
National Bank of Pakistan

Standalone Financial Statements

For the year ended December 31, 2009

National Bank of Pakistan

Balance Sheet

As at December 31, 2009

2008	2009		Note	2009	2008
US Dollars in '000'				Rupees in '000'	
ASSETS					
1,264,228	1,374,908	Cash and balances with treasury banks	6	115,827,868	106,503,756
455,161	337,182	Balances with other banks	7	28,405,564	38,344,608
203,314	232,505	Lendings to financial institutions - net	8	19,587,176	17,128,032
2,027,709	2,583,478	Investments - net	9	217,642,822	170,822,491
4,902,265	5,641,266	Advances - net	10	475,243,431	412,986,865
287,470	298,504	Operating fixed assets	11	25,147,192	24,217,655
38,039	36,350	Deferred tax assets -net	12	3,062,271	3,204,572
528,824	704,102	Other assets	13	59,316,438	44,550,347
9,707,010	11,208,295			944,232,762	817,758,326
LIABILITIES					
121,303	126,076	Bills payable	14	10,621,169	10,219,061
480,258	537,463	Borrowings	15	45,278,138	40,458,926
7,418,194	8,623,332	Deposits and other accounts	16	726,464,825	624,939,016
-	-	Sub-ordinated loans		-	-
300	506	Liabilities against assets subject to finance lease	17	42,629	25,274
-	-	Deferred tax liabilities	12	-	-
470,737	501,752	Other liabilities	18	42,269,623	39,656,831
8,490,792	9,789,129			824,676,384	715,299,108
<u>1,216,218</u>	<u>1,419,166</u>	NET ASSETS		<u>119,556,378</u>	<u>102,459,218</u>
REPRESENTED BY					
106,473	127,768	Share capital	19	10,763,702	8,969,751
236,706	269,238	Reserves		22,681,707	19,941,047
622,669	728,199	Unappropriated profit		61,346,510	52,456,204
965,848	1,125,205			94,791,919	81,367,002
250,370	293,961	Surplus on revaluation of assets - net	20	24,764,459	21,092,216
<u>1,216,218</u>	<u>1,419,166</u>			<u>119,556,378</u>	<u>102,459,218</u>
CONTINGENCIES AND COMMITMENTS					
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The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Profit and Loss Account
For the year ended December 31, 2009

2008	2009		Note	2009	2008
US Dollars in '000'				Rupees in '000'	
723,407	925,260	Mark-up / return / interest earned	23	77,947,697	60,942,798
283,518	468,753	Mark-up / return / interest expensed	24	39,489,649	23,884,768
439,889	456,507	Net mark-up / interest income		38,458,048	37,058,030
125,748	131,089	Provision against non-performing advances-net	10.3	11,043,469	10,593,565
4,431	7,189	Provision for diminution	9.10	605,629	373,249
48	240	in the value of investments-net	18.1	20,237	4,000
-	-	Provision against off balance sheet obligations		-	-
130,227	138,518	Bad debts written off directly		11,669,335	10,970,814
309,662	317,989	Net mark-up / interest income after provisions		26,788,713	26,087,216
NON MARK-UP / INTEREST INCOME					
94,076	106,006	Fee, commission and brokerage income		8,930,391	7,925,370
34,174	22,795	Dividend income		1,920,336	2,878,932
47,114	35,945	Income from dealing in foreign currencies		3,028,165	3,969,057
4,694	54,507	Gain on sale and redemption of securities - net	25	4,591,894	395,427
20	28	Unrealized gain on revaluation of			
14,783	6,555	Investments classified as Held-for-trading	9.11	2,355	1,707
194,861	225,836	Other income	26	552,216	1,245,369
504,523	543,825	Total non mark-up / interest income		19,025,357	16,415,862
NON MARK-UP / INTEREST EXPENSES					
215,697	267,929	Administrative expenses	27	22,571,470	18,171,198
8,873	7,369	Other provisions / write offs		620,780	747,521
6,925	3,818	Other charges	28	321,647	583,361
231,495	279,116	Total non mark-up / interest expenses		23,513,897	19,502,080
273,028	264,709	Extra ordinary / unusual items		22,300,173	23,000,998
-	-			-	-
273,028	264,709			22,300,173	23,000,998
PROFIT BEFORE TAXATION					
139,626	109,462	Taxation - Current		9,221,513	11,762,650
-	(49,063)	- Prior years		(4,133,282)	-
(50,096)	(11,869)	- Deferred		(999,904)	(4,220,242)
89,530	48,530		29	4,088,327	7,542,408
183,498	216,179	PROFIT AFTER TAXATION		18,211,846	15,458,590
538,248	622,669	Unappropriated profit brought forward		52,456,204	45,344,188
1,548	1,472	Transfer from surplus on revaluation of fixed assets			
723,294	840,320	on account of incremental depreciation	20.2	123,934	130,456
		Profit available for appropriation [see note 10.4.1]		70,791,984	60,933,234
US Dollars					
0.17	0.20	Basic earnings per share	30	16.92	14.36
0.17	0.20	Diluted earnings per share	31	16.92	14.36
Rupees					

The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these financial statements.

Chairman & President

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National Bank of Pakistan
Statement of Comprehensive Income
For the year ended December 31, 2009

2008 US Dollars in '000'	2009 US Dollars in '000'		2009 Rupees in '000'	2008 Rupees in '000'
183,498	216,179	Profit after taxation for the year	18,211,846	15,458,590
Other comprehensive income:				
31,136	10,914	Exchange adjustments on translation of net assets of foreign branches	919,475	2,623,064
<u>214,634</u>	<u>227,093</u>	Total comprehensive income for the year	<u>19,131,321</u>	<u>18,081,654</u>

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National Bank of Pakistan
Statement of Changes in Equity
For the year ended December 31, 2009

	Share capital	Reserves			Unappropriated profit	Total
		Capital	Statutory	Revenue		
	Exchange translation		General			
----- (Rupees in '000') -----						
Balance as at January 1, 2008	8,154,319	3,364,312	11,886,474	521,338	45,344,188	69,270,631
Total comprehensive income for the year ended December 31, 2008	-	2,623,064	-	-	15,458,590	18,081,654
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	130,456	130,456
Transfer to statutory reserve	-	-	1,545,859	-	(1,545,859)	-
Transactions with owners						
Issue of bonus shares (10%)	815,432	-	-	-	(815,432)	-
Cash dividend (Rs. 7.5 per share)	-	-	-	-	(6,115,739)	(6,115,739)
Balance as at December 31, 2008	8,969,751	5,987,376	13,432,333	521,338	52,456,204	81,367,002
Balance as at January 1, 2009	8,969,751	5,987,376	13,432,333	521,338	52,456,204	81,367,002
Total comprehensive income for the year ended December 31, 2009	-	919,475	-	-	18,211,846	19,131,321
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	123,934	123,934
Transfer to statutory reserve	-	-	1,821,185	-	(1,821,185)	-
Transactions with owners						
Issue of bonus shares (20%)	1,793,951	-	-	-	(1,793,951)	-
Cash dividend (Rs. 6.5 per share)	-	-	-	-	(5,830,338)	(5,830,338)
Balance as at December 31, 2009	10,763,702	6,906,851	15,253,518	521,338	61,346,510	94,791,919

