1	-	-
Pakistan National Shipping Corporation	Unrated	Unrated	608,707	608,707	7,737	23,100
Pakistan Oil Fields Limited	Unrated	Unrated	727,933	1,176,601	252,192	348,227
Pakistan Paper Products Limited	Unrated	Unrated	158,144	158,144	4,865	7,453
Pakistan Petroleum Limited	Unrated	Unrated	180,644	292,545	30,406	63,526
Pakistan Refinery Limited	Unrated	Unrated	3,361,306	3,361,306	227,594	362,080
Pakistan Reinsurance Company Limited	Unrated	Unrated	6,459,182	-	100,117	-
Pakistan Services Limited	Unrated	Unrated	418,460	418,460	58,019	70,406
Pakistan State Oil	Unrated	AA+/A1+	1,920,537	759,421	436,365	224,166
Pakistan State Oil	Unrated	AA+/A1+	11,000,720	-	2,499,474	-
Pakistan Synthetics	Unrated	Unrated	-	1,353,626	-	12,318
Pakistan Telecommunication Company Limited	Unrated	Unrated	18,627,814	18,627,814	193,543	361,752
Pakistan Telephone Cables	Unrated	Unrated	45,969	45,969	100	108
Pakistan Tobacco	Unrated	Unrated	145,531	150,719	8,077	16,614
Pan Islamic Steamship	Unrated	Unrated	421	421	-	-
Pangrio Sugar	Unrated	Unrated	397,393	397,393	1,101	2,424
Paramount Spinning Mills	Unrated	Unrated	994,301	994,301	9,297	10,341
Pearl Fabrics Limited	Unrated	Unrated	117,121	117,121	-	-
Pervez Ahmed Securities Limited	Unrated	Unrated	301,925	301,925	229	646
Pioneer Cement Limited	Unrated	Unrated	27,405,714	27,405,714	90,439	185,537
Polyron Limited	Unrated	Unrated	76	76	-	-
Premium Textile Mills	Unrated	Unrated	184,889	184,889	4,208	5,232
Prosperity Weaving Mills Limited	Unrated	A-/A2	5,674	5,674	51	84
Prudential Investment Bank	Unrated	Unrated	166,278	166,278	-	-
Prudential Modaraba (Ist)	Unrated	Unrated	-	173,902	-	191
Punjab Building Limited	Unrated	Unrated	226,070	226,070	-	-
Punjab Cotton	Unrated	Unrated	28,648	28,648	-	-
Punjab Lamps	Unrated	Unrated	55,274	55,274	-	-
Punjab Modaraba (Ist)	Unrated	Unrated	595,224	595,224	476	1,036
Qayyum Spinning	Unrated	Unrated	36,653	36,653	-	-
Quality Steel Works	Unrated	Unrated	1,685	1,685	-	-
Quetta Textile Mills	Unrated	Unrated	9,686	9,686	355	368
Red Ball	Unrated	Unrated	10,027	10,027	-	-
Redco Textile Mills Limited	Unrated	Unrated	402,378	402,378	121	358
Regal Ceramics Limited	Unrated	Unrated	45,501	45,501	-	-
Reliance Cotton Spinning	Unrated	Unrated	-	2	-	-
Resham Textile Mills Limited	Unrated	Unrated	2,775	2,775	17	20
Rex Baren Battery	Unrated	Unrated	28,564	28,564	-	-
Rmcp	Unrated	Unrated	13	13	-	-
Ruby Textile Mills	Unrated	Unrated	311,132	311,191	2,020	1,556
Rupali Polyester Limited	Unrated	Unrated	816,483	816,483	26,536	29,393
S.G.Power	Unrated	Unrated	164,692	164,692	77	206
Sadoon Textile Mills	Unrated	Unrated	421	421	-	-
Sahrish Textile Mills	Unrated	Unrated	10,043	10,043	-	-
Saif Mix Concrete Products	Unrated	Unrated	1,600,069	3,900,069	9,376	28,471
Saif Textile Mills Limited	Unrated	Unrated	1,075,363	1,075,363	5,366	4,839
Saitex Spinning Mills	Unrated	Unrated	182,423	182,423	-	-
Sajjad Textile Mills	Unrated	Unrated	-	151,508	-	224
Salman Noman Enterprises	Unrated	Unrated	167,606	156,642	256	783
Samba Bank Limited	A+	Unrated	6,154,267	6,154,267	8,924	12,062
Samin Textile Limited	Unrated	Unrated	1,604,838	1,604,838	6,500	9,790
Sana Industries Limited	Unrated	Unrated	172,448	137,959	6,043	6,352
Sanghar Sugar Mills	Unrated	Unrated	370,115	426,969	3,886	6,148
Sanofi - Aventis Pakistan Limited	Unrated	Unrated	-	116,932	-	16,604
Sapphire Textile Mills	A	Unrated	103,227	131,446	11,216	13,277
Sardar Chemical Ind.Limited	Unrated	Unrated	75,413	75,413	90	68
Saudi Pak.Leasing Co.	D	Unrated	1,582,673	1,582,673	760	871
Schon Textiles Mills	Unrated	Unrated	131,446	131,446	-	-
Searle Pakistan Limited	BBB+	Unrated	-	467,828	-	28,074
Security Investment Bank	A	Unrated	1,160,703	1,160,703	1,451	4,852
Security Leasing Corp.	Unrated	Unrated	-	227,802	-	460
Security Papers Limited	Unrated	Unrated	935,011	935,011	33,099	41,945
Service Fabrics Limited	Unrated	Unrated	687,561	687,561	165	206
Service Industries Limited	Unrated	Unrated	842,126	842,126	164,206	202,144
Service Textile Mills	Unrated	Unrated	82,575	82,575	41	33
Shabbir Tiles & Ceramics	Unrated	Unrated	1,801,895	1,801,895	14,505	15,280
Shadab Textile Mills	Unrated	Unrated	-	-	-	-
Shahmurad Sugar Mills Limited	BBB+	Unrated	593,895	781,593	5,826	8,566
Shahpur Textile Mills	Unrated	Unrated	200,527	200,641	32	68
Shahtaj Sugar Mills	Unrated	Unrated	408,539	408,539	36,434	32,744
Shahyar (Oe) Textile Mills	Unrated	Unrated	40,023	40,023	-	-
Shahyar Textile Mills	Unrated	Unrated	113,161	113,161	-	-
Shakarganj Mills	Unrated	D	3,666,302	3,666,302	17,672	20,275
Balance carried forward			713,999,179	582,968,210	18,460,972	15,469,699

