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NBP

National Bank of Pakistan

*The Nation's
Bank*

UNCONSOLIDATED

FINANCIAL STATEMENTS 2012



Unconsolidated Statement of Financial Position

As at December 31, 2012

2011 (US Dollars in '000)	2012 (US Dollars in '000)		Note	2012 (Rupees in '000)	2011 (Rupees in '000)
ASSETS					
1,355,392	1,629,781	Cash and balances with treasury banks	6	158,332,708	131,675,907
283,909	311,090	Balances with other banks	7	30,222,338	27,581,695
456,825	85,154	Lendings to financial institutions	8	8,272,645	44,380,396
3,289,060	3,536,167	Investments	9	343,537,529	319,531,213
5,404,502	6,766,682	Advances	10	657,381,154	525,045,764
282,593	287,699	Operating fixed assets	11	27,949,833	27,453,815
81,683	35,830	Deferred tax assets	12	3,480,892	7,935,497
679,091	825,140	Other assets	13	80,162,206	65,973,449
11,833,055	13,477,543			1,309,339,305	1,149,577,736
LIABILITIES					
93,718	147,892	Bills payable	14	14,367,639	9,104,710
271,454	517,250	Borrowings	15	50,250,684	26,371,675
9,546,313	10,682,328	Deposits and other accounts	16	1,037,784,947	927,421,438
-	-	Sub-ordinated loans		-	-
787	305	Liabilities against assets subject to finance lease	17	29,619	76,477
-	-	Deferred tax liabilities	12	-	-
555,349	572,608	Other liabilities	18	55,628,666	53,951,988
10,467,621	11,920,383			1,158,061,555	1,016,926,288
<u>1,365,434</u>	<u>1,557,160</u>	NET ASSETS		<u>151,277,750</u>	<u>132,651,448</u>
REPRESENTED BY					
173,117	190,429	Share capital	19	18,500,114	16,818,285
260,864	296,640	Reserves		28,818,528	25,342,817
703,645	707,320	Unappropriated profit		68,715,995	68,358,910
1,137,626	1,194,389			116,034,637	110,520,012
227,808	362,771	Surplus on revaluation of assets - net	20	35,243,113	22,131,436
<u>1,365,434</u>	<u>1,557,160</u>			<u>151,277,750</u>	<u>132,651,448</u>
CONTINGENCIES AND COMMITMENTS					
			21		

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



President /Chairman



Director



Director




Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2012

2011 (US Dollars in '000)	2012 (US Dollars in '000)	Note	2012 (Rupees in '000)	2011 (Rupees in '000)	
981,219	1,030,288	Mark-up / return / interest earned	23	100,092,132	95,325,179
499,390	580,731	Mark-up / return / interest expensed	24	56,417,827	48,515,618
481,829	449,557	Net mark-up / interest income		43,674,305	46,809,561
63,833	73,651	Provision against non-performing advances-net	10.3	7,155,149	6,201,358
32,298	8,668	Provision for diminution in the value of investments-net	9.10	842,111	3,137,768
-	-	Provision against off balance sheet obligations	18.1	-	-
96,131	82,319			7,997,260	9,339,126
385,698	367,238	Net mark-up / interest income after provisions		35,677,045	37,470,435
NON MARK-UP / INTEREST INCOME					
98,692	110,206	Fee, commission and brokerage income		10,706,506	9,587,856
17,983	37,328	Dividend income		3,626,356	1,747,073
32,244	38,120	Income from dealing in foreign currencies	25	3,703,319	3,132,461
24,603	33,149	Gain on sale and redemption of securities - net	26	3,220,442	2,390,211
(422)	(24)	Unrealized (loss) / gain on revaluation of investments classified as held-for-trading	9.11	(2,472)	(41,011)
25,944	26,713	Other income	27	2,595,171	2,520,458
199,044	245,492	Total non mark-up / interest income		23,849,322	19,337,048
584,742	612,730			59,526,367	56,807,483
NON MARK-UP / INTEREST EXPENSES					
310,009	367,853	Administrative expenses	28	35,736,823	30,117,272
5,571	3,824	Other provisions / write offs		371,514	541,186
1,419	1,650	Other charges	29	160,324	137,852
316,999	373,327	Total non mark-up / interest expenses		36,268,661	30,796,310
267,743	239,403			23,257,706	26,011,173
-	-	Extra ordinary / unusual items		-	-
267,743	239,403			23,257,706	26,011,173
94,632	77,472	Taxation - Current		7,526,333	9,193,471
2,676	-	- Prior year(s)		-	260,000
(10,778)	(4,439)	- Deferred		(431,262)	(1,047,020)
86,530	73,033		30	7,095,071	8,406,451
181,213	166,370	PROFIT AFTER TAXATION		16,162,635	17,604,722
----- US Dollars -----			----- Rupees -----		
<u>0.10</u>	<u>0.09</u>	Basic and diluted earnings per share	31	<u>8.74</u>	<u>9.52</u>

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



 President / Chairman



 Director



 Director



 Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2012

2011 (US Dollars in '000)	2012 (US Dollars in '000)	Note	2012 (Rupees in '000)	2011 (Rupees in '000)
181,213	166,370			
		Profit after taxation for the year	16,162,635	17,604,722
		Other comprehensive income:		
(8,934)	19,140	Exchange adjustments on translation of net assets of foreign branches	1,859,447	(867,899)
-	-	Income tax relating to component of other comprehensive income	-	-
(8,934)	19,140		1,859,447	(867,899)
<u>172,279</u>	<u>185,510</u>	Comprehensive income transferred to equity	<u>18,022,082</u>	<u>16,736,823</u>
		Components of comprehensive income not reflected in equity		
(24,972)	170,381	Surplus / (deficit) on revaluation of investments	16,552,465	(2,426,043)
(661)	(34,324)	Deferred tax on revaluation of investments	(3,334,531)	(64,189)
(25,633)	136,057		13,217,934	(2,490,232)
<u>146,646</u>	<u>321,567</u>	Total comprehensive income	<u>31,240,016</u>	<u>14,246,591</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 to IV form an integral part of these unconsolidated financial statements.




President /Chairman



Director



Director



Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2012

2011 (US Dollars in '000)	2012 (US Dollars in '000)	Note	2012 (Rupees in '000)	2011 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES				
267,743	239,403		23,257,706	26,011,173
(17,983)	(37,328)		(3,626,356)	(1,747,073)
<u>249,760</u>	<u>202,075</u>		<u>19,631,350</u>	<u>24,264,100</u>
Adjustments:				
13,412	14,656		1,423,789	1,302,969
323	314	11.2	30,508	31,387
63,833	73,651	11.3	7,155,149	6,201,358
32,298	8,668	10.3	842,111	3,137,768
422	25	9.10		
(6,599)	-	9.11	2,472	41,011
(207)	(1,005)	9.11	-	(641,081)
279	203	26	(97,675)	(20,138)
5,570	3,824	11.6	19,776	27,069
<u>109,331</u>	<u>100,336</u>		<u>371,514</u>	<u>541,186</u>
<u>359,091</u>	<u>302,411</u>		<u>9,747,644</u>	<u>10,621,529</u>
(Increase) / decrease in operating assets				
(220,230)	371,671		36,107,751	(21,395,240)
(71,681)	127,581		12,394,457	(6,963,792)
(553,173)	(1,431,387)		(139,058,865)	(53,740,558)
(50,430)	51,340		4,987,713	(4,899,195)
(895,514)	(880,795)		(85,568,944)	(86,998,785)
Increase in operating liabilities				
11,303	54,173		5,262,929	1,098,079
66,194	244,501		23,753,163	6,430,764
980,647	1,136,015		110,363,509	95,269,550
50,464	17,077		1,659,006	4,902,559
<u>1,108,608</u>	<u>1,451,766</u>		<u>141,038,607</u>	<u>107,700,952</u>
(146,327)	(261,332)		(25,388,305)	(14,215,505)
(279)	(204)		(19,776)	(27,069)
<u>(146,606)</u>	<u>(261,536)</u>		<u>(25,408,081)</u>	<u>(14,242,574)</u>
<u>425,579</u>	<u>611,846</u>		<u>59,440,576</u>	<u>41,345,222</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
51,056	69,318		6,734,196	4,960,038
(149,598)	(33,808)		(3,284,438)	(14,533,415)
16,121	37,328		3,626,356	1,566,153
(20,970)	(20,350)		(1,977,031)	(2,037,195)
(8,934)	19,140		1,859,447	(867,899)
(70,230)	(254,377)		(24,712,651)	(6,822,781)
1,077	1,318		128,043	104,803
(181,478)	(181,431)	11.6	(17,626,078)	(17,630,296)
CASH FLOWS FROM FINANCING ACTIVITIES				
(509)	(482)		(46,858)	(49,450)
(103,729)	(129,656)		(12,596,042)	(10,077,218)
(104,238)	(130,138)		(12,642,900)	(10,126,668)
<u>139,863</u>	<u>300,277</u>		<u>29,171,598</u>	<u>13,588,258</u>
1,495,578	1,635,447		158,883,208	145,294,950
<u>1,635,441</u>	<u>1,935,724</u>	32	<u>188,054,806</u>	<u>158,883,208</u>

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



President /Chairman



Director



Director



Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2012

	Reserves					Unappropriated Profit	Total
	Share Capital	Capital			Revenue General		
		Exchange Translation	Bonus Shares Issue	Statutory			
----- Rupees in '000 -----							
Balance as at January 1, 2011	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)
	-	(867,899)	-	-	-	17,604,722	16,736,823
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	111,850	111,850
Transfer to statutory reserve	-	-	-	1,760,472	-	(1,760,472)	-
Transactions with owners, recorded directly in equity							
Transfer for issue of bonus shares (25%)	-	-	3,363,657	-	-	(3,363,657)	-
Bonus shares issued	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
Total comprehensive income for the year							
Profit after tax for the year ended December 31, 2012	-	-	-	-	-	16,162,635	16,162,635
Other comprehensive income - Exchange adjustment on translation of foreign branches	-	1,859,447	-	-	-	-	1,859,447
	-	1,859,447	-	-	-	16,162,635	18,022,082
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	106,257	106,257
Transfer to statutory reserve	-	-	-	1,616,264	-	(1,616,264)	-
Transactions with owners, recorded directly in equity							
Transfer for issue of bonus shares (10%)	-	-	1,681,829	-	-	(1,681,829)	-
Bonus shares issued	1,681,829	-	(1,681,829)	-	-	-	-
Cash dividend paid for the year ended December 31, 2011 (Rs. 7.5 per share)	-	-	-	-	-	(12,613,714)	(12,613,714)
	1,681,829	-	-	-	-	(14,295,543)	(12,613,714)
Balance as at December 31, 2012	18,500,114	7,910,615	-	20,386,575	521,338	68,715,995	116,034,637

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






Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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 1,294 (2011: 1,277) branches in Pakistan and 23 (2011: 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 of 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. 97.1497 to 1 US Dollar has been used for 2011 and 2012 as it was the prevalent rate as on December 31, 2012.

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 provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by SBP or SECP 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.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2013:

- 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 recognised actuarial loss of Rs. 283.687 million in the profit and loss account and its net unrecognised actuarial loss at December 31, 2012 amounted to Rs. 13,325.503 million. Following the change, all actuarial gains and losses will be recorded immediately in other comprehensive income. Further, the amended IAS 19 also includes another amendment relating to elimination of the concept of vested and non vested for the recognition of past service cost. As per the amendment the past service cost should be recognised on the occurrence of the amendment in the benefit plan. Previously, the non vested portion was recognised when it becomes vested.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

Currently the non vested portion not recognised by the Banks amounts to Rs. 3,414 million which will be recognised immediately in profit and loss account in the year 2013.

- 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 would result in increased disclosures in 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 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no 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 have no 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 have no 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.
- Annual Improvements 2009–2011 (effective for annual periods beginning on or after January 01, 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations:
 - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
 - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments have no impact on financial statements of the Bank.
 - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
 - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments have no 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 amendments have no impact on financial statements of the Bank.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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.

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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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.

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.

Notes to the Unconsolidated Financial Statements

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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.

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 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.

Notes to the Unconsolidated Financial Statements

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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.

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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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 Banks' 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, 2012.

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 loans.

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 9.13 by SBP.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

Further the Bank has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline."

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 34. 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, 2012

	Note	2012 (Rupees in '000)	2011
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		15,506,218	12,134,009
Foreign currency		3,159,758	2,702,235
		<u>18,665,976</u>	<u>14,836,244</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	108,540,999	69,637,092
Local currency deposit account		29	29
		<u>108,541,028</u>	<u>69,637,121</u>
Foreign currency current account	6.2	2,797,911	2,451,020
Foreign currency deposit account	6.2	8,393,734	7,353,061
Foreign currency collection account		380,462	164,451
		<u>11,572,107</u>	<u>9,968,532</u>
With other central banks in			
Foreign currency current accounts	6.3	17,773,261	29,606,207
Foreign currency deposit accounts	6.4	1,780,336	7,627,803
		<u>19,553,597</u>	<u>37,234,010</u>
	32	<u>158,332,708</u>	<u>131,675,907</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 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.

6.4 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. These carry interest at the rate of 0.25% per annum (2011: 0.25% per annum).

7. BALANCES WITH OTHER BANKS

In Pakistan			
On current account		18,887	620
On deposit account	7.1	755,557	1,600
		<u>774,444</u>	<u>2,220</u>
Outside Pakistan			
On current accounts		11,911,368	10,008,945
On deposit accounts	7.2	17,536,526	17,570,530
		<u>29,447,894</u>	<u>27,579,475</u>
	32	<u>30,222,338</u>	<u>27,581,695</u>

7.1 These include fund placements of Islamic Banking and carry interest rates ranging from 6% to 8.50% per annum (2011: Nil).

7.2 These include various deposits with correspondent banks and carry interest rates ranging from 0.04% to 8.0% per annum (2011: 0.04% to 8.0% per annum).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	Note	2012 (Rupees in '000)	2011
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	591,800	722,400
Repurchase agreement lendings (Reverse Repo)	8.4 & 8.4.1	7,680,845	43,657,996
Letters of placement	8.5	173,500	173,500
	8.1	8,446,145	44,553,896
Less: Provision held against lendings	8.2	(173,500)	(173,500)
		<u>8,272,645</u>	<u>44,380,396</u>

8.1 Particulars of lendings - gross

In local currency	8,446,145	44,553,896
In foreign currencies	-	-
	<u>8,446,145</u>	<u>44,553,896</u>

8.2 Movement in provision held against lendings is as follows:

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

8.3 These carry mark-up [excluding zero rate lending to a financial institution amounting to Rs. 91.800 million (2011: Rs. 122.400 million) which is guaranteed by the SBP] at 9.4 % per annum (2011: rates ranging from 12% to 13.15% per annum) having maturity on January 7, 2013.

8.4 These carry mark-up at rates ranging from 9% to 9.9% per annum (2011: 11% to 12% per annum) having maturities ranging from January 2, 2013 to February 27, 2013.

8.4.1 Securities held as collateral against lendings to financial institutions

	2012			2011		
	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	2,480,845	-	2,480,845	35,301,587	-	35,301,587
Pakistan Investment Bonds	5,200,000	-	5,200,000	8,356,409	-	8,356,409
	<u>7,680,845</u>	<u>-</u>	<u>7,680,845</u>	<u>43,657,996</u>	<u>-</u>	<u>43,657,996</u>

8.4.2 Market value of the securities under repurchase agreement lendings amounts to Rs. 7,706 million (2011 Rs. 43,503 million).

8.5 These carry mark-up at rates ranging from 11.20% to 18.5% per annum (2011: 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, 2012

9. INVESTMENTS

Note	2012			2011		
	Held by bank	given as collateral	Total	Held by bank	given as collateral	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
9.1 Investments by type:						
Held-for-trading securities						
9.11						
Market Treasury Bills	535,438	-	535,438	13,042,925	-	13,042,925
Pakistan Investment Bonds	154,514	-	154,514	97,727	-	97,727
Ordinary shares of listed companies	467,489	-	467,489	388,774	-	388,774
Ijarah Sukuk Bonds	-	-	-	20,000	-	20,000
Total held-for-trading securities	1,157,441	-	1,157,441	13,549,426	-	13,549,426
Available-for-sale securities						
9.12/9.13						
Ordinary shares of listed companies	30,853,052	-	30,853,052	27,801,608	-	27,801,608
Ordinary shares of unlisted companies	1,065,173	-	1,065,173	1,065,173	-	1,065,173
	31,918,225	-	31,918,225	28,866,781	-	28,866,781
9.5						
Ordinary shares of company outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference shares	886,924	-	886,924	285,260	-	285,260
Market Treasury Bills	108,536,255	37,088,149	145,624,404	159,199,048	10,971,238	170,170,286
Pakistan Investment Bonds	47,194,206	-	47,194,206	38,097,048	-	38,097,048
GoP Foreign Currency Bonds	5,692,943	-	5,692,943	3,484,334	-	3,484,334
Foreign Currency Debt Securities	4,378,206	-	4,378,206	5,362,824	-	5,362,824
Term Finance Certificates / Musharika and Sukuk Bonds	24,893,961	-	24,893,961	19,536,942	-	19,536,942
Investments in mutual funds	3,781,964	-	3,781,964	3,464,298	-	3,464,298
Total available- for- sale securities	227,745,979	37,088,149	264,834,128	258,759,830	10,971,238	269,731,068
Held-to-maturity securities						
9.4						
Pakistan Investment Bonds	23,491,729	-	23,491,729	24,105,281	-	24,105,281
GoP Foreign Currency Bonds	871,555	-	871,555	534,046	-	534,046
Foreign Government Securities	4,701,451	-	4,701,451	793,296	-	793,296
Foreign Currency Debt Securities	376	-	376	120,272	-	120,272
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	1,896,812	-	1,896,812	2,125,567	-	2,125,567
Total held-to-maturity securities	30,961,923	-	30,961,923	27,678,462	-	27,678,462
9.6						
Investments in associates	31,221,237	-	31,221,237	7,117,374	-	7,117,374
9.7						
Investments in joint venture	1,244,835	-	1,244,835	1,244,835	-	1,244,835
9.9						
Investments in subsidiaries	4,406,750	-	4,406,750	3,452,967	-	3,452,967
	296,738,165	37,088,149	333,826,314	311,802,894	10,971,238	322,774,132
Less: Provision for diminution in value of investments						
9.10	(13,717,228)	-	(13,717,228)	(10,080,358)	-	(10,080,358)
Investments (net of provisions)	283,020,937	37,088,149	320,109,086	301,722,536	10,971,238	312,693,774
9.11	(2,472)	-	(2,472)	(41,011)	-	(41,011)
20.1	23,423,696	7,219	23,430,915	6,822,246	56,204	6,878,450
Total investments	306,442,161	37,095,368	343,537,529	308,503,771	11,027,442	319,531,213

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

9.2 Investments by segments	Note	2012	2011
		(Rupees in '000)	
Federal Government Securities			
- Market Treasury Bills		146,159,842	183,213,211
- Pakistan Investment Bonds	9.4	70,840,449	62,300,056
- GoP Foreign Currency Bonds		6,564,498	4,018,380
- Ijarah Sukuk Bonds		6,668,500	2,750,000
		230,233,289	252,281,647
Foreign Government Securities			
		4,701,451	793,296
Fully Paid up Ordinary Shares			
	9.12 / 9.13		
- Listed Companies		31,320,541	28,190,382
- Unlisted Companies		1,065,173	1,065,173
		32,385,714	29,255,555
- Ordinary shares of company outside Pakistan	9.5	463,295	463,295
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds			
- Listed		2,871,954	2,180,288
- Unlisted		17,250,319	16,752,221
		20,122,273	18,932,509
Foreign Currency Debt Securities			
		4,378,582	5,483,096
Other Investments			
- Investments in mutual funds		3,781,964	3,464,298
- Preference Shares		886,924	285,260
Investments in associates			
	9.6	31,221,237	7,117,374
Investments in joint venture			
	9.7	1,244,835	1,244,835
Investments in subsidiaries			
	9.9	4,406,750	3,452,967
Total investments at cost			
		333,826,314	322,774,132
Provision for diminution in value of investments	9.10	(13,717,228)	(10,080,358)
Investments (Net of provisions)			
		320,109,086	312,693,774
Unrealized (loss) on revaluation of investments classified as held-for-trading	9.11	(2,472)	(41,011)
Surplus on revaluation of available-for-sale securities	20.1	23,430,915	6,878,450
Total investments			
		343,537,529	319,531,213

9.3 Market value of held-to-maturity investments is Rs. 30,987 million (2011: Rs. 26,834 million).

9.4 These include Pakistan Investment Bonds amounting to Rs. 75 million (2011: Rs. 75 million) held by the SBP as pledge against demand loans and TT / DD discounting facilities.

9.5 Investment in shares of company incorporated outside Pakistan - Bank Al-Jazira

The bank holds 17,500,000 (2011: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2011: 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, 2012

			Note	2012	2011
				(Rupees in '000)	
9.6 Investments in associates					
Unlisted	Number of shares	Percentage of holding			
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
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	44,815
Tharparkar Sugar Mills Limited	2,500,000	21.50		-	-
Youth Investment Promotion Society	644,508	25.00		-	-
Khushhali Bank Limited	-	-		-	400,000
Dadabhoy 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		-	-
				226,554	626,554
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
Agritech Limited	111,925,432	28.52	9.6.1/9.6.2	3,860,613	-
AKD Opportunity Fund	3,280,254	24.55		100,000	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		1,480,580	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		3,802,224	5,130,861
NAFA Money Market Fund	2,095,291,113	89.52		20,991,307	-
NAFA Savings Plus Fund	3,000,000	5.03		31,072	31,072
			9.6.3	30,994,683	6,490,820
				31,221,237	7,117,374
Less: Provision for diminution				(1,029,952)	(620,640)
				<u>30,191,285</u>	<u>6,496,734</u>

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- 9.6.1** The 100,436,432 shares of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs. 35 per share. The market value of these shares at December 31, 2012 amounted to Rs. 11.67 per share resulting in an impairment of Rs. 2,343 million. The Bank has recorded an impairment of Rs. 234 million as mentioned in Note 9.10.4 to these financial statements.
- 9.6.2** The Bank is holding 31.5% of the shares (including preference shares) in Agritech Limited which is in excess of limit of 30% set out in Regulation R-6(2) of Prudential Regulations and section 23(2) of Banking Companies Ordinance 1962. SBP has allowed the Bank exemption from R-6(2) of Prudential Regulations. The Bank is currently carrying out a legal review to seek waiver from the Federal Government for the requirements of Section 23(2).
- 9.6.3** Aggregate value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 28,875 million (2011: Rs. 6,448 million).
- 9.6.4** 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.
- 9.6.5** 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, 2012	13,081
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2012	(3,794)
	Note	2012
		2011
		(Rupees in '000)

9.7 Investments in joint venture

United National Bank Limited (UNBL)	9.7.1	1,244,835	1,244,835
		<u>1,244,835</u>	<u>1,244,835</u>

- 9.7.1** 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.

Notes to the Unconsolidated Financial Statements

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9.8 Summary of financial information of associates and joint venture

	Based on the financial statements as on	2012				
		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2012	27,858,388	24,410,392	3,447,996	415,030	94,771
First Credit and Investment Bank Limited	December 31, 2012	1,221,078	583,742	637,336	139,198	(71,196)
AKD Opportunity Fund	September 30, 2012	342,666	7,082	335,584	99,974	86,241
Agritech Limited	December 31, 2012	43,561,430	32,233,560	11,327,870	1,538,726	(1,447,800)
NAFA Income Opportunity Fund (Formerly NAFA Cash Fund)	December 31, 2012	2,154,389	479,812	1,674,577	184,464	11,274
NAFA Multi Asset Fund	December 31, 2012	701,078	10,583	690,495	87,315	75,608
NAFA Financial Sector Income Fund	December 31, 2012	3,769,981	29,280	3,740,701	193,428	156,837
NAFA Stock Fund	December 31, 2012	1,184,624	21,432	1,163,192	300,803	273,741
NAFA Islamic Aggressive Income Fund (Formerly NAFA Islamic Income Fund)	December 31, 2012	183,568	2,575	180,993	10,257	1,553
NAFA Islamic Multi Asset Fund	December 31, 2012	328,877	5,948	322,929	52,573	36,597
NAFA Government Securities Liquid Fund	December 31, 2012	14,000,768	127,956	13,872,812	789,882	657,685
NAFA Money Market Fund	December 31, 2012	23,701,462	217,447	23,484,015	1,272,112	1,091,793
NAFA Savings Plus Fund	December 31, 2012	1,311,856	9,573	1,302,283	75,804	58,350
		2011				
		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2011	28,973,329	22,740,193	6,233,136	960,479	10,377
First Credit and Investment Bank Limited	December 31, 2011	1,351,120	664,233	686,887	69,235	(24,508)
AKD Opportunity Fund	September 30, 2011	393,546	5,420	388,126	(23,279)	(26,294)
NAFA Income Opportunity Fund (Formerly NAFA Cash Fund)	December 31, 2011	2,563,096	480,557	2,082,539	152,626	(197,591)
NAFA Multi Asset Fund	December 31, 2011	582,093	20,087	562,006	29,510	(30,799)
NAFA Financial Sector Income Fund	December 31, 2011	1,054,127	3,931	1,050,196	23,145	19,059
NAFA Stock Fund	December 31, 2011	848,289	11,631	836,658	40,114	(80,929)
NAFA Islamic Aggressive Income Fund (Formerly NAFA Islamic Income Fund)	December 31, 2011	165,447	2,504	162,943	11,721	(8,224)
NAFA Islamic Multi Asset Fund	December 31, 2011	250,280	8,309	241,971	15,017	(23,456)
NAFA Government Securities Liquid Fund	December 31, 2011	15,707,685	71,751	15,635,934	820,780	692,298
NAFA Savings Plus Fund	December 31, 2011	608,857	4,584	604,273	41,012	33,552

9.9 Investments in subsidiaries

	Note	Percentage of holding	2012 (Rupees in '000)	2011
NBP Leasing Limited		100.00	500,000	500,000
CJSC Subsidiary Bank of NBP in Kazakhstan		100.00	2,185,644	2,185,644
CJSC Subsidiary Bank of NBP in Dushanbe		100.00	953,783	-
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	336,353	336,353
			4,406,750	3,452,967
Less: Provision for diminution			(51,245)	(51,245)
			<u>4,355,505</u>	<u>3,401,722</u>

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 projections based on the budget and forecasts approved by management for 2013 - 2017. The terminal value is determined based on a growth rate of 8%. The cash flows are discounted using a pre-tax discount rate of 16%.