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Chairman & President

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National Bank of Pakistan

Cash Flow Statement

For the year ended December 31, 2009

2008	2009		Note	2009	2008
US Dollars in '000'				Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES					
273,028	264,709	Profit before taxation		22,300,173	23,000,998
(34,174)	(22,795)	Less: Dividend income		(1,920,336)	(2,878,932)
238,854	241,914			20,379,837	20,122,066
Adjustments:					
8,887	10,294	Depreciation	11.2	867,214	748,690
34	55	Amortization	11.3	4,600	2,885
125,749	131,089	Provision against non-performing advances	10.3	11,043,469	10,593,565
4,431	7,189	Provision for diminution in the value of investments	9.11	605,629	373,249
47	240	Provision against off balance sheet obligations	18.1	20,237	4,000
(87)	(90)	Gain on sale of fixed assets	11.6	(7,587)	(7,289)
128	119	Financial charges on leased assets		10,072	10,750
8,873	7,369	Other provisions / write offs		620,780	747,521
148,062	156,265			13,164,414	12,473,371
386,916	398,179			33,544,251	32,595,437
(Increase) / decrease in operating assets					
50,906	(29,760)	Lendings to financial institutions - net		(2,507,144)	4,288,568
(2,654)	(16,279)	Held-for-trading securities		(1,371,434)	(223,610)
(988,336)	(870,091)	Advances - net		(73,300,035)	(83,261,500)
(123,207)	(119,826)	Other assets (excluding advance tax)		(10,094,603)	(10,379,475)
(1,063,291)	(1,035,956)			(87,273,216)	(89,576,017)
Increase in operating liabilities					
37,476	4,773	Bills payable		402,108	3,157,159
360,392	58,484	Borrowings		4,926,951	30,360,866
392,094	1,205,139	Deposits and other accounts		101,525,809	33,031,581
102,534	30,896	Other liabilities (excluding current taxation)		2,602,792	8,637,877
892,496	1,299,292			109,457,660	75,187,483
(185,929)	(121,871)	Income tax paid		(10,266,950)	(15,663,472)
(128)	(120)	Financial charges paid		(10,072)	(10,750)
(186,057)	(121,991)			(10,277,022)	(15,674,222)
30,064	539,524	Net cash from operating activities		45,451,673	2,532,681
CASH FLOWS FROM INVESTING ACTIVITIES					
125,358	(612,741)	Net (investments in) / proceeds from Available-for-sale securities		(51,619,842)	10,560,682
28,001	131,024	Net proceeds from held-to-maturity securities		11,038,014	2,358,937
34,174	22,795	Dividend income received		1,920,336	2,878,932
(19,419)	(21,030)	Investment in operating fixed assets		(1,771,649)	(1,635,957)
-	(7,330)	Investment in subsidiaries, associates and joint venture		(617,495)	-
261	162	Sale proceeds of property and equipment disposed off	11.6	13,657	22,032
168,375	(487,120)	Net cash (used in) / from investing activities		(41,036,979)	14,184,626
CASH FLOWS FROM FINANCING ACTIVITIES					
(191)	(250)	Payments of lease obligations		(21,024)	(16,078)
(72,467)	(69,089)	Dividend paid		(5,820,338)	(6,104,894)
(72,658)	(69,339)	Net cash used in financing activities		(5,841,362)	(6,120,972)
31,136	10,914	Effects of exchange rate changes on cash and cash equivalents		919,475	2,623,064
156,917	(6,021)	(Decrease) / increase in cash and cash equivalents		(507,193)	13,219,399
1,560,430	1,717,347	Cash and cash equivalents at beginning of the year		144,676,388	131,456,989
1,717,347	1,711,326	Cash and cash equivalents at end of the year	32	144,169,195	144,676,388

The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these financial statements.

Chairman & President

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National Bank of Pakistan
Notes to the Financial Statements
For the year ended December 31, 2009

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 1,265 (2008: 1,254) branches in Pakistan and 22 (2008: 22) 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 the shifting of the 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.

The financial position and results of the Islamic banking branches of the bank have been disclosed in Annexure III to these financial statements.

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

2.3 The US Dollar amounts shown on the balance sheet, 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. 84.2441 to 1 US Dollar has been used for both 2009 and 2008 as it was the prevalent rate as on December 31, 2009.

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 (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies 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 SBP.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2010:

- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after July 01, 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. As explained in note 9.8.2 the bank is in process of acquiring holding of NIB Bank Limited in National Fullerton Asset Management Limited (NAFA), which will increase the bank's post acquisition holding to 53% and will give control to the bank. Currently the transaction is in process, the impact under IFRS 3 can not be determined.
- Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 01, 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the bank's financial statements.
- IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after October 01, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the bank's operations.
- IFRIC – 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 01, 2009) states that when an entity distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non-cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the bank does not distribute non-cash assets to its shareholders, this interpretation has no impact on the bank's financial statements.

The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the bank's 2010 financial statements. These amendments are unlikely to have an impact on the Bank's financial statements.

- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 01, 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the bank's financial statements.
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the bank's financial statements.

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after January 01, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on bank's financial statements.
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – (effective for annual periods beginning on or after July 01, 2009). The amendments specify that if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in IFRS 5 are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary; and disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have any impact on the bank's financial statements.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of land and buildings and valuation of certain investments and derivative financial instruments at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Change in accounting policies

5.1.1 Presentation of Financial Statements

Starting January 01, 2009, the bank has changed its accounting policy in respect of 'Presentation of financial statements'. IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009) – The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The bank has opted to present the components of profit or loss in a separate statement while a statement of comprehensive income is presented separately as permitted under revised IAS 1.

As surplus on revaluation of assets does not form part of the equity under the local laws and is presented below the equity in the balance sheet, accordingly changes in equity arising from surplus on revaluation of assets have not been considered as part of comprehensive income and accordingly these are not included in the statement of comprehensive income presented in these financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

5.2 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.

5.3 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' portfolios 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 surplus / (deficit) 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 for 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. However, for the current year, the impairment loss has been treated as explained in note 9.13.

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.

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

The carrying values of investments are reviewed for impairment when indications exist that the carrying values may exceed the estimated recoverable amounts.

5.4 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet 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 balance sheet, 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.

5.5 Derivative financial instruments

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

5.6 Financial instruments

All the 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 are taken to income currently.

5.7 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. Advances are written off where there are no realistic prospects of recovery.

5.8 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. Cost of fixed assets of foreign branches include exchange differences arising on translation at year-end rates. Depreciation is charged to income applying the diminishing balance method except vehicles, computers 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 financial period in which they are incurred.

Assets are derecognised when disposed 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 income currently.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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

Assets subject to finance lease are accounted for by recording the assets 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

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of the asset using straight line basis.

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

Intangible assets

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

Capital work-in-progress

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

Impairment

The carrying values of 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, 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.

5.9 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 year, arising from assessments framed during the year.

Deferred

Deferred income tax is provided on all temporary differences at the balance sheet 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.

The carrying amount of deferred income tax assets are reviewed at each balance sheet 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 substantially enacted at the balance sheet 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 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.

Benevolent scheme

The bank also operates an un-funded benevolent scheme for its eligible employees. Provision is made in the financial statements based on the actuarial valuation using the Projected Unit Credit Method. Actuarial gains / losses are recognized in the profit and loss account in the period in which they arise.

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.

5.10.2 Other employee benefits

Employees' compensated absences

The bank accounts for all accumulating compensated absences when employees render service that increases their entitlement to future compensated absences. The liability is determined based on actuarial valuation carried out using 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 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 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 balance sheet date.

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 equalization 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).

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 balance sheet.

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 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.

5.17.1 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.

5.17.2 Geographical segments

The bank operates in following geographical regions:

- Pakistan
- Asia Pacific (including South Asia and Karachi Export Processing Zone)
- Europe
- United States of America
- Middle East
- Central Asia

5.18 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, 2009.

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 estimate 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.

The amount of general provision against consumer advances is determined in accordance with the relevant prudential regulations and SBP directives. During the year, the management has changed the method of computing provision against non-performing loans as allowed under Prudential Regulations and explained in note 10.4.1.

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. 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. As of the balance sheet date the management has determined an impairment loss on available-for-sale securities as explained in note 9.13.

d) Held-to-maturity investments

The bank follows the guidance provided in 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 income 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 bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

f) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation 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.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		7,129,749	6,315,312
Foreign currency		1,842,223	1,944,155
		<u>8,971,972</u>	<u>8,259,467</u>
With State Bank of Pakistan in			
Local currency current account	6.1	50,649,271	42,592,894
Local currency deposit account		29	29
		<u>50,649,300</u>	<u>42,592,923</u>
Foreign currency current account	6.2	1,705,892	1,443,548
Foreign currency deposit account	6.2	5,117,677	4,348,570
Foreign currency collection account		58,171	23,891
Foreign currency placement account	6.3	16,848,820	23,741,430
		<u>23,730,560</u>	<u>29,557,439</u>
With other central banks in			
Foreign currency current accounts	6.4	17,752,207	15,678,967
Foreign currency deposit accounts	6.5	14,723,829	10,414,960
		<u>32,476,036</u>	<u>26,093,927</u>
	32	<u>115,827,868</u>	<u>106,503,756</u>

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

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

6.3 This represents US Dollar placements and carry interest at the rate of 1.97 % per annum (2008: 4.21% per annum) with maturities within two months.

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

6.5 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and central bank regulatory requirements. These carry interest at the rate of 0.25% per annum (2008: 2.0% per annum).