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2011	2010	2011	2010
----- Rupees in '000 -----						
Balance brought forward			713,999,179	582,968,210	18,460,972	15,469,699
Shell Gas Lpg (Burshane LPG Pakistan)	Unrated	Unrated	781,738	781,738	17,605	26,446
Shell Pakistan Limited	Unrated	Unrated	-	259,678	-	54,070
Shezan International	Unrated	Unrated	97,634	581,538	10,747	67,639
Siemens (Pakistan) Engineering Company Limited	Unrated	Unrated	681,738	514,448	720,427	644,866
Sifraq (International) Textile Mills	Unrated	Unrated	54,769	54,769	-	-
Silk Bank Limited	A-	Unrated	1,810,788	1,810,788	3,205	4,744
Sindh Alkalies Limited	Unrated	Unrated	360,212	360,212	-	-
Sindh Fine Textile Mills	Unrated	Unrated	39,603	39,603	277	277
Sitara Chemicals Industries Limited	A+	Unrated	445,814	445,814	32,188	56,953
Sitara Energy Limited	Unrated	Unrated	1,130,517	130,517	19,162	2,415
Sme Leasing Limited	BBB	Unrated	1,230,477	1,230,477	4,307	16,550
Soneri Bank Limited	Unrated	AA-/A1+	40,051,953	34,851,736	156,203	289,618
Southern Networks Limited	Unrated	Unrated	153,522	153,522	-	-
Standard Chartered Leasing Limited	Unrated	AA-/A1+	85,693	85,693	257	243
Standard Chartered Modaraba	Unrated	AA+/A1+	1,975,021	1,975,021	20,441	18,387
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	28,592,986	24,085,702	449,196	644,052
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	13,720,132	-	215,543	-
Sui Southern Gas Pipeline Company Limited	Unrated	AA-/A1+	36,090,174	14,336,708	696,179	307,092
Summit Bank Limited (Formuly Arif Habib Bank)	A	Unrated	36,908,297	11,901,405	63,482	45,344
Sunrise Textile Mills	Unrated	Unrated	7,668	-	-	-
Sunshine Cloth Mills	Unrated	Unrated	374,721	374,721	-	-
Sunshine Cotton Mills Limited	Unrated	Unrated	498,220	498,220	-	-
Suraj Cotton Mills Limited	Unrated	Unrated	-	27,384	-	274
Suraj Ghee Limited	Unrated	Unrated	27,384	-	274	-
Syed Match Ind.	Unrated	Unrated	7,162	7,162	100	95
Taga Pakistan Limited	Unrated	Unrated	48,450	48,450	-	-
Taj Textile Mills Limited	Unrated	Unrated	763,513	763,513	191	283
Tandlianwala Sugar Limited	Unrated	Unrated	17,948	17,948	951	610
Tariq Cotton Mills	Unrated	Unrated	21,907	21,907	-	-
Tata Textile Mills	Unrated	Unrated	1,056,534	1,056,535	21,870	34,897
Tawakkal Limited	Unrated	Unrated	57,297	57,297	-	-
Tawakkal Modaraba (Ist)	Unrated	Unrated	241,827	241,827	-	-
Tele Card Limited	Unrated	Unrated	5,005,876	5,005,876	4,005	11,063
Thall Limited	Unrated	Unrated	4,522,771	2,188,145	369,963	285,006
Thatta Cement Co. Limited	Unrated	Unrated	9,859,862	7,889,430	234,172	148,952
Treet Corporation	AA-	Unrated	46,395	46,395	1,807	2,786
Trg Pakistan	Unrated	Unrated	-	0	-	-
Tri Star Modaraba (Ist)	Unrated	Unrated	151,492	151,492	167	211
Tri Star Polyester	Unrated	Unrated	-	320,778	-	334
Tri-Pack Films	Unrated	A+/A1	-	-	-	-
Turbo Tec Limited (Tubes)	Unrated	Unrated	86,788	86,788	-	-
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
U.D.L. Modaraba. (Ist)	Unrated	Unrated	-	873,765	-	5,374
Unicap Modaraba.	Unrated	Unrated	178,631	178,631	54	14
Unilever (Pakistan) Limited	Unrated	Unrated	-	-	-	-
Union Insurance Co.Of Pakistan	Unrated	Unrated	156	156	-	-
United Bank Limited	AA+	Unrated	5,654,884	4,400,000	296,259	300,212
United Brands Limited (Udl Industries)	Unrated	Unrated	4,085	4,085	96	113
United Distributors Pak.	Unrated	Unrated	230,525	230,525	2,317	2,326
Unity Modaraba	Unrated	Unrated	1,000,000	1,000,000	-	-
Uqab Breeding Farms	Unrated	Unrated	70,778	70,778	-	-
Wah Noble Chemicals Limited	Unrated	Unrated	324,421	324,421	11,355	11,721
World Call Communication	Unrated	Unrated	-	-	-	-
Worldcall Telecom	Unrated	A-/A2	19,247,414	19,247,414	19,247	55,818
Yousuf Weaving Mills	Unrated	Unrated	627,427	627,427	627	941
Zafar Textiles Mills Limited	Unrated	Unrated	34,041	34,041	-	-
Zahur Cotton Mills	Unrated	Unrated	225	247,725	-	124
Zahur Textile Mills	Unrated	Unrated	210,229	210,229	-	-
Zeal Pak Cement Limited	Unrated	Unrated	247,789	247,789	-	-
Zil Limited (Zulfeqar Ind.Limited)	Unrated	Unrated	173,700	173,700	5,730	9,708
			929,182,692	723,414,458	21,839,375	18,519,257

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1.1.2.1 Ordinary Shares - Holding 10% and above Investee

Investee	Rating		Percentage of holding	No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA			2011	210			
----- Rupees in '000 -----									
Atlas Power Limited	Unrated	Unrated	10%	37,500,000	375,000	375,000	525,684	30-Jun-11	Maqsood A. Basra
Digri Sugar Mills Limited	Unrated	Unrated	19.1%	2,000,000	4,063	4,063	8,126	30-Sep-99	Mr. Naveed Ahmad Javeri
Fauji Akbar Portia	Unrated	Unrated	11.0%	30,726,666	321,076	307,267	231,570	30-Jun-11	Mr. Ahmed Kamal Rana
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	30-Jun-06	Mr. Sadruddin Hashwani
Intech International	Unrated	Unrated	18.6%	275,000	-	-	-	Not Available	Mr. Hassan Zaidi
I.D.B.P.	Unrated	Unrated	Not Available	1,011	-	-	-	Not Available	Not Available
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	31-Mar-03	Maj. General Fahim Akhter Khan
Precision Engineering	Unrated	Unrated	16.8%	15,100	-	-	-	Not Available	Mr. Zaheer Hussain
Resources and Engineering Management Corporation	Unrated	Unrated	10.0%	66,125	-	-	(484,696)	June 30, 2005	Mr. Shafaat Ahmed
Safa Rice Mills Limited	Unrated	Unrated	15.8%	450,000	-	-	-	Not Available	Mr. Pervaiz Alam
Sigma Knitting Mills	Unrated	Unrated	14.1%	500,000	-	-	-	Not Available	Not Available
					710,304	696,495	(6,793)	June 30, 1999	

Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA		2011	210			
----- Rupees in '000 -----								
Al Ameen Textile	Unrated	Unrated	30,000	328	328	-	Not Available	Not Available
Al Zamin Modarba Management/Professional Management Modaraba	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Mr. Bashir A. Chaudhry
Attock Textile Mills Limited	Unrated	Unrated	100,000	200	200	(1,412)	Sept. 30, 1998	Mr. Arshad Ali Chaudhry
Brikks Pvt Limited	Unrated	Unrated	39,050	-	-	-	Not Available	Not Available
Babri Cotton Mills Limited	Unrated	Unrated	-	3,218	-	20,473	June 30, 2011	Ali Kuli Khan Khattah
Equity Participation Fund (Face value: Rs.100 each)	Unrated	Unrated	30,000	-	-	19,939	December 31, 2008	Mr. Muhammad Akhter
F.T.C. Management	Unrated	Unrated	50,000	250	250	-	Not Available	Not Available
Fauji Oil Terminals	Unrated	Unrated	1,088,600	10,886	10,886	36,174	June 30, 2011	Engr. Mir Fateh Sultan
First Women Bank Limited	Unrated	BBB+/A	2,532,000	21,100	21,100	27,447	June 30, 2011	Lt. Gen @ Hamid Rab Nawaz
Fortune Securities Limited	Unrated	2	500,000	5,000	5,000	226,225	Dec. 31, 2010	Ms. Shafiqat Sultana
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	3,116	June 30, 2011	Mr. Qasim Lakhani
Gulistan Power Generation Limited	Unrated	Unrated	220,000	2,200	2,200	272	Sep. 30, 2002	Not available
Hazara Woolen Mills Limited	Unrated	Unrated	20,000	200	200	8,096	June 30, 2000	Mr. Abdul Shakoor
Insecta Pakistan Limited	Unrated	Unrated	50,000	-	-	-	Not Available	Not Available
JDM Textile Mills Limited	Unrated	Unrated	-	4,784	-	315	June 30, 1997	Mr. Syed Tauqeer Haider
Kaytex Mills Limited	Unrated	Unrated	377,800	3,778	3,778	43,784	June 30, 2011	Mr. LT. Gen @ Ali Kuli Khan
Mohib Textile Mills Limited	Unrated	Unrated	125,600	-	-	-	Not Available	Not Available
Muslim Ghee Mills Limited	Unrated	Unrated	181,000	-	-	-	Not Available	Not Available
Myfip Video Industries	Unrated	Unrated	537,300	-	-	-	Not Available	Not Available
National Assets Insurance Limited	Unrated	Unrated	-	-	26,793	-	Not Available	Not Available
National Construction Limited	Unrated	Unrated	149,999	250	250	597	June 30, 2005	Mr. Ali Mohammad Shaikh
National Film Development Corporation Limited	Unrated	Unrated	10,000	-	-	(1,825)	June 30, 2000	Mr. Sajjad Haider
National Industry Cooperative Bank of Gujrat	Unrated	Unrated	1	-	-	-	Not Available	Not Available
National Institution of Facilitation Technology (Pvt) Limited	Unrated	Unrated	762,995	1,526	1,526	5,128	June 30, 2011	Mr. M. M. Khan
National Investment Trust	AM-DS	Unrated	79,200	100	100	1,796	June 30, 2010	Mr. Tariq Iqbal Khan
(Face value: Rs.100 each)			18,300	183	183	-	Not Available	Not Available
National Woolen Mills Limited	Unrated	Unrated	220,133	-	-	-	Not Available	Not Available
Newyork Poly Clinic of Karachi	Unrated	Unrated	4,950	41	41	(241)	June 30, 1998	Mr. Akhter Aziz khan
Nowshera Engineering Works Limited	Unrated	Unrated	37,250	373	373	-	Not Available	Not Available
Pakistan Paper Corporation Limited	Unrated	Unrated	10,000,000	100,000	100,000	-	Not Available	Not Available
Pakistan Textile City	Unrated	Unrated	100,000	100	100	76,026	June 30, 2011	Mr. Zaheer Hussain
Pakistan Tourism Development Corporation	Unrated	Unrated	1,152,938	11,529	11,529	24,983	June 30, 1996	Not available
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	1,076,880	3,276	3,276	1,152	Dec 31, 2009	Not available
People Steel Mills Limited	Unrated	Unrated	50,000	500	500	-	Not Available	Not Available
Qadri Textile Mills Limited	Unrated	Unrated	45,737	4,589	4,589	-	Not Available	Not Available
Refrigerator Manufacturing Company Limited	Unrated	Unrated	39,729,000	132,888	132,888	-	Not Available	Not Available
Rousch Power Pakistan Limited	Unrated	Unrated	75,000	750	750	650,089	June 30, 2011	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	1,695,700	16,958	-	-	Not Available	Not Available
Rehman Cotton Mills Limited	Unrated	Unrated	5,000	287	287	107,895	June 30, 2011	Mr. LT. Gen @ Ali Kuli Khan
South Asia Regional Fund	Unrated	Unrated	100,000	271	272	-	Dec 31, 07	Mr. Jean Fondaumiere
Shoaib Capital	Unrated	Unrated	6,121,095	26,950	26,950	544	June 30, 2000	Not available
SME Bank Limited	BBB	Unrated	26,650	267	267	50,986	31-12-2010	Mr. R. A Chughtai
Star Salica Industries Limited	Unrated	Unrated	788,500	-	-	-	Not Available	Not Available
Engine System	Unrated	Unrated	150,000	-	-	-	Not Available	Not Available
Sunshine Cloth Mills	Unrated	Unrated	644,508	-	-	-	Not Available	Not Available
Transmobile Limited	Unrated	Unrated	247,100	256	256	(44)	June 30, 1997	Mr. Javed Burki
Zafar Textiles Mills Limited	Unrated	Unrated	-	330	330	-	Not Available	Not Available
				354,869	356,703			