Notes to the Unconsolidated Financial Statements

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	Note	2012 (Rupees in '000)	2011
9.10 Particulars of provision for diminution in value of investments			
Opening balance		10,080,358	6,720,091
Charge for the year		2,843,395	3,944,886
Reversals		(2,001,284)	(807,118)
		842,111	3,137,768
Transfer		2,182,251	223,081
Amount written off	9.10.5	(977)	(582)
Other movement (transferred from interest suspense)		613,485	-
Closing balance	9.10.1	<u>13,717,228</u>	<u>10,080,358</u>
9.10.1 Particulars of provision in respect of type			
Available-for-sale securities			
Ordinary shares of listed companies and mutual funds		4,911,618	5,659,580
Ordinary shares of unlisted companies		228,347	217,675
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		5,986,861	2,689,018
Preference shares		836,924	113,000
Held-to-maturity securities			
Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		672,281	729,200
Investments in associates	9.6	1,029,952	620,640
Investments in subsidiaries	9.9	51,245	51,245
		<u>13,717,228</u>	<u>10,080,358</u>
9.10.2 Particulars of provision in respect of segments			
Fully Paid up Ordinary Shares		4,972,424	5,673,963
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9.10.3 / 9.10.4	6,659,142	3,418,218
Other investments		1,004,465	316,292
Investments in associates	9.10.4	1,029,952	620,640
Investments in subsidiaries		51,245	51,245
		<u>13,717,228</u>	<u>10,080,358</u>
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. 150 million. Accordingly, as of December 31, 2012, the accumulated increase in profit after tax of Rs. 1,070 million (2011: Rs. 920 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.		
9.10.4	The State Bank through its letter No. BPRD/BRD/-(Policy)/2013-1857 dated February 15, 2013 has allowed specific relaxation to the Bank regarding the impairment arising on shares of Agritech Limited and provision against overdue exposures of Term Finance Certificates. As per the letter, 10% of the required impairment / provision is to be recorded as on December 31, 2012 and the remaining amount is to be recorded in a phased manner up to December 31, 2013. Had this relaxation not been availed, the provision against diminution in value of investments would have been higher by Rs. 2,364 million and the profit before taxation would have been lower by the same amount.		
9.10.5 Write off / waiver of TFCs		Write off	Waiver
		(Rupees in '000)	
Scan Recycling Limited		-	582
Frontier Ceramics Limited		977	-
		<u>977</u>	<u>582</u>

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For the year ended December 31, 2012

	2012 (Rupees in '000)	2011 (Rupees in '000)
9.11 Unrealized (loss) on revaluation of investments classified as held-for-trading		
Ordinary shares of listed companies	(2,463)	(39,000)
Federal Government securities	(9)	(2,011)
	<u>(2,472)</u>	<u>(41,011)</u>
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. 4,148 million that have been frozen by the Government of Pakistan (GoP) for sale in the equity market due to their proposed privatization.		
9.13 The investment also includes shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (15,665,446 shares) and shares of Sui Northern Gas Pipeline Limited (17,095,744 shares). The cost of these shares amounts to Rs. 4,163 million and market value as at December 31, 2012 amounts to Rs. 4,035 million. SBP vide letter dated June 26, 2011 has granted exemption till December 31, 2012 for recognising impairment against these shares. These shares can not be sold without concurrence of privatisation commission.		
9.14 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.		

	Note	2012 (Rupees in '000)	2011 (Rupees in '000)
10. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		637,872,682	518,915,140
Outside Pakistan		<u>57,758,224</u>	<u>46,494,802</u>
		695,630,906	565,409,942
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		<u>15,032,338</u>	<u>11,718,036</u>
Payable outside Pakistan		<u>19,477,785</u>	<u>15,237,920</u>
		34,510,123	26,955,956
Advances - gross	10.1	<u>730,141,029</u>	<u>592,365,898</u>
Less: Provision against non-performing advances	10.3	72,759,875	67,320,134
Advances - net of provision		<u>657,381,154</u>	<u>525,045,764</u>
10.1 Particulars of advances - gross			
10.1.1 In local currency		652,905,020	530,633,176
In foreign currencies		<u>77,236,009</u>	<u>61,732,722</u>
		<u>730,141,029</u>	<u>592,365,898</u>
10.1.2 Short-term (for upto one year)		466,427,244	400,646,403
Long-term (for over one year)		<u>263,713,785</u>	<u>191,719,495</u>
		<u>730,141,029</u>	<u>592,365,898</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

10.2 Advances include Rs. 88,742 million (2011: Rs. 88,161 million) which have been placed under non-performing status as detailed below:

Category of Classification	2012								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Other Assets Especially									
Mentioned	779,608	-	779,608	-	-	-	-	-	-
Substandard	4,196,981	1,025,647	5,222,628	933,948	166,263	1,100,211	933,948	166,263	1,100,211
Doubtful	7,176,908	386,455	7,563,363	3,303,201	102,051	3,405,252	3,303,201	102,051	3,405,252
Loss	72,382,426	2,794,312	75,176,738	63,045,045	1,900,788	64,945,833	63,045,045	1,900,788	64,945,833
	<u>84,535,923</u>	<u>4,206,414</u>	<u>88,742,337</u>	<u>67,282,194</u>	<u>2,169,102</u>	<u>69,451,296</u>	<u>67,282,194</u>	<u>2,169,102</u>	<u>69,451,296</u>
	----- Rupees in '000 -----								
	2011								
Category of Classification	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>

10.3 Particulars of provision against non-performing advances

Note	2012			2011		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000 -----					
Opening balance	63,476,311	3,843,823	67,320,134	57,337,200	3,765,432	61,102,632
Foreign exchange adjustments	40,450	41,641	82,091	(33,992)	(1,570)	(35,562)
Charge for the year	10,867,491	22,527	10,890,018	9,790,721	258,277	10,048,998
Reversal during the year	(2,703,783)	(1,031,086)	(3,734,869)	(3,669,324)	(178,316)	(3,847,640)
	8,163,708	(1,008,559)	7,155,149	6,121,397	79,961	6,201,358
Transfer in / (out)	(2,182,251)	-	(2,182,251)	478,202	-	478,202
Amounts written off	(828)	-	(828)	(256,574)	-	(256,574)
Amount charged off	(281,094)	-	(281,094)	(169,922)	-	(169,922)
Other adjustments	235,000	431,674	666,674	-	-	-
Closing balance	<u>69,451,296</u>	<u>3,308,579</u>	<u>72,759,875</u>	<u>63,476,311</u>	<u>3,843,823</u>	<u>67,320,134</u>

10.4 Particulars of provisions against non-performing advances

In local currency	67,282,193	2,791,822	70,074,015	61,216,198	3,339,558	64,555,756
In foreign currencies	2,169,103	516,757	2,685,860	2,260,113	504,265	2,764,378
	<u>69,451,296</u>	<u>3,308,579</u>	<u>72,759,875</u>	<u>63,476,311</u>	<u>3,843,823</u>	<u>67,320,134</u>

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- 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 erosion resulted in decrease in profit after tax of Rs. 1,056 million. Accordingly, as of December 31, 2012, the accumulated profit after tax of Rs. 4,353 million (2011: Rs. 5,039 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. 736 million (2011: Rs. 1,538 million).
- 10.4.3** The State Bank of Pakistan has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans.
- 10.4.4** The State Bank through its letter No. BPRD/BRD/-(Policy)/2013-1857 dated: February 15, 2013 has allowed specific relaxation to the Bank regarding the provisioning requirement against Azgard Nine Limited and Agritech Limited exposures. As per SBP letter, 10% of the provision required is to be maintained as at December 31, 2012. Remaining provision is to be recorded upto December 31, 2013 in a phased manner. Had this relaxation not been there, the specific provision against non-performing loans would have been higher by Rs. 498 million and profit before taxation would have been lower by the same amount.
- 10.4.5** Further, the State Bank of Pakistan through its letter No. BPRD/BRD/HBL/2012/8653 dated: July 16, 2012 has also allowed deferral for classification and provisioning of outstanding liabilities of Byco Petroleum (Pvt.) Limited (BPPL) up to December 31, 2012 subject to completion of restructuring of the same on or before December 31, 2012. In this respect, the Consortium have reached a restructuring arrangement with BPPL and a term sheet has been signed by the borrower and Consortium banks. The Restructuring Agreements are currently in process of legal vetting by the respective banks' legal counsel and the restructuring would be effective from January 01, 2013.

	Note	2012	2011
		(Rupees in '000)	
10.5 Particulars of write offs			
10.5.1 Against provisions	10.3	828	256,574
		<u>828</u>	<u>256,574</u>
10.5.2 Write offs of Rs. 500,000 and above	10.6	-	11,742
Write offs of below Rs. 500,000		828	244,832
		<u>828</u>	<u>256,574</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, 2012 is given in Annexure II.

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		2012	2011
		(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	19,605,883	19,379,753
	Loans granted / additions during the year	9,657,393	3,386,182
	Repayments	(2,770,206)	(3,160,052)
	Balance at end of the year	<u>26,493,070</u>	<u>19,605,883</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	10,007,468	17,479,250
	Adjustment due to retirement / appointment of directors	6,523,340	(7,914,702)
	Loans granted / additions during the year	7,632,972	1,635,668
	Repayments / other adjustments	(13,672,849)	(1,192,748)
	Balance at end of the year	<u>10,490,931</u>	<u>10,007,468</u>
	Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:		
	Balance at beginning of the year	1,611,443	1,761,206
	Adjustment due to acquisition	2,902,069	-
	Loans granted / additions during the year	733,603	-
	Repayments	(144,539)	(149,763)
	Balance at end of the year	<u>5,102,576</u>	<u>1,611,443</u>
11.	OPERATING FIXED ASSETS		
	Capital work-in-progress	11.1	2,373,901
	Property and equipment	11.2	25,534,646
	Intangible assets	11.3	41,286
			<u>27,949,833</u>
			<u>27,453,815</u>
11.1	Capital work-in-progress		
	Civil works	1,196,306	1,460,038
	Equipment	3,342	3,144
	Advances to suppliers and contractors	22,622	25,466
	License and implementation fee for core banking software	1,151,631	1,000,993
		<u>2,373,901</u>	<u>2,489,641</u>

Notes to the Unconsolidated Financial Statements

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11.2 Property and equipment

	Cost / revalued amount			Accumulated depreciation				Book Value at December 31, 2012	Rate of depreciation
	At January 1, 2012	Revaluation / transfers	Additions / (deletions) (adjustments)	At December 31, 2012	At January 1, 2012	Charge for the year / (deletions) (adjustments)	At December 31, 2012		
----- Rupees in '000 -----									
Owned									
Land									
- freehold	9,583,775	-	-	9,581,016	-	-	-	9,581,016	Nil
			(2,759)						
- leasehold	7,371,865	-	-	7,371,865	-	-	-	7,371,865	Nil
Buildings on land:									
- freehold	2,617,044	-	131,802	2,748,846	363,054	118,242	-	481,296	5% on book value
- leasehold	2,470,887	-	503,002	2,973,889	327,273	126,389	-	453,662	5% on book value
Furniture and fixtures	2,522,105	-	398,741 (14,805)	2,906,041	1,393,155	217,432 (10,865)	-	1,599,722	10% to 30% on book value, 20% on straight-line on new furnishing limit to executives and refurbishment of branches
Computer and peripheral equipment	2,368,427	-	729,082 (247)	3,097,262	1,956,189	483,697 (230)	-	2,439,656	33.33% on cost
Electrical and office equipment	2,787,954	-	88,463	2,876,417	1,810,237	183,708	-	1,993,945	20% on book value
Vehicles	1,231,803	-	248,085 (145,146)	1,334,742	696,177	124,888 (128,435)	-	692,630	20% on cost
	30,953,860	-	2,099,175 (160,198) (2,759)	32,890,078	6,546,085	1,254,356 (139,530)	-	7,660,911	25,229,167
Assets held under finance lease									
Vehicles	202,645	-	-	184,674	90,448	33,302 (13,051)	-	110,699	73,975 20% on cost
Assets given under ijarah									
Machinery	565,175	-	(44,991)	520,184	198,478	136,261 (40,466)	-	291,273	228,911 25-33% on cost
Vehicles	10,627	-	(2,472)	8,155	4,916	2,871 (2,225)	-	5,562	2,593 25-33% on cost
2012	31,732,307	-	2,099,175 (225,632) (2,759)	33,603,091	6,839,927	1,423,790 (195,272)	-	8,068,445	25,534,646

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

11.2.1 Property and equipment

	Cost / revalued amount			Accumulated depreciation			Book		Rate of depreciation	
	At January 1, 2011	Revaluation / * transfers * (adjustments)	At December 31, 2011	At January 1, 2011	Charge for the year / (deletions) * (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 branch
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, 2012

11.3 Intangible assets

	Cost			Accumulated depreciation			Book value at December 31, 2012	Rate of amortization
	At January 1, 2012	Additions	At December 31, 2012	At January 1, 2012	Charge for the year	At December 31, 2012		
----- Rupees in '000 -----								
Computer software	127,239	-	127,239	55,445	30,508	85,953	41,286	33.33 %
	<u>127,239</u>	<u>-</u>	<u>127,239</u>	<u>55,445</u>	<u>30,508</u>	<u>85,953</u>	<u>41,286</u>	on cost

	Cost			Accumulated depreciation			Book value at December 31, 2011	Rate of amortization
	At January 1, 2011	Additions	At December 31, 2011	At January 1, 2012	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

- 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	549,321
leasehold	522,421

The Bank is currently in the process of analysing the valuations conducted for its domestic properties during the last quarter of 2012. These valuations will be recorded on completion of analysis.

- 11.5** The Islamic Banking Branches of the Bank have not entered into any new Ijarah transactions with customers during the year. The rate of profit is 6 months KIBOR + 2.75% (2011: 6 months KIBOR + 2.75% and 3 months KIBOR + 1.3%).

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

	2012	2011
	(Rupees in '000)	
Not later than one year	138,640	161,773
Later than one year but not later than five years	155,075	261,082
	<u>293,715</u>	<u>422,855</u>

11.6 Details of disposals of property and equipment

Details of disposals of property and equipment made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the Bank or any related party, irrespective of the value, or where original cost or the book value exceeds Rupees one million or two hundred fifty thousand rupees respectively, whichever is lower are given in Annexure III.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

12. DEFERRED TAX ASSETS - net	Note	2012 (Rupees in '000)	2011
Deductible temporary difference on:			
Provision for diminution in the value of investments		2,994,282	2,684,890
Provision against advances		4,057,188	6,424,530
Other provision		953,967	521,225
Charge against defined benefits plans		1,883,725	1,468,297
Unrealised loss on derivatives		198,408	-
Provision against off-balance sheet obligation		116,622	116,622
		10,204,192	11,215,564
Taxable temporary differences on:			
Excess of accounting book value of leased assets over lease liabilities		(15,525)	(12,502)
Difference between accounting book value of operating fixed assets and tax base		(462,217)	(299,322)
Revaluation of securities	20.1	(5,149,446)	(1,814,915)
Revaluation of operating fixed assets	20.2	(1,096,112)	(1,153,328)
		(6,723,300)	(3,280,067)
		3,480,892	7,935,497
Net deferred tax assets			

12.1 Movement in temporary differences during the year

	January 1, 2011	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	December 31, 2011	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	December 31, 2012
----- (Rupees in '000) -----							
Deferred tax assets arising in respect of:							
Provision for diminution in the value of investments	1,586,671	1,098,219	-	2,684,890	309,392	-	2,994,282
Provision against advances	6,189,551	234,979	-	6,424,530	(2,367,342)	-	4,057,188
Other provision	331,809	189,416	-	521,225	432,742	-	953,967
Charge against defined benefits plans	1,156,724	311,573	-	1,468,297	415,428	-	1,883,725
Unrealised loss / (gain) on derivatives	942,204	(942,204)	-	-	198,408	-	198,408
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
	10,323,581	891,983	-	11,215,564	(1,011,372)	-	10,204,192
Less: Deferred tax (liabilities) arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(15,469)	2,967	-	(12,502)	(3,023)	-	(15,525)
Difference between accounting book value of operating fixed assets and tax base	(391,165)	91,843	-	(299,322)	(162,895)	-	(462,217)
Revaluation of securities	(1,750,726)	-	(64,189)	(1,814,915)	-	(3,334,531)	(5,149,446)
Revaluation of operating fixed assets	(1,213,555)	60,227	-	(1,153,328)	57,216	-	(1,096,112)
	(3,370,915)	155,037	(64,189)	(3,280,067)	(108,702)	(3,334,531)	(6,723,300)
Net deferred tax assets	6,952,666	1,047,020	(64,189)	7,935,497	(1,120,074)	(3,334,531)	3,480,892

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	Note	2012 (Rupees in '000)	2011
13. OTHER ASSETS			
Income / mark-up accrued in local currencies		19,958,060	19,739,324
Income / mark-up accrued in foreign currencies		1,013,621	760,809
Advances, deposits, advance rent and other prepayments	13.1	2,798,749	2,522,553
Advance taxation (payments less provisions)		21,137,199	5,901,554
Income tax refunds receivable		20,678,943	16,501,280
Compensation for delayed refund receivable	13.6	736,059	1,935,092
Federal Excise Duty Receivable from SBP		1,579,363	-
Receivable from GoP		-	5,648
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		340,883	372,854
Branch adjustment account - net		1,039,396	3,355,696
Unrealized gain on forward foreign exchange contracts		664,096	2,944,752
Receivable on account of Cross Currency SWAPs		-	2,725,638
Commission receivable		3,849,394	3,344,118
Stationery and stamps on hand		316,922	246,583
Non-banking assets acquired in satisfaction of claims	13.2	1,423,833	1,183,587
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.3	323,172	323,172
Receivable from Government under VHS scheme	13.4	418,834	418,599
Receivable from pension fund	34.1.2	3,203,142	4,050,405
Prize bonds in hand		323,691	296,133
Receivable for sale of shares		205,109	34,546
Others		4,280,344	3,021,717
		<u>84,486,209</u>	<u>69,879,459</u>
Less: Provision held against other assets			
Income / mark-up accrued in local currency / foreign currencies		296,729	296,729
Advances, deposits, advance rent and other prepayments		800,000	800,000
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.3	323,172	323,172
Receivable from Government under VHS scheme	13.4	418,834	418,599
Non-banking assets acquired in satisfaction of claims		40,256	-
Others		2,153,071	1,775,569
	13.5	<u>4,324,003</u>	<u>3,906,010</u>
Other assets (net of provision)		<u>80,162,206</u>	<u>65,973,449</u>

13.1 This includes Rs. 800 million (2011: Rs. 800 million) advance against Pre-IPO placement of Term Finance Certificates.

13.2 The market value of non-banking assets acquired in satisfaction of claims is Rs. 1,427 million.

13.3 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.

13.4 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, 2012

	Note	2012 (Rupees in '000)	2011
13.5 Provision against other assets			
Opening balance		3,906,010	3,769,121
Charge for the year		371,514	339,884
Transfer		46,479	(46,477)
Reversals		-	(154,658)
Write offs		-	(1,860)
Closing balance		<u>4,324,003</u>	<u>3,906,010</u>
13.6 Movement in Compensation for delayed refund			
Opening balance		1,935,092	1,856,256
Accrued during the year		2,223,995	2,280,430
Realized during the year		(3,423,028)	(2,201,594)
Closing balance		<u>736,059</u>	<u>1,935,092</u>
14. BILLS PAYABLE			
In Pakistan		13,938,468	9,001,765
Outside Pakistan		429,171	102,945
		<u>14,367,639</u>	<u>9,104,710</u>
15. BORROWINGS			
In Pakistan		49,750,444	25,696,333
Outside Pakistan		500,240	675,342
	15.1 & 15.2	<u>50,250,684</u>	<u>26,371,675</u>
15.1 Particulars of borrowings with respect to currencies			
In local currency		49,750,444	25,696,333
In foreign currencies		500,240	675,342
	15.2	<u>50,250,684</u>	<u>26,371,675</u>
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan:			
Under Export Refinance Scheme		8,341,318	5,058,654
Under Export Refinance Scheme (New Scheme)		-	3,234,278
Under Long-Term Financing under Export Oriented Project (LTF-EOP)		251,047	568,868
Refinance Facility for Modernization of SMEs		15,760	19,700
Financing Facility for Revival of SMEs & Agricultural Activities in Flood affected areas		27,000	-
Financing Facility for storage of Agriculture Produce (FFSAP)		387,103	434,440
Under Long-Term Financing Facility (LTFF)		2,549,657	2,045,232
		<u>11,571,885</u>	<u>11,361,172</u>
Repurchase agreement borrowing		37,053,495	11,011,456
		<u>48,625,380</u>	<u>22,372,628</u>
Unsecured			
Call borrowings		1,054,264	3,553,853
Overdrawn nostro accounts	32	500,240	374,394
Others		70,800	70,800
		<u>1,625,304</u>	<u>3,999,047</u>
		<u>50,250,684</u>	<u>26,371,675</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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 carry mark-up ranging from 8.2% to 9.5% (2011: 5% to 10%).
- Call borrowings carry interest ranging from 7% to 11.9% per annum (2011: 11.25% to 13.10% per annum).
- Repurchase agreement borrowings carry mark-up at the rates ranging from 6.5% to 12% per annum (2011: 11.62% to 11.64% per annum) having maturity ranging from January 2, 2013 to January 4, 2013.
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2011: 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.