7. BALANCES WITH OTHER BANKS

In Pakistan			
On current accounts		-	83,728
On deposit account		1,600	1,600
		<u>1,600</u>	<u>85,328</u>
Outside Pakistan			
On current accounts		4,070,615	3,239,201
On deposit accounts	7.1	24,333,349	35,020,079
		<u>28,403,964</u>	<u>38,259,280</u>
	32	<u>28,405,564</u>	<u>38,344,608</u>

7.1 These include various deposits with correspondent banks and carry interest rates ranging from 0.11% to 7.5% per annum (2008: 0.05% to 12% per annum).

8. LENDINGS TO FINANCIAL INSTITUTIONS - net

Call money lendings	8.2	1,153,000	3,529,000
Repurchase agreement lendings (Reverse Repo)	8.3	18,356,176	13,461,032
Letter of placements	8.4	174,000	186,000
Lendings to financial institutions - gross	8.1	19,683,176	17,176,032
Less: Provision held against lendings		(96,000)	(48,000)
Lendings to financial institutions - net		<u>19,587,176</u>	<u>17,128,032</u>

8.1 Particulars of lendings - gross

In local currency		19,683,176	17,176,032
In foreign currencies		-	-
		<u>19,683,176</u>	<u>17,176,032</u>

8.2 These carry mark-up at rates ranging from 12.4% to 12.9% per annum (2008: 11.5% to 19.5% per annum).

8.3 These carry mark-up at rates ranging from 12% to 12.8% per annum (2008: 9% to 16% per annum).

8.3.1 Securities held as collateral against lendings to financial institutions

	2009			2008		
	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	16,690,799	-	16,690,799	9,199,422	-	9,199,422
Pakistan Investment Bonds	1,665,377	-	1,665,377	4,261,610	-	4,261,610
	<u>18,356,176</u>	<u>-</u>	<u>18,356,176</u>	<u>13,461,032</u>	<u>-</u>	<u>13,461,032</u>

8.3.2 Market value of the securities under repurchase agreement lendings amount to Rs.18,401 million (2008: Rs.12,848 million).

8.4 These carry mark-up at rates ranging from 11.34% to 18.5% per annum (2008: 18% to 18.5% per annum).

9. INVESTMENTS - net

Note	2009			2008		
	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						
Market Treasury Bills	1,987,272	-	1,987,272	-	-	-
Pakistan Investment Bonds	221,275	-	221,275	-	-	-
Ordinary shares of listed companies	170,383	-	170,383	7,496	-	7,496
Ijarah Sukuk Bonds	-	-	-	1,000,000	-	1,000,000
Total Held-for-trading securities	<u>2,378,930</u>	<u>-</u>	<u>2,378,930</u>	<u>1,007,496</u>	<u>-</u>	<u>1,007,496</u>
Available- for- sale securities						
Ordinary shares of listed companies	15,499,059	-	15,499,059	3,669,441	-	3,669,441
Ordinary shares of unlisted companies	753,114	-	753,114	716,610	-	716,610
Investment outside Pakistan	16,252,173	-	16,252,173	4,386,051	-	4,386,051
Market Treasury Bills	463,295	-	463,295	463,295	-	463,295
Preference shares	91,064,768	23,504,630	114,569,398	64,523,811	23,990,054	88,513,865
Pakistan Investment Bonds	271,533	-	271,533	275,000	-	275,000
Federal Investment Bonds	10,907,159	1,213,247	12,120,406	4,105,665	66,987	4,172,652
GoP Foreign Currency Bonds	-	-	-	940,000	-	940,000
Foreign Government Securities	3,021,990	-	3,021,990	1,212,348	-	1,212,348
Term Finance Certificates / Musharika, Foreign Currency Debt Securities and Sukuk Bonds	210,003	-	210,003	1,657,303	-	1,657,303
Investments in mutual funds	30,914,446	-	30,914,446	17,695,681	-	17,695,681
NIT Units	977,335	-	977,335	993,897	-	993,897
NIT Market Opportunity Fund Units	1,042,439	-	1,042,439	7,643,084	-	7,643,084
Total Available- for- sale securities	<u>156,655,141</u>	<u>24,717,877</u>	<u>181,373,018</u>	<u>105,696,135</u>	<u>24,057,041</u>	<u>129,753,176</u>
Held-to-maturity securities						
Government Compensation Bonds	1,132,963	-	1,132,963	2,331,182	-	2,331,182
Pakistan Investment Bonds	8,616,000	263,661	8,879,661	9,515,583	-	9,515,583
GoP Foreign Currency Bonds	371,910	-	371,910	15,517,577	-	15,517,577
Foreign Government Securities	1,392,168	-	1,392,168	3,150,553	-	3,150,553
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	10,508,477	-	10,508,477	2,808,298	-	2,808,298
Total Held-to-maturity securities	<u>22,021,518</u>	<u>263,661</u>	<u>22,285,179</u>	<u>33,323,193</u>	<u>-</u>	<u>33,323,193</u>
Investments in associates	9.7	989,669	-	989,669	-	989,669
Investments in joint ventures	9.8	1,312,335	-	1,312,335	-	1,312,335
Investments in subsidiaries	9.9	1,939,953	-	1,939,953	-	1,939,953
Investments at cost		<u>185,297,546</u>	<u>24,981,538</u>	<u>210,279,084</u>	<u>143,651,286</u>	<u>24,057,041</u>
Less: Provision for diminution in value of Investments	9.10	(2,141,534)	-	(2,141,534)	(1,542,273)	-
Investments (net of provisions)		<u>183,156,012</u>	<u>24,981,538</u>	<u>208,137,550</u>	<u>142,109,013</u>	<u>24,057,041</u>
Unrealized gain on revaluation of investments classified as Held-for-trading	9.11	2,355	-	2,355	1,707	-
Surplus / (deficit) on revaluation of Available-for-sale securities	20.1	9,502,001	916	9,502,917	4,689,265	(34,535)
Total investments at carrying value		<u>192,660,368</u>	<u>24,982,454</u>	<u>217,642,822</u>	<u>146,799,985</u>	<u>24,022,506</u>

	Note	2009 Rupees in '000'	2008
9.2 Investments by segments	9.12		
Federal Government Securities			
Market Treasury Bills		116,556,670	88,513,865
Pakistan Investment Bonds	9.4	21,221,342	13,688,235
Federal Investment Bonds		-	940,000
Government Compensation Bonds		1,132,963	2,331,182
GoP Foreign Currency Bonds		3,393,900	16,729,925
Ijarah Sukuk Bonds		1,000,000	1,000,000
		<u>143,304,875</u>	<u>123,203,207</u>
Foreign Government Securities		1,602,171	4,807,856
Fully Paid up Ordinary Shares			
- Listed Companies		15,669,442	3,676,937
- Unlisted Companies		753,114	716,610
		<u>16,422,556</u>	<u>4,393,547</u>
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika, Foreign Currency Debt Securities and Sukuk Bonds			
- Listed		2,335,738	1,594,635
- Unlisted		38,087,185	18,909,344
		<u>40,422,923</u>	<u>20,503,979</u>
Other Investments			
- NIT Units	9.5.1	1,042,439	7,643,084
- NIT Market Opportunity Fund Units	9.5.2	1,530,000	1,800,000
- Investments in mutual funds		977,335	993,897
- Preference Shares		271,533	275,000
- Investment outside Pakistan	9.6	463,295	463,295
Investments in associates	9.7	989,669	959,669
Investments in joint ventures	9.8	1,312,335	1,312,335
Investments in subsidiaries	9.9	1,939,953	1,352,458
Total investments at cost		<u>210,279,084</u>	<u>167,708,327</u>
Less : Provision for diminution in value of investments	9.10	(2,141,534)	(1,542,273)
Investments (Net of provisions)		<u>208,137,550</u>	<u>166,166,054</u>
Unrealized gain on revaluation of investments classified as Held-for-trading	9.11	2,355	1,707
Surplus on revaluation of Available-for-sale securities	20.1	9,502,917	4,654,730
Total investments at carrying value		<u><u>217,642,822</u></u>	<u><u>170,822,491</u></u>

9.3 Market value of held-to-maturity investments is Rs. 19,571 million (2008: Rs. 27,407 million).

9.4 These include Pakistan Investment Bonds amounting to Rs. 75 million (2008: Rs. 75 million) held by SBP as pledge against demand loans and TT / DD discounting facilities.