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of shares held		Market Value	
	JCRVIS	PACRA	2011	2010	2011	2010
----- Rupees in '000 -----						
ABL Cash Fund	Unrated	Unrated	14,616,749	-	146,314	-
AH Dow Jones Safe Pak Titans 15 Index Fund	Unrated	Unrated	600,000	600,000	29,706	34,224
AKD Cash Fund	Unrated	Unrated	2,000,000	-	20,000	-
Al Falah GHP Cash Fund	Unrated	Unrated	99,237	-	49,672	-
Asian Stock Fund	Unrated	Unrated	173,705	173,705	434	994
Askari Sovereign Cash Fund	Unrated	AA+(f)	1,470,268	-	147,747	-
Dawood Islamic Fund	Unrated	4-Star	-	-	-	-
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
Faysal Savings Growth Fund	A+(f)	Unrated	32,161	25,109	3,331	2,640
First Dawood Mutual Fund	Unrated	2-Star/2-Star	5,262,059	5,262,059	8,946	10,524
First Habib Cash Fund	Unrated	Unrated	983,752	-	101,327	-
HBL Money Market Fund	Unrated	Unrated	487,509	-	50,301	-
IGI Income Fund	A+(f)	Unrated	484,841	-	48,814	-
Invest ec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
J.S Large Capital Fund	Unrated	Unrated	416,857	319,769	19,492	26,042
J.S. Growth Fund	Unrated	Unrated	-	5,340,372	-	29,639
J.S. Value Fund	Unrated	Unrated	1,832,764	1,832,764	7,881	8,742
Lakson Money Market Fund	Unrated	AA(f)	497,297	-	49,735	-
MCB Cash Optimizer Fund	Unrated	AA+(f)	1,940,028	-	199,590	-
Meezan Balanced Fund	Unrated	Unrated	5,000,000	5,000,000	45,500	37,500
NAMCO Balanced Fund	Unrated	Unrated	2,160,000	2,000,000	10,908	8,260
NIT Government Bond Fund	Unrated	Unrated	10,000,000	10,000,000	106,800	105,100
NIT Income Fund	Unrated	Unrated	29,376,653	29,376,653	316,680	309,924
Pakistan Capital Market Fund	Unrated	2-Star/3-Star	-	-	-	-
Pakistan International Element Islamic Fund	Unrated	3-Star/2-Star	-	-	-	-
Pakistan Strategic Allocation Fund	Unrated	3-Star/4-Star	3,131,319	3,131,319	24,518	26,272
PICIC Cash Fund	Unrated	Unrated	996,722	-	101,058	-
PICIC Energy Fund	Unrated	Unrated	2,133,585	2,133,585	15,191	13,996
PICIC Growth Fund	Unrated	Unrated	152,491	11,088,491	1,900	146,923
PICIC Investment Fund	Unrated	Unrated	6,216,321	6,216,321	33,879	39,847
Reliance Income Fund	Unrated	Unrated	-	-	-	-
UBL Liquidity Plus Fund	Unrated	Unrated	974,371	-	100,068	-
Unit Trust of Pakistan	Unrated	Unrated	505,260	366,259	48,737	38,156
			<u>91,958,353</u>	<u>83,133,768</u>	<u>1,812,520</u>	<u>889,909</u>

1.3 Particulars of Investments held in Preference shares

	Rating		Cumulative/ Non- cumulative	Rate	No. of certificates held		Market Value / Cost	
	JCRVIS	PACRA			2011	2010	2011	2010
----- Rupees in '000 -----								
Listed:								
Chenab Textile Mills Limited	Unrated	Unrated	Cumulative	9.25%	10,000,000	10,000,000	17,000	25,000
Nishat Chunian Limited	Unrated	Unrated	Cumulative	15.00%	737,699	737,699	18,811	15,492
Saleem Sugar Mills	Unrated	Unrated	Cumulative	6.00%	105	105	6	6
Masood Textile Mills	Unrated	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000
Maple Leaf Cement Factory	Unrated	SD	Cumulative	9.75%	112,996	112,996	542	477
Pak Elektron Limited	Unrated	A/A1	Cumulative	9.50%	10,643,642	10,643,642	124,498	106,436
					<u>26,494,442</u>	<u>26,494,442</u>	<u>210,857</u>	<u>197,411</u>
Unlisted:								
Pakistan Mercantile Exchange Limited	Unrated	Unrated	-	-	1,300,000	-	13,000	-

* Cost of the above investment amounted to Rs. 285.26 million (2010: Rs. 272.26 million)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1.4 Debentures, Bonds, Participation Term Certificates and Term finance certificates

1.4.1 Term finance certificates

Investee

Listed	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of shares held		Market Value	
					2011	2010	2011	2010
							Rupees in '000	
Allied Bank Ltd.	13.86% 6 months Kibor + 1.9%	Half yearly	December 6, 2014	AA-	9	4,409	45	21,620
Askari Bank Limited	13.39% 6 months Kibor + 1.5%	Half yearly	October 31, 2013	AA-	3,000	3,000	14,899	14,665
Azgard Nine Limited	15.80% 6 month Kibor + 2.4%	Half yearly	August 17, 2012	D	20,000	20,000	74,898	74,898
Bank Al-Falah Ltd.	15% (Fixed)	Half yearly	December 2, 2017	AA-	35,000	35,000	180,170	171,606
Bank Al-Falah Ltd.	14.43% 6 months Kibor + 2.5%	Half yearly	December 2, 2017	AA-	46,200	70,200	231,739	354,491
Bank Al-Habib Limited	10.00% 6 month Kibor + 1.5%	Half yearly	June 28, 2012	AA	40,000	40,000	120,725	189,203
Engro Fertilizer Ltd	14.37% 6 months Kibor + 2.4%	Half yearly	December 17, 2016	AA	6,000	-	30,441	-
Escorts Invest. Bank Ltd.	15.90% 6 months Kibor + 2.5%	Half yearly	March 15, 2012	BBB-/A3	6,090	6,090	6,730	15,092
Faysal Bank Ltd.	14.25% 6 months Kibor + 2.25%	Half yearly	October 11, 2017	AA-	37,800	70,000	195,384	339,422
Financial Receivable Securitization Company Limited	15.80% 6 month Kibor + 2%	Half yearly	December 27, 2013	A+	5,000	5,000	10,359	14,418
NIB Bank Ltd.	14.53% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A+	11,600	31,000	56,765	150,727
Orix Leasing Pak. Ltd.	13.42% 6 months Kibor + 1.5%	Half yearly	May 25, 2012	AA+	1,400	1,400	1,129	3,329
Saudi Pak Leasing Co.	3% (Fixed)	Half yearly	March 13, 2013	D	10,000	10,000	22,791	25,052
Searle Pakistan Ltd.	15.38% 6 months Kibor + 2.5%	Half yearly	March 9, 2011	BBB+	-	7,800	-	4,848
Soneri Bank Limited	13.50% 6 month Kibor + 1.6%	Half yearly	March 31, 2011	A+	27,000	27,000	100,361	132,373
Sumit Bank Ltd	15.16% 6 months Kibor + 3.25%	Half yearly	November 11, 2018	A	44,898	-	215,806	-
UBL 1st Issue	8.45% (Fixed)	Half yearly	June 26, 2012	AA	26,909	26,909	84,775	124,063
UBL 2nd Issue	9.49% (Fixed)	Half yearly	March 15, 2013	AA	6,500	6,500	30,883	28,472
UBL 3rd Issue	15.08% 6 months Kibor + 1.7%	Half yearly	September 8, 2014	AA	100	4,000	501	19,939
UBL 4th Issue	14.23% 6 Months Kibor +0.85%	Half yearly	February 14, 2018	AA	156,000	180,000	776,581	855,413
Balance carried forward							2,154,982	2,539,631