	Note	2012	2011
		(Rupees in '000)	
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		235,122,460	257,375,642
Savings deposits		313,013,489	232,868,076
Current accounts - remunerative		96,510,387	80,724,968
Current accounts - non-remunerative		229,071,513	214,069,549
		873,717,849	785,038,235
Financial Institutions			
Remunerative deposits		76,043,464	65,183,827
Non - remunerative deposits		88,023,634	77,199,376
		164,067,098	142,383,203
	16.1	<u>1,037,784,947</u>	<u>927,421,438</u>
16.1 Particulars of deposits			
In local currency		863,449,095	761,982,819
In foreign currencies [including deposits of foreign branches of Rs. 132,251 million (2011: Rs. 119,925 million)]		174,335,852	165,438,619
		<u>1,037,784,947</u>	<u>927,421,438</u>

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2012			2011		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	(Rupees in '000)			(Rupees in '000)		
Not later than one year	31,484	2,300	29,184	58,119	10,384	47,735
Later than one year and but not later than five years	462	27	435	31,024	2,282	28,742
	<u>31,946</u>	<u>2,327</u>	<u>29,619</u>	<u>89,143</u>	<u>12,666</u>	<u>76,477</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 + 3.25% to KIBOR + 3.50% per annum (2011: KIBOR + 0.9% to KIBOR + 5.00% per annum). At the end of lease term, the Bank has option to acquire the assets, subject to adjustment of security deposits.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	Note	2012 (Rupees in '000)	2011
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		16,737,698	14,660,584
Mark-up / return / interest payable in foreign currencies		255,477	231,953
Unearned commission and income on bills discounted		137,529	103,571
Accrued expenses		3,868,881	2,547,470
Advance payments		266,446	37,321
Unclaimed dividends		77,186	59,514
Derivatives:			
Unrealized loss on forward foreign exchange contracts		2,304,082	998,305
Unrealized loss on cross currency swaps			1,609,555
Provision against off balance sheet obligations	18.1	454,026	454,026
Employee benefits:			
Post retirement medical benefits	34.1.3	4,972,357	4,223,433
Compensated absences	34.2.1	3,795,006	3,148,005
Benevolent fund	34.1.4	1,418,262	1,156,499
Gratuity scheme	34.1.5	389,792	234,340
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Payable on account of cross currency swaps		-	4,014,936
Barter trade agreements		13,160,470	12,392,801
Special separation package		78,422	78,422
Payable to GoP for acquisition of assets from CIRC		-	232,460
Payable to brokers		29,840	-
Others [(including provision of Rs. 812 million (2011: Rs. 756 million) for contingencies)]		7,311,935	7,397,536
		<u>55,628,666</u>	<u>53,951,988</u>
18.1 Provision against off balance sheet obligations			
Opening balance		454,026	454,026
Charge for the year		-	-
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

2011	2012		2012	2011
Number of shares			(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

		Ordinary shares of Rs.10 each		
140,388,000	140,388,000	Fully paid in cash	1,403,880	1,403,880
1,541,440,500	1,709,623,327	Issued as fully paid bonus shares	17,096,234	15,414,405
<u>1,681,828,500</u>	<u>1,850,011,327</u>		<u>18,500,114</u>	<u>16,818,285</u>

The Federal Government and the SBP held about 75.60% (2011: 75.60%) shares of the Bank as at the year ended December 31, 2012.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	2012	2011
	Number of shares	
19.3 Shares of the Bank held by its associates		
Following shares were held by the associates of the Bank as of year end:		
NAFA Multi Asset Fund	289,562	309,522
NAFA Stock Fund	1,082,921	303,274
NAFA Savings Plus Fund	488,262	-
	790,500	-
	<u>2,172,962</u>	<u>612,796</u>

	Note	2012	2011
		(Rupees in '000)	
20. SURPLUS ON REVALUATION OF ASSETS - net			
Available-for-sale securities	20.1	18,281,469	5,063,535
Fixed assets	20.2	16,961,644	17,067,901
		<u>35,243,113</u>	<u>22,131,436</u>
20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax			
Federal Government securities		3,101,128	500,745
Term Finance Certificates and Sukuks		33,546	(74,545)
Shares and mutual funds		8,226,765	42,245
GoP Foreign Currency Bonds		525,995	(119,692)
Foreign Government Securities		175,672	(121,529)
Investment outside Pakistan		11,367,809	6,651,226
		23,430,915	6,878,450
Deferred tax liability recognized	12	(5,149,446)	(1,814,915)
		<u>18,281,469</u>	<u>5,063,535</u>
20.2 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation on January 1,		18,221,229	18,393,306
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(106,257)	(111,850)
Related deferred tax liability		(57,216)	(60,227)
		<u>(163,473)</u>	<u>(172,077)</u>
		18,057,756	18,221,229
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,153,328	1,213,555
Incremental depreciation charged during the year transferred to profit and loss account		-	-
		<u>(57,216)</u>	<u>(60,227)</u>
	12	1,096,112	1,153,328
Surplus on revaluation on December 31,		<u>16,961,644</u>	<u>17,067,901</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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 on behalf of:

	2012	2011
	(Rupees in '000)	
- Government	1,103,476	3,677,940
- Financial institutions	2,942,475	5,361,703
- Others	23,757,593	21,588,873
	<u>27,803,544</u>	<u>30,628,516</u>

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 on behalf of:

	2012	2011
	(Rupees in '000)	
- Government	16,025,989	14,457,548
- Financial institutions	12,152,062	9,825,641
- Others	23,035,919	13,282,900
	<u>51,213,970</u>	<u>37,566,089</u>

21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

- Government	127,279,552	132,102,571
- Financial institutions	591	591
- Others	39,165,883	37,349,557
	<u>166,446,026</u>	<u>169,452,719</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. 186 million (2011: Rs.183 million), claims relating to former Mehran Bank Limited amounting to Rs. 965 million (2011: Rs. 965 million) and claims relating to employees, the amount involved can not be ascertained reasonably].

9,791,338	8,704,944
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21.4.2 Taxation

The tax returns of the Bank have been filed and amended by the tax authorities up to Tax Year 2012. For Azad Kashmir Branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2012.

During the year, tax authorities have further amended the assessment orders under section 122(5A)/122(9) of the Income Tax Ordinance, 2001 in respect of tax years 2008, 2009, 2010, 2011 and 2012. The main issue raised relates to reversal of provision of bad debts which in the view of bank has already been offered for tax and the additions have resulted in double taxation of the same amount.

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The other matters under contingencies include 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. 11,211 million (December 31 2011: Rs. 5,453 million). No provision has been made against the aforementioned matters based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

In respect of monitoring of withholding taxes under section 149, 150 and 151 for the tax years 2009, 2010 and 2011, the tax department has passed orders in June 2011 creating an aggregate demand of Rs. 3.2 Billion in respect of all three years. Subsequently, the tax department has rectified the above orders and the demand has been reduced to Rs. 1 billion for all three years which is subject to further rectification. An appeal is also pending before the Appellate Tribunal Inland Revenue on legal grounds.

The tax department have also passed orders under provisions of the FED Act in respect of the Federal Excise Duty payable on the services rendered by the bank for the tax years 2007, 2008, 2009, 2010 and 2011 raising total demand of Rs. 3.251 billion for those periods. These demands were raised primarily on the issues of chargeability of FED on the commission income derived from the treasury services provided to the State Bank of Pakistan/ Federal Government of Pakistan. Appeals have been filed before various appellate forums including reference and constitutional petitions before High Court of Sindh; wherein apart from other legal grounds, the principal ground is levy of duty on service which are not specified in the First Schedule to the Customs Act, 1969 and specially for Tax year 2011 levy of duty by FBR on services provided in province of Sindh after promulgation of Sindh Sales Tax on Services Act, 2011.

The Bank is also contesting levy of Sindh Sales Tax amounting to Rs. 171.45 million for the period from July, 2011 to March, 2012 on the services provided to Federal Government through State Bank of Pakistan in the province of Sindh, principally on the ground that the Federal Government/State Bank of Pakistan cannot be subject to provincial levy under the provisions of the Constitution of the Islamic Republic of Pakistan.

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 has 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.

Honourable Lahore and Sindh 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 Honourable Lahore and Sindh High Courts. The said appeals have been accepted by the Honourable Supreme Court and the judgment of Honourable Lahore and Sindh High Courts have been set-aside.

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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.

In view of the judgment of Supreme Court disallowing any further claim by the optees or Golden Handshake in excess of what had been paid to them and in view of their undertaking that the amount had been correctly worked out they shall not claim any financial or other benefits, the pending cases are likely to be dismissed by the High Courts by following the verdict of the apex Court.

	2012	2011
	Number of shares	
21.5 Commitments in respect of forward exchange contracts		
Purchase	176,517,384	160,587,401
Sale	96,414,777	106,748,426
21.6 Commitments in respect of trading in government securities		
Purchase (reverse repo)	-	2,000,000
21.7 Commitments for the acquisition of operating fixed assets	1,626,783	1,643,221
21.8 Other commitments		
Cross currency swap	-	3,410,259
Professional services to be received	78,237	147,669

22. DERIVATIVE INSTRUMENTS

The bank has been 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.

Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions. 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.

At December 31, 2012 there were no outstanding derivative transactions other than forward foreign exchange contracts as disclosed in note 21.5.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	2012	2011
	(Rupees in '000)	
23. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	70,598,584	62,024,018
Financial institutions	1,405,554	1,624,155
	<u>72,004,138</u>	<u>63,648,173</u>
On investments in:		
Held-for-trading securities	994,767	1,072,126
Available-for-sale securities	22,316,204	26,578,088
Held-to-maturity securities	2,532,476	1,200,266
	<u>25,843,447</u>	<u>28,850,480</u>
On deposits with financial institutions	280,899	581,686
On securities purchased under resale agreements	1,963,648	2,244,840
	<u>100,092,132</u>	<u>95,325,179</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	52,374,377	45,701,466
Securities sold under repurchase agreements	3,007,448	1,501,188
Short-term borrowings	1,036,002	1,312,964
	<u>56,417,827</u>	<u>48,515,618</u>

25. INCOME FROM DEALING IN FOREIGN CURRENCIES

This includes Rs. 8,345 million (2011: Rs. 5,558 million) on account of interest on Foreign Exchange Swap transactions charged by Foreign Exchange department to Treasury Department.

	Note	2012	2011
		(Rupees in '000)	
26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net			
Federal government securities			
Market Treasury Bills		352,543	269,822
Pakistan Investment Bonds		162,085	(78,059)
GoP Ijara Sukuks		33,503	4,500
		<u>548,131</u>	<u>196,263</u>
Gain on Redemption of NIT Units-LOC Holders' Fund		-	641,081
Gain on NIT - MOF		45,087	44,715
Shares and Mutual Funds		2,049,862	1,508,152
Gain on Sale of Foreign Government / debt securities		163,134	-
Gain on sale of Associate		414,228	-
		<u>3,220,442</u>	<u>2,390,211</u>

27. OTHER INCOME

Rent on property		74,042	33,652
Gain on sale of property and equipment	11.6	97,675	20,138
Compensation for delayed refunds		2,223,995	2,280,430
Miscellaneous earnings		199,459	186,238
		<u>2,595,171</u>	<u>2,520,458</u>

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	Note	2012	2011
		(Rupees in '000)	
28. ADMINISTRATIVE EXPENSES			
Salaries and allowances		21,587,763	18,939,204
Charge for defined benefit plans		4,122,121	2,256,365
Non-executive directors' fee, allowances and other expenses	35	30,939	27,564
Rent, taxes, insurance, electricity, etc.	28.1	2,007,538	1,761,909
Legal and professional charges		258,490	198,684
Communications		813,518	662,778
Repairs and maintenance		669,989	674,762
Financial charges on leased assets		19,776	27,069
Stationery and printing		750,383	679,935
Advertisement, sponsorship and publicity		612,930	273,017
Donations		14,236	45,000
Contributions for other Corporate and Social Responsibility	28.2	178,545	150,034
Auditors' remuneration	28.3	100,840	95,769
Depreciation	11.2	1,423,789	1,302,969
Amortization	11.3	30,508	31,387
Conveyance		159,903	145,452
Entertainment		59,334	57,359
Travelling		307,727	306,197
Security services		1,295,838	1,157,276
Outsourcing		517,440	455,123
Miscellaneous expense		775,216	869,419
		<u>35,736,823</u>	<u>30,117,272</u>

28.1 This includes Rs.1,753 million (2011: Rs. 2.254 million) insurance premium against directors' liability insurance.

28.2 Donations and Contributions for Corporate & Social Responsibilities exceeding Rs. 0.1 million have been disclosed in Annexure IV.

Note : None of the directors / executives or their spouses have any interest in the donees, except Mrs. Haniya Shahid Naseem (director) and Mr. Tariq Kirmani (director) who are the member of the Board of Directors of SOS Children's Village, Multan, and the member of the Board of Governors' of Marie Adelaide Leprosy Centre respectively.

28.3 Auditors' remuneration

	KPMG Taseer Hadi & Co.	Anjum Asim Shahid Rahman	2012 Total	2011 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	2,002	8,681	10,683	3,520
Fee for audit of overseas branches including advisory services and out-of-pocket expenses			61,344	62,838
Out-of-pocket expenses	1,994	2,339	4,333	4,931
	<u>16,236</u>	<u>23,260</u>	<u>100,840</u>	<u>95,769</u>

Notes to the Unconsolidated Financial Statements

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28.4 Benazir Employees' Stock Option Scheme

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. 1,012 million (December 31, 2011: Rs. 1,125 million), profit before taxation would have been lower by Rs. 1,012 million (December 31, 2011: Rs. 1,125 million), unappropriated profit would have been lower by Rs. 3,689 million (December 31, 2011: Rs. 2,677 million) and reserves would have been higher by Rs. 3,689 million (December 31, 2011: Rs. 2,677 million), hence, there would have been no impact on net equity. Further, earnings per share would have been lower by Rs. 0.55 per share (December 31, 2011: Rs. 0.61).

		2012	2011
		(Rupees in '000)	
29. OTHER CHARGES			
Penalties imposed by the SBP		160,324	137,852
		<u>160,324</u>	<u>137,852</u>
30. TAXATION			
For the year			
Current	30.1	7,526,333	9,193,471
Deferred		(431,262)	(1,047,020)
		<u>7,095,071</u>	<u>8,146,451</u>
For prior year			
Current		(1,551,336)	260,000
Deferred		1,551,336	-
		<u>-</u>	<u>260,000</u>
	30.2	<u>7,095,071</u>	<u>8,406,451</u>

30.1 Current taxation includes Rs. 191 million (2011: Rs. 605 million) of overseas branches.

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	2012	2011
	(Rupees in '000)	
30.2 Relationship between tax expense and accounting profit		
Accounting profit before tax	23,257,706	26,011,173
Income tax at statutory rate @ 35% (2011: 35%)	8,140,197	9,103,911
Increase / (decrease) in taxes resulting from:		
Inadmissible differences	56,114	48,248
Income taxed at reduced rate	(1,186,208)	(1,087,202)
Overseas taxation	84,968	81,494
Prior year tax effects	-	260,000
Tax charge for current and prior years	7,095,071	8,406,451

31. BASIC AND DILUTED EARNINGS PER SHARE

Profit after tax for the year	Rupees in '000	16,162,635	17,604,722
Weighted average number of ordinary shares	Numbers in '000	1,850,011	1,850,011
Basic earnings per share	Rupees	8.74	9.52
Basic and diluted earnings per share are same.			

31.1 Earnings per share for the year 2011 has been restated for the effect of bonus shares issued.

	Note	2012	2011
		(Rupees in '000)	
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	158,332,708	131,675,907
Balances with other banks	7	30,222,338	27,581,695
Overdrawn nostros	15.2	(500,240)	(374,394)
		188,054,806	158,883,208

	2012	2011
	Numbers	
33. STAFF STRENGTH		
Permanent	14,054	14,413
Temporary / on contractual basis	2,386	2,511
Total Staff Strength	16,440	16,924

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 8,157 (2011: 7,961).

Notes to the Unconsolidated Financial Statements

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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, 2012 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2012	2011
Salary increase rate	12% per annum	13% per annum
Discount rate	12% per annum	13% per annum
Expected rate of return on plan assets	12% per annum	13% 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	13,975	14,481

	Note	2012	2011
		(Rupees in '000)	
34.1.2 Reconciliation of recoverable from pension fund			
Present value of defined benefit obligations		38,579,485	28,538,893
Fair value of plan assets		(28,269,780)	(25,026,571)
Net actuarial losses not recognized		(10,602,841)	(4,237,006)
Past service cost - non vested		(2,910,006)	(3,325,721)
	13	<u>(3,203,142)</u>	<u>(4,050,405)</u>

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.

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	2012	2011
	(Rupees in '000)	
Movement in recoverable from pension fund		
Opening net asset	(4,050,405)	(3,522,884)
Charge for the year	1,730,017	470,360
Contribution to the fund made during the year	(882,754)	(997,881)
	<u>(3,203,142)</u>	<u>(4,050,405)</u>
Charge for pension fund		
Current service cost	717,491	548,862
Interest cost	3,659,947	2,948,199
Expected return on plan assets	(3,260,724)	(3,104,980)
Actuarial gains recognized	197,588	-
Past service cost-vested	415,716	78,279
	<u>1,730,017</u>	<u>470,360</u>
Movement of present value of defined benefit obligation		
Opening present value of defined benefit obligation	28,538,893	21,761,425
Current service cost	717,491	548,862
Interest cost	3,659,947	2,948,199
Benefit paid	(770,915)	(1,405,716)
Past service cost-non vested	-	2,699,492
Actuarial loss on obligation	6,434,069	1,986,631
Closing present value of defined benefit obligation	<u>38,579,485</u>	<u>28,538,893</u>
Movement in fair value of plan assets		
Opening fair value of plan assets	25,026,571	22,382,345
Expected return on plan assets	3,260,724	3,104,980
Contributions	882,754	997,881
Benefits paid	(770,915)	(1,405,716)
Actuarial (loss) on assets	(129,354)	(52,919)
Closing fair value of plan assets	<u>28,269,780</u>	<u>25,026,571</u>
Actual return on plan assets	<u>3,131,370</u>	<u>3,052,061</u>

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

	2012	2011
	%	%
Bonds	31.34	78.10
Equities	34.41	20.35
Cash and net current assets	44.25	1.55

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

	2012	2011	2010	2009	2008
	----- (Rupees in '000) -----				
Present value of defined benefit obligations	38,579,485	28,538,893	21,761,425	19,523,049	15,011,555
Fair value of plan assets	(28,269,780)	(25,026,571)	(22,382,345)	(19,781,585)	(17,738,992)
Net actuarial (losses) / gains not recognized	(10,602,841)	(4,237,006)	(2,197,457)	(2,625,022)	(1,587,558)
Past service cost - Non vested	(2,910,006)	(3,325,721)	(704,507)	(782,786)	(181,948)
	<u>(3,203,142)</u>	<u>(4,050,405)</u>	<u>(3,522,884)</u>	<u>(3,666,344)</u>	<u>(4,496,943)</u>

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	Note	2012	2011
		(Rupees in '000)	
34.1.3 Reconciliation of payable to medical benefit plan			
Present value of defined benefit obligations		7,882,426	5,362,361
Net actuarial losses not recognized		(2,910,068)	(1,138,927)
	18	<u>4,972,358</u>	<u>4,223,434</u>
Movement in net liability recognized			
Opening net liability		4,223,434	3,732,073
Charge for the year		1,030,662	688,585
Benefits paid		(281,738)	(197,224)
		<u>4,972,358</u>	<u>4,223,434</u>
Charge for medical benefit plan			
Current service cost		265,769	139,611
Interest cost		678,794	548,974
Actuarial Losses recognized		86,099	-
		<u>1,030,662</u>	<u>688,585</u>
Movement of present value of defined benefit obligation			
Opening present value of defined benefit obligation		5,362,361	4,019,855
Current service cost		265,769	139,611
Interest cost		678,794	548,974
Benefit paid		(281,738)	(197,225)
Actuarial loss on obligation		1,857,240	851,146
Closing present value of defined benefit obligation		<u>7,882,426</u>	<u>5,362,361</u>

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

	2012	2011	2010	2009	2008
	(Rupees in '000)				
Present value of defined benefit obligations	7,882,426	5,362,361	4,019,855	3,432,771	2,909,308
Net actuarial (losses) / gains not recognized	(2,910,068)	(1,138,927)	(287,782)	(25,546)	37,246
	<u>4,972,358</u>	<u>4,223,434</u>	<u>3,732,073</u>	<u>3,407,225</u>	<u>2,946,554</u>

Effect of 1% movement in assumed medical cost trend rate

	2012		2011	
	Increase	Decrease	Increase	Decrease
	(Rupees in '000)			
Impact on obligations	986,800	(832,650)	626,598	(532,708)
Impact on cost	157,537	(132,770)	106,659	(90,564)

Notes to the Unconsolidated Financial Statements

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	Note	2012 (Rupees in '000)	2011
34.1.4 Reconciliation of payable to benevolent fund			
Present value of defined benefit obligations		1,633,055	1,486,439
Actuarial gain on obligation not recognised		197,082	140,775
Past service cost - non vested		(411,876)	(470,715)
		1,418,261	1,156,499
Movement in net liability recognized for benevolent fund			
Opening net liability		1,156,499	895,661
Charge for the year		286,544	278,646
Benefits paid		(24,781)	(17,808)
	18	1,418,262	1,156,499
Charge for benevolent fund			
Current service cost		36,078	17,444
Interest cost		191,626	124,146
Past service cost - vested		58,839	137,056
		286,544	278,646
Movement of present value of defined benefit obligation			
Opening present value of defined benefit obligation		1,486,439	895,661
Current service cost		36,078	17,444
Interest cost		191,626	124,146
Benefit paid		(24,781)	(17,808)
Past service cost - vested		-	137,056
Past service cost - non vested		-	470,715
Actuarial (gain) on obligation		(56,307)	(140,775)
Closing present value of defined benefit obligation		1,633,055	1,486,439

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

	2012	2011	2010	2009	2008
	----- (Rupees in '000) -----				
Opening net liability	1,156,499	895,661	838,123	765,748	759,957
Net charge for the year	286,544	278,646	79,725	114,022	53,256
Benefits paid	(24,781)	(17,808)	(22,187)	(41,647)	(47,465)
	1,418,262	1,156,499	895,661	838,123	765,748

Notes to the Unconsolidated Financial Statements

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	Note	2012	2011
(Rupees in '000)			
34.1.5 Reconciliation of payable to gratuity benefit plan			
Present value of defined benefit obligations		492,063	367,576
Net actuarial losses not recognized		(9,676)	(27,413)
Past service cost - non vested		(92,595)	(105,823)
	18	389,792	234,340
Movement in net liability recognized			
Opening liability		234,340	173,732
Charge for the year		157,167	78,504
Benefits paid		(1,715)	(17,896)
		389,792	234,340
Charge for gratuity benefit plan			
Current service cost		96,266	53,453
Interest cost		47,673	25,051
Past service cost vested		13,228	-
		157,167	78,504
Movement of present value of defined benefit obligation			
Opening present value of defined benefit obligation		367,576	187,884
Current service cost		96,266	53,453
Interest cost		47,673	25,051
Benefit paid		(1,715)	(17,896)
Past service cost - non vested		-	105,823
Actuarial (gain)/loss on obligation		(17,737)	13,261
Closing present value of defined benefit obligation		492,063	367,576

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

	2012	2011	2010	2009	2008
----- Rupees in '000 -----					
Present value of defined benefit obligations	492,063	367,576	187,884	136,211	116,216
Net actuarial gains not recognized	(9,676)	(27,413)	(14,152)	(12,422)	(9,946)
Past service cost - Non vested	(92,595)	(105,823)	-	-	-
	389,792	234,340	173,732	123,789	106,270

	Note	2012	2011
(Rupees in '000)			
34.2 Other employee benefits			
34.2.1 Movement in net liability recognized for compensated absences			
Opening net liability		3,148,005	2,572,878
Charge for the year		917,731	740,270
Benefits paid during the year		(270,730)	(165,143)
	18	3,795,006	3,148,005

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

	2012	2011	2010	2009	2008
----- Rupees in '000 -----					
Opening net liability	3,148,005	2,572,878	2,397,308	2,246,752	1,662,930
Net charge for the year	647,001	575,127	175,570	150,556	583,822
	3,795,006	3,148,005	2,572,878	2,397,308	2,246,752

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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

	2013			
	Pension Funds	Benevolent Scheme	Medical Scheme	Gratuity Scheme
	----- (Rupees in '000) -----			
Contributions to be paid	5,323,581	658,524	1,243,896	233,916

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2012	2011	2012	2011	2012	2011
	----- (Rupees in '000) -----					
Fees / expenses	-	-	30,939	27,564	-	-
Managerial remuneration	20,250	14,708	-	-	1,587,792	1,250,826
Charge for defined benefit plan	2,155	1,745	-	-	205,465	176,025
Rent and house maintenance	9,408	6,589	-	-	861,459	542,628
Utilities	272	1,851	-	-	253,403	158,259
Medical	200	71	-	-	298,986	156,847
Conveyance	1,068	608	-	-	462,822	386,561
Leave fare assistance	-	443	-	-	-	-
Bonus and others	16,480	51,512	-	-	716,501	645,822
	<u>49,833</u>	<u>77,527</u>	<u>30,939</u>	<u>27,564</u>	<u>4,386,428</u>	<u>3,316,968</u>
	----- Numbers -----					
Number of persons	<u>1</u>	<u>2</u>	<u>6</u>	<u>4</u>	<u>1509</u>	<u>1232</u>

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

Executives mean executives, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

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.

Notes to the Unconsolidated Financial Statements

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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
2012	----- (Rupees in '000) -----						
Total income	828,185	1,192,870	6,633,913	51,636,933	1,799,543	5,432,183	67,523,627
Inter segment revenue	-	(575,090)	14,241,358	(13,666,268)	-	-	-
Total expenses	20,081	62,634	18,139,135	20,444,058	1,536,477	4,063,536	44,265,921
Net income	808,104	555,146	2,736,136	17,526,607	263,066	1,368,647	23,257,706
Segment assets	-	1,157,441	212,223,191	1,078,639,638	-	17,319,035	1,309,339,305
Segment non-performing loans	-	-	7,492,643	81,249,694	-	-	88,742,337
Segment provision required	-	-	6,544,446	66,215,429	-	-	72,759,875
Segment liabilities	-	-	284,694,165	858,911,309	-	14,456,081	1,158,061,555
Segment return on net assets (ROA) (%)	0.00%	5.99%	1.46%	1.85%	0.00%	8.83%	2.01%
Segment cost of funds (%)	0.00%	0.00%	5.63%	6.49%	0.00%	0.00%	6.25%
2011							
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	15,737,998	19,478,548	1,352,241	3,503,648	40,135,436
Net income	537,609	328,644	3,426,928	20,341,605	450,446	925,941	26,011,173
Segment assets	-	13,849,429	169,320,927	949,205,700	-	17,201,680	1,149,577,736
Segment non-performing loans	-	-	6,481,452	81,679,270	-	-	88,160,722
Segment provision required	-	-	6,035,062	61,285,072	-	-	67,320,134
Segment liabilities	-	-	251,928,747	752,205,966	-	12,791,575	1,016,926,288
Segment return on net assets (ROA) (%)	0.00%	3.25%	2.24%	2.39%	0.00%	8.08%	2.54%
Segment cost of funds (%)	0.00%	0.00%	4.98%	6.38%	0.00%	0.00%	5.98%

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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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 1,229 million (2011: 1,129 million) shares with market value of Rs. 36,858 million (2011: Rs. 31,908 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. 58,918 million on December 31, 2012 (2011: Rs. 57,724 million).