9.5 Investment in Mutual Funds managed by NITL

9.5.1 NIT Units [NI(U)T]

The bank had investment in 485,331,172 NI(U)T units, which included 333,746,836 covered under Letter of Comfort (LOC) and 151,584,336 units as Non-LOC units. The LOC holding represented those units in respect of which the Government of Pakistan ("GoP") had issued a letter of comfort ("LOC") to the bank and three other banks (here-in-after collectively referred to as LOC Holder's) promising that in the event the redemption price of units of NI(U)T-LOC Holders' Fund fell below Rs. 13.70 per unit and the bank desired to redeem its holding of units, the GoP would facilitate National Investment Trust Limited (NITL) in the redemption of such holding at the rate of Rs. 13.70 per unit. The LOC had been extended from time to time and expired on December 31, 2009.

In the financial year 2007, the Board of National Investment Trust Limited (NITL) decided to split the National Investment (Unit) Trust into two funds to facilitate the sale and transfer of the management rights to LOC Holders. Accordingly, the segment pertaining to LOC Holders has formed the National Investment (Unit) Trust–LOC Holders’ Fund whereas the segment pertaining to Non-LOC Holders has been retained under National Investment (Unit) Trust. The bank’s total holding in units was covered under NI(U)T-LOC Holders’ Fund.

In the current year, the GoP communicated a methodology to settle the long outstanding issue of the LOC to NITL in December 2009, the details and draft agreements of which were intimated to the LOC holders and discussed during the Extra Ordinary General Meetings of NI(U)T-LOC Holders’ Fund. Subsequent to these deliberations and in line with the methodology approved by the GoP to settle the issue of LOC, an agreement having effective date of December 31, 2009 was executed between the NITL and the bank, by virtue of such agreement it was agreed that:

- All underlying assets and liabilities of the LOC Holders’ Fund would be apportioned between the investors of the NI(U)T-LOC Holders’ Fund by dividing such net assets into distinct segments according to the ratio of units held by each investor. Each segment would in turn be bifurcated into two distinct asset categories, namely “Strategic Assets” and “Balance Assets”.
- The Strategic Assets would comprise of frozen shares of Pakistan State Oil (“PSO”) and Sui Northern Gas Pipeline Limited (“SNGPL”) and cash and other receivables held in the portfolio of NI(U)T-LOC Holders’ Fund. The Balance Assets would essentially constitute the remaining portfolio of NI(U)T-LOC Holders’ Fund.
- The Strategic Assets would be transferred to the bank at a rate to be determined and the cash to be paid by the bank to NI(U)T-LOC Holders’ Fund would be paid to other LOC holders’.
- The Balance Assets would be transferred in specie to the LOC holders at the market value appearing in the books of the NI(U)T-LOC Holders’ Fund. This would constitute the full and final settlement of units held by the LOC holders. The transfer date in relation to the bank was December 31, 2009.
- 5% of the Balance Assets of each segment would be transferred to NITL and 5% of net cash realized pursuant to transfer of Strategic Assets would be paid to NITL. The GoP is being requested by the bank to revise its decision to the extent of this 5% transfer to be made to NITL. Therefore, the transfer of this 5% would be made to NITL, until GoP makes a final decision on this matter.
- Consequent to the implementation of the settlement mechanism outlined above the NI(U)T-LOC Holders’ Fund would stand terminated / dissolved.

In accordance with the aforementioned methodology, the bank has recorded the redemption / disposal of 425,242,254 units which were attributable to the Balance Assets and in consideration of those units the bank has recorded its share of Balance Assets. The bank’s share of Balance Assets comprise of the shares of both listed and unlisted companies having market value of Rs. 11,283 million as of December 31, 2009. Accordingly there is a capital gain of Rs. 3,875 million on redemption / disposal of units attributable to Balance Assets. Remaining 60,088,918 units are attributable to Strategic Assets and such units are continued to be recognized as investment in NI(U)T-Unit holders Fund as settlement of such units are yet to be finalized.

9.5.2 NIT Market Opportunity Fund

The bank’s investment is Rs. 1,530 million (2008: 1,800) in NIT Market Opportunity Fund. The fund was established in the year 2008 as an open end mutual fund for the special purpose of equity market stabilization and is managed by NITL. As of the balance sheet date, the net assets value of the fund’s units held by the bank amounted to Rs. 1,807 million (2008: Rs. 1,004 million).

9.6 Investment outside Pakistan - Bank Al-Jazira

The bank holds 17,500,000 (2008: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2008: 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 Bank Al-Jazira is BBB+ by Capital Intelligence.

	Number of shares	Percentage of holding	Note	2009 Rupees in '000'	2008 Rupees in '000'
9.7 Investments in associates					
Un-quoted					
Pakistan Emerging Venture Limited	12,500,000	33.33		51,415	51,415
Information System Associates Limited	2,300,000	21.89		1,719	1,719
National Fructose Company Limited	1,300,000	39.50		6,500	6,500
Pakistan Insulation Limited	494,500	24.79		695	695
Venture Capital Fund Management	33,333	33.33		-	-
Kamal Enterprises Limited	11,000	20.37		-	-
Mehran Industries Limited	37,500	32.05		-	-
Qurell Cassettes Limited	46,250	30.83		-	-
Tharparkar Sugar Mills Limited	2,500,000	21.50		-	-
Youth Investment Promotion Society	644,508	25.00		-	-
Khushhali Bank Limited	40,000,000	23.45	9.7.4	400,000	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		-	-
National Commodity Exchange Company Limited	3,000,000	30.00		30,000	-
Prudential Fund Management	150,000	20.00		-	-
				522,434	492,434
Quoted					
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	4,193,374	34.58		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
			9.7.1	467,235	467,235
				989,669	959,669
Less: Provision for diminution in value of investments				(402,240)	(402,240)
				587,429	557,429

9.7.1 Aggregate value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 551.416 million (2008: Rs. 331.989 million). Due to low trade volumes of securities, management considers that there is no active market for these quoted investments, except for First Credit and Investment Bank Limited, and therefore provision for impairment has been made against the same.

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

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

	Year / Period ended	Break-up value of bank's share Rupees in '000
Pakistan Emerging Venture Limited	June 30, 2008	1,906
Information System Associates Limited	June 30, 2008	24,219
Pakistan Insulation Limited	June 30, 2001	2,630
Mehran Industries Limited	June 30, 2001	5,681
Tharparkar Sugar Mills Limited	September 30, 2001	(83,140)
Khushhali Bank Limited	December 31, 2008	441
Prudential Fund Management	June 30, 2007	(2,482)
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
National Commodity Exchange Limited	June 30, 2009	(136,274)

9.7.4 During 2007, the Government of Pakistan, Finance Division (Investment Wing) vide their letter no. 4(3) Inv-I/2006 dated June 5, 2007 has advised the Bank to divest its shareholding in Khushhali bank through public announcement. Accordingly, the bank had initiated the process for such sale and has appointed a consultant to identify the prospective buyer and negotiate the strategic sale.

	Note	2009 Rupees in '000'	2008
9.8 Investments in joint ventures			
United National Bank Limited (UNBL)	9.8.1	1,244,835	1,244,835
National Fullerton Asset Management Limited (NAFA)	9.8.2	67,500	67,500
		<u>1,312,335</u>	<u>1,312,335</u>

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

9.8.2 The bank is in the process of acquiring holding of NIB Bank Limited in NAFA and subsequent to year end, share purchase agreement has been signed with NIB Bank Limited which will increase bank's post acquisition holding from current holding of 27% to 53%. Further, the bank is in process of obtaining regulatory approvals in this regards.