All term finance certificates have a face value of Rs. 5,000 each unless otherwise mentioned.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Term finance certificates - Unlisted

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of shares held		Market Value	
					2011	2010	2011	2010
							Rupees in '000	
Al Abbas Holding Co Ltd. JCL- II	6 month Kibor + 2.5%	Half yearly	August 22, 2014	Unrated	5,750	5,750	2,154,982	2,539,631
Afroze Textile Industries	6 month Kibor + 5%	Quarterly	December 29, 2019	Unrated	12	-	503,125	503,125
Agritech Limited	6 month Kibor + 1.75%	Half yearly	January 14, 2019	D	57,000	57,000	284,000	-
Agro Dairies Limited	22.00%	Overdue	Overdue	Unrated	20	20	285,000	285,000
Al-Azhar Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	-	-
Al-Qaim Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	5,168	5,168
Apex Fabrics Limited	22.00%	Overdue	Overdue	Unrated	16	16	357	357
Aqma Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	2,640	2,640
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,549	3,549
Babri Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	5	-	3,643	3,643
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	44,714	-
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	35,896	35,896
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	2,745	2,745
Bela Chemical Limited	22.00%	Overdue	Overdue	Unrated	24	24	62,669	78,337
Bentonite Pak Limited	22.00%	Overdue	Overdue	Unrated	31	31	24,595	24,595
Blue Star Spinning Mills Limited	22.00%	Overdue	Overdue	Unrated	17	17	3,417	3,417
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	2,252	2,252
Bunny's Limited	6 months Kibor + 2.5%	Overdue	December 6, 2012	Unrated	6,000	6,000	3,093	3,093
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	22,500	22,500
Chiniot Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	2,549	2,549
Danneman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,185	1,185
Faisalabad Electric Supply Co. Ltd.	6 month Kibor + 0.05%	Half yearly	February 27, 2013	Unrated	30	30	3,283	3,283
Faruki Pulp Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	-	3,000,000
Frontier Ceramics Limited	22.00%	Overdue	Overdue	Unrated	46	46	-	-
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	-	1,081
Glorex Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	1,350	1,350
Gujranwala Electric Power Co. Ltd.	6 month Kibor + 0.05%	Half yearly	February 27, 2013	Unrated	30	30	924	924
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	10	10	-	3,000,000
Ghani Holding Co.Ltd. JCL-III	6 month Kibor + 2.5%	Half yearly	August 22, 2014	Unrated	5,750	5,750	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	16	16	503,125	503,125
Jahangir Siddiqui & Company Limited	6 month Kibor + 1.60%	Half yearly	May 17, 2014	AA	40,000	40,000	511	511
Janana De Malucho Textile Mills Ltd	Zero Markup	Annually	January 1, 2017	Unrated	11	-	200,643	200,394
Javedan Cement Limited	6 month Kibor + 2.50%	Overdue	October 11, 2014	Unrated	2,500	2,500	76,470	-
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	Unrated	40,000	40,000	164,063	187,500
Kamal Ghee & Allied Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	109,172	162,297
Balance carried forward							4,238	4,238
							4,512,757	10,585,285

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

Term finance certificates - Unlisted

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of shares held		Market Value		
					2011	2010	2011	2010	
									Rupees in '000
Balance brought forward								4,512,757	10,585,285
Kiran Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24,000	24,000	-	-	-
Kiran Sugar Mills Limited	3 month Kibor + 3.00%	Quarterly	July 6, 2016	Unrated	-	-	120,000	120,000	-
Kunjah Textile Mills Limited	6 month Kibor + 3.00%	Half yearly	April 23, 2014	Unrated	20,000	20,000	89,879	89,879	-
Malik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401	-
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640	-
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	1,500	-
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306	-
Munro & Millar Mills Limited	22.00%	Overdue	Overdue	Unrated	20	20	-	-	-
National Tiles & Ceramics Limited	22.00%	Overdue	Overdue	Unrated	16	16	205	205	-
National Transmission Dispatch Co. Ltd	6 month Kibor + 1.75 %	Half yearly	March 30, 2014	Unrated	-	1,918,924	-	9,594,620	-
New Allied Electronic industries limited.	3 month Kibor + 1.50 %	Half yearly	December 31, 2020	Unrated	-	-	1,548,500	1,630,000	-
Oil & Gas Investment Limited.	6 month Kibor + 2%.	Half yearly	May 14, 2015	Unrated	188,700	188,700	940,800	943,500	-
Pakistan International Airlines Corp. Limited	6 month Kibor + 0.85%.	Half yearly	February 18, 2011	Unrated	594,619	594,976	2,972,500	2,973,095	-
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	-	1	-	95	-
Pak Libya Holding Co Pvt Ltd	6 month Kibor + 1.6%.	Half yearly	February 7, 2016	Unrated	50,000	-	249,960	-	-
Parthenon private Limited	6 month Kibor + 0.85%.	Quarterly	December 30, 2017	Unrated	1	-	1,280,486	-	-
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	-	16	-	401	-
Royal Bank of Scotland	6 month Kibor + 1.9%	Half yearly	December 29, 2012	Unrated	22,000	22,000	55,119	81,910	-
Pak Kuwait Investment Bank Ltd. F	6 month Kibor + 0.65%	Quarterly	February 22, 2011	Unrated	-	150,000	-	749,188	-
Pak Kuwait Investment Bank Ltd. G	3 month Kibor + 0.65%	Quarterly	March 23, 2011	Unrated	-	100,000	-	499,226	-
Pak Hy-Oil Ltd	6 months Kibor + 2.25%	Overdue	December 6, 2013	Unrated	40,000	40,000	150,000	150,000	-
Pak Arab Fertilizer Ltd	6 months Kibor + 2.50%	Half yearly	May 19, 2015	Unrated	900,000	900,000	3,411,285	4,538,691	-
Power Holding Private Ltd	6 months Kibor + 2%	Half yearly	September 18, 2014	Unrated	-	2,549,400	-	12,747,000	-
Power Holding A/c WAPDA	6 months Kibor + 2%	Half yearly	April 1, 2015	Unrated	-	3,000,000	-	15,000,000	-
Rehman Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	10	-	90,131	-	-
Qand Ghar (Pvt) Limited	22.00%	Outstanding	Overdue	Unrated	-	2	-	2,092	-
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	-	14	-	3,831	-
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	-	24	-	6,081	-
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	-	32	-	6,749	-
Scan Recycling (Pak) Limited	22.00%	Overdue	Overdue	Unrated	-	17	-	582	-
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	-	24	-	5,423	-
Shah Jewana Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	-	26	-	104	-
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	-	14	-	2,202	-
Sialkot Dairies	22.00%	Overdue	Overdue	Unrated	-	13	-	2,320	-
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	-	6	-	1,035	-
Sind Textile Industries	22.00%	Overdue	Overdue	Unrated	-	15	-	7,445	-
Sinsas Enterprises Limited	22.00%	Overdue	Overdue	Unrated	-	2	-	4,302	-
Star Silica International	22.00%	Overdue	Overdue	Unrated	-	16	-	1,799	-
SME Leasing Limited	3 month Kibor + 1.50%	Quarterly	July 16, 2011	BBB	-	15,000	-	18,524	-
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	-	28	-	748	-
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	-	22	-	904	-
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	-	16	-	759	-
Tharparkar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	-	5	-	23,332	-
Turbo Tubes Limited	22.00%	Overdue	Overdue	Unrated	-	2	-	67	-
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	-	16	-	1,126	-
Waleed Leather Industries Limited	22.00%	Overdue	Overdue	Unrated	-	38	-	2,196	-
Zamir Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	-	14	-	7,516	-
								15,427,469	59,808,079