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 and Senior Director of BP&RD as a Secretary of the Committee. The SBP has assigned National Bank of Pakistan to operate the scheme being the public sector bank.

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 Government of Pakistan and Rs. 54 million were contributed by participating banks (NBP, HBL and UBL 25% each, MCB 17.5% and ABL 7.5%).

The amount of the endowment fund in investments stands at Rs. 595 million as at December 31, 2012 (2011: Rs. 649 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.

Notes to the Unconsolidated Financial Statements

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	2012				2011			
	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	330,414	733,603	(83,494)	980,523	466,787	-	(136,373)	330,414
Associates	1,281,029	-	(61,045)	1,219,984	1,294,419	-	(13,390)	1,281,029
Conversion of Agritech Limited loan	-	-	-	2,902,069	-	-	-	-
	1,281,029	-	(61,045)	4,122,053	1,294,419	-	(13,390)	1,281,029
Key management executives	82,110	8,000	(41,735)	48,375	126,519	10,700	(16,768)	120,451
*Adjustment	-	-	-	-	(38,341)	-	-	(38,341)
	82,110	8,000	(41,735)	48,375	88,178	10,700	(16,768)	82,110
	<u>1,693,553</u>	<u>741,603</u>	<u>(186,274)</u>	<u>2,248,882</u>	<u>1,849,384</u>	<u>10,700</u>	<u>(166,531)</u>	<u>1,693,553</u>

	2012				2011			
	At January 01,	Received during the year	Withdrawals during the year	At December 31,	At January 01,	Given during the year	Withdrawals during the year	At December 31
----- (Rupees in '000) -----								
Deposits								
Key management executives	14,750	309,084	(308,418)	15,416	58,136	217,213	(260,763)	14,586
*Adjustment	-	-	-	-	164	-	-	164
	14,750	309,084	(308,418)	15,416	58,300	217,213	(260,763)	14,750
Subsidiaries	329,897	256,553	(39,522)	546,928	292,977	36,920	-	329,897
Pension Fund (Current)	5,856	40,389,368	(40,390,548)	4,676	5,037	30,056	(29,237)	5,856
Pension Fund (Fixed Deposit)	16,100,000	16,000,000	(18,500,000)	13,600,000	8,400,000	10,200,000	(2,500,000)	16,100,000
Pension Fund (N.I.D.A A/c)	381,500	11,393,756	(11,725,956)	49,300	-	381,500	-	381,500
Provident Fund	10,224,455	3,595,145	(1,371,201)	12,448,399	8,909,272	2,281,333	(966,150)	10,224,455
	<u>27,056,458</u>	<u>71,943,906</u>	<u>(72,335,645)</u>	<u>26,664,719</u>	<u>17,665,586</u>	<u>13,147,022</u>	<u>(3,756,150)</u>	<u>27,056,458</u>

*Adjustments due to retirement / changes in key management executives.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	2012	2011
	(Rupees in '000)	
Placements with:		
Subsidiaries	-	8,374
Joint venture	290,859	614,100
Associates	-	23,332
Reverse Repo lending to:		
Subsidiaries	-	66,093
Pension Fund	2,000,000	9,999,998
Repo borrowing from:		
Joint venture	324,420	78,063
Deposits of other Related Parties	5,000,000	-
Other receivables from subsidiaries	-	46,796
Other payables to subsidiaries	-	5,414
Off Balance Sheet items	294,271	-
Forward exchange contracts with Joint Venture		
- Bought	-	974,344
- Sold	-	962,351
Income for the year		
On advances / placements with:		
Subsidiaries	55,203	46
Joint venture	4,106	2,874
Key management executives	2,022	3,077
Companies in which directors of the Bank are interested as director	1,122,738	1,376,979
Mark-up on lending (Reverse Repo):		
Subsidiaries	-	220
Associates	13,635	2,257
Pension Fund	-	19,545
Expenses for the year		
Remuneration to key management executives	306,480	396,086
Charge for defined benefit plan	78,775	99,022
Mark-up on deposits of:		
Subsidiaries	6,184	9,696
Provident fund	1,878,104	1,743,585
Pension fund	398,779	940,492
Commission paid to subsidiaries	8,484	4,135
Key management executives	874	2,597
Mark-up on Borrowing (Repo / Call):		
Subsidiaries	-	1,271
Joint venture	840	1,661
Associates	-	130

39.1 Although the Federal Government and the SBP held about 75.60% (2011: 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.

Notes to the Unconsolidated Financial Statements

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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 April 15, 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 increase
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, 2012 stood at Rs. 18.500 billion (2011: Rs. 16.818 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 16.48% (2011: 16.10%).

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.

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.

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40.2 Tier I Capital	2012	2011
	(Rupees in '000)	
Fully paid-up capital	18,500,114	16,818,285
General reserves	20,907,913	19,291,649
Unappropriated profits	68,715,995	68,358,910
	<u>108,124,022</u>	<u>104,468,844</u>
Deductions:		
Book value of intangibles	1,192,917	1,072,787
Shortfall in provisions required against classified assets irrespective of any relaxation allowed	-	3,716,918
Reciprocal cross holdings by the Bank	67,787	25,155
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	2,849,264	2,624,401
	<u>104,014,054</u>	<u>97,029,583</u>
Total eligible Tier I capital		
Supplementary Capital		
Tier II Capital		
General provisions subject to 1.25% of total Risk Weighted Assets	3,308,579	1,465,953
Revaluation reserve (upto 45%)	18,669,902	11,294,856
Foreign exchange translation reserve	7,910,615	6,051,168
	<u>29,889,096</u>	<u>18,811,977</u>
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	2,849,264	2,624,401
	<u>27,039,832</u>	<u>16,187,576</u>
Total eligible Tier II capital		
Tier III Capital	-	-
Eligible Tier III Capital	-	-
Total eligible Capital	<u>131,053,886</u>	<u>113,217,159</u>

40.3 Capital Adequacy Ratio	Capital Requirements		Risk Weighted Assets	
	2012	2011	2012	2011
Credit Risk	Note ----- (Rupees in '000) -----			
Claim on				
Public sector entities	2,205,788	1,505,770	22,057,879	15,057,704
Claims on other sovereigns	2,636,536	2,734,894	26,365,356	27,348,939
Banks	824,216	1,110,621	8,242,163	11,106,213
Corporates	23,910,545	20,912,314	239,105,451	209,123,141
Retail portfolio	9,503,904	7,377,958	95,039,036	73,779,579
Loans secured by residential property	719,262	570,195	7,192,623	5,701,948
Past due loans	2,755,386	3,023,388	27,553,860	30,233,882
Investment in fixed assets	2,675,692	2,600,862	26,756,916	26,008,620
Other assets	3,963,888	3,995,659	39,638,877	39,956,594
Off balance sheet - non-market related exposure	7,629,363	7,062,420	76,293,628	70,624,200
Off balance sheet - market related exposure	47,757	208,008	477,566	2,080,075
Equity exposure risk held in the banking book	8,260,413	1,444,950	82,604,125	14,449,497
	<u>65,132,748</u>	<u>52,547,039</u>	<u>651,327,479</u>	<u>525,470,392</u>
Market Risk				
Interest rate risk	255,366	372,879	2,553,659	3,728,790
Equity position risk	93,003	4,437,427	930,034	44,374,274
Foreign exchange risk	2,372,322	2,090,626	23,723,220	20,906,260
	<u>2,720,691</u>	<u>6,900,932</u>	<u>27,206,913</u>	<u>69,009,324</u>
Operational Risk	11,668,021	10,890,282	116,680,213	108,902,818
Total	<u>79,521,460</u>	<u>70,338,253</u>	<u>795,214,604</u>	<u>703,382,534</u>
Capital Adequacy Ratio				
Total eligible regulatory capital held	(a)	40.2	<u>131,053,886</u>	<u>113,217,159</u>
Total Risk Weighted Assets	(b)	40.3	<u>795,214,604</u>	<u>703,382,534</u>
Capital Adequacy Ratio	(a) / (b)		16.48%	16.10%

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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	2012	
	JCR - VIS	PACRA
Corporate	✓	✓
Banks	✓	✓
Sovereigns	X	X
SME's	X	X
Securitisations	N/A	N/A
Others	N/A	N/A

40.5 Credit Exposures subject to Standardised Approach

Exposures	Rating Category No.	2012			2011		
		Amount Outstanding	Deduction CRM	Net Amount (Rupees in '000)	Amount Outstanding	Deduction CRM	Net Amount
Cash and Cash Equivalents	-	18,665,976	-	18,665,976	14,836,244	-	14,836,244
Claims on Government of Pakistan	-	387,667,689	-	387,667,689	359,068,206	-	359,068,206
Foreign Currency claims on SBP	-	11,572,078	-	11,572,078	9,804,081	-	9,804,081
Claims on other sovereigns and on GoP	1	13,018,296	-	13,018,296	28,803,065	-	28,803,065
Claims on other sovereigns and on GoP	2,3,4, 5	25,637,998	-	25,637,998	25,495,159	-	25,495,159
Claims on other sovereigns and on GoP	Unrated	4,081,898	-	4,081,898	3,586,471	-	3,586,471
PSE's	1	-	-	-	1,834,550	-	1,834,550
PSE's	Unrated	192,286,459	148,170,702	44,115,757	89,389,469	59,274,061	30,115,408
Banks	1,2,3,4, 5	32,226,411	1,750,370	30,476,041	67,576,968	21,799,559	45,777,409
Banks	Unrated	6,268,572	-	6,268,572	4,385,123	-	4,385,123
Corporates	1	408,566	-	408,566	43,672,934	-	43,672,934
Corporates	2,3,4	16,074,869	-	16,074,869	13,825,961	-	13,825,961
Corporates	Unrated	236,899,208	10,383,022	226,516,186	200,793,602	8,885,000	191,908,602
Retail portfolio	Unrated	167,429,698	40,710,983	126,718,715	126,482,326	28,109,554	98,372,772
Secured by residential property	-	20,550,351	-	20,550,351	16,291,281	-	16,291,281
Past due loans	-	23,231,896	-	23,231,896	24,632,736	-	24,632,736
Listed Equity investments - banks	-	81,348,886	-	81,348,886	13,178,250	-	13,178,250
Unlisted equity investments	-	836,826	-	836,826	847,498	-	847,498
Investments in fixed assets	-	26,756,916	-	26,756,916	26,008,620	-	26,008,620
Other assets	-	39,638,877	-	39,638,877	39,584,186	-	39,584,186
		<u>1,304,601,470</u>	<u>201,015,077</u>	<u>1,103,586,393</u>	<u>1,110,096,730</u>	<u>118,068,174</u>	<u>992,028,556</u>

Notes to the Unconsolidated Financial Statements

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41. RISK MANAGEMENT

Risk Management has been a subject of focus in the wake of recent global economic circumstances. Although Risk Management always existed as a global concept, it started gaining popularity in 2004 with the release of the Basel II accord. In the Pakistani banking industry, Risk Management gained its importance when SBP released its circular for Basel II framework to be implemented locally. Since then, SBP has been very active in releasing various guidelines enforcing banks to strengthen their internal risk management environments.

Taking the lead from the regulatory requirements and best practices, NBP has been constantly striving to achieve excellence in Risk Management standards. NBP realizes its leading role in the banking industry and as an important component to the economic environment of Pakistan. Considering the recent global crisis and the needs of the local macro-economic and banking landscape, the bank intends to further strengthen its Risk Management design and inculcate a culture of prudent risk management across complete range of its activities.

Significant improvements and changes have occurred in the overall Risk Management environment of NBP since 2010 due to implementation of a bank-wide Basel II programme. In its overall strive to adopt best practices, NBP procured the consultancy services of the market leader in Basel II implementation.

Additionally, it is important to mention that the bank has also recently procured the services of a top consultant to undertake a comprehensive BPR and COSO exercise aimed at overall business process improvement, advanced risk management and strengthening of the overall control environment.

41.1 Overall Structure and broad initiatives

Risk Management now exists as an independent group i.e. Risk Management Group (RMG) functionally reporting to the Board Risk Committee (BRC) and administratively to the President. A new and improved organizational structure for the group has been implemented with clear segregation of responsibilities and focused wings constituted with relevant heads and staff to discharge respective responsibilities.

An Executive Risk Management Committee (ERMC) also exists within the bank comprising of relevant Group Chiefs/ Divisional Heads. Both BRC and the ERMC are provided periodic updates via MIS and periodic progress reports by RMG to ensure that the board and senior management remain aware of the various risk management initiatives and provide oversight and guidance.

Development of a Risk Charter and an updated Risk Management Policy has led to the clear identification of roles and responsibilities for RMG and support standards for other functions within the bank to eliminate any ambiguity and conflict of interest between responsibilities.

The structure of RMG with dedicated wings/functions for specific responsibilities has been implemented as follows:

41.1.1 Credit Risk Architecture

This Wing looks after the following aspects:

- Credit Risk Policy, Strategy and ICAAP
- Credit Modelling and Analytics
- Credit Portfolio Management
- Country Risk Management

This Wing ensures 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. Key responsibilities include formulation/ proposition of credit risk strategies, policies, credit assessment methodologies, credit portfolio management including limit setting, MIS and monitoring. This Wing is also responsible for building the process for development of credit risk models for compliance with the Basel II FIRB approach, going forward, as targeted by the bank for implementation and necessary data collection/ cleansing/ validation efforts to be employed in this regard and the relevant rating processes.

For the sake of clarification, this Wing covers credit risk aspects pertaining to portfolios, other than the consumer finance and programme based SME lending which is managed by another dedicated function i.e. Consumer Risk Management.

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41.1.2 Credit Risk Review

RMG 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 reported to the Chief Risk Officer (CRO) for onward communication to ERM, BRC and other relevant authorities.

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

41.1.3 Basel II Implementation/ Risk Automation/ Consumer Risk Management

This Wing 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 bank. The Wing 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.

The Wing is also mandated with development of an overall consumer risk policy framework and oversight of its implementation. The primary responsibilities include formulation/ proposition of credit risk strategies, policies, credit assessment methodologies, credit portfolio management including limit setting, MIS and monitoring with respect to consumer/ programme based SME lending.

41.1.4 E-CIB and Data Management

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

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

41.1.5 Operational Risk Management

The wing caters the following aspects:

- Framework Maintenance, RCSA and KRI
- Loss Data Management, Data Analysis and Reporting

The operational risk is managed with the support and involvement of respective business and other groups/ divisions/ functions. The Wing ensures/ coordinates development and implementation of the operational risk policies, procedures, tools and MIS.

Maintaining/ updating the operational risk management framework and coordinating with the business and support groups for operational risk profiling is also part of its mandate. In addition this Wing maintains and analyses operational risk data and generating management reports.

41.1.6 Market & Liquidity Risk Management

The following are the primary responsibilities of this Wing:

- Market Risk Policy, Modelling & Analytics
- Middle Office
- Asset Liability Management

The Wing ensures that the market and liquidity risks are identified, measured, mitigated and controlled with the support and involvement of respective business and operations groups/ divisions/ functions, and in accordance with the regulatory requirements and internal policies. Broadly, it is responsible for formulation/ proposition of market and liquidity risk management framework, portfolio management, assessment/ development of limit framework and associated limits, working on Basel II projects, coordinating with the core banking team in provision of required features and provision of necessary support in market risk capital calculation and other market and liquidity risk functionalities.

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41.1.7 Basel II and Advanced Risk Management

As part of the Basel II implementation programme, a comprehensive diagnostic exercise was conducted on a bank-wide basis and the relevant areas for improvement identified. This exercise encompassed all possible aspects that impacted the bank's Risk Management environment including the assessment of its existing risk management structure, policies and procedures, overall system architecture from a risk perspective and data availability and quality required for comprehensive risk management.

To align the overall environment with respect to Basel II and strengthen the areas identified during the diagnostic exercise, detailed remediation plans have been developed proposing various structured initiatives that the bank needs to undertake.

Under the Basel II ambit and otherwise as part of regulatory requirements and generally accepted best practices for prudent risk management, the initiatives and improvements detailed in the following sections have been undertaken/ are planned to be undertaken.

41.1.8 Enterprise Wide

A comprehensive and updated Risk Management Policy has been developed which details the entire framework for risk management (including Risk Appetite and Strategy) within the bank and clearly identifies the role of RMG as well as various support standards for other groups/ divisions. It also describes the overall responsibilities of the Board and senior management to ensure that the risk management standards set by the bank are consistently implemented.

A Business Planning Working (BPW) group has been set up that has representation from all the relevant groups/ divisions. The idea is to develop a very comprehensive bank-wide strategy backed by economic logic and data analysis. Under the guidance of the Strategic Policy Committee (SPC), this group functions by meeting monthly and developing/ improving mechanisms within the bank to deliberate upon and aid in better risk and strategy planning. Some of the key work performed under same has been the updation of an industry rating model, advanced portfolio management parameters etc. A formal strategy monitoring process is also in the process of being developed to monitor the implementation of the developed strategy. Data from various relevant groups is also being collated to develop a sound strategy based on historical analyses.

A capital calculation handbook has been developed, setting out the steps right from data inception to the policies and procedures and final calculation of capital under Basel II. RMG is also coordinating with Financial Control Division (FCD) for improving the overall quality of data for MCR/CAR reporting and provides regular feedback to FCD on MCR calculation which has resulted in considerable improvements in the calculation process.

The ToRs of BRC have been enhanced to include more detailed role with respect to best practice risk management. The BRC and ERMC are regularly updated on overall status of risk management within the bank and across the industry through periodic MIS reports. RMG has been conducting Peer Banks Analysis, Sectoral Analysis, Credit Portfolio Analysis, Agriculture Analysis and Consumer Analysis (Advance Salary, Saibaan, Karobar) etc. and reporting the same to BRC and ERMC.

Various trainings/ orientations have already been conducted at the senior levels within the bank to create overall risk awareness and provide guidance on best practice risk management. Such sessions include various Basel II orientations, stress testing workshops, RCSA training etc.

41.1.9 Data Enrichment and Risk Automation

A Core Banking Application (CBA) implementation project is underway that includes an entire suite of systems. CBA has been assessed in detail from the Basel II perspective and identified enhancements are being catered to. The Treasury system is under assessment and will be enhanced accordingly.

Existing data platforms within the bank have also been assessed and are already under enhancement and automation to cater to the Basel needs in the interim period. These enhanced platforms should also serve as quality data input to the CBA, once ready. Special and focused trainings aided by data entry manuals have already been conducted at branch and region level to collect cleansed data for various purposes such as credit model development. Further trainings are also being planned with respect to the enhanced existing platforms to assist in ongoing improvement in data collection and quality. Data cleansing is being performed at the Head Office level on an ongoing basis to improve overall data quality and aid in improved MIS generation.

RMG is also spearheading the process of procurement of various risk systems to further ensure adequate data quality and enhance MIS reporting through automation. RFPs for some solutions have been developed with robust evaluation criteria. An independent evaluation committee has been formed to ensure procurement of the best possible systems.

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41.1.10 Credit Risk

To improve on the Senior Management level oversight within the bank and aid the management in more informed decisions, ToRs of key approval committees such as the Credit Committee (CC) have been enhanced.

The CPM of the bank is also being updated from various perspectives identified under the Basel II remediation plans to strengthen elements such as watchlisting, lending to related parties etc.

Internal Audit's scope has been increased with respect to Credit Risk Review responsibilities to cover all exposures of the bank, conduct special review of various loan portfolios, develop an improved mechanism for risk rating of branches/ business units and audit selection, report rating grade concentrations and enhance the credit risk review framework accordingly. Internal Audit has already started performing some of its enhanced responsibilities to identify weaknesses in the credit policies and processes.

Credit Risk Review within RMG is also performing the credit risk reviews on sampling basis. The Credit Risk Review findings / reports are shared with CMG, Business Groups and Internal Audit. Further, Internal Audit shares its diagnostic review findings with RMG to ensure integration of findings throughout.

Advanced portfolio management parameters have been developed and MIS reporting of the same has been initiated based on current data set while the data is being collected for remaining parameters. Similarly, proprietary credit risk stress testing scenarios (in addition to the regulatory scenarios) have been developed and testing is being performed on available data for some scenarios whilst data is being collected for the rest.

The bank has different models for estimating credit risks in various portfolios such as corporate, commercial and SMEs. The process for development of statistical rating templates under the FIRB approach for Basel II is underway.

Application scorecards for home loans and personal loans have been developed and rolled out with all their respective policies and procedures and testing on the same has also been performed. Additionally, a scorecard for agriculture loans is under development. Various consumer product programmes are also under enhancement/ development to cater to specific consumer risk requirements. Data collection on further parameters for use in improvement of application scoring and establishment of behavioural scoring tools is also underway.

A credit risk tolerance and concentration framework has also been developed which will be updated from time to time. The main purpose of this is to ensure that the bank keeps within the overall credit risk tolerance set/acceptable by the bank.

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41.1.11 SEGMENTAL INFORMATION

41.1.11.1 Segment by class of business

	2012					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,792,292	0.65	2,517,684	0.24	13,623,855	5.55
Agriculture	34,129,299	4.67	25,722,455	2.48	1,005,407	0.41
Textile	71,143,655	9.74	3,463,779	0.33	6,649,218	2.71
Cement	9,683,275	1.33	448,333	0.04	2,132,031	0.87
Sugar	16,520,444	2.26	434,852	0.04	990,560	0.40
Flour	3,757,579	0.51	2,125,206	0.20	-	0.00
Rice processing	11,998,549	1.64	1,208,709	0.12	-	0.00
Shoes and leather garments	1,414,223	0.19	1,354,011	0.13	82,103	0.03
Automobile and transportation equipment	3,730,424	0.51	1,132,910	0.11	1,377,904	0.56
Financial	16,085,433	2.20	159,944,022	15.41	6,266,568	2.55
Insurance	917	0.00	7,914,813	0.76	3,151	0.00
Transportation	60,125,369	8.23	20,421,839	1.97	1,938,406	0.79
Real estate construction	9,147,184	1.25	14,947,048	1.43	5,264,760	2.14
Electronics and electrical appliances	8,368,932	1.15	666,415	0.06	2,245,267	0.91
Production and transmission of energy	98,762,302	13.53	14,998,987	1.45	99,208,223	40.42
Food and tobacco	1,874,307	0.26	884,158	0.09	858,193	0.35
Fertilizer	15,190,789	2.08	2,946,918	0.28	2,205,914	0.90
Metal products	43,644,193	5.98	8,215,536	0.79	3,515,844	1.43
Telecommunication	6,808,627	0.93	58,259,424	5.61	9,005,748	3.67
Hotel and services	15,814,474	2.17	105,343,679	10.15	4,773,679	1.94
Public sector commodity operations	59,482,989	8.15	5,789,477	0.56	10,179,186	4.15
Individuals	130,666,030	17.90	390,558,617	37.63	8,907,515	3.64
General traders	15,671,641	2.15	42,509,553	4.10	3,348,266	1.36
Others	91,328,102	12.51	165,976,522	15.99	61,881,742	25.21
	730,141,029	100.00	1,037,784,947	100.00	245,463,540	100.00

	2011					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	3,453,264	0.58	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	1.17	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	-	0.00
General traders	16,950,643	2.86	26,339,994	2.82	12,570,429	5.29
Others	88,697,296	14.97	199,806,478	21.54	50,963,542	21.46
	592,365,898	100.00	927,421,438	100.00	237,647,324	100.00

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41.1.11.2 Segment by sector

	2012					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	233,573,381	32.00	414,589,362	39.95	131,380,428	53.52
Private	496,567,648	68.00	623,195,585	60.05	114,083,112	46.48
	<u>730,141,029</u>	<u>100.00</u>	<u>1,037,784,947</u>	<u>100.00</u>	<u>245,463,540</u>	<u>100.00</u>

	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	346,266,926	37.34	148,696,983	62.57
Private	475,281,898	80.23	581,154,512	62.66	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>

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

	2012		2011	
	Specific		Specific	
	Classified Advances	Provision Held	Classified Advances	Provision Held
	----- Rupees in '000 -----			
Chemical and pharmaceuticals	3,357,803	3,104,499	2,320,021	2,212,596
Agriculture	2,754,061	1,271,010	2,110,428	1,078,854
Textile	28,470,055	25,826,227	28,724,029	22,433,532
Cement	3,869,737	3,303,719	5,091,254	3,981,947
Sugar	4,115,471	3,534,839	4,137,093	3,706,226
Flour	347,332	282,945	303,328	288,198
Rice processing	2,533,698	2,385,866	2,545,678	1,723,942
Shoes and leather garments	183,591	183,591	259,679	240,897
Automobile and transportation equipment	1,012,936	993,446	1,311,135	1,215,260
Financial	723,251	680,330	904,931	621,681
Transportation / Karobar	1,595,558	1,526,620	1,654,131	1,486,754
Real estate construction	2,345,341	1,394,970	2,472,746	1,406,314
Electronics and electrical appliances	6,758,180	2,873,019	5,421,061	1,360,165
Production and transmission of energy	5,125,824	4,035,054	3,572,236	2,020,461
Food and tobacco	947,695	894,079	1,017,692	1,001,229
Fertilizer	3,156,365	201,330	3,258,527	101,086
Metal products	537,352	522,634	572,471	448,215
Hotel and services	1,298,239	732,803	817,451	564,904
Individuals	5,326,421	3,166,165	4,972,215	3,070,664
General traders	5,373,388	4,630,729	4,679,531	4,066,700
Others	8,910,039	7,907,421	12,015,085	10,446,686
	<u>88,742,337</u>	<u>69,451,296</u>	<u>88,160,722</u>	<u>63,476,311</u>

41.1.11.4 Details of non-performing advances and specific provision by sector

Public / Government	406,818	406,818	673,818	406,818
Private	88,335,519	69,044,478	87,486,904	63,069,493
	<u>88,742,337</u>	<u>69,451,296</u>	<u>88,160,722</u>	<u>63,476,311</u>

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41.1.11.5 Geographical segment analysis

	2012			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- (Rupees in '000) -----			
Pakistan	22,711,081	1,171,416,771	128,383,900	209,332,010
Asia Pacific (including South Asia)	(580,644)	62,979,735	13,290,449	12,038,507
Europe	(89,985)	11,054,307	3,181,194	5,076,532
United States of America	304,745	24,187,745	2,788,950	4,318,998
Middle East	912,509	39,700,747	3,633,257	14,697,493
	<u>23,257,706</u>	<u>1,309,339,305</u>	<u>151,277,750</u>	<u>245,463,540</u>

	2011			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- (Rupees in '000) -----			
Pakistan	24,283,764	1,014,161,807	111,790,309	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	3,411,316	5,862,805
	<u>26,011,173</u>	<u>1,149,577,736</u>	<u>132,651,448</u>	<u>237,647,324</u>

41.2 Operational Risk

A comprehensive Operational Risk Management Framework has been developed to help align the bank with the sound practices for operational risk set by Basel, provide guidance for setting the operational risk strategy of the bank, selection and adoption of risk and loss measurement tools, reporting, communication and establishment of operational risk management processes.