9.9 Investments in subsidiaries

	Percentage of holding	2009 Rupees in '000'	2008
NBP Leasing Limited	100.00	500,000	500,000
JSC Subsidiary Bank of NBP in Kazakhstan	100.00	1,006,983	419,488
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
National Agriculture Limited	100.00	2,000	2,000
Cast-N-Link Products Limited	76.51	1,245	1,245
		<u>1,939,953</u>	<u>1,352,458</u>
Less: Provision for diminution in value of investments		<u>(3,245)</u>	<u>(3,245)</u>
		<u>1,936,708</u>	<u>1,349,213</u>

9.10 Particulars of provision for diminution in value of investments

Opening balance		1,542,273	1,173,593
Charge for the year		826,588	394,409
Reversals		(220,959)	(21,160)
		605,629	373,249
Amount written off		(6,368)	(4,569)
Closing balance	9.10.1	<u>2,141,534</u>	<u>1,542,273</u>

9.10.1 Particulars of provision in respect of type and segments

Available-for-sale securities

Ordinary shares of listed companies and mutual funds	916,089	394,409
Ordinary shares of unlisted companies	115,514	115,514

Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates	704,446	626,865
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Investments in associates

Investments in associates	402,240	402,240
Investments in subsidiaries	3,245	3,245
	<u>2,141,534</u>	<u>1,542,273</u>

2009 **2008**
Rupees in '000'

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

Ordinary shares of listed companies	430	(4,085)
Federal Government securities	1,925	5,792
	<u>2,355</u>	<u>1,707</u>

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

9.13 Provision for diminution (impairment loss) in value of available-for-sale listed equity shares and mutual fund units

Due to unprecedented decline in equity security prices and prevalent financial crisis in previous year, the SBP vide its BSD Circular No. 4 dated February 13, 2009 had allowed that the impairment loss, if any, recognized as on December 31, 2008 due to valuation of listed equity investments held as 'available-for-sale' to quoted market prices, may be shown under the equity and to be transferred to profit and loss account on quarterly basis during the financial year 2009.

In light of the above circular, the impairment loss on equity securities classified as available-for-sale aggregating to Rs. 1,979 million (net of tax Rs. 1,782 million) as on December 31, 2008 had not been recognized as impairment in the profit and loss account for that year in accordance with the option provided by SBP through the aforementioned circular. Had that loss been recognized as impairment in the profit and loss account, the profit before tax and after tax for the year ended December 31, 2008 would have been reduced by the said amounts and earnings per share would have been reduced by Rs. 1.99 per share.

In the current year, the bank recorded total impairment loss of Rs. 509.119 million after making quarterly adjustments. Therefore, the bank did not retain any impairment loss in equity as on December 31, 2009.

2009 **2008**
Rupees in '000'

10. ADVANCES - net

Loans, cash credits, running finances, etc.

In Pakistan	469,366,422	389,997,489
Outside Pakistan	38,669,185	45,145,226
	<u>508,035,607</u>	<u>435,142,715</u>

Bills discounted and purchased (excluding Government treasury bills)

Payable in Pakistan	2,854,682	2,973,812
Payable outside Pakistan	19,911,141	19,518,940
	<u>22,765,823</u>	<u>22,492,752</u>

Margin Financing / Continuous Funding System Financing

	60,963	192,562
Advances - gross	530,862,393	457,828,029
Less: Provision against non-performing advances	55,618,962	44,841,164
Advances - net of provision	<u>475,243,431</u>	<u>412,986,865</u>

2009
2008
Rupees in '000'

10.1 Particulars of advances - gross

10.1.1	In local currency	472,282,067	384,740,056
	In foreign currencies	58,580,326	73,087,973
		<u>530,862,393</u>	<u>457,828,029</u>
10.1.2	Short-term (for upto one year)	366,143,638	334,558,974
	Long-term (for over one year)	164,718,755	123,269,055
		<u>530,862,393</u>	<u>457,828,029</u>

10.2 Advances include Rs. 70,923 million (2008: Rs. 56,462 million) which have been placed under non-performing status as detailed below:

	2009								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Category of Classification									
Other Assets Especially Mentioned	748,091	-	748,091	-	-	-	-	-	-
Substandard	6,868,363	2,639	6,871,002	1,497,832	660	1,498,492	1,497,832	660	1,498,492
Doubtful	6,595,335	648,234	7,243,569	2,870,299	324,117	3,194,416	2,870,299	324,117	3,194,416
Loss	54,762,617	1,297,794	56,060,411	48,287,298	623,842	48,911,140	48,287,298	623,842	48,911,140
	<u>68,974,406</u>	<u>1,948,667</u>	<u>70,923,073</u>	<u>52,655,429</u>	<u>948,619</u>	<u>53,604,048</u>	<u>52,655,429</u>	<u>948,619</u>	<u>53,604,048</u>

	2008								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Category of Classification									
Other Assets Especially Mentioned	667,170	-	667,170	-	-	-	-	-	-
Substandard	6,149,457	59,853	6,209,310	1,545,067	14,963	1,560,030	1,545,067	14,963	1,560,030
Doubtful	9,760,535	28,682	9,789,217	4,811,887	14,341	4,826,228	4,811,887	14,341	4,826,228
Loss	39,062,987	733,097	39,796,084	36,221,199	122,490	36,343,689	36,221,199	122,490	36,343,689
	<u>55,640,149</u>	<u>821,632</u>	<u>56,461,781</u>	<u>42,578,153</u>	<u>151,794</u>	<u>42,729,947</u>	<u>42,578,153</u>	<u>151,794</u>	<u>42,729,947</u>

10.2.1 Classification of overseas non-performing advances and provisions there against has been in accordance with the accounting policy as stated in note 5.7 .

10.3 Particulars of provision against non-performing advances

Note	2009						2008					
	Specific			General			Specific			General		
	Specific	General	Total	Specific	General	Total	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----											
Opening balance	42,729,947	2,111,217	44,841,164	32,351,815	2,061,287	34,413,102						
Exchange adjustments	8,975	25,092	34,067	20,507	65,613	86,120						
Charge for the year	15,019,725	8,940	15,028,665	12,958,783	85,425	13,044,208						
Reversal during the year	(3,854,861)	(130,335)	(3,985,196)	(2,373,121)	(77,522)	(2,450,643)						
	11,164,864	(121,395)	11,043,469	10,585,662	7,903	10,593,565						
Amounts written off	(299,738)	-	(299,738)	(590,858)	(23,586)	(614,444)						
Other adjustments	-	-	-	362,821	-	362,821						
Closing balance	<u>53,604,048</u>	<u>2,014,914</u>	<u>55,618,962</u>	<u>42,729,947</u>	<u>2,111,217</u>	<u>44,841,164</u>						

10.4 Particulars of provisions against non-performing advances

	2009						2008					
	Specific			General			Specific			General		
	Specific	General	Total	Specific	General	Total	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----											
In local currency	52,655,429	1,587,413	54,242,842	42,578,153	1,717,748	44,295,901						
In foreign currencies	948,619	427,501	1,376,120	151,794	393,469	545,263						
	<u>53,604,048</u>	<u>2,014,914</u>	<u>55,618,962</u>	<u>42,729,947</u>	<u>2,111,217</u>	<u>44,841,164</u>						

10.4.1 During the year, the SBP vide its BSD Circular No.10 dated October 20, 2009 has amended Prudential Regulations in respect of provisioning against non-performing advances. The revised regulations that are effective from September 30, 2009 has increased the percentage of benefit of Forced Sale Value (FSV) from 30% to 40% for mortgaged residential and commercial properties held as collateral against advances by the bank and aforesaid regulation also allowed the benefit of FSV in respect of mortgaged industrial properties (land and building only). FSV benefit shall be considered in determining provisioning against non-performing advances classified during the last three years.

The aforesaid changes in the computation of provisioning has resulted in reduction of provision against non-performing advances by Rs. 2,068 million and a consequent increase in profit after tax by Rs. 1,344 million.

During the year, total FSV benefit availed by the bank resulted in increase in after tax profit of Rs. 2,700 million (2008: Rs. 315 million). Accordingly, as of December 31, 2009, the accumulated increase in profit after tax of Rs. 2,596 million (2008: Rs. 315 million) shall not available for payment of cash or stock dividend as required by aforementioned SBP directives.