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1.4.2 Debentures

	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2011	2010
-----Rupees in '000-----					
Aaj Textile Mills Limited	Outstanding	Outstanding	14%	1,005	1,005
Aaj Textile Mills Limited	Outstanding	Outstanding	12.5%	270	270
Ajax Industries Limited	Overdue	Overdue	11%	1,397	1,397
Ajax Industries Limited	Overdue	Overdue	14%	269	269
Ali Asbestose Industries Limited	Overdue	Overdue	14%	175	175
Ali Asbestose Industries Limited	Overdue	Overdue	11%	1,510	1,510
Allied Ghee Industries Limited	Overdue	Overdue	16%	-	798
Allied Ghee Industries Limited	Overdue	-	Interest free	-	572
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	156,034	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
SDA-A/C Cold Storage Haripur -1	Overdue	Overdue	12%	955	955
SDA-A/C Cold Storage Haripur -2	Overdue	Overdue	12.5%	1,170	1,170
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Outstanding	Outstanding	12.5%	200	200
Spinzer Towel Industries Limited	Outstanding	Outstanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				<u>189,354</u>	<u>190,724</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1.4.3 Participation Term Certificate

	Number of certificate(s)	Rate of interest %	Paid - up value per certificate Rupees	Cost	
				2011	2010
				-----Rupees in '000-----	
Ali Paper Industries Limited	13	17%	261,000	3,393	3,393
Alipure Jute Mills Limited	53	17%	172,113	7,081	7,081
American Marbals Limited	12	17%	104,167	448	448
Azmat Oil Industries Limited	1	17%	226,000	226	226
Annis Garments Limited	12	17%	32,917	395	395
Bhawalpur Board Mills Limited	14	17%	137,000	1,918	1,918
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Crystal Chemicals Limited	15	17%	259,800	3,897	3,897
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Co.	7	17%	268,714	1,118	1,118
Frontier Ceramics Limited	10	17%	226,200	2,262	2,262
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Leatherite Limited	14	17%	69,643	-	727
Mass Dairies Limited	11	17%	229,364	2,523	2,523
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	6,472	8,585
Punjab Building Products	12	17%	121,500	1,458	1,458
Punjab Cables Mills Limited	12	17%	388,667	3,833	3,833
Rainbow Packages Limited	23	17%	122,174	2,223	2,223
Sampak Paper Board Mills	11	17%	14,909	165	165
Sarela Cement Limited	35	17%	406,629	14,232	14,232
Shafi Woolen Industries Limited	11	17%	89,455	490	490
Sindh Glass Industries Limited	17	17%	598,765	9,457	9,457
Star Silica Industries Limited	15	17%	137,467	1,803	1,803
United Wood (Veener) Limited	15	17%	51,000	727	727
Waziristan Oil Industries Limited	13	17%	88,385	1,094	1,094
Zafar Oil Industries Limited	11	17%	65,455	720	720
				97,225	100,065

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1.4.4 Investment in Sukuk

	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2011	2010
--- Rupees in '000---					
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	13.55% 6 month Kibor - 0.25%	1,332,917	1,310,588
WAPDA Sukuk (1st Issue)	Bi-Annual	Bi-Annual	12.30% 6 month Kibor + 0.35%	20,016	-
Quetta Textile Mills Limited	Bi-Annual	Bi-Annual	14.75% 6 month Kibor + 1.5%	330,367	348,186
PIA Corporation	Bi-Annual	Bi-Annual	13.70% 6 month Kibor + 1.75%	550,000	550,000
Maple Leaf Cement Limited	Bi-Annual	Bi-Annual	13.63% 6 months Kibor + 1.7%	4,531	3,145
Islamic Banking					
WAPDA Sukuk	Bi-Annual	Bi-Annual	12.27% 6 month Kibor - 0.25%	23,963	23,098
Orix Leasing	Bi-Annual	Bi-Annual	13.27% 6 month Kibor + 1.25%	6,680	19,040
Sitara Energy	Bi-Annual	Bi-Annual	15.75% 6 month Kibor + 1.95%	10,674	22,450
Security Leasing Limited	Bi-Annual	Bi-Annual	3% (Fixed)	30,924	45,703
Kohat Cement Limited	Bi-Annual	Bi-Annual	Fixed	70,744	97,589
Arzoo Textile Limited	Bi-Annual	Bi-Annual	13.95% 6 month Kibor + 2.00%	100,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	14.06% As per SBP Publications	750,000	50,000
Engro Fertilizer Limited	Bi-Annual	Bi-Annual	14.88% 6 month Kibor + 1.50%	216,738	216,737
Sui Southren Gas Co. Limited	Quarterly	Quarterly	13.45% 3 month Kibor + 0.20%	125,386	219,945
Pakistan International Airline	Bi-Annual	Bi-Annual	13.73% 6 month Kibor + 1.75%	175,000	175,000
				<u>3,747,939</u>	<u>3,181,481</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