A Historical Loss Data Collection exercise was carried out and three years data has been collected for a number of areas despite challenges of manual processes. This data is being used in the finalization of RCSAs to the extent applicable. Detailed trainings have been provided to all relevant personnel within the bank on operational risk to aid in RCSA finalization and on-going loss data collection. Currently, RCSA process is being finalized across the bank through multiple and detailed discussion and validation sessions. An on-going loss data collection mechanism has also been rolled out that will be used in RCSA re-validation going forward.

NBP is an active participant of the PBA's sub-committee on Basel II and Compliance and has been promptly complying with SBP instructions relating to various studies on advance risk management such as Basel III impact study, SBP stress testing guidelines and ICAAP up gradation.

With all the above initiatives in place and some planned for the future, NBP aims to implement an overall Risk Management Structure within the bank that is constantly evolving to strengthen the risk environment. It is a key aim of the bank to truly develop an integrated risk management culture where each individual is well aware and accounts for the risks involved in respective activities being performed.

41.3 Market and Liquidity Risk

An updated Investment Policy for the bank has been developed for improved profitability and monitoring of investments. RMG in conjunction with the other groups is also working on devising improved criteria for various market based limits.

Data fields have been identified so that these are incorporated in the bank's systems to support VAR, duration and other market risk measurement models and tools. Test models have been developed for certain portfolios while model back-testing, calibration and subsequent updation and finalization are in process for others.

Proprietary market risk stress testing scenarios have been developed (in addition to the regulatory ones) and testing is being performed on the same to assess subsequent impact on CAR.

Management Action Triggers and Management Action Plans corresponding to Liquidity Ratio, Balance Sheet Duration Gap, Government Securities PVBP and Duration have been developed in conjunction with TMG. These triggers are used for proposing/ recommending actions for decision making by ALCO.

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41.3.1 Foreign Exchange Risk

	2012			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000) -----				
Pakistan Rupee	1,168,438,182	963,349,772	(73,163,677)	131,924,733
United States Dollar	74,673,201	93,301,676	16,407,792	(2,220,683)
Great Britain Pound	8,000,295	8,425,455	2,202,558	1,777,398
Japanese Yen	15,546,315	68,775,963	51,218,744	(2,010,904)
Euro	11,477,809	4,924,036	3,334,583	9,888,356
Other currencies	31,203,503	19,284,653	-	11,918,850
	140,901,123	194,711,783	73,163,677	19,353,017
	<u>1,309,339,305</u>	<u>1,158,061,555</u>	<u>-</u>	<u>151,277,750</u>
----- (Rupees in '000) -----				
	2011			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
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>

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, 2012

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.

2012

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	158,332,708	28,327,822	-	-	-	-	-	-	-	-	-	130,004,88
Balances with other banks	30,222,338	6,720,912	8,629,853	1,631,424	1,309,894	-	-	-	-	-	-	11,930,255
Lending to financial institutions - net	8,272,645	8,172,645	100,000	-	-	-	-	-	-	-	-	-
Investments-net	345,537,529	18,728,253	53,177,359	47,363,504	60,359,371	10,623,446	7,486,941	40,357,030	17,686,507	174,079	87,581,039	
Advances - net	655,381,154	133,224,442	220,732,206	34,388,493	95,054,597	17,527,160	14,814,798	25,890,678	7,148,009	6,600,771	29,206,884	
Other assets	29,206,884	-	-	-	-	-	-	-	-	-	-	29,206,884
	1,224,953,258	195,174,074	282,639,418	183,383,421	156,723,862	28,150,606	22,301,739	66,247,708	24,834,516	6,774,850	258,723,064	
Liabilities												
Bills payable	14,367,639	-	-	-	-	-	-	-	-	-	-	14,367,639
Borrowings	50,250,684	38,677,343	5,356,368	1,320,822	594,784	-	-	3,301,367	-	-	-	-
Deposits and other accounts	1,037,784,947	582,821,399	46,640,717	36,171,618	46,469,557	1,228,785	2,024,985	5,308,258	16,287	8,194	317,095,147	
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	29,619	727	1,811	3,907	13,623	9,245	306	-	-	-	-	47,791,776
Other liabilities	47,791,776	-	-	-	-	-	-	-	-	-	-	47,791,776
	1,150,224,665	622,499,469	51,998,896	37,496,347	47,077,964	1,238,030	2,025,291	8,609,625	16,287	8,194	379,254,562	
On-balance sheet gap	74,728,593	(427,325,395)	230,640,522	145,887,074	109,645,898	26,912,576	20,276,448	57,638,083	24,818,229	6,766,656	(120,531,499)	
Off-balance sheet financial instruments												
Forward purchase of foreign exchange	176,517,384	84,303,957	58,325,962	32,831,446	1,056,019	-	-	-	-	-	-	-
Forward sale of foreign exchange	96,414,777	74,408,843	19,293,605	2,712,329	-	-	-	-	-	-	-	-
Off-balance sheet gap	272,932,161	158,712,800	77,619,567	35,543,775	1,056,019	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	347,660,754	(268,612,595)	308,260,089	181,430,849	110,701,917	26,912,576	20,276,448	57,638,083	24,818,229	6,766,656	(120,531,499)	
Cumulative Yield / Interest Risk Sensitivity Gap		(268,612,595)	39,647,494	221,078,343	331,780,260	358,692,836	378,969,284	436,607,367	461,425,596	468,192,252	347,660,754	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

41.3.3 Mismatch of Interest Rate Sensitive Assets and Liabilities - (continued)

		2011										Non-interest bearing financial instruments
		Exposed to Yield / Interest risk										
Effective Yield / Interest rate	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												
0.10%	131,675,907	44,751,551	-	-	909,675	-	74,012	-	-	-	-	86,924,356
1.80%	27,581,695	5,165,859	9,047,137	2,375,447	-	-	-	-	-	-	-	10,009,565
10.90%	44,380,396	44,157,996	222,400	-	-	-	-	-	-	-	-	-
11.30%	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	
13.60%	525,045,764	152,052,718	144,037,340	84,944,642	79,495,256	16,983,478	14,095,004	24,562,882	4,562,166	4,312,478	-	
0.00%	31,398,173	-	-	-	-	-	-	-	-	-	31,398,173	180,309,149
	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	-	
Liabilities												
0.00%	9,104,710	-	-	-	-	-	-	-	-	-	-	9,104,710
8.70%	26,371,675	15,383,539	6,442,364	1,683,072	177,800	-	-	-	-	-	-	-
5.70%	927,421,438	531,117,713	25,525,458	42,346,431	33,224,236	2,164,210	1,140,466	2,684,900	534,029	99,970	291,268,925	
-	-	-	-	-	-	-	-	-	-	-	-	-
18.00%	76,477	5,274	6,229	11,979	30,157	22,496	342	-	-	-	-	-
0.00%	41,583,618	-	-	-	-	-	-	-	-	-	-	41,583,618
	1,004,557,918	546,506,526	31,974,051	44,041,482	33,432,133	2,186,706	1,140,808	3,218,929	99,970	-	341,957,253	
	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												
	3,140,259	-	3,140,259	-	-	-	-	-	-	-	-	-
	160,587,401	59,541,648	78,146,001	17,447,702	5,452,050	-	-	-	-	-	-	-
	106,748,426	69,905,801	20,102,435	14,867,890	1,872,300	-	-	-	-	-	-	-
	270,476,086	129,447,449	101,388,695	32,315,592	7,324,350	-	-	-	-	-	-	-
	345,531,316	(166,565,549)	250,709,141	128,710,445	162,758,400	23,749,882	44,383,870	28,546,263	31,742,942	5,144,026	(161,648,104)	
	(166,565,549)	84,143,592	210,854,037	373,612,437	441,746,189	397,362,319	470,292,452	502,035,394	507,179,420	345,531,316	-	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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 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 (based on contractual maturity)

2012

	Total	Up to 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) -----										
Assets										
Cash and balances with treasury banks	158,332,708	158,332,708	-	-	-	-	-	-	-	-
Balances with other banks	30,222,338	18,651,167	8,629,853	1,631,424	1,309,894	-	-	-	-	-
Lending to financial institutions - net	8,272,645	8,172,645	100,000	-	-	-	-	-	-	-
Investments - net	343,537,529	19,299,117	53,177,359	47,363,504	120,057,651	16,009,381	19,318,045	44,851,546	17,686,507	5,774,419
Advances - net	655,381,154	89,133,012	50,422,929	121,252,220	132,859,208	46,144,854	29,085,726	103,685,743	75,104,982	7,692,480
Operating fixed assets	27,949,833	-	-	-	2,802,257	1,693,065	437,827	1,505,656	226,965	21,284,063
Deferred tax assets - net	3,480,692	-	-	-	-	-	-	2,984,050	496,842	-
Other assets	82,162,206	11,406,728	12,853,496	8,921,993	3,619,822	20,713,031	21,205,376	558,932	1,281,257	1,601,571
	1,309,339,305	304,995,377	125,183,637	179,169,141	260,648,832	84,560,331	70,046,974	153,585,927	94,796,593	36,352,533
Liabilities										
Bills payable	14,367,639	14,367,639	-	-	-	-	-	-	-	-
Borrowings	50,250,684	39,677,343	5,356,368	1,320,822	594,784	-	-	3,301,367	-	-
Deposits and other accounts	1,037,784,947	822,544,900	79,385,056	35,798,196	73,193,722	11,945,674	5,194,282	9,509,534	213,583	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	29,619	727	1,811	3,907	13,623	9,245	306	-	-	-
Other liabilities	55,628,666	22,773,408	1,802,348	5,829,249	777,514	16,695,559	1,583,528	3,111,372	1,527,844	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
	1,158,061,555	899,364,017	86,545,583	42,952,174	74,579,643	28,650,478	6,778,116	15,922,273	1,741,427	1,527,844
Net assets	151,277,750	(594,368,640)	38,638,054	136,216,967	186,069,189	55,909,853	63,268,858	137,663,654	93,055,126	34,824,689
Share capital	18,500,114	-	-	-	-	-	-	-	-	-
Reserves	28,818,528	-	-	-	-	-	-	-	-	-
Unappropriated profit	68,715,995	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	35,243,113	-	-	-	-	-	-	-	-	-
	151,277,750	-	-	-	-	-	-	-	-	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

41.4.1 Maturities of Assets and Liabilities (based on contractual maturity) - (continued)

	2011									
	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) -----										
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	14,083,829	31,882,968	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	11,606,751
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	6,566,933	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	1,279,191
	1,016,926,288	683,255,139	108,847,101	88,678,298	94,242,973	23,283,570	3,975,081	11,863,691	1,491,244	1,279,191
Net assets	132,651,448	(378,289,945)	(19,976,700)	58,505,511	169,510,605	49,874,481	67,637,370	45,236,090	94,802,232	39,351,804
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, 2012

41.4.2 Maturities of Assets and Liabilities (based on behavioural study)

Expected maturity dates do not differ significantly from the contract dates except for the maturity of Rs. 488.562 billion (2011: 410.759 billion) of deposits representing Current and Saving Deposits considered by the Bank as stable source of funding of its operations.

The behavioural maturities of Demand deposits are determined on the basis of statistical study conducted by the Bank, based on the past five years of data. The attrition rate of deposits is determined based on historically observed weekly data of all Current and Saving Deposit accounts using VaR based approach. The approach considers the tendency of variation among the respective time bands for selected deposit types and drives the portion of volatility such time bands based on 99% confidence interval on the variation data so calculated. The remaining portion of the deposit which marked as core is accordingly shifted to higher time bands.

2012

	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) -----										
Assets										
Cash and balances with treasury banks	158,332,708	158,332,708	-	-	-	-	-	-	-	-
Balances with other banks	30,222,338	18,651,167	8,629,853	1,631,424	1,309,894	-	-	-	-	-
Lending to financial institutions - net	8,272,645	8,172,645	100,000	-	-	-	-	-	-	-
Investments - net	343,537,529	19,299,118	53,177,959	47,363,504	120,057,651	16,009,381	19,318,044	44,851,546	17,686,507	5,774,419
Advances - net	655,381,154	89,133,012	50,422,929	121,252,220	132,859,208	46,144,854	29,085,726	103,685,743	75,104,982	7,682,480
Operating fixed assets	27,949,833	-	-	-	2,802,257	1,693,065	437,827	1,505,656	226,965	21,284,063
Deferred tax assets - net	3,480,892	-	-	-	-	-	-	2,984,050	496,842	-
Other assets	82,162,206	11,406,728	12,853,496	8,921,993	3,619,822	20,713,031	21,205,376	558,932	1,281,257	1,601,571
	1,309,339,305	304,995,378	125,183,637	179,169,141	260,648,832	84,560,331	70,046,973	153,585,927	94,796,553	36,352,533
Liabilities										
Bills payable	14,367,639	14,367,639	-	-	-	-	-	-	-	-
Borrowings	50,250,884	39,677,343	5,356,368	1,320,822	594,784	-	-	3,301,367	-	-
Deposits and other accounts	1,037,784,947	318,369,426	92,887,578	128,158,628	172,771,852	111,523,804	104,772,412	109,087,664	213,583	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	29,619	727	1,811	3,907	13,623	9,245	306	-	-	-
Other liabilities	55,628,666	22,773,408	1,802,348	5,829,249	777,514	16,695,559	1,583,528	3,111,372	1,527,844	1,527,844
	1,158,061,555	395,188,543	100,048,105	135,312,606	174,157,773	128,228,608	106,356,246	115,500,403	1,741,427	1,527,844
Net assets	151,277,750	60,193,165	25,135,532	43,856,535	86,491,059	(43,668,277)	(36,309,273)	38,085,524	93,055,126	34,824,689
Share capital	18,500,114									
Reserves	28,618,528									
Unappropriated profit	68,715,995									
Surplus on revaluation of assets - net	35,243,113									
	151,277,750									

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

41.4.2 Maturities of Assets and Liabilities (based on behavioural study) - (continued)

	2011									
	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) -----										
Assets										
Cash and balances with treasury banks	131,675,907	131,675,907	-	-	-	-	-	-	-	-
Balances with other banks	27,581,895	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	96,233,476	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	212,590,033	113,089,689	157,162,369	177,190,440	90,417,232	86,417,380	90,342,242	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	1,279,191
	1,016,926,288	259,374,693	120,421,455	165,963,153	177,998,283	107,048,879	87,730,390	95,619,000	1,491,244	1,279,191
Net assets	132,651,448	45,590,501	(25,551,054)	(18,779,344)	85,755,295	(33,880,828)	(16,117,939)	(38,519,219)	94,802,232	39,351,804
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, 2012

42. ISLAMIC BANKING BUSINESS

The Bank is operating 8 Islamic banking branches as at December 31, 2012 (December 31, 2011: 8 branches).

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, 2012

ASSETS

Cash and balances with treasury banks
Balances with other banks
Investments
Islamic financing and related assets
Operating fixed assets
Due from Head Office
Other assets

Note

2012

2011

(Rupees in '000)

LIABILITIES

Bills payable
Deposits and other accounts
-Current accounts
-Saving accounts
-Term deposits
-Deposit from financial
Due to Head Office
Other liabilities

NET ASSETS

REPRESENTED BY

Islamic Banking Fund
(Accumulated loss) / Unappropriated profit

Surplus on revaluation of assets - net

Remuneration to Shariah Advisor

CHARITY FUND

Opening balance
Additions during the period
Payment / utilisation during the period
Closing balance

42.2.1 Investments

Sukuk
Provision for diminution in the value of investments

42.2.2 Islamic financing and related assets

Murabaha
Diminishing Musharaka
Ijarah assets

Provision against non-performing financings

		173,725	141,873
		753,957	-
	42.2.1	1,220,635	1,397,858
	42.2.2	1,322,280	1,720,698
		12,541	11,613
		-	-
		69,488	111,182
		<u>3,552,626</u>	<u>3,383,224</u>
		2,439	9,385
		1,476,882	429,089
		369,579	347,562
		669,092	743,075
		407,327	118
		352,927	1,433,810
		51,975	48,650
		<u>3,330,221</u>	<u>3,011,689</u>
		<u>222,405</u>	<u>371,535</u>
		300,000	300,000
		(77,595)	71,535
		<u>222,405</u>	<u>371,535</u>
		-	-
		<u>222,405</u>	<u>371,535</u>
		<u>1,521</u>	<u>1,273</u>
		-	-
		0.10	426
		-	(426)
		<u>0.10</u>	<u>-</u>
		1,357,536	1,557,399
		(136,901)	(159,541)
		<u>1,220,635</u>	<u>1,397,858</u>
		688,400	658,310
		624,109	723,313
		231,504	372,408
		1,544,013	1,754,031
		(221,733)	(33,333)
		<u>1,322,280</u>	<u>1,720,698</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

42.3 PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2012

	2012	2011
	(Rupees in '000)	
Profit / return earned on financings, investments and placements	458,731	529,589
Profit / return expensed on deposit	(220,086)	(280,346)
Net spread earned	238,645	249,243
Depreciation on assets given on Ijarah	(136,133)	(138,619)
	<u>102,512</u>	<u>110,624</u>
Provision against advances and investments	(103,426)	(46,875)
Provision reversed against advances and investments	37,666	107,234
	<u>(65,760)</u>	<u>60,359</u>
Profit / (Loss) after provision	36,752	170,983
Other income		
Fee, commission and brokerage income	3,591	4,105
Income from dealing in foreign currencies	(5)	132
Other income	-	274
Total other income	<u>3,586</u>	<u>4,511</u>
	40,338	175,494
Other expenses		
Administrative expenses	(117,933)	(103,959)
(Loss) / Profit for the year	<u>(77,595)</u>	<u>71,535</u>

42.4 Unconsolidated Cash Flow Statement

For the year ended December 31, 2012

Cash Flow from Operating Activities

(Loss) / Profit for the year	(77,595)	71,535
Adjustments :		
Depreciation - Own assets	1,279	2,056
Depreciation - Ijarah assets	136,133	138,619
Provision against non performing financings	65,760	46,875
	<u>203,172</u>	<u>187,550</u>
	125,577	259,085
(Increase) / Decrease in operating assets		
Due from Financial Institutions	(753,957)	200,000
Financings	273,748	(1,616,684)
Other assets	41,694	(63,189)
	<u>(438,515)</u>	<u>(1,479,873)</u>
(Increase) / Decrease in operating liabilities		
Bills payable	(6,946)	3,964
Deposits and other accounts	1,403,036	(673,569)
Borrowings from Head Office	(1,054,023)	1,861,179
Other liabilities	3,325	13,871
	<u>345,392</u>	<u>1,205,445</u>
Net cash generated / (used in) from operating activities	<u>32,454</u>	<u>(15,343)</u>
Cash Flow from Investing Activities		
Investment in operating fixed assets	(602)	(510)
Net cash used in investing activities	<u>(602)</u>	<u>(510)</u>
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	-	-
(Decrease) / Increase in cash and cash equivalents	<u>31,852</u>	<u>(15,853)</u>
Cash and cash equivalents at beginning of the year	141,873	157,726
Cash and cash equivalents at end of the year	<u>173,725</u>	<u>141,873</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool

	2012	2011
	(Rupees in '000)	
Income from financing activities	309,439	339,457
Income from investments	138,076	188,141
Income from placements with Financial Institutions	11,216	1,991
Total Income	458,731	529,589
Less: Administrative expenses directly attributable to the Pool	(136,133)	(138,619)
Less: Profit Distributed to other Special Pools	(4,140)	(81,092)
Gross Distributable Income	318,458	309,878
Mudarib (Bank) share of profit before Hiba	(75,271)	(79,748)
Add: Reversal of income on classified investment recognized by bank	14,343	-
Less: Hiba from bank's share to depositors	57,572	32,800
Net Mudarib (Bank) share of profit	(3,356)	(46,948)
Rab-ul-Maal Share of Profit	315,102	262,930
Rab-ul-Maal Share of Profit is distributed as follows:		
Remunerative depositors' share in Mudarabah pool	217,063	216,252
Bank's equity in Mudarabah pool	98,039	46,678
	315,102	262,930

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

42.6 Pools maintained by NBP-IBD

NBP-IBD has managed a General Pool and Three special pools during the year 2012. The General pool was maintained throughout the year and the special pools were maintained for specific periods the key features of the special pools maintained are as follows:

Pool description	Pool start date	Pool end date	Profit sharing Ratio	
			Rab-ul-Mall	Mudarib
Special pool 1	18-Mar-11	17-Mar-12	85%	15%
Special pool 2	14-Oct-11	13-Oct-11	85%	15%
Special pool 3	15-Dec-11	15-Jan-12	85%	15%

42.7 Sectors of economy where Mudaraba based deposits have been deployed

Sector	Percentage
Chemicals & pharmaceuticals	8.70%
Pharmaceutical	0.01%
Textile spinning	3.05%
Textile composite	6.89%
Cement	6.35%
Sugar	2.54%
Oil Gas	18.04%
Fuel & energy	17.95%
Leasing/Modarbas	4.31%
Services	6.29%
Federal Government	25.85%
Total	100%

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

42.8 Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using pre-agreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

Direct expenses charged to the pool comprise the depreciation on Ijarah assets.

42.9 Mudarib Share

Gross distributable income (Rs. In '000)	318,458
Mudarib (Bank) share of profit before Hiba (Rs. In '000)	75,271
Mudarib Share in %age	24%

42.10 Hiba from Mudarib share

Mudarib (Bank) share of profit before Hiba (Rs. In '000)	75,271
Hiba from bank's share to depositors (Rs. In '000)	57,572
Hiba from bank's share to depositors in %age	76%

42.11 During the year the average profit rate earned by the Islamic Banking Division is 11.20% and the profit rate distributed to the depositors is 10.32%.