	Note	2009 Rupees in '000'	2008
10.5 Particulars of write offs			
10.5.1 Against provisions	10.3	299,738	614,444
Directly charged to Profit and Loss account		-	-
		<u>299,738</u>	<u>614,444</u>
10.5.2 Write offs of Rs.500,000 and above	10.6	297,597	584,160
Write offs of below Rs.500,000		2,141	30,284
		<u>299,738</u>	<u>614,444</u>
10.6 Details of loan write offs of Rs. 500,000/- and above			
In terms of sub-section 3 of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2009 is given in Annexure II.			
10.7 Particulars of loans and advances to directors, associated companies, etc.			
Debts due by directors, executives, officers & staff of the bank or any of them either severally or jointly with any other person			
Balance at beginning of the year		17,148,248	14,326,577
Loans granted during the year		6,571,649	6,322,024
Repayments		(4,227,524)	(3,500,353)
Balance at end of year		<u>19,492,373</u>	<u>17,148,248</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		-	199,391
Loans granted during the year		-	-
Repayments / other adjustments		-	(199,391)
Balance at end of year		<u>-</u>	<u>-</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		1,952,228	2,301,502
Loans granted during the year		-	-
Repayments		(88,882)	(349,274)
Balance at end of year		<u>1,863,346</u>	<u>1,952,228</u>

	Note	2009 Rupees in '000'	2008
11. OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	1,472,451	1,016,513
Property and equipment	11.2	23,657,211	23,195,217
Intangible assets	11.3	17,530	5,925
		<u>25,147,192</u>	<u>24,217,655</u>

11.1 Capital work-in-progress

Civil works	864,683	481,881
Equipment	3,088	2,249
Advances to suppliers and contractors	98,787	108,267
License fee for core banking software	505,893	424,116
	<u>1,472,451</u>	<u>1,016,513</u>

11.2 Property and equipment

	Cost/revalued amount			Accumulated depreciation				Book Value at December 31, 2009	Rate of depreciation
	At January 1, 2009	Revaluation / * transfers / (adjustments)	Additions / (deletions)	At December 31, 2009	At January 1, 2009	Charge for the year / (deletions)	Revaluation / (adjustments)			At December 31, 2009
----- Rupees in '000 -----									
Owned									
Land									
- freehold	9,516,046	-	-	9,516,046	-	-	-	9,516,046	Nil
- leasehold	7,200,877	- 122,923 * (29,845)	3,179	7,297,134	-	-	-	7,297,134	Nil
Buildings on land:									
- freehold	2,446,911	- (61,637)	57,111	2,442,385	-	124,382	-	2,318,003	5% on book value
- leasehold	1,929,129	90,195 (122,923) * (1,320)	285,204	2,180,285	-	100,338	-	2,079,947	5% on book value
Furniture and fixtures	1,459,052	-	221,069 (4,705)	1,675,416	916,727	104,104 (2,871)	-	1,017,960	10% to 30% on Book Value, 20% on Straight-Line on new Furnishing Limit to Executives & Refurbishment of Branches
Computer and peripheral equipment	1,599,934	-	200,402	1,800,336	1,252,600	163,555	-	1,416,155	33% on cost
Electrical and office equipment	1,970,961	-	310,832	2,281,793	1,251,397	188,393	-	1,439,790	20% on book value
Vehicles	740,735	-	155,748 (26,149)	870,334	424,377	112,848 (23,092)	-	514,133	20% on cost
	<u>26,863,645</u>	<u>90,195</u> <u>(92,802)</u>	<u>1,233,545</u> <u>(30,854)</u>	<u>28,063,729</u>	<u>3,845,101</u>	<u>793,620</u> <u>(25,963)</u>	<u>-</u>	<u>4,612,758</u>	
Assets held under finance lease									
Vehicles	66,238	-	38,379 (3,368)	101,249	24,963	15,659 (2,189)	-	38,433	20% on cost
Assets given under Ijarah	174,016	-	65,961	239,977	38,618	57,935	-	96,553	25-33% on cost
2009	<u>27,103,899</u>	<u>90,195</u> <u>(92,802)</u>	<u>1,337,885</u> <u>(34,222)</u>	<u>28,404,955</u>	<u>3,908,682</u>	<u>867,214</u> <u>(28,152)</u>	<u>-</u>	<u>4,747,744</u>	

Property and equipment

	Cost/revalued amount				Accumulated depreciation				Book Value at December 31, 2008	Rate of depreciation
	At January 1, 2008	Revaluation / adjustments	Additions / (deletions)	At December 31, 2008	At January 1, 2008	Charge for the year / (deletions)	Revaluation / adjustments	At December 31, 2008		
----- Rupees in '000 -----										
Owned										
Land										
- freehold	11,055,039	(1,539,343)	350	9,516,046	-	-	-	-	9,516,046	Nil
- leasehold	9,501,737	(2,316,548)	15,688	7,200,877	-	-	-	-	7,200,877	Nil
Buildings on land:										
- freehold	1,830,776	695,070 (101,496)	27,381 (4,820)	2,446,911	-	101,657 (161)	(101,496)	-	2,446,911	5% on book value
- leasehold	1,345,116	499,402 (76,961)	162,290 (718)	1,929,129	-	77,215 (254)	(76,961)	-	1,929,129	5% on book value
Furniture and fixtures	1,297,922	-	165,123 (3,993)	1,459,052	855,417	63,453 (2,143)	-	916,727	542,325	10% to 30% on Book Value, 20% on Straight Line on new Furnishing Limit to Executives & Refurbishment of Branches
Computer and peripheral equipment	1,440,877	-	159,191 (134)	1,599,934	1,093,169	159,500 (69)	-	1,252,600	347,334	33% on cost
Electrical and office equipment	1,634,242	-	336,983 (264)	1,970,961	1,102,061	149,483 (147)	-	1,251,397	719,564	20% on book value
Vehicles	572,147	-	211,693 (43,105)	740,735	309,131	150,763 (35,517)	-	424,377	316,358	20% on cost
	28,677,856	(2,661,419) (178,457)	1,078,699 (53,034)	26,863,645	3,359,778	702,071 (38,291)	(178,457)	3,845,101	23,018,544	
Assets held under finance lease										
Vehicles	58,440	-	7,798	66,238	15,755	9,208	-	24,963	41,275	20% on cost
Assets given under Ijarah										
	95,358	-	78,658	174,016	1,207	37,411	-	38,618	135,398	25-33% on cost
2008	28,831,654	(2,661,419) (178,457)	1,165,155 (53,034)	27,103,899	3,376,740	748,690 (38,291)	(178,457)	3,908,682	23,195,217	

11.3 Intangible assets

	Cost			Accumulated amortization			Book value at	Rate of amortization	
	At	At	At	At	At	At			
	January 1, 2009	Additions	December 31, 2009	January 1, 2009	Charge for the year	December 31, 2009			December 31, 2009
	----- Rupees in '000 -----								
Computer software	16,083	16,205	32,288	10,158	4,600	14,758	17,530	33.33 %	
	<u>16,083</u>	<u>16,205</u>	<u>32,288</u>	<u>10,158</u>	<u>4,600</u>	<u>14,758</u>	<u>17,530</u>	on cost	

	Cost			Accumulated amortization			Book value at	Rate of amortization	
	At	At	At	At	At	At			
	January 1, 2008	Additions	December 31, 2008	January 1, 2008	Charge for the year	December 31, 2008			December 31, 2008
	----- Rupees in '000 -----								
Computer software	15,851	232	16,083	7,273	2,885	10,158	5,925	33.33 %	
	<u>15,851</u>	<u>232</u>	<u>16,083</u>	<u>7,273</u>	<u>2,885</u>	<u>10,158</u>	<u>5,925</u>	on cost	

11.4 Revaluation of properties

During the year a revaluation of building and construction of Bishkek branch was carried out to ascertain that assets are carried at no more than their recoverable amount. The revaluation was carried out by LLC The Agency of Services "Burana Asia". This has resulted in surplus of Rs. 90.195 million. Had there been no revaluation, the carrying amount of revalued assets at December 31, 2009 would have been as follows:

	Rupees in '000'
Buildings on leasehold land	2,623

11.5 The Islamic Banking Branches of the bank have entered into Ijarah transactions with customers during the year. The significant Ijarah transactions have been entered in respect of heavy duty earth moving machinery. The rate of profit is 6 months KIBOR + 1.5% to 2.75% and 3 months KIBOR + 2.5% to 5% (2008: 3 months KIBOR + 3% and 6 months KIBOR + 1.5%).