1.4.5 Others Government Bond Investment

	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2011	2010
--- Rupees in '000---					
CIRC	Overdue	Overdue		11,242	11,242
			Six month's T-Bill auction day on the date preceding the date of payment of return		
			8142% rate		
Overseas Bonds					
Banco Santander	On Maturity	Bi-Annual	3.72%	-	171,769
Banco Santander	On Maturity	Bi-Annual	2.99%	-	171,769
Banco Santander	On Maturity	Bi-Annual	2.99%	-	171,769
Banco Santander	On Maturity	Bi-Annual	4.82%	-	77,790
Bank of America	On Maturity	Bi-Annual	4.50%	175,421	171,769
Bank of America	On Maturity	Bi-Annual	4.50%	195,293	171,769
Bank of America	On Maturity	Bi-Annual	6.00%	44,476	213,158
Bank of America	On Maturity	Bi-Annual	6.00%	44,476	-
Bank of America	On Maturity	Bi-Annual	6.00%	111,190	-
Barclays Bank	On Maturity	Bi-Annual	5.00%	186,306	-
Barclays Bank	On Maturity	Bi-Annual	5.00%	186,306	-
BNP Paribas	On Maturity	Bi-Annual	3.31%	226,557	214,711
Citibank	On Maturity	Bi-Annual	5.50%	93,393	85,885
Citibank	On Maturity	Bi-Annual	5.13%	185,643	-
Citibank	On Maturity	Bi-Annual	5.50%	187,746	-
Citibank	On Maturity	Bi-Annual	6.00%	213,040	-
Goldman Sachs Group	On Maturity	Bi-Annual	3.63%	174,756	-
Goldman Sachs Group	On Maturity	Bi-Annual	3.63%	174,756	-
Goldman Sachs Group	On Maturity	Bi-Annual	3.63%	87,378	-
Goldman Sachs Group	On Maturity	Bi-Annual	5.35%	92,208	-
Goldman Sachs Group	On Maturity	Bi-Annual	5.45%	157,711	-
Goldman Sachs Group	On Maturity	Bi-Annual	5.35%	189,015	-
Hong Kong And Shanga	On Maturity	Bi-Annual	5.48%	-	171,942
Lloyds TSB	On Maturity	Bi-Annual	4.38%	43,294	128,827
Lloyds TSB	On Maturity	Bi-Annual	4.38%	43,294	214,711
Lloyds TSB	On Maturity	Bi-Annual	4.88%	175,319	42,932
Lloyds TSB Bank	On Maturity	Bi-Annual	4.38%	109,729	42,932
Lloyds TSB Bank	On Maturity	Bi-Annual	4.38%	175,567	-
Merrill Lynch & Co	On Maturity	Bi-Annual	5.30%	178,797	171,769
Morgan Stanley	On Maturity	Bi-Annual	3.45%	82,809	214,711
Morgan Stanley	On Maturity	Bi-Annual	6.00%	181,331	128,827
Morgan Stanley	On Maturity	Bi-Annual	3.80%	165,436	171,769
Morgan Stanley	On Maturity	Bi-Annual	4.50%	246,151	85,885
Royal Bank of Scotland	On Maturity	Bi-Annual	4.88%	88,891	85,885
Royal Bank of Scotland	On Maturity	Bi-Annual	4.88%	88,891	85,885
Royal Bank of Scotland	On Maturity	Bi-Annual	4.88%	176,383	171,769
Royal Bank of Scotland	On Maturity	Bi-Annual	3.95%	168,310	85,885
Royal Bank of Scotland	On Maturity	Bi-Annual	3.95%	84,155	-
Societe Generale	On Maturity	Bi-Annual	2.20%	169,091	-
Societe Generale	On Maturity	Bi-Annual	2.20%	169,091	-
Societe Generale	On Maturity	Bi-Annual	2.20%	169,091	-
GoP Bonds	On Maturity	Bi-Annual	6.88%	356,031	-
GoP Bonds	On Maturity	Bi-Annual	6.88%	178,016	-
GoP Euro Bond	On Maturity	Bi-Annual	7.13%	2,685,740	3,913,826
GoP Euro Bond	On Maturity	Bi-Annual	6.88%	678,902	-
Sukuk	On Maturity	Bi-Annual	6 months SIBOR+2.5%	119,925	114,511
				<u>9,259,910</u>	<u>7,282,456</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED FROM JANUARY TO DECEMBER 2011

Annexure II as referred in Note 10.6 to the financial statements

Rupees in Million

Sr. No.	Name & Address of the borrower	Name of Individuals/Partners/Directors with NIC No.	Fathers / Husband's name.	Outstanding liabilities at the beginning of the year				Principal written off	Interest/Mark-up written off	Other financial relief/waiver provided	Total (9+10+11)
				Principal	Interest/mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	Khair-ul-Sanat Cotton Ginners (Pvt) Ltd. Chak # 58/D-B Tail Wala Road Yazman.	Mr. Muhammad Latif 31202-0480881-3 Mr. Anjum Saeed 31202-9866700-7 Mr. Yousaf Ali 31205-1630125-5 Mrs. Shaista Bibi 31202-0233881-0	Muhammad Rafique Muhammad Saeed Akhtar Muhammad Ali. Muhammad Latif.	4.552	1.101	2.669	8.322	-	-	2.422	2.422
2	Hamza Karyana Store Shop No.69-B, Gulistan Colony No.2, Commercial Center No.1, Faisalabad.	Ashfaq Hussain 33100-9154366-7 Pervaiz Akhtar 33100-5120558-3	Nazir Hussain Sheikh Sheikh Nazir Hussain	1.596	0.067	0.654	2.317	-	-	0.680	0.680
3	Lyallpur Embroidery P-267, Street #18, Islam Naqar, Faisalabad.	Muhammad Ijaz, 33100-2152379-1 Qamar Saleem, 33100-6046750-1 Saif-ur-Rehman, 33100-2600346-1 Ihtisham-ul-haq, 33100-8204216-9 Muhammad Shahbaz, 33100-0989731-9	Ghulam Qadir, Ghulam Qadir, Ghulam Qadir, Ghulam Qadir,	4.732	0.491	2.236	7.459	-	0.029	1.030	1.059
4	Rafiq Azam Textile 31-Chanab Market, Madina Town, Faisalabad.	Muhammad Azam, 33103-0632336-9 Muhammad Imran Azam, 33100-0654821-7 Abdul Haque, 33100-0692372-7 Muhammad Rafiq, 33100-9913612-9	Ghulam Rasool, Muhammad Azam, Khushi Muhammad, Ghulam Rasool,	4.000	0.484	0.817	5.301	-	0.272	0.549	0.821
5	Muhammad Zahid Hussain Khan House # 54, Sir Syed Town, Scheme No.212/11, Faisalabad"	Muhammad Zahid Hussain Khan, 33100-1018142-1	Noor Muhammad	4.901	0.068	1.433	6.402	-	0.312	0.490	0.802
6	Niaz Muhammad House No.316-B, Gulistan Colony No.2, Faisalabad.	Niaz Muhammad, 33100-6269024-5	Khushi Muhammad	4.777	0.101	1.550	6.428	-	0.101	0.807	0.908
7	Munir & Sons Railway Road Gujrat.	Mujahid Munir NIC- 34201-0154664-9	Munir Ahmed	6.495	0.539	0.548	7.582	-	-	0.548	0.548
8	Syed Haris Bin Saeed Flat No.F-2, Ground Floor, Al-Ashan Appartment Block-II, KDA Scheme No.24, Gulshan-e-Iqbal, Karachi"	NIC- 42000-4085142-7	Syed Abu Saeed	1.915	0.595	-	2.510	-	-	0.595	0.595
9	Mr.Muhammad Sohail H.No.5 Row, No.6, Sub Block-B, Nazimabad No.4, Karachi"	NIC- 42201-0609514-5	Muhammad Tufail	5.180	1.997	0.601	7.778	-	-	1.524	1.524
10	Raheel Nafis Siddiqui H.No.C-18, Block#4, KDA Scheme No.5, Clifton, Karachi"	NIC- 42301-2174650-5	Nafees Ahmed Siddique	21.940	0.440	3.545	25.925	-	-	1.999	1.999
11	Waheed Ikram S/o Muhammad Shafi House No.D-53, Cantt. Bazar Malir Cantt. Karachi	Waheed Ikram 42501-0673668-5	Muhammad Shafi	3.600	1.536	0.837	5.973	-	0.828	-	0.828