43. SUBSEQUENT EVENT


The Board of Directors has proposed a cash dividend of Rs. 7 per share (2011: Rs. 7.5 per share) amounting to Rs. 12,950 million (2011: Rs. 12,614 million) and bonus shares in the proportion of 15 ordinary shares (2011: 10) per 100 ordinary shares held amounting to Rs. 2,775 million (2011: Rs. 1,682 million) at its meeting held on February 25, 2013 for approval of the members at the annual general meeting to be held on March 28, 2013. 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 February 25, 2013 by the Board of Directors of the Bank.




President /Chairman



Director



Director



Director

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

 Annexure I as referred to in
 Note 9.14 to the financial statements

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	
			2012	2011	2012	2011
----- (Rupees in '000) -----						
Held-for-trading						
Attock Refinery Limited	Unrated	AA/A1+	188,600	250,000	31,606	26,913
D G Khan Cement	Unrated	Unrated	3,508,875	-	191,514	-
Lafarge Pakistan Cement	Unrated	Unrated	193	-	1	-
Lucky Cement Limited	Unrated	Unrated	400,000	36,985	60,616	2,775
MCB Bank Limited	Unrated	AAA/A1+	-	175,267	-	23,591
Nishat Mills Limited	Unrated	AA-/A1+	1,075,500	1,497,407	68,671	60,570
National Refinery Limited	Unrated	AAA/A1+	-	75,000	-	18,202
Pakistan Oilfields	Unrated	Unrated	-	105,141	-	36,426
Pakistan State Oil company Limited	Unrated	AA+/A1+	-	737,861	-	167,649
P.T.C.L	Unrated	Unrated	6,250,000	106,000	108,438	1,101
TPL Trakker Limited	Unrated	A-/A2	462,500	-	4,181	-
			11,885,668	2,983,661	465,028	337,227
Available-For-Sale						
Abbott Laboratories Limited	Unrated	Unrated	462	1,267,462	106	126,480
Accord Textile Mills Limited	Unrated	Unrated	233,400	233,400	-	93
Adamjee Floorings Limited	Unrated	Unrated	30,080	30,080	-	-
Adamjee Insurance Company Limited	Unrated	AA	3,321,865	769,442	226,352	35,787
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	567,047	45,449	32,605
Agritech Ltd	Unrated	Unrated	-	11,499,000	8,472	176,625
Aisha Steel Mills Limited	A-/A-2	Unrated	10,000,000	-	106,500	-
AKZO Nobel Pakistan Limited	Unrated	Unrated	13,316	-	1,152	-
Al Abbas Sugar Mills Limited	Unrated	A/A1	727,285	727,285	75,274	65,303
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	10,218	14,297
Al Qaim Textile Mills	Unrated	Unrated	183,265	183,265	240	73
Al-Ghazi Tractors Limited	Unrated	Unrated	1,705	1,705	406	329
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	-	-	-	-
Allied Bank Limited	Unrated	AA/A1+	8,024,861	3,990,783	589,747	214,983
Amazai Textile Limited	Unrated	Unrated	10,111	10,111	-	5
American Life Insurance	Unrated	Unrated	2,500,000	-	83,750	-
Amtex Limited	Unrated	Unrated	23,172,472	23,172,472	57,931	27,807
AMZ Venture Limited Class A	Unrated	Unrated	200,000	-	122	-
Apex Fabrics Limited	Unrated	Unrated	144,506	144,506	-	-
Arag Industries Limited	Unrated	Unrated	96,478	96,478	-	-
Arif Habib Limited	Unrated	Unrated	143,615	129,255	4,432	1,833
Arif Habib Corp Limited (Arif Habib Securities Limited)	AA/A-1	Unrated	2,185,692	3,733,816	52,719	96,743
Aruj Garment Accessories Limited	Unrated	Unrated	34,541	34,541	276	155
Asim Textile Mills Limited	Unrated	Unrated	582,237	582,237	5,409	757
Askari Bank Limited	Unrated	AA/A1+	19,576,391	13,070,676	337,105	131,099
Aslo Electronics Limited	Unrated	Unrated	20,054	20,054	-	-
Aswan Tantage Limited	Unrated	Unrated	86,030	86,030	-	-
Atlas Battery Limited	Unrated	Unrated	120	-	28	-
Atlas Insuracne	Unrated	Unrated	57,420	-	2,614	-
Attock Petroleum Limited	Unrated	Unrated	842,626	1,584,126	431,416	653,452
Attock Refinery Limited	Unrated	AA/A1+	735,385	2,300,457	123,236	247,644
Awan Textile Mills Limited	Unrated	Unrated	108,696	108,696	-	-
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Balance carried forward			74,772,804	65,516,068	2,154,482	1,826,070

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	JCRVIS	PACRA	No. of shares held		Market Value	
			2012	2011	2012	2011
----- (Rupees in '000) -----						
Investee						
Balance brought forward			74,772,804	65,516,068	2,154,482	1,826,070
Azgard Nine	Unrated	D	22,169,691	22,169,691	179,353	63,184
Babri Cotton Mills Limited	Unrated	Unrated	-	41,026	-	343
Bahawalpur Textile Limited	Unrated	Unrated	33,283	33,283	-	-
Balochistan Particle Board Limited	Unrated	Unrated	398,550	398,550	1,395	279
Baluchistan Foundry (Tower)	Unrated	Unrated	37,664	37,664	-	-
Baluchistan Wheels Limited	Unrated	Unrated	811,357	811,357	28,397	21,193
Bank Al Habib Limited	Unrated	AA+/A1+	18,101,924	28,114,699	574,374	802,112
Bank Alfalah Limited	Unrated	AA/A1+	37,820,567	57,943,846	636,142	651,868
Bank Of Punjab	Unrated	AA-/A1+	1,322,479	1,322,479	14,151	7,155
Bankers Equity Limited (B.E.L.)	Unrated	Unrated	1,736,947	251,022	-	-
Bankers Equity Limited (B.E.L.)	Unrated	Unrated	-	1,485,925	-	-
Bankislami Pakistan Limited	Unrated	A/A1	2,210,107	898,394	20,355	2,785
Bannu Woollen Mills Limited	Unrated	Unrated	-	75,697	-	1,061
Bata Pakistan Limited	Unrated	Unrated	40	578,040	54	473,068
Bawany Textile Mills Limited	Unrated	Unrated	42,972	42,972	-	-
Bela Engineers Limited	Unrated	Unrated	135,658	135,658	-	-
Berger Paints Limited	Unrated	Unrated	203,429	314,929	4,713	4,157
Blessed Textiles Limited	Unrated	Unrated	3,742	551,942	441	35,247
Boc Pakistan Limited (Linde Pakistan)	Unrated	Unrated	515,585	515,585	79,137	52,074
Bolan Casting Limited	Unrated	Unrated	1,367,863	1,367,863	49,257	38,984
Brother Textile Mills Limited	Unrated	Unrated	214,100	429,055	771	184
Burshane LPG Pakistan (Former Shell LPG)			1,816,238	-	65,457	-
Buxlay Paints Limited	Unrated	Unrated	89,291	89,291	1,161	501
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 Insurance Company Limited	A/A-2	Unrated	1,147,500	-	15,090	-
Century Paper & Board Mills Limited	A+	Unrated	-	1,735,329	-	22,559
Charsada Sugar Mills Limited	Unrated	Unrated	4,634	4,634	32	32
Chashma Sugar Mills Limited	Unrated	Unrated	23	73,223	-	585
Cherat Cement Limited	Unrated	Unrated	2,828,500	6,500,269	137,889	46,867
Chilya Corrugated Board Limited	Unrated	Unrated	22,076	22,076	-	-
Clariant Pakistan Limited	Unrated	Unrated	703,570	703,570	181,662	104,832
Colony Mills	Unrated	Unrated	595,397	775,397	3,031	775
Colony Sarhad Textile	Unrated	Unrated	167,677	167,677	84	126
Colony Sugar Mills Limited	Unrated	Unrated	181,491	181,491	1,111	272
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	3,571,714	125,546	64,827
Crescent Textile Mills Limited	Unrated	Unrated	1,049,799	1,049,799	16,282	8,640
Crown Textile	Unrated	Unrated	161,948	161,948	-	-
Cynamid (Wyeth Pakistan)	Unrated	Unrated	57,788	56,858	55,188	46,621
D.S. Industries Limited	Unrated	Unrated	540,339	540,339	1,778	416
Dadabhoy Construction	Unrated	Unrated	40,024	40,024	3	20
Dadabhoy Cement Industries	Unrated	Unrated	5,004,500	5,004,500	12,611	7,056
Dadabhoy Leasing Co.	Unrated	Unrated	188,742	188,742	-	-
Dadabhoy Sack Limited	Unrated	Unrated	25,102	25,102	-	-
Dandot Cement	Unrated	Unrated	160,000	160,000	1,027	186
Data Agro Limited	Unrated	Unrated	50,135	50,135	363	-
Dawood Capital Management	Unrated	AM3+	338,285	338,285	1,001	220
Dawood Hercules Corporation Limited	Unrated	Unrated	7,189,992	7,205,328	233,962	305,434
Dawood Lawrencepur Limited	Unrated	Unrated	135,387	135,412	6,194	4,260
Dewan Cement (Pakland Cement)	Unrated	D	4,587,003	4,587,003	23,210	5,734
Dewan Khalid Textile	Unrated	Unrated	142,425	142,425	912	142
Dewan Mushtaq Textile	Unrated	Unrated	14,442	14,442	122	33
Dewan Salman Fibres	Unrated	Unrated	2,740,202	2,740,202	6,576	3,316
Dewan Sugar Mills	Unrated	Unrated	696,135	696,135	2,276	1,392
DG Khan Cement	Unrated	Unrated	8,897,028	6,929,158	485,600	131,862
Dost Steel Limited	Unrated	Unrated	55,076	55,076	346	63
Dynea Pakistan	Unrated	Unrated	23,358	23,358	423	199
EFU General Insurance	AA	Unrated	214,481	214,481	18,338	8,182
Balance carried forward			205,797,230	227,677,334	5,140,297	4,744,916

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2012	2011	----- (Rupees in '000) -----	
Balance brought forward			205,797,230	227,677,334	5,140,297	4,744,916
Ellcot Spinning Mills Limited	Unrated	Unrated	91	356,591	5	6,597
Emco Industries Limited	Unrated	Unrated	384,708	384,708	1,750	742
English Leasing Limited	Unrated	Unrated	360,416	360,416	-	234
Engro Corporation Limited	Unrated	A/A1	7,386,722	4,540,456	679,874	420,900
Engro Foods Limited	Unrated	AA/A1+	31,199,409	26,104,614	3,061,910	589,964
Engro Polymer & Chemicals Limited	Unrated	Unrated	1,770,833	1,770,833	17,921	12,874
Escort Investment Bank	BB	BBB/A3	1,221,067	1,184,092	5,006	1,776
Faran Sugar Mills Limited	Unrated	Unrated	1,331,545	1,360,098	34,633	25,502
Fateh Industries	Unrated	Unrated	11,712	11,712	64	64
Fateh Sportswear Limited	Unrated	Unrated	23,003	23,003	218	219
Fateh Textile Mills	Unrated	Unrated	11,847	11,847	1,185	1,192
Fatima Enterprises	Unrated	Unrated	109	109	2	2
Fatima Fertilizer Company Limited	Unrated	A+/A1	6,240,614	461,576	164,752	10,579
Fauji Cement Company Limited	Unrated	Unrated	68,500	-	448	-
Fauji Fertilizer Company Limited	Unrated	Unrated	179,306	1,050,004	21,004	157,018
Faysal Bank Limited	AA	AA/A1+	2,742,592	4,637,860	29,209	37,706
Fazal Textile Mills	Unrated	Unrated	34,527	34,527	8,465	8,514
Fazal Vegetable Ghee	Unrated	Unrated	21,486	21,486	97	97
Fecto Cement Limited	Unrated	Unrated	880,337	880,337	30,486	3,433
Ferozsons Laboratories Limited	Unrated	Unrated	1,500,780	1,429,315	120,227	117,190
FFC Bin Qasim Limited	Unrated	Unrated	10,899	10,899	421	462
First Capital Securities Corp.	Unrated	Unrated	2,048,345	2,048,345	7,497	3,810
First Dawood Investment Bank	Unrated	CCC	1,394,028	1,394,028	3,053	1,059
First Equity Modarba	Unrated	Unrated	2,034,435	907,135	6,510	680
First Fidelity Leasing Mod.	Unrated	Unrated	-	189,062	-	287
First National Equities Limited	Unrated	Unrated	191,637	121,137	770	329
Flying Cement Limited	Unrated	Unrated	12,011,000	-	45,522	-
General Tyre & Rubber Co.	Unrated	Unrated	1,600,000	1,600,000	42,464	33,456
Ghafoor Textile Mills	Unrated	Unrated	23,424	23,424	-	-
Ghandhara Nissan Limited	Unrated	Unrated	35,131	35,131	208	85
Ghani Gases Limited	Unrated	Unrated	2,485,000	-	43,314	-
Ghani Glass Limited	Unrated	Unrated	287,178	2,746,071	17,647	28,156
Gharibwal Cement	D	Unrated	1,339,000	1,339,000	11,957	7,472
Ghulam M. Dadabhoy (Dadabhoy Padube)	Unrated	Unrated	25,278	25,278	-	-
Glaxosmithkline (Glaxo Welcome)	Unrated	Unrated	4,086,454	3,714,959	299,660	249,199
Globe Textile Mills	Unrated	Unrated	33,704	33,704	293	320
Grays Of Cambridge	Unrated	Unrated	160,985	160,985	9,843	3,703
Greaves Aircondition	Unrated	Unrated	30,080	30,080	-	-
Gulistan Spinning Mills	Unrated	Unrated	148,828	148,830	854	610
Gulistan Textile Mills	Unrated	Unrated	374,355	374,355	5,615	9,340
Gulshan Spinning Mills	Unrated	Unrated	313,190	613,190	2,061	4,078
Gypsum Corporation	Unrated	Unrated	84,176	84,176	-	-
H. Shaikh Muhammed Hussain	Unrated	Unrated	57,634	57,634	-	-
Habib Bank Limited	AA+	Unrated	5,420,551	5,770,198	638,595	612,103
Habib Bank Modaraba 1st	Unrated	AA+/A1+	400,465	1,000,000	3,804	7,090
Habib Metropolitan Bank	Unrated	AA+/A1+	35,776,785	35,765,841	674,392	604,085
Habib Modaraba (Ist)	AA-	AA+/A1+	635	26,635	6	193
Habib Sugar	Unrated	Unrated	6,546,806	6,546,806	161,706	143,441
Hafiz Textile Mills	Unrated	Unrated	3,792	3,792	97	69
Haji Mohammad Ismail Mills Limited	Unrated	Unrated	1,594,650	1,594,650	4,864	1,196
Hakkim Textile Mills	Unrated	Unrated	131,445	131,445	-	-
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	657	674
Hignnoon Laboratories	Unrated	Unrated	-	235,065	-	6,664
Hinopak Motors Limited	Unrated	Unrated	259,462	259,462	22,765	18,175
Honda Atlas Car	Unrated	Unrated	2,482,754	2,482,754	48,314	21,451
Hub Power Company Limited	Unrated	AA+/A1+	164,185	15,355,718	7,428	525,166
Hub Power Company Limited	Unrated	AA+/A1+	57,740,000	57,740,000	2,612,158	1,974,708
Huffaz Seamless Pipe Ind.	Unrated	Unrated	269	694,269	6	5,617
Hyderabad Electronic	Unrated	Unrated	50,135	50,135	-	-
I.B.L. Modaraba (Ist)	Unrated	Unrated	727,077	727,077	1,636	1,454
Balance carried forward			402,911,943	418,093,525	13,991,670	10,404,652

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2012	2011	2012	2011
			------(Rupees in '000)-----			
Balance brought forward			402,911,943	418,093,525	13,991,670	10,404,652
I.C.C. Textiles Limited	Unrated	Unrated	-	84,016	-	38
Ibrahim Fibers	Unrated	AA-/A1+	2,411,562	945,213	116,117	25,559
ICI Pakistan	Unrated	Unrated	39,799	-	6,921	-
I.D.B.P	Unrated	Unrated	1,011	1,011	-	-
Indus Bank Limited.	Unrated	Unrated	76	76	-	-
Indus Dyeing & Manuf.	A/A-2	Unrated	267,362	267,362	167,101	101,683
IGI Insurance Limited	Unrated	AA	4,328,941	-	416,790	-
Indus Polyester Co.	Unrated	Unrated	3	3	-	-
Indus Motor	Unrated	Unrated	50,000	-	13,500	-
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	6,312,636	6,265,792	207,749	238,163
International Knit Wear	Unrated	Unrated	60,716	60,716	392	247
International Steel Limited	Unrated	Unrated	2,915,478	2,915,478	35,277	33,849
Invest Capital Investment Bank Limited	Unrated	Unrated	3,705,680	3,705,680	6,300	741
Investec Securities Limited	Unrated	Unrated	50,205	50,205	-	-
Islamic Investment Bank	Unrated	Unrated	71,339	71,339	-	-
Itti Textile Mills	Unrated	Unrated	83,418	83,418	-	-
Jahangir Siddiqui Investment Company	Unrated	A+/A1	44,805	31,405	471	83
Javed Omer Vohra & Co	Unrated	Unrated	859,960	859,960	1,634	980
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	28,503	3,228,503	460	13,011
Johnson & Phillips (Pak.) Limited	Unrated	Unrated	292,675	292,675	3,922	2,049
JS Bank Limited	Unrated	A+/A1	15,496,904	-	90,967	-
JS Bank Limited Lor	Unrated	Unrated	-	10,436,696	-	17,221
Junaid Cotton Mills Limited	Unrated	Unrated	51,759	51,759	-	-
Kaisar Arts & Krafts	Unrated	Unrated	868,959	868,959	-	-
Karachi Electric Supply Corporation	Unrated	A-/A2	369,225	1,869,225	2,127	2,991
Karachi Pipes	Unrated	Unrated	79,710	79,710	-	-
Karam Ceramics Limited	Unrated	Unrated	182,554	182,554	1,444	931
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	-	1
KASB Bank (Platinum Bank)	Unrated	BBB/A3	918,280	917,520	2,231	1,009
Kaytex Mills (Saleem Denim Ind.)	Unrated	Unrated	82,575	82,575	78	78
Khairpur Sugar Mills Limited	Unrated	Unrated	3,088,000	3,088,000	38,507	38,507
Khursheed Spinning Mills	Unrated	Unrated	53,900	53,900	-	54
Kohat Cement Limited	Unrated	Unrated	532,000	479,941	37,575	3,988
Kohat Textile Mills Limited	Unrated	Unrated	2,926,554	2,926,554	46,825	4,156
Kohinoor (Cotton) Textile	Unrated	Unrated	31,935	31,935	-	-
Kohinoor Energy Limited	Unrated	Unrated	10,135,351	135,351	228,147	2,134
Kohinoor Industries	Unrated	Unrated	-	4,370	-	4
Kohinoor Looms Limited	Unrated	Unrated	86,366	86,366	-	-
Kohinoor Mills Limited	Unrated	Unrated	895,683	1,240,022	9,960	1,996
Kohinoor Power Co.	Unrated	Unrated	147,865	147,865	519	223
Kohinoor Sugar Mills	Unrated	Unrated	366,887	366,887	2,018	1,317
Kohinoor Textile Mills Limited	Unrated	Unrated	2,054,323	2,054,323	30,527	6,944
Kot Addu Power Company Limited	AA+/A-1+	Unrated	15,249,644	16,748,004	753,180	692,028
KSB Pumps Co.Limited	Unrated	Unrated	1,087,818	1,004,638	70,708	24,423
Lafarge Pakistan Cement	Unrated	Unrated	8,563,719	2,594,936	43,418	4,878
Lafayette Industries Synth.	Unrated	Unrated	46,765	46,765	-	-
Leiner Pak.Gelatine	Unrated	Unrated	13,900	13,900	286	306
Libaas Textile Limited	Unrated	Unrated	250,000	250,000	-	188
Lotte Pakistan PTA Limited	Unrated	Unrated	4,300,000	5,800,000	31,605	53,766
Lucky Cement Limited	Unrated	Unrated	2,432,601	1,520,953	368,636	114,132
Maple Leaf Cement Limited	Unrated	D	319	194,819	5	360
Maqbool Textile Mills	Unrated	Unrated	382	833,382	7	6,359
Mari Petroleum Company Limited	Unrated	Unrated	3,415,417	2,915,417	335,906	236,149
Marr Fabrics Limited	Unrated	Unrated	60,246	60,246	-	-
Masood Textile Mills Limited	Unrated	Unrated	4,593,662	4,593,662	120,124	71,661
MCB Bank Limited	Unrated	AA+/A1+	1,580,842	2,394,526	331,597	322,303
Balance carried forward			504,600,784	501,166,824	17,514,486	12,429,163

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2012	2011	2012	2011
					------(Rupees in '000)-----	
Balance brought forward			504,600,784	501,166,824	17,514,486	12,429,163
Medi Glass Limited	Unrated	Unrated	150,404	150,404	-	-
Mehar Dastgir Textile	Unrated	Unrated	24,856	24,856	-	50
Mehran Bank Limited	Unrated	Unrated	376,390	376,390	-	-
Mehran Jute Limited	Unrated	Unrated	61,931	61,931	-	-
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	469,290	521,290	264,942	190,380
Mirpurkhas Sugar Mills	Unrated	Unrated	634,272	551,541	26,100	22,409
Mitchell'S Fruit Farms	Unrated	Unrated	-	286,496	-	23,487
Mohib Textile Limited	Unrated	Unrated	507,080	507,080	-	-
Moonlite Pak (Blanket)	Unrated	Unrated	58,846	58,846	421	274
Morafo Limited	Unrated	Unrated	29,069	29,069	-	298
Mubarik Dairies	Unrated	Unrated	28,227	28,227	-	15
Muslim Ghee	Unrated	Unrated	-	181,013	-	-
Mustehkam Cement Limited	Unrated	Unrated	345,923	345,923	9,686	3,804
Myfip Videos	Unrated	Unrated	-	537,300	-	-
Nagina Cotton Mills Limited	Unrated	Unrated	498	89,498	27	1,351
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 Foods Limited	A+/A-1	Unrated	2,974,900	-	859,568	-
National Refinery Limited	Unrated	AAA/A1+	555,554	513,418	117,611	124,601
Natover Lease & Refinance	Unrated	Unrated	371,674	371,674	-	-
Naveed Textile Mills	Unrated	Unrated	35,979	35,979	-	-
Nestle Pakistan Limited	Unrated	Unrated	4,980	-	23,572	-
NIB (Ndlc-Ific Bank) NIB Bank Limited	Unrated	AA-/A1+	12,862,190	12,862,190	33,828	22,252
Nishat (Chunian) Limited	A-/A-2	AA-/A1+	2,932,840	4,515,797	102,767	80,652
Nishat Chunian Power Limited	A/A-2	AA-/A1+	436	17,801,350	9	226,967
Nishat Mills Limited	Unrated	AA-/A1+	6,566,618	11,330,410	419,279	458,315
Nishat Power Limited	Unrated	A+/A1	893	5,835,515	17	75,570
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	AAA/A-1+	Unrated	2,474,781	400,481	476,668	60,721
Olympia Spinning & Weaving	Unrated	Unrated	-	21,838	-	38
Orix Leasing Pakistan Limited	Unrated	AA/A1+	1,689,793	1,689,793	25,347	10,730
Otsuka Pakistan	Unrated	Unrated	53,619	53,619	2,024	1,759
Pace Pakistan Limited	Unrated	D	37,314,967	22,364,967	111,572	29,074
Package Limited	Unrated	AA/A1+	3,269,663	2,388,163	494,242	197,549
Pak Datacom Limited	Unrated	Unrated	750,791	600,633	42,990	20,722
Pak Electron Limited	Unrated	A-/A2	4,599,015	4,599,015	49,485	16,051
Pakgen Power Limited	Unrated	Unrated	4,550,000	-	95,732	-
Pak Ghee Limited	Unrated	Unrated	29,491	29,491	-	15
Pak Paper Corporation	Unrated	Unrated	52,831	52,831	-	-
Pak Suzuki Motors Limited	Unrated	Unrated	2,490,727	2,315,727	218,287	136,697
Pakistan Engineering Company Limited	Unrated	Unrated	135,242	135,242	7,438	4,867
Pakistan Gum & Chemicals	Unrated	Unrated	-	49,460	-	2,016
Pakistan International Airlines Corporation "A-Class"	Unrated	Unrated	20,851,011	20,851,011	84,030	41,077
Pakistan National Shipping Corporation	Unrated	AA-/A1+	1,253,462	608,707	43,646	7,737
Pakistan Oil Fields Limited	Unrated	Unrated	1,750,000	727,933	765,695	252,192
Pakistan Paper Products Limited	Unrated	Unrated	189,772	158,144	7,591	4,865
Pakistan Petroleum Limited	Unrated	Unrated	225,805	180,644	39,920	30,406
Pakistan Refinery Limited	Unrated	Unrated	3,361,306	3,361,306	232,939	227,594
Pakistan Reinsurance Company Limited	Unrated	Unrated	14,882,779	6,459,182	363,884	100,117
Pakistan Services Limited	Unrated	Unrated	418,460	418,460	67,791	58,019
Pakistan State Oil	Unrated	AA+/A1+	19,202,593	12,921,257	4,459,034	2,935,839
Pakistan Telecommunication Company Limited	Unrated	Unrated	16,020,854	18,627,814	277,962	193,543
Pakistan Telephone Cables	Unrated	Unrated	45,969	45,969	230	100
Pakistan Tobacco	Unrated	Unrated	145,531	145,531	9,832	8,077
Pan Islamic Steamship	Unrated	Unrated	421	421	-	-
Pangrio Sugar	Unrated	Unrated	393	397,393	1	1,101
Paramount Spinning Mills	Unrated	Unrated	994,301	994,301	9,098	9,297
Pearl Fabrics Limited	Unrated	Unrated	117,121	117,121	-	-
Balance carried forward			671,002,005	659,437,148	27,258,550	18,010,594