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

	Rupees in '000'
Not later than one year	80,534
Later than one year but not later than five years	72,552

11.6 Details of disposals of property and equipment

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

Particulars of property and equipment	Original cost	Book value	Sale proceeds	Gain / (loss)	Mode of Disposal	Particulars of Purchaser
	----- Rupees in '000 -----					
Motor Vehicle	939	355	388	33	As per service rules on retirement	Mrs. Shahida N. Abbasi EVP
Motor Vehicle	969	517	630	113	As per service rules on retirement	Mr. Tajammul H. Bokharee EX - EVP
Motor Vehicle	1,506	803	376	(427)	As per service rules on separation from bank	Mr. Masood Karim Shaikh EX - SEVP
Motor Vehicle	3,599	-	2,953	2,953	Auction	Pakistan Auction Mart
Motor Vehicle	1,245	-	655	655	Auction	Pakistan Auction Mart
Motor Vehicle	969	419	769	350	As per service rules on retirement	Mr. M.Riaz Khokar EVP
Motor Vehicle	3,368	1,179	1,179	-	As per service rules on separation from bank	Mr. Masood Karim Shaikh EX - SEVP
Furniture and Fixtures	680	295	295	-	As per service rules on separation from bank	Mr. Masood Karim Shaikh EX - SEVP
Other assets (having book value of less than Rs.250,000 or cost of less than Rs.1,000,000)	20,947	2,502	6,412	3,910		
	<u>34,222</u>	<u>6,070</u>	<u>13,657</u>	<u>7,587</u>		

	Note	2009 Rupees in '000'	2008
12. DEFERRED TAX ASSETS - net			
Deductible temporary difference on:			
Provision for diminution in the value of investments		552,534	357,446
Provision against advances		4,720,840	4,093,904
Other provision		280,000	376,111
Charge against defined benefits plans		927,443	666,181
Provision against off-balance sheet obligation		116,622	116,622
		<u>6,597,439</u>	<u>5,610,264</u>
Taxable temporary differences on:			
Excess of accounting book value of leased assets over lease liabilities		(7,065)	(5,600)
Difference between accounting book value of fixed assets and tax base		(222,293)	(169,754)
Revaluation of securities	20.1	(2,028,859)	(895,673)
Revaluation of fixed assets	20.2	(1,276,951)	(1,334,665)
		<u>(3,535,168)</u>	<u>(2,405,692)</u>
Net deferred tax assets		<u>3,062,271</u>	<u>3,204,572</u>

12.1 Movement in temporary differences during the year

	January 1, 2008	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	December 31, 2008	Recognized in Profit and Loss Account	Recognized in surplus on revaluation of assets	December 31, 2009
..... Rupees in "000"							
Deferred tax assets rising in respect of:							
Provision for diminution in the value of investments	228,408	129,038	-	357,446	195,088	-	552,534
Provision against advances	636,600	3,457,304	-	4,093,904	626,936	-	4,720,840
Other provision	103,806	272,305	-	376,111	(96,111)	-	280,000
Charge against defined benefits plans	289,333	376,848	-	666,181	261,262	-	927,443
Provision against off-balance sheet obligations	115,222	1,400	-	116,622	-	-	116,622
	<u>1,373,369</u>	<u>4,236,895</u>	<u>-</u>	<u>5,610,264</u>	<u>987,175</u>	<u>-</u>	<u>6,597,439</u>
Less: Deferred tax (liabilities) arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(3,196)	(2,404)	-	(5,600)	(1,465)	-	(7,065)
Difference between accounting book value of fixed assets and tax base	(85,259)	(84,495)	-	(169,754)	(52,539)	-	(222,293)
Revaluation of securities	(5,395,899)	-	4,500,226	(895,673)	-	(1,133,186)	(2,028,859)
Revaluation of fixed assets	(986,846)	70,246	(418,065)	(1,334,665)	66,733	(9,019)	(1,276,951)
	<u>(6,471,200)</u>	<u>(16,653)</u>	<u>4,082,161</u>	<u>(2,405,692)</u>	<u>12,729</u>	<u>(1,142,205)</u>	<u>(3,535,168)</u>
Net deferred tax assets	<u>(5,097,831)</u>	<u>4,220,242</u>	<u>4,082,161</u>	<u>3,204,572</u>	<u>999,904</u>	<u>(1,142,205)</u>	<u>3,062,271</u>

	Note	2009 Rupees in '000'	2008
13. OTHER ASSETS			
Income / mark-up accrued in local currency		14,860,525	12,045,837
Income / mark-up accrued in foreign currencies		870,380	1,638,916
Advances, deposits, advance rent and other prepayments	13.1	15,023,537	2,721,269
Advance taxation (payments less provisions)		8,079,322	13,705,894
Income tax refunds receivable	13.5	10,805,291	-
Receivable from GoP	13.2	5,648	283,871
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		497,490	622,857
Branch adjustment account-net		2,308,352	3,194,657
Derivatives:			
Un-realized gain on forward foreign exchange contracts		183,145	2,114,857
Commission receivable		2,755,941	1,821,645
Stationery and stamps on hand		414,620	369,709
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	418,599	417,875
Less: provision		(418,599)	(417,875)
		-	-
Receivable from pension fund	34.1.2	3,666,344	4,496,943
Prize bonds in hand		235,239	311,109
Others		2,182,029	3,318,802
		<u>62,406,434</u>	<u>47,164,937</u>
Less: provision held against other assets			
Income / mark-up accrued in local currency / foreign currencies		327,081	327,081
Advances, deposits, advance rent and other prepayments		800,000	400,000
Stationery and stamps on hand		51,200	51,200
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.3	323,172	323,172
Others		1,393,144	1,317,738
	13.6	3,089,996	2,614,590
		<u>59,316,438</u>	<u>44,550,347</u>

13.1 This includes Rs.13,547 million (2008: Rs. 800 million) advance against Pre-IPO placement of Term Finance Certificates.

13.2 Upon dissolution of CIRC and take over by the bank with effect from September 22, 2006, the said amount represents receivable from GoP.

- 13.3** This represents amount receivable from Government of Pakistan on account of encashment of various instruments handled by the bank for Government of Pakistan as an agent of SBP.
- 13.4** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from Government of Pakistan. Due to uncertainty about its recoverability, full amount has been provided for.
- 13.5** During the year, various appeal effects from Income Tax Appellate Tribunal (ITAT) pertaining to assessment years 1998–99 to 2002–2003 and tax year 2006 and 2007 were received, which resulted in determined refunds. The Federal Bureau of Revenue (FBR) will issue bonds in lieu of these determined refunds.

	Note	2009 Rupees in '000'	2008
13.6 Provision against other assets			
Opening balance		2,614,590	1,895,840
Charge for the year	13.6.1	575,161	722,905
Reversals		(99,755)	(4,155)
Closing balance		<u>3,089,996</u>	<u>2,614,590</u>

13.6.1 This includes Rs. 800 million (2008: Rs. 400 million) as provision against Pre-IPO placement of one Term Finance Certificate.

14. BILLS PAYABLE

In Pakistan		10,546,471	10,147,427
Outside Pakistan		74,698	71,634
		<u>10,621,169</u>	<u>10,219,061</u>

15. BORROWINGS

In Pakistan		44,707,396	38,724,616
Outside Pakistan		570,742	1,734,310
	15.1 & 15.2	<u>45,278,138</u>	<u>40,458,926</u>

15.1 Particulars of borrowings with respect to currencies

In local currency		44,707,396	38,724,616
In foreign currencies		570,742	1,734,310
	15.2	<u>45,278,138</u>	<u>40,458,926</u>

15.2 Details of borrowings

Secured

Borrowings from State Bank of Pakistan:

Under Export Refinance Scheme		7,028,312	4,921,924
Under Long-Term Financing under Export Oriented Project (LTF-EOP)		2,587,196	2,971,599
Under Long-Term Financing Facility (LTFF)		1,436,715	-
Finance to payoff liabilities relating to former MBL		-	188,000
		<u>11,052,223</u>	<u>8,081,523</u>
Repurchase agreement borrowings		25,008,891	23,875,317
		<u>36,061,114</u>	<u>31,956,840</u>

Unsecured

Call borrowings		9,081,987	8,259,310
Overdrawn nostro accounts	32	64,237	171,976
Others		70,800	70,800
		<u>9,217,024</u>	<u>8,502,086</u>
		<u>45,278,138</u>	<u>40,458,926</u>

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

- The bank has entered into agreements with 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 SBP. Export refinance loans from SBP are at the rate of 7.0% per annum (2008: 7.5% per annum).
- Call borrowings carry interest ranging from 11.25% to 12.65% per annum (2008: 12% to 16.5% per annum).
- Repurchase agreement borrowings carry mark-up at the rate of 9.25% to 12.1% per annum (2008: 8.75% to 15% per annum).
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2008: 10% per annum).