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

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Rupees in Million

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				Principal	Interest/ mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
12	Muhammad Ali Rizvi S/o Syed Shahid Raza, D-308, 3rd Floor Crescent View Block-12, Gulistan-e- Jouhar, Karachi	Muhammad Ali Rizvi 42201-0641469-5	Syed Shahid Raza	1.000	0.095	0.534	1.629	-	0.523	-	0.523
13	Rehman Board Mills (Pvt) Ltd. 31.5 KM Raiwind Road, Lahore	Fazal Ahmed Javaid 35202-9809193-7 Sarwar Naseem 35202-2815722-0	Haji Fazal Elahi Fazal Ahmed Javaid	3.265	1.156	2.735	7.156	-	-	1.956	1.956
14	Broadway Carpets (Pvt) Ltd. Street No.1, 39 Nicholoso Road, Lahore.	Ghulam Haider 35202-4933376-7 Abdul Hamid 281-38-027534 Abdul Majeed 35202-2765933-1 Rashid Ahmed 35102-1024701-5 Abdul Hafeez Not available	Abdul Hamid - Haji Barkat Ali - Haji Barkat Ali - Haji Barkat Ali - Abdul Hamid	4.920	-	2.841	7.761	-	-	1.461	1.461
15	Univesal Technical Works 17 K.M. G.T. Road Momin Pura, Distt. Sheikhpura.	Tariq Nazir 35202-8218177-7 Ahsan Tariq 35202-3494339-1 Sheraz Tariq 35200-9446780-1	Nazir Ahmed - Tariq Nazir - Tariq Nazir	5.999	0.125	0.921	7.045	-	-	0.644	0.644
16	Ghansham Das Muhammadi Rice Mill Ratodero	Ghansham Das		0.239	-	0.404	0.643	0.239	-	0.404	0.643
17	Gillani Flour & General Mills 1. Registered Office: Bank Road, Muzaffarabad, AJK 2. Factory Address: Mouza Hill, Gojar Kohala, Near Kohala Bridge, Tehsil: Dhirkot, Distt: Bagh, AJK	Syed Amjad Ali Gillani 82203-8846461-1 Syed Asif Ali Gillani 82203-3237310-7 Mst. Kalsoom Fatima 82203-6090249-2	Syed Bunyad Ali Shah Syed Bunyad Ali Shah Syed Bunyad Ali Shah	6.724	3.845	-	10.569	-	-	3.845	3.845
18	Awan Electronics (Pvt) Ltd. 30-KM Raiwind Road, Lahore	Muhammad Iqbal 35202-4967479-9	Ch. Wali Muhammad	12.834	-	2.651	15.485	-	-	2.651	2.651
19	United Sugar Mills Ltd. And Pasrur Sugar Mills Ltd. 53-A, Depot Lines, Cantonment Area, Soldier Bazar, Karachi & Lahore Office: 32-N, Gulberg-II, Industrial Area, Lahore	Shaikh Abdul Wahid 42301-8051425-3 Shaikh Muhammad Saeed 42301-0869369-5 Sheikh Abdul Rauf 42201-4374272-3 Abida Saeed (Mrs.) 42301-9404381-2 Nasreen Wahid (Mrs.) 42301-489068-4 Qaiser Begum (Mrs.) 42301-8799320-2 Bilal Saeed 42301-7355556-3	Shaikh Maqbool Ahmed Shaikh Maqbool Ahmed Mian Muhammad Deen Mian Muhammad Saeed Shaikh Abdul Wahid Shaikh Maqbool Ahmed Shaikh Muhammad Saeed	41.243	-	252.443	293.686	-	-	251.295	251.295

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2011

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Rupees in Million

Sr. No.	Name & Address of the borrower	Name of Individuals/Partners/ Directors with NIC No.	Fathers / Husband's name.	Outstanding liabilities at the beginning of the year				Principal written off	Interest/ Mark-up written off	Other financial relief/ waiver provided	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
20	D.R.S. Cotton Industries & Oil Mills Ltd. Shahdadpur, Hyderabad	Jai Parakash (Mr.) 44201-0775763-5	Daulat Raam	26.556	1.021	3.387	30.964	-	-	3.987	3.987
21	Waseem Sharif Industries Village Sharif Khan Ghawar Kalay Road Tahsil Dargai Malakand	Muhammad Ejaz 37406-4527583-3 Muhammad Ishaq 15402-0701875-5 Naila Naveed 37406-0481723-4	Muhammad Sarwar Abdul Qasim Muhammad Ejaz	18.702	-	6.392	23.346	11.503	-	0.154	11.657
22	Bilal Sadiq Cotton Ginning & Pressing Factory Near: By pass Mahni Sial Kabirwala	Muhammad Sadiq 36102-6000143-7 Noor Muhammad 36102-1095649-5	Muhammad Ramzan Maher Machia	2.568	2.767	1.007	6.342	-	-	2.309	2.309
23	Rehman Fiber Opp: Railway Station Chak No.113, 10-R, Jahanian	Zahoor-ul-Haq 36101-0250878-7 Anwarul Haq 36101-0250933-1 Iftikharul Haq 36101-0556305-7	All Sons of Abdul Ghani	4.800	2.450	-	7.250	-	-	1.384	1.384
24	Ikram Solvex Inds. (Pvt) Limited 7-Kilo Meter Kusam Sir Burewala Road, Vehari	Mr. Waqar Azeem 36603-3291052-5 Mr. Muhammad Shoaib 36603-9465075-1 Mst. Naseem Ikram 36603-6047957-4 Mst. Naheed Waqar 36603-6057552-4 Mst. Fahmida Shoaib 36603-7540121-0	Ikram Ul Haq Ikram Ul Haq Ikram Ul Haq Waqar Azeem Muhammad Shoaib	5.238	3.647	5.306	14.191	-	-	2.288	2.288
			Grand Total:	197.776	21.930	294.106	512.064	11.742	2.065	283.022	296.829



NBP CASH CARD

(One Card Does It All)

Atm+Debit Card

- Use it as an ATM in any of the ATM's in Pakistan
- Use it as Debit Card in any of the outlets with ORIX POS machine across nationwide
- Cash withdrawal up to Rs. 20,000/- per day
- Account Balance Enquiry
- Mini Statement



NBP

National Bank of Pakistan

*The Nation's
Bank*