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2012	2011	2012	2011
			------(Rupees in '000)-----			
Balance brought forward			671,002,005	659,437,148	27,258,550	18,010,594
Pervez Ahmed Securities Limited	Unrated	Unrated	301,925	301,925	894	229
Premier Insurance Co. of Pakistan Limited	Unrated	Unrated	56,074	-	2,711	-
Pioneer Cement Limited	Unrated	Unrated	27,405,714	27,405,714	494,399	90,439
Polyron Limited	Unrated	Unrated	76	76	-	-
Premium Textile Mills	Unrated	Unrated	184,889	184,889	16,132	4,208
Prosperity Weaving Mills Limited	Unrated	A-/A2	-	5,674	-	51
Prudential Investment Bank	Unrated	Unrated	166,278	166,278	-	-
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	BBB/A3	595,224	595,224	1,821	476
Qayyum Spinning	Unrated	Unrated	36,653	36,653	-	-
Quality Steel Works	Unrated	Unrated	1,685	1,685	-	-
Quetta Textile Mills	D	Unrated	9,686	9,686	271	355
RCD Ball	Unrated	Unrated	10,027	10,027	-	-
Redco Textile Mills Limited	Unrated	Unrated	402,378	402,378	2,314	121
Regal Ceramics Limited	Unrated	Unrated	45,501	45,501	-	-
Resham Textile Mills Limited	Unrated	Unrated	-	2,775	-	17
Rex Baren Battery	Unrated	Unrated	28,564	28,564	-	-
RMCPCL	Unrated	Unrated	13	13	-	-
Ruby Textile Mills	Unrated	Unrated	311,132	311,132	1,201	2,020
Rupali Polyester Limited	Unrated	Unrated	816,483	816,483	21,310	26,536
S.G.Power	Unrated	Unrated	164,692	164,692	606	77
Sadoon Textile Mills	Unrated	Unrated	421	421	-	-
Sahrish Textile Mills	Unrated	Unrated	10,043	10,043	-	-
Safe Mix Concrete Products	Unrated	Unrated	1,097,569	1,600,069	10,098	9,376
Saif Textile Mills Limited	Unrated	Unrated	363	1,075,363	8	5,366
Saitex Spinning Mills	Unrated	Unrated	182,423	182,423	-	-
Salman Noman Enterprises	Unrated	Unrated	167,606	167,606	838	256
Samba Bank Limited	A+	Unrated	6,154,267	6,154,267	18,401	8,924
Samin Textile Mills	Unrated	Unrated	1,604,838	1,604,838	10,752	6,500
Sana Industries Limited	Unrated	Unrated	448	172,448	22	6,043
Sanghar Sugar Mills	Unrated	Unrated	115	370,115	3	3,886
Sanofi - Aventis Pakistan Limited	Unrated	Unrated	-	-	-	-
Sapphire Textile Mills	A/A-2	Unrated	226	103,227	50	11,216
Sardar Chemical Ind.Limited	Unrated	Unrated	75,413	75,413	648	90
Saudi Pak.Leasing Co.	D	Unrated	1,582,673	1,582,673	5,144	760
Schon Textiles Mills	Unrated	Unrated	131,446	131,446	-	-
Searle Pakistan Limited	BBB+	Unrated	1,190,000	-	51,170	-
Security Investment Bank	A	Unrated	1,160,703	1,160,703	4,353	1,451
Security Papers Limited	AAA/A-1+	Unrated	935,011	935,011	47,985	33,099
Service Fabrics Limited	Unrated	Unrated	687,561	687,561	-	165
Service Industries Limited	Unrated	Unrated	842,126	842,126	140,635	164,206
Service Textile Mills	Unrated	Unrated	82,575	82,575	-	41
Shabbir Tiles & Ceramics	Unrated	Unrated	1,801,895	1,801,895	15,586	14,505
Shahmurad Sugar Mills Limited	BBB+/A-2	Unrated	3,895	593,895	60	5,826
Shahpur Textile Mills	Unrated	Unrated	200,527	200,527	-	32
Shahtaj Sugar Mills	Unrated	Unrated	408,539	408,539	32,728	36,434
Shahyar (Oe) Textile Mills	Unrated	Unrated	40,023	40,023	-	-
Shahyar Textile Mills	Unrated	Unrated	113,161	113,161	-	-
Shakarganj Mills	Unrated	D	666,302	3,666,302	8,062	17,672
Shell Gas Lpg (Burshane LPG Pakistan)	Unrated	Unrated	-	781,738	-	17,605
Shell Pakistan Limited	Unrated	Unrated	175,000	-	23,833	-
Shezan International	Unrated	Unrated	37	97,634	16	10,747
Siemens (Pakistan) Engineering Company Limited	Unrated	Unrated	698,212	681,738	540,891	720,427
Siftaq (International) Textile Mills	Unrated	Unrated	54,769	54,769	-	-
Silk Bank Limited	A-	Unrated	1,810,788	1,810,788	4,129	3,205
Sindh Alkalis Limited	Unrated	Unrated	359,369	360,212	-	-
Sindh Fine Textile Mills	Unrated	Unrated	39,603	39,603	-	277
Sitara Chemicals Industries Limited	A+/A-1	Unrated	570,814	445,814	102,176	32,188
Balance carried forward			724,697,752	718,271,475	28,817,796	19,245,419

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2012	2011	2012	2011
			------(Rupees in '000)-----			
Balance brought forward			724,697,752	718,271,475	28,817,796	19,245,419
Sitara Energy Limited	Unrated	Unrated	1,130,517	1,130,517	32,220	19,162
SME Leasing Limited	BBB	Unrated	1,230,477	1,230,477	9,229	4,307
Soneri Bank Limited	Unrated	AA-/A1+	59,369,214	40,051,953	420,928	156,203
Southern Networks Limited	Unrated	Unrated	153,522	153,522	461	-
Standard Chartered Leasing Limited	Unrated	AA/A1+	193	85,693	1	257
Standard Chartered Modaraba	Unrated	AA+/A1+	1,975,021	1,975,021	22,811	20,441
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	47,301,230	42,313,118	1,099,754	664,739
Sui Southern Gas Pipeline Limited	Unrated	AA-/A1+	36,488,174	36,090,174	748,372	696,179
Summit Bank Limited (Formuly Arif Habib Bank)	A	Unrated	48,908,297	36,908,297	145,258	63,482
Sunrise Textile Mills	Unrated	Unrated	7,668	7,668	-	-
Sunshine Cloth Mills	Unrated	Unrated	374,721	374,721	-	-
Sunshine Cotton Mills Limited	Unrated	Unrated	498,220	498,220	-	-
Suraj Ghee Limited	Unrated	Unrated	27,384	27,384	-	274
Syed Match Ind.	Unrated	Unrated	162	7,162	2	100
Taga Pakistan Limited	Unrated	Unrated	48,450	48,450	-	-
Taj Textile Mills Limited	Unrated	Unrated	763,513	763,513	-	191
Tandlianwala Sugar Limited	Unrated	Unrated	17,948	17,948	1,526	951
Tariq Cotton Mills	Unrated	Unrated	21,907	21,907	-	-
Tata Textile Mills	Unrated	Unrated	34	1,056,534	1	21,870
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	12,915	4,005
Thall Limited	Unrated	Unrated	6,297,498	4,522,771	673,014	369,963
Thatta Cement Co. Limited	Unrated	Unrated	9,859,862	9,859,862	246,497	234,172
TPL Direct Insurance Limited	Unrated	Unrated	4,141,360	-	41,331	-
TPL Trakker Limited	Unrated	A-/A2	7,478,597	-	67,607	-
Treet Corporation	AA-/A-1	Unrated	2,454,045	46,395	161,059	1,807
TRG Pakistan	Unrated	Unrated	30,332,500	-	169,559	-
Tri Star Modaraba (Ist)	Unrated	Unrated	151,492	151,492	265	167
Turbo Tec Limited (Tubes)	Unrated	Unrated	86,788	86,788	-	-
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
Unicap Modaraba.	Unrated	Unrated	178,631	178,631	268	54
Union Insurance Co.Of Pakistan	Unrated	Unrated	156	156	-	-
United Bank Limited	AA+	Unrated	3,743,733	5,654,884	313,238	296,259
United Brands Limited (Udl Industries)	Unrated	Unrated	4,085	4,085	106	96
United Distributors Pak.	Unrated	Unrated	525	230,525	5	2,317
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	14,057	11,355
Worldcall Telecom	Unrated	D	17,247,414	19,247,414	43,636	19,247
Yousuf Weaving Mills	Unrated	Unrated	627,427	627,427	2,855	627
Zafar Textiles Mills Limited	Unrated	Unrated	34,041	34,041	-	-
Zahur Cotton Mills	Unrated	Unrated	225	225	-	-
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	19,200	173,700	2,003	5,730
			1,013,002,525	929,182,692	33,046,770	21,839,374

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

1.1.2 Particulars of Investments held in un-listed companies

1.1.2.1 Ordinary Shares - Holding 10% and above

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			2012	2011			
------(Rupees in '000)-----									
Atlas Power Limited	Unrated	Unrated	10%	37,500,000	375,000	375,000	639,807	30-Jun-12	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%	29,188,739	321,076	321,076	256,736	30-Jun-12	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 I.D.B.P.	Unrated	Unrated	18.6%	275,000	-	-	Not Available.....	Mr. Hassan Zaidi
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	-	-	(6,793)	June 30,1999	
					710,304	710,304			

1.1.2.2 Ordinary Shares - Holding below 10%

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		2012	2011			
------(Rupees in '000)-----								
Al Ameen Textile	Unrated	Unrated	30,000	328	328			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.....
Babri Cotton Mills Limited	Unrated	Unrated	321,778	3,218	3,218	23,365	June 30, 2011	Raza Kuli Khan Khattak
F.T.C. Management	Unrated	Unrated	50,000	250	250	34,657	June 30, 2012	Engr. Mir Fateh Sultan
Fauji Oil Terminals	Unrated	Unrated	1,088,600	10,886	10,886	27,192	June 30, 2012	Lt. Gen @ M. Mustafa Khan
First Women Bank Limited	Unrated	BBB+/A2	7,698,441	21,100	21,100	117,285	Dec. 31. 2011	Ms.Shafqat Sultana
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	8,334	June 30, 2012	Mr. Qasim Lakhani
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	Sep. 30, 2002	Not available
Gulistan Power Generation Limited	Unrated	Unrated	220,000	2,200	2,200	8,096	June 30, 2000	Mr. Abdul Shakoor
Hazara Woolen Mills Limited	Unrated	Unrated	20,000	200	200			Not Available.....
Insecta Pakistan Limited	Unrated	Unrated	50,000	-	-	315	June 30,1997	Mr. Syed Tauqeer Haider
JDM Textile Mills Limited	Unrated	Unrated	478,500	4,784	4,784	11,639	June 30, 2012	Mr.LT. Gen @ Ali Kuli Khan
Kaytex Mills Limited	Unrated	Unrated	377,800	3,778	3,778			Not Available.....
Mohib Textile Mills Limited	Unrated	Unrated	125,600	-	-			Not Available.....
Muslim Ghee Mills Limited	Unrated	Unrated	181,000					Not Available.....
Myfip Video Industries	Unrated	Unrated	537,300					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.....
National Institution of Facilitation Technology Pvt. Ltd	Unrated	Unrated	1,255,737	1,526	1,526		June 30, 2012	Mr. M. M. Khan
National Investment Trust (Face value: Rs.100 each)	AM-DS	Unrated	79,200	100	100	28,030	June 30, 2010	Mr. Tariq Iqbal Khan
National Woolen Mills Limited	Unrated	Unrated	18,300	183	183	1,796		Not Available.....
Newyork Poly Clinic of Karachi	Unrated	Unrated	220,133	-	-		June 30,1998	Mr. Akhter Aziz khan
Newshehra Engineering Works Limited	Unrated	Unrated	4,950	41	41	(241)		Not Available.....
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	373	373			Not Available.....
Pakistan Textile City	Unrated	Unrated	10,000,000	100,000	100,000		June 30, 2011	Mr. Zaheer Hussain
Pakistan Tourism Development Corporation	Unrated	Unrated	100,000	100	100	76,026	June 30,1996	Not available
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	1,152,938	11,529	11,529	24,983	Dec 31, 2009	Not available
People Steel Mills Limited	Unrated	Unrated	1,076,880	3,276	3,276	1,152		Not Available.....
Qadri Textile Mills Limited	Unrated	Unrated	50,000	500	500			Not Available.....
Refrigerator Manufacturing Company Limited	Unrated	Unrated	45,737	4,589	4,589			Not Available.....
Rousch Power Pakistan Limited	Unrated	Unrated	39,729,000	132,888	132,888		June 30,2012	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750	736		Not Available.....
Rehman Cotton Mills Limited	Unrated	Unrated	1,695,700	16,958	16,958		June 30, 2011	Mr. LT. Gen @ Ali Kuli Khan
South Asia Regional Fund	Unrated	Unrated	5,000	287	287	107,895	Dec 31,07	Mr. Jean Fondaumiere
Shoab Capital	Unrated	Unrated	100,000	271	271		June 30,2000	Not available
SME Bank Limited	BBB	Unrated	6,121,095	26,950	26,950	544	31-12-2010	Mr. R. A Chughtai
Star Salica Industries Limited	Unrated	Unrated	26,650	267	267	50,986		Not Available.....
Engine System	Unrated	Unrated	788,500	-	-			Not Available.....
Sunshine Cloth Mills	Unrated	Unrated	150,000	-	-			Not Available.....
Transmobile Limited	Unrated	Unrated	644,508	-	-		June 30,1997	Mr. Javed Burki
Zafar Textiles Mills Limited	Unrated	Unrated	247,100	256	256	(44)		Not Available.....
Zulsham Engineering Works Limited	Unrated	Unrated	3,300	330	330			Not Available.....
				354,868	354,868			

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of units held		Market Value	
	JCRVIS	PACRA	2012	2011	2012	2011
----- (Rupees in '000) -----						
ABL Cash Fund	AA(f)	Unrated	14,616,749	14,616,749	146,356	146,314
AH Dow Jones Safe Pak Titans 15 Index Fund	Unrated	Unrated	-	600,000	-	29,706
AKD Cash Fund	AA+(f)	Unrated	420,852	2,000,000	21,181	20,000
Al Falah GHP Cash Fund	Unrated	AA(f)	100,000	99,237	50,069	49,672
Atlas Money Market Fund	Unrated	AA(f)	344,805	246,220	174,144	123,991
Asian Stock Fund	Unrated	Unrated	173,705	173,705	1,129	434
Askari Sovereign Cash Fund	Unrated	AAA(f)	1,470,268	1,470,268	147,805	147,747
BMA Empress Cash Fund	AA+(f)	Unrated	9,819,759	-	99,592	-
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
Faysal Money Market Fund	AA+(f)	Unrated	973,141	-	100,156	-
Faysal Savings Growth Fund	AA-(f)	Unrated	33,732	32,161	3,481	3,331
First Dawood Mutual Fund	Unrated	2-Star/2-Star	5,262,059	5,262,059	33,677	8,946
First Habib Cash Fund	AA(f)	Unrated	983,752	983,752	98,533	101,327
HBL Money Market Fund	AA(f)	Unrated	487,398	487,509	49,329	50,301
IGI Money Market Fund	Unrated	Unrated	1,470,392	484,841	148,078	48,814
Invest ec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
J.S Large Capital Fund	Unrated	Unrated	416,857	416,857	29,639	19,492
J.S. Value Fund	Unrated	Unrated	1,832,764	1,832,764	16,495	7,881
Lakson Money Market Fund	Unrated	AA(f)	994,080	497,297	99,557	49,735
MCB Cash Optimizer Fund	Unrated	AA(f)	1,940,028	1,940,028	194,527	199,590
Meezan Balanced Fund	Unrated	Unrated	2,870,000	5,000,000	33,177	45,500
NAMCO Balanced Fund	Unrated	Unrated	2,205,360	2,160,000	10,475	10,908
NIT Government Bond Fund	Unrated	AA(f)	10,000,000	10,000,000	105,161	106,800
NIT Income Fund	Unrated	A+(f)	29,376,653	29,376,653	319,154	316,680
Pak Oman Government Securities Fund	Unrated	AA(f)	4,840,833	-	49,861	-
Pakistan Strategic Allocation Fund	Unrated	3-Star/4-Star	-	3,131,319	-	24,518
PICIC Cash Fund	AA+(f)	Unrated	996,772	996,722	100,102	101,058
PICIC Energy Fund	Unrated	Unrated	2,133,585	2,133,585	19,202	15,191
PICIC Growth Fund	Unrated	Unrated	-	152,491	-	1,900
PICIC Investment Fund	Unrated	Unrated	-	6,216,321	-	33,879
UBL Liquidity Plus Fund	AA+(f)	Unrated	1,469,319	974,371	147,340	100,068
Unit Trust of Pakistan	Unrated	Unrated	-	505,260	-	48,737
			95,401,047	91,958,353	2,198,220	1,812,520

1.3 Particulars of Investments held in Preference shares

Listed:	Rating	Cumulative/ Non-cumulative	Rate	No. of shares held		Market Value	
	JCRVIS			2012	2011	2012	2011
----- (Rupees in '000) -----							
Agritech Limited (Preference)	Unrated	Cumulative	9.25%	61,748,756	-	617,488	-
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	10,500	17,000
Nishat Chunian Limited	Unrated	Cumulative	15.00%	-	737,699	-	18,811
Saleem Sugar Mills	Unrated	Cumulative	6.00%	105	105	-	6
Masood Textile Mills	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000
Maple Leaf Cement Factory	SD	Cumulative	9.75%	-	112,996	-	542
Pak Elektron Limited	A/A1	Cumulative	9.50%	10,643,642	10,643,642	106,436	124,498
				87,392,503	26,494,442	784,424	210,857

Unlisted:

Pakistan Mercantile Exchange Limited	Unrated	-	-	1,300,000	13,000,000	13,000	13,000
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* Cost of the above investment amounted to Rs. 886.92 million (2011: Rs. 285.26 million)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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

1.4.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market Value / cost	
					2012	2011	2012	2011
Listed								
Allied Bank Ltd.	11.16% 6 months Kibor + 1.9%	Half yearly	December 6, 2014	AA-	9	9	46	45
Askari Bank Limited	11.07% 6 months Kibor + 1.5%	Half yearly	October 31, 2013	AA-	3,200	3,000	17,648	14,899
Azgard Nine Limited	15.80% 6 month Kibor + 2.4%	Half yearly	August 17, 2012	D	7,809	20,000	32,538	74,898
Azgard Nine Limited 27-07-2012	zero coupon	-	March 31, 2017	D	122,697	-	613,485	-
Bank Al-Falah Ltd.	15% (Fixed)	Half yearly	December 2, 2017	AA-	16,600	35,000	90,154	180,170
Bank Al-Falah Ltd.	14.46% 6 months Kibor + 2.5%	Half yearly	December 2, 2017	AA-	-	46,200	-	231,739
Bank Al-Habib Limited	10.00% 6 month Kibor + 1.5%	Half yearly	June 28, 2012	AA+	-	40,000	-	120,725
Engro Fertilizer Ltd	14.43% 6 months Kibor + 2.4%	Half yearly	December 17, 2016	A-	2,000	6,000	8,367	30,441
Engro Fertilizer Ltd PRP 1	12.14% 6 months Kibor + 2.4%	Half yearly	December 17, 2016	AA	29,126	-	130,582	-
Escorts Invest. Bank Ltd.	15.90% 6 months Kibor + 2.5%	Half yearly	September 15, 2014	BBB-/A3	1,826	6,090	4,487	6,730
Faysal Bank Ltd.	14.53% 6 months Kibor + 2.25%	Half yearly	October 11, 2017	AA-	13,500	37,800	69,069	195,384
Faysal Bank Ltd.	10.75% 6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	10,000	-	50,672	-
Financial Receivable Securitization Company Limited	13.92% 6 month Kibor + 2%	Half yearly	December 27, 2013	A+	5,000	5,000	6,293	10,359
NIB Bank Ltd.	11.36% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A+	8,092	11,600	40,489	56,765
Orix Leasing Pak. Ltd.	13.51% 6 months Kibor + 1.5%	Half yearly	May 25, 2012	AA+	-	1,400	-	1,129
Saudi Pak Leasing Co.	3% (Fixed)	Half yearly	March 13, 2013	D	10,000	10,000	13,000	22,791
Soneri Bank Limited	13.61% 6 month Kibor + 1.6%	Half yearly	March 31, 2011	A+	-	27,000	-	100,361
Sumit Bank Ltd	12.57% 6 months Kibor + 3.25%	Half yearly	November 11, 2018	A	44,898	44,898	214,242	215,806
Balance carried forward							1,291,073	1,262,242

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, 2012

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

1.4.1 Term finance certificates

	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market Value / Cost	
					2012	2011	2012	2011
Balance brought forward							1,291,073	1,262,242
UBL 1st Issue	8.45% (Fixed)	Half yearly	June 26, 2012	AA	-	26,909		84,775
UBL 2nd Issue	9.49% (Fixed)	Half yearly	March 15, 2013	AA	6,500	6,500	32,371	30,883
UBL 3rd Issue	13.66% 6 months Kibor + 1.7%	Half yearly	September 8, 2014	AA	100	4,000	338	501
UBL 4th Issue	12.78% 6 Months Kibor +0.85%	Half yearly	February 14, 2018	AA	58,300	180,000	297,385	776,581
Standard Chartered Bank Limited	12.76% Six Month Kibor +0.75%	Half yearly			78,000	-	390,165	-
Afroze Textile Industries	6 month Kibor + 8.50%	Quarterly	December 29, 2019	Unrated	12	12	284,000	284,000
Agritech Limited	6 month Kibor + 1.75%	Half yearly	January 14, 2019	D	68,416	57,000	341,798	285,000
AKD Securites Ltd	6 month Kibor + 2.5%	Half yearly	December 31, 2015	D	4		992,000	
Agro Dairies Limited	22.00%	Overdue	Overdue	Unrated	20	20	-	-
Al-Azhar Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	5,168	5,168
Al-Qaim Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	357	357
Apex Fabrics Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,640	2,640
Aqma Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,549	3,549
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,643	3,643
Babri Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	5	5	44,714	44,714
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	35,896	35,896
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	2,745	2,745
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	47,002	62,669
Bela Chemical Limited	22.00%	Overdue	Overdue	Unrated	24	24	24,595	24,595
Bentonite Pak Limited	22.00%	Overdue	Overdue	Unrated	31	31	3,417	3,417
Blue Star Spinning Mills Limited	22.00%	Overdue	Overdue	Unrated	17	17	2,252	2,252
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	3,093	3,093
Bunny's Limited	6 months Kibor + 2.5%	Overdue	December 6, 2012	Unrated	6,000	6,000	22,500	22,500
Colony Thal Textile Mills Ltd	Fixed 7%	Annually	December 31, 2017	Unrated	6		119,536	-
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chiniot Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,185	1,185
Danneman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,283	3,283
Faruki Pulp Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	-	-
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,350	1,350
Glorex Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	924	924
Balance carried forward							3,959,528	2,950,511

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, 2012

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

1.4.1 Term finance certificates

	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market Value / Cost	
					2012	2011	2012	2011
Balance brought forward							3,959,528	2,950,511
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	10	10	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	16	16	239	511
Independent News Paper Corp. Ltd	9.28% cost of Fund Rate	Half yearly	March 30, 2018	B	20		1,621,964	-
Jahangir Siddiqui & Company Limited	6 month Kibor + 1.60%	Half yearly	May 17, 2014	AA	40	40	149,582	200,643
Janana De Malucho Textile Mills Ltd	Zero Markup	Anually	January 1, 2017	Unrated	11	11	63,098	76,470
Javedan Corporation Limited	6 month Kibor + 2.50%	Half yearly	December 7, 2016	Unrated	12,250	12,250	1,225,000	1,170,313
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	Unrated	40,000	40,000	66,824	109,172
Kamal Ghee & Allied Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	4,238	4,238
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	Pending receipt		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
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	-	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 Sugar Industries Ltd	3 month Kibor + 3 %	Quarterly	September 30, 2016	Unrated	20		118,750	-
New Allied Electronic industries limited.	3 month Kibor + 1.50 %	Quarterly	December 31, 2020	Unrated	Pending receipt		1,433,724	1,548,500
Oil & Gas Investment Limited.	6 month Kibor + 2%.	Half yearly	May 14, 2015	Unrated	188,160	188,160	940,800	940,800
Pakistan International Airlines Corp. Limited	6 month Kibor + 0.85%.	Half yearly	February 18, 2011	Unrated	594,976	594,796	2,972,500	2,972,500
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	-	-	-	-
Pak Libya Holding Co Pvt Ltd	6 month Kibor + 1.6%.	Half yearly	February 7, 2016	Unrated	50,000	50,000	249,850	249,960
Parthenon private Limited	6 month Kibor + 0.85%.	Quarterly	December 30, 2017	Unrated	6	4	1,606,776	1,280,486
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	-	-	-	-
Faysal Bank (Royal Bank of Scotland)	6 month Kibor + 1.9%	Half yearly	December 29, 2012	Unrated	22,000	22,000	27,478	55,119
Pak Hy-Oil Ltd	6 months Kibor + 2.25%	Overdue	December 6, 2013	Unrated	1	1	150,000	150,000
Pak Arab Fertilizer Ltd	6 months Kibor + 2.50%	Half yearly	May 19, 2015	Unrated	846,570	900,000	2,165,568	3,334,264
Rehman Cotton Mills	Zero Markup	Anually	December 30, 2016	Unrated	7	10	75,109	90,131
Qand Ghar (Pvt) Limited	22.00%	Outstanding	Overdue	Unrated	2	2	-	-
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	-	-
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	-	-
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	-	-
Scan Recycling (Pak) Limited	22.00%	Overdue	Overdue	Unrated	17	17	-	-
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	-	-
Shah Jewana Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	26	26	-	-
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	-	-
Sialkot Dairies	22.00%	Overdue	Overdue	Unrated	13	13	-	-
Balance carried forward							16,956,480	15,350,449

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, 2012

	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market Value / Cost	
					2012	2011	2012	2011
Balance brought forward							16,956,480	15,350,449
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,035	1,035
Sind Textile Industries	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsas Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Silica International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	904	904
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharparkar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	5	5	23,332	23,332
Turbo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,126
Waleed Leather Industries Limited	22.00%	Overdue	Overdue	Unrated	38	38	2,196	2,196
Zamir Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	7,516	7,516
							17,007,709	15,401,678

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, 2012

1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2012	2011
				------(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%	-	-
Allied Ghee Industries Limited	Overdue	-	Interest free	-	-
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
				189,354	189,354

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2012	2011
				----- (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
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
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
Mass Dairies Limited	11	17%	229,364	-	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	4,433	6,472
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
Treat Corporation Limited	7,729,500		33	254,434	-
				340,938	97,225

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

1.4.4 Investment in Sukuk

Investee	Rating		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2012	2011
------(Rupees in '000)-----					
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	11.78% 6 month Kibor - 0.25%	1,136,673	1,332,917
WAPDA Sukuk (1st Issue)	Bi-Annual	Bi-Annual	- -	-	20,016
Quetta Textile Mills Limited	Bi-Annual	Bi-Annual	13.53% 6 month Kibor + 1.5%	320,000	330,367
PIA Corporation	Bi-Annual	Bi-Annual	11.51% 6 month Kibor + 1.75%	550,000	550,000
Maple Leaf Cement Limited	Bi-Annual	Bi-Annual	11.21% 6 months Kibor + 1.7%	3,058	4,531
Islamic Banking					
WAPDA Sukuk	Bi-Annual	Bi-Annual	11.70% 6 month Kibor - 0.25%	20,833	23,963
Orix Leasing	Bi-Annual	Bi-Annual	13.27% 6 month Kibor + 1.25%	-	6,680
Sitara Energy	Bi-Annual	Bi-Annual	15.75% 6 month Kibor + 1.95%	-	10,674
Security Leasing Limited	Bi-Annual	Bi-Annual	3% (Fixed)	36,901	30,924
Kohat Cement Limited	Bi-Annual	Bi-Annual	Fixed	34,426	70,744
Arzoo Textile Limited	Quarterly	Quarterly	13.95% 6 month Kibor + 2.00%	100,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	9.264% to 10.278% As per SBP Publications	750,100	750,000
Engro Fertilizer Limited	Bi-Annual	Bi-Annual	11.96% 6 month Kibor + 1.50%	216,738	216,738
Sui Southren Gas Co. Limited	Quarterly	Quarterly	10.40% 3 month Kibor + 0.20%	23,538	125,386
Pakistan International Airline	Bi-Annual	Bi-Annual	11.51% 6 month Kibor + 1.75%	175,000	175,000
				3,367,267	3,747,940

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

1.4.5 Others Government Bond Investment

Investee	Rating		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2012	2011
----- (Rupees in '000) -----					
Overseas Bonds					
BANK OF AMERICA	On Maturity	Bi-Annual	4.50%	235,457	175,421
BANK OF AMERICA	On Maturity	Bi-Annual	4.50%	-	195,293
BANK OF AMERICA	On Maturity	Bi-Annual	6.00%	-	44,476
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	5.20%	316,412	186,306
BARCLAYS BANK	On Maturity	Bi-Annual	5.00%	-	186,306
BNP PARIBAS	On Maturity	Bi-Annual	3.31%	-	226,557
CITIBANK	On Maturity	Bi-Annual	5.13%	205,864	93,393
CITIBANK	On Maturity	Bi-Annual	5.50%	210,778	185,643
CITIBANK	On Maturity	Bi-Annual	6.00%	235,041	187,746
CITIBANK	On Maturity	Bi-Annual	6.50%	205,750	213,040
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3.63%	104,228	174,756
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	5.35%	109,785	174,756
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3 months LIBOR+1%	194,737	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 SHANGHAI BANK CO.	On Maturity	Bi-Annual	0.64%	116,370	-
LLOYDS TSB BANK	On Maturity	Bi-Annual	LIBOR+2.35%	196,414	43,294
LLOYDS TSB BANK	On Maturity	Bi-Annual	6.50%	198,168	43,294
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.88%	52,486	175,319
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.38%	52,486	109,729
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.88%	218,501	175,567
MERRILL LYNCH & CO	On Maturity	Bi-Annual	5.30%	-	178,797
MORGAN STANLEY	On Maturity	Bi-Annual	3.45%	-	82,809
MORGAN STANLEY	On Maturity	Bi-Annual	3.45%	101,771	181,331
MORGAN STANLEY	On Maturity	Bi-Annual	6.00%	207,312	165,436
MORGAN STANLEY	On Maturity	Bi-Annual	3.80%	205,245	246,151
MORGAN STANLEY	On Maturity	Bi-Annual	4.50%	293,895	-
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	4.88%	208,216	88,891
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	3 months LIBOR+1.75%	196,974	88,891
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	3 months LIBOR+1.75%	97,912	176,383
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	3.95%	-	168,310
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	3.95%	-	84,155
SOCIETE GENERALE	On Maturity	Bi-Annual	2.20%	196,692	169,091
SOCIETE GENERALE	On Maturity	Bi-Annual	2.20%	196,692	169,091
SOCIETE GENERALE	On Maturity	Bi-Annual	2.20%	196,692	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%	3,378,825	2,685,740
GOP EURO BOND	On Maturity	Bi-Annual	6.88%	2,871,202	678,902
SUKUK	On Maturity	Bi-Annual	6 months SIBOR+2.5%	-	119,925
				10,803,905	9,259,915

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2012 TO 31.12.2012
Annexure II as referred to in
Note 10.6 to the financial statements

(Rupees in Millions)

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/Mark-up & Reversal (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	Pervaiz Sultan 42101-9771946-9	Pervaiz Sultan	Allah Rakha	3.750	1.999	0.013	5.762	-	-	1.678	1.678
2	Awan Poultry Farm Mauza Tatlay Cantt, Distt. Lahore	Malik Allah Yar Khan S/o Malik Muhammad Khan 35201-1687096-3	Malik Muhammad Khan	0.800	2.232	0.207	3.239	-	-	0.639	0.639
3	Kashmir Polypropylene Limited Mirpur AK	Sardar M Yaqoob Khan (Managing Director) 37405-6566287-9	Sardar Gul Muhammad Khan	1.991	7.018	-	9.009	-	0.000	7.018	7.018
4	Pirzada Khan	Pirzada Khan 81102-0249604-9	M Asghar Khan	1.039	1.039	0.569	2.647	-	-	1.608	1.608
5	Madina Plastic Industries, Plot No.566/B, Small Industrial Estate, Sargodha Road, Faisalabad.	Tariq javeed, 33100-7957890-9	Abdul Ghafoor	4.492	2.546	0.090	7.128	-	0.000	1.628	1.628
6	Afzal Weaving Factory, Sultan Town, Narwala Road, Faisalabad.	Muhammad Afzal, 33100-2340435-3	Muhammad Siddique	11.995	6.671	0.130	18.796	-	-	4.500	4.500
7	Mubarak Processing Mills (Pvt) Ltd. Samana pull, Sargodha Road , Faisalabad.	1) Muhammad Shahzad (Chief Executive), 33100-1535280-5 2) Shahid Javaid (Director) 33100-8831527-5 3) Dilnawaz Khan (Director) 33100-0898478-1 4) Tahir Nawaz, (Director) 33100-4460387-1 5) Mian Sajid Nawaz 33100-8078175-1 6) Zahid Javed 33100-6589627-1	1) Muhammad Tufail 2) Muhammad Tufail 3) Mian Mubarak Ali 4) Mian Mubarak Ali 5) Mian Mubarak Ali 6) Muhammad Tufail"	49.995	20.161	0.285	70.441	-	-	12.984	12.984
8	Mr. Altaf Hussain	Mr. Altaf Hussain 36302-2832764-1	Hussain Bakhsh	2.776	0.772	0.657	4.205	-	-	0.908	0.908
9	Mr. Qazi Mahboob Rizwan Aslam	Mr. Qazi Mahboob Rizwan Aslam 36302-7266181-5 36302-2832764-1	Qazi Muhammad Aslam	2.684	0.674	0.460	3.818	-	-	0.724	0.724
10	M/S Habib Cotton Industries Multan Road Jahanian	Rao Saadit Ali 36101-0247460-3 (Expired) Naik Muhammad Sohail Sartaj Pounesai Begum Jannat Bibi	Rao Sadaqat Ali Khan	1.018	1.523	0.035	2.576	-	-	1.523	1.523
11	M/S Nawab Flour Mills Old Sabzi Mandi Road Multan	Mr. Abdul Rasheed 36302-3315817-3 Nawab Ali 36302-941345-7 Abdul Shakoor 36302-2978152-9	Ali Jan Ali Jan Ali Jan	1.048	1.375	0.100	2.523	-	-	1.375	1.375

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

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/ Markup & Reversal (waiver provided)	Total (9+10+11)
				Principal	Interest/mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
12	Ali Asghar Textile Mills Limited 306/308, 3Rd Floor, Uni Tower, I. I. Chundrigar Road, Karachi. Factory: Plot No.2 & 6, Sector No.25, Korangi Industrial Area, Karachi.	Nadeem E. Shaikh (Mr.) 42301 - 09993217 - 3 Naveed E. Shaikh (Mr.) 42000 - 0532641 - 3 Maryam Humayun (Ms.) 42000 - 0485329 - 0 Gulnar Humayun (Mrs.) 42301 - 0899905 - 0 Salman Masood (Mr.) 42301 - 0851960 - 1 Abdul Aziz (Mr.) 42301 - 0866432 - 1 Sultan Mehmood (Mr.) 42201 - 2232626 - 7 Azad Khan 42201 - 0813664 - 3	Humayun E. Shaikh Humayun E. Shaikh Humayun E. Shaikh Humayun E. Shaikh Masood Ul Hassan Habib Mohammad Ayub	-	51.183	-	51.183	-	0.00	34.960	34.960
13	Sargodha Textile Textile Chak No.49 Faisalabad Road Sargodha	Sultan Mahmood 38403-2214042-1 Sajjad Aslam 35202-7747367-9 Mehar Allah Yar 38403-9701620-5	Muhammad Iqbal Mian Muhammad Aslam Mehar Ahmad Yar	36.833	89.292	-	126.125	-	-	86.125	86.125
14	Sadat Paper Mills (Pvt) Ltd Ahmadpur East Road Bahawalpur	Syed Saifudin Bukhari 35202-3617209-9 Syed Ahmad Kamran Gadezi 35202-0293277-7	Syed Mughisuddin Bukhari Syed Din Muhammad Gardezi	20.757	34.843	2.520	58.120	-	-	37.320	37.320
15	Ehsan Elahi Ind. Limited 61-C Industrial Estate Multan	Sh.Muhammad Sharif 363020-438986-9 Sh.Muhammad Nazir 36302-2350128-9	Sh. Abdul Rahim Sh. Abdul Rahim	-	47.120	0.040	47.160	-	-	30.618	30.618
			Total:	139.178	268.448	5.106	412.732	-	0.521	223.087	223.608

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

**Annexure II as referred to in
Note 11.6 to the financial statements**

Details of disposals of property and equipemnt

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / (Loss) on disposal	Mode of Disposal	Particulars of Purchaser
----- (Rupees in '000) -----						
Motor Vehicles	1,299	1,053	1,053	-	As Per Service Rules	Mr M.Jamil Tahir Ex SVP
Motor Vehicles	1,384	946	946	-	As Per Service Rules	Mr Ghalib Hameed EVP
Motor Vehicles	1,239	743	743	-	As Per Service Rules	Mrs Nausheen Jamil Ex-SVP
Motor Vehicles	890	193	193	-	As Per Service Rules	Mr Tasleem Haider SVP
Motor Vehicles	1,384	877	877	-	As Per Service Rules	Mr Sardar Alam Khan Ex-EVP
Motor Vehicles	940	313	313	-	As Per Service Rules	Mr Muhammad Usman Khokhar Ex-SVP
Motor Vehicles	1,037	24	104	79	As Per Service Rules	Mr Manzoor Ul Haq EVP
Motor Vehicles	1,299	606	606	-	As Per Service Rules	Mr.Muhammad Rafie Ul Din Ex SVP
Motor Vehicles	1,354	700	700	-	As Per Service Rules	Mr.Moizuddin Khan Ex-EVP
Motor Vehicles	1,269	423	423	-	As Per Service Rules	Mr Mahmud Ul Hasan Ex-SVP
Motor Vehicles	1,050	578	578	-	As Per Service Rules	Mr Hanif Khan,Ex-SVP
Motor Vehicles	1,269	817	817	-	As Per Service Rules	Mr A.Ghaffar, Ex-SVP
Motor Vehicles	879	103	103	-	As Per Service Rules	Mr Sahibzada Rafat,SVP
Motor Vehicles	951	206	206	-	As Per Service Rules	Mr Baqar Bukhari, SVP
Motor Vehicles	950	174	174	-	As Per Service Rules	Mr Aamir Sattar, EVP
Motor Vehicles	910	152	152	-	As Per Service Rules	Mr Amin Qazi, SVP
Motor Vehicles	6,417	3,529	3,529	-	As Per Service Rules	Mr Imam Buz Balouch, SEVP
Motor Vehicles	1,506	477	477	-	As Per Service Rules	Mr Shahid A Khan,SEVP
Motor Vehicles	1,269	698	698	-	As Per Service Rules	Mr Samar Abbas Jafery Ex SVP
Motor Vehicles	930	248	248	-	As Per Service Rules	Mr Usman Aziz Ex SVP
Motor Vehicles	1,313	689	689	-	As Per Service Rules	Mr Mazhar Shah Khan Ex SVP
Motor Vehicles	893	223	223	-	As Per Service Rules	Mr Naz Ahmed Khan SVP
Motor Vehicles	925	170	170	-	As Per Service Rules	Mr Hamid Masood SVP
Motor Vehicles	910	152	152	-	As Per Service Rules	Mr Muhammad Qazi SVP
Motor Vehicles	910	137	137	-	As Per Service Rules	Mr Syed Tariq Hassan SVP
Motor Vehicles	910	501	501	-	As Per Service Rules	Mr Naeem Haider Shah Ex SVP
Motor Vehicles	1,269	656	656	-	As Per Service Rules	Mr Muhammad Iqbal Ex SVP
Motor Vehicles	925	170	170	-	As Per Service Rules	Mr Tariq Taj Ex SVP
Motor Vehicles	1,384	692	692	-	As Per Service Rules	Mr.Khalid Bashir EVP
Motor Vehicles	1,239	434	434	-	As Per Service Rules	Mr.Syed Ziaul Hasan Ex-SVP
Motor Vehicles	1,269	486	486	-	As Per Service Rules	Mr Agha Fidaullah,Ex-EVP
Motor Vehicles	1,050	193	193	-	As Per Service Rules	Mr S.M Zamin,SVP
Motor Vehicles	910	106	106	-	As Per Service Rules	Mr Khurram Saeed Naik,SVP
Motor Vehicles	1,299	476	476	-	As Per Service Rules	Mr Tariq Akhtar Khan Ex SVP
Motor Vehicles	1,199	264	264	-	As Per Service Rules	Mr Shafique Ahmed EVP
Motor Vehicles	1,199	240	240	-	As Per Service Rules	Mr Tariq Latif Ansari EVP
Motor Vehicles	879	-	88	88	As Per Service Rules	Mr.Zubair Mirza,SVP
Motor Vehicles	879	-	88	88	As Per Service Rules	Mr.Waqar Mian,SVP
Motor Vehicles	3,446	846	4,662	3,816	Auction	Mr.Muhammad Yaqoob
Motor Vehicles	2,617	87	2,976	2,889	Auction	Mr.Afzal Ahmed
Motor Vehicles	5,492	458	3,720	3,262	Auction	Mr.Nazee Kehar
Motor Vehicles	1,288	-	1,004	1,004	Auction	Mr.Rajesh Ambwani
Motor Vehicles	1,042	-	929	929	Auction	Mr.Syed Muhammad Ali
Motor Vehicles	1,040	-	450	450	Auction	Mr.Muhammad Ali
Motor Vehicles	1,239	1,156	1,150	(6)	Insurance Claim	M/S.National Insurance Co.Limited
	<u>64,662</u>	<u>21,252</u>	<u>33,851</u>	<u>12,599</u>		
ljarah assets	4,898	490	490	-	ljarah maturity	Hira Textile Mills Limited
ljarah assets	9,734	973	973	-	ljarah maturity	Hira Textile Mills Limited
ljarah assets	3,907	391	391	-	ljarah maturity	Hira Textile Mills Limited
ljarah assets	4,908	491	491	-	ljarah maturity	Hira Textile Mills Limited
ljarah assets	1,432	168	168	-	ljarah maturity	Hira Textile Mills Limited
ljarah assets	3,120	312	312	-	ljarah maturity	Big Bird
ljarah assets	2,472	247	247	-	ljarah maturity	Big Bird
ljarah assets	16,439	1,644	1,644	-	ljarah maturity	Big Bird
	<u>46,910</u>	<u>4,715</u>	<u>4,715</u>	<u>-</u>		
Other assets (Having book value of less than Rs.250,000/- or cost of less than Rs.1,000,000/-)	114,060	4,393	89,477	85,076		
	<u>225,632</u>	<u>30,360</u>	<u>128,043</u>	<u>97,675</u>		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	2012	2011
	(Rupees in '000)	
Donations include following amounts exceeding Rs 0.1 million:		
Prime Minister Flood Relief Fund	13,756	45,000
Fatimid Foundation, Karachi	480	-
	14,236	45,000
Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:		
Karachi School of Business Leadership	80,000	20,000
Hub Boarding School of Excellence	25,000	-
Institute of Business Administration (IBA)	25,000	25,000
Lifetime Support Single Unit TCF School Nawabshah	10,000	-
Benazir Public School for Girls, Nawabshah	9,000	-
Noor Memorial Charity Hospital Bin Qutab Foundation	2,760	-
SOS Children's Village Multan	2,000	-
Sindh Institute of Urology Transplant (SIUT)	2,000	-
Memon Health and Education Foundation (MHEF)	2,000	1,000
Marie Adelaide Leprosy Centre	2,000	2,000
Sir Ganga Ram Hospital at Lahore	1,390	-
People With Disabilities	1,100	-
Afzaal Memorial Thalassemia Foundation	1,000	1,000
National Institute of Child Health Karachi	974	-
Arafa Karim Foundation (Trust)	850	-
Computer Lab, Lyari	599	409
Poor Patients Aid Society Civil Hospital Karachi	500	-
Patients Welfare Association Mayo Hospital Lahore	500	-
Society for the Promotion of Arabic	500	-
Medical Aid Foundation	500	500
Haji GN Rind Welfare Complex Sakrand	500	-
Child Aid Association	500	-
Medical Equi Siksa Civil Hospital Baltistan	495	-
Subh-e-Nau Disability Reduction Program Punjab	450	-
Wajeaha Thalassaemia Centre Khyber Pakhtoon Khwa	450	-
Sheikh Zayed Islamic Center	449	-
Maternal & Child Health at Gadap	430	-
Safina Welfare Hospital Ibrahim Zai Hangu	380	-
Baitulmal Orphanage Sport Week	300	-
Goth of Gaddani Baluchistan	280	-
Pakistan Foundation High School Lahore	227	-
Ujala Welfare Society Khyber Pakhtoon Khwa	200	-
Jinnah Foundation Providing Education Facilities	200	-
Progressive Education Network (PEN) Lahore	200	-
Mukhatran Rafiq Foundation Lahore	200	-
GARAGE School Karachi	180	-
Society for Special People	178	-
WE Gym Centre Quetta	165	-
Society for Special Persons Multan	160	-
Rajanpur Rod-Kohi Development Org. Punjab	160	-
Poor Patients Aid Society Civil Hospital	150	100
Distt Industrial Home (Sanatzar) Bhawal	150	-
Government Boys HSS No-02 K Area Korangi	150	-
Manghopir Social Ittehad Centre Karachi	100	-
Chair Nawabshah Disability Forum	100	-
Sundas Foundation	100	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2012

	2012	2011
	(Rupees in '000)	
Dar ul Sukun	100	-
Make-A-Wish Foundation	100	-
Fund Raising Event by Welfare Society for Patients Care	100	-
Al Mustafa Welfare Society	100	-
Surfraz Nawaz International Academy at Islamabad	200	-
Razaullah Khan Cricket Organizor	500	-
Shades for Shaheed Benazir Bhutto University	129	-
Motivational Volunteer Empowerment Program at Sukkur	304	-
Motivational Volunteer Empowerment Program at Hyderabad	304	-
Medical camp at Awaran Village Balochistan	162	-
Free Eye Camp at Tehsil Fort Abbas Bahawal Nagar	208	-
Medical camp at Lundi Saeeda Rajanpur Punjab	155	-
Free Eye Camp at District Umar Kot Sindh	189	-
Free Medical camp at Tehsil Gilgit	172	-
Free Medical camp at Darial District Diamer Gilgit	172	-
Free Eye Camp at Dera Malkana Sharak pur Sheikhpura	248	-
Free Medical Camp at Nathia Gali, District Abbotabad	129	-
Centenary Celebrations of District Shaheed Benazirabad Nawabshah	125	-
Thalassaemia Care Centre	-	1,600
Caravan of Life Trust Pakistan Ltd	-	1,000
Children Welfare Society	-	500
Special Sports, Gulistan-e-Manzoor, Mirpurkhas	-	376
Pakistan Association of the Deaf	-	100
Govt Boys Degree College KN Shah District Dadu	-	1,450
National Press Club, Islamabad	-	436
Government School, Dera Gazi Khan	-	1,509
Government School Distt Usta Mohammad, Jafferabad	-	1,359
Government Schools District Nowshera, Khyber Pakhtoon Khaw	-	1,000
Government Boys Degree College KN Shah	-	859
Laton Rehmatulla Benevolent Trust	-	200
Patient's Welfare Society	-	250
Civil Hospital Usta Muhammad', Baluchistan	-	475
Cardiology & Coronary Unit GMC Hospital Sukkur	-	1,844
Friends of Burns Centre, Civil Hospital Karachi	-	880
Wajeeha Thalassaemia Centre, Swat	-	400
Dialysis Centre Civil Hospital Mirpurkhas	-	247
11th Annual Children's Concert (FESF)	-	850
Terminally ILL Children	-	150
APWA Fund for Adult Literacy	-	100
Women welfare, Sheikhpura, Punjab	-	172
Awami Bus Service Benazir Transport Scheme	-	1,000
Anjuman Anwar-e-Mohammadi Lyari	-	128
Flood Relief 2011 /2010 (Affectees)	-	63,305
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
	<u>177,924</u>	<u>150,034</u>