15.3 Borrowings from State Bank of Pakistan (SBP) under export oriented projects refinance schemes of SBP are secured by bank's cash and security balances held by SBP.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		194,731,591	141,949,041
Savings deposits		196,373,780	179,807,400
Current accounts - remunerative		74,133,946	50,893,400
Current accounts - non-remunerative		169,043,847	143,216,221
		634,283,164	515,866,062
Financial Institutions			
Remunerative deposits		48,428,983	38,438,503
Non-remunerative deposits		43,752,678	70,634,451
		92,181,661	109,072,954
	16.1	<u>726,464,825</u>	<u>624,939,016</u>
16.1 Particulars of deposits			
In local currency		575,078,424	470,716,922
In foreign currencies [including deposits of foreign branches of Rs. 116,561 million (2008: Rs. 124,533 million)]		151,386,401	154,222,094
		<u>726,464,825</u>	<u>624,939,016</u>

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009			2008		
	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	24,624	5,611	19,013	17,796	2,567	15,229
Later than one year and not later than five years	27,306	3,690	23,616	11,335	1,290	10,045
	<u>51,930</u>	<u>9,301</u>	<u>42,629</u>	<u>29,131</u>	<u>3,857</u>	<u>25,274</u>

The bank has entered into lease agreements with various leasing companies for lease of vehicles. Lease rentals are payable in quarterly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 0.9% to KIBOR + 4.00% per annum (2008: 11.59% to 19.65% per annum and KIBOR + 2.25% to KIBOR + 4.00% per annum). At the end of lease term, the bank has option to acquire the assets, subject to adjustment of security deposits.

	Note	2009 Rupees in '000'	2008
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		11,993,768	8,810,335
Mark-up / return / interest payable in foreign currencies		564,017	1,019,751
Unearned commission and income on bills discounted		116,045	132,522
Accrued expenses		2,114,932	1,927,588
Advance payments		7,343	11,664
Unclaimed dividends		33,494	23,494
Derivatives:			
Un-realized loss on forward foreign exchange contracts		1,253,135	2,657,506
Un-realized loss on cross currency swaps		2,260,864	2,065,687
Provision against off balance sheet obligations	18.1	450,061	429,824
Employee benefits:			
Post retirement medical benefits	34.1.3	3,407,225	2,946,554
Compensated absences	34.2.1	2,397,308	2,246,752
Benevolent fund	34.1.4	838,123	765,748
Gratuity scheme	34.1.5	123,789	106,270
Staff welfare fund		371,257	424,880
Liabilities relating to:			
Bangladesh (former East Pakistan)		-	227,089
Barter trade agreements		11,657,389	11,001,952
Special separation package		78,422	78,422
Payable to GoP for acquisition of assets from CIRC		232,460	638,772
Others [(including provision of Rs. 246 million (2008: Rs. 246 million) for contingencies)]		4,369,991	4,142,021
		<u>42,269,623</u>	<u>39,656,831</u>

18.1 Provision against off balance sheet obligations

Opening balance		429,824	425,824
Charge for the year		20,237	4,000
Closing balance	18.1.1	<u>450,061</u>	<u>429,824</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 Capital

2008	2009		2009	2008
Number of shares			Rupees in '000'	
<u>1,000,000,000</u>	<u>2,500,000,000</u>	Ordinary shares of Rs.10 each	<u>25,000,000</u>	<u>10,000,000</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
756,587,100	935,982,200	Issued as fully paid bonus shares	9,359,822	7,565,871
<u>896,975,100</u>	<u>1,076,370,200</u>		<u>10,763,702</u>	<u>8,969,751</u>

The Federal Government and the SBP held about 75.60 % shares of the bank as at the year ended December 31, 2009 (2008: 75.60%).

	Note	2009 Rupees in '000'	2008
20. SURPLUS ON REVALUATION OF ASSETS - net			
Available-for-sale securities	20.1	7,474,058	3,759,057
Fixed assets	20.2	17,290,401	17,333,159
		<u>24,764,459</u>	<u>21,092,216</u>

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

Federal Government securities		(70,166)	(820,863)
Term Finance Certificates		(763,683)	(87,983)
Shares and mutual funds		1,739,784	(438,078)
GoP Foreign Currency Bonds		556,772	(679,108)
National Investment Trust Units		616,024	2,386,570
NIT Market Opportunity Fund Units		360,573	(796,196)
Investment outside Pakistan		7,063,613	5,090,388
		9,502,917	4,654,730
Deferred tax liability recognized	12	(2,028,859)	(895,673)
		<u>7,474,058</u>	<u>3,759,057</u>

20.2 Surplus / (deficit) on revaluation of fixed assets - net of tax

Surplus on revaluation on January 1, 2009		18,667,824	21,529,945
Net surplus / (deficit) on revaluation of bank's properties during the year		90,195	(2,661,419)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year -net of deferred tax		(123,934)	(130,456)
Related deferred tax liability		(66,733)	(70,246)
		(190,667)	(200,702)
		18,567,352	18,667,824
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,334,665	986,846
Revaluation of bank's properties during the year		9,019	418,065
Incremental depreciation charged during the year transferred to profit and loss account		(66,733)	(70,246)
	12	1,276,951	1,334,665
Surplus on revaluation on December 31, 2009		<u>17,290,401</u>	<u>17,333,159</u>

21. CONTINGENCIES AND COMMITMENTS

21.1 Direct credit substitutes

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

	2009 Rupees in '000'	2008
- Government	17,443,452	15,444,979
- Financial institutions	4,469,377	5,873,517
- Others	11,214,383	11,762,514
	<u>33,127,212</u>	<u>33,081,010</u>

2009 **2008**
Rupees in '000'

21.2 Transaction-related contingent liabilities

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

- Government	18,524,777	18,660,550
- Financial institutions	4,232,783	5,060
- Others	9,237,363	7,904,339
	<u>31,994,923</u>	<u>26,569,949</u>

21.3 Trade-related contingent liabilities

Letters of credit issued in favour of:

- Government	126,151,618	133,467,937
- Financial institutions	161,208	1,007,327
- Others	38,736,236	36,292,676
	<u>165,049,062</u>	<u>170,767,940</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. 175 million (2008: Rs.172 million) and claims relating to former MBL amounting to Rs.965 million (2008: Rs.965 million)].

<u>6,561,411</u>	<u>11,442,569</u>
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21.4.2 Taxation

The income tax returns of the bank for global operations and for Azad Jammu Kashmir have been filed under section 120 and amended by the Taxation Officer under section 122(5A) of the Income Tax Ordinance, 2001 upto the tax year 2009 (accounting year ended December 31, 2008).

During the year, the bank received various appellate decisions from the Income Tax Appellate Tribunal (ITAT) from assessment year 1998-99 through assessment year 2002-2003, in which substantial reliefs were allowed including matters related to interest credited to suspense account. Also appeal effects of such decisions have been obtained from the tax department giving rise to aggregate tax refund of Rs. 10,800 million.

The management has also taken effects of the decisions by bringing the tax provision created in the books of account as at December 31, 2008, equal to the tax demands determined in rectified orders upto the tax year 2009, except on four matters under appeal where management is confident that the appellate decisions will provide necessary relief to the bank. These matters are interest credited to suspense account, allocation of common expenditure between taxable and exempt / low tax rate, disallowance for bad debts on the basis of State Bank of Pakistan certificates and disallowance of loss on Barter Trader Balances.

The aggregate effect of aforementioned contingencies amounts to Rs. 7,368 million (2008: Rs. 14,024 million). No provision has been made against the aforementioned four matters based on the opinion of tax consultants of the bank who expect favourable outcome from the appellate forums where appeals are pending adjudication.

21.4.3 Provident Fund

In 1977, in accordance with the GoP policy, the bank's employees' benefits were changed from the Contributory Provident Fund to an enhanced Pension Scheme and an option was given to the employees either to opt for the new scheme or retain the existing benefits. Almost all employees opted for the new scheme. The bank considered that in accordance with the policy decision of the Banking Council and Finance Division of GoP, the balance of bank's contribution lying in the members' account in the Provident Fund upto that date should have been transferred to the Pension Fund to partially cover the additional cost of the enhanced benefits.

Subsequently, three employees filed a writ petition in the year 1980 before Single Bench of Lahore High Court claiming the balance lying in their Provident Fund Account. This petition was dismissed by the Single Bench in July, 1982. Against this petition of the Single Bench, the aggrieved employees filed Inter Court Appeal before the High Court which was heard by a Division Bench of the Lahore High Court on a number of dates, extending over 16 years. Appeal against the Order of Single Bench was finally dismissed by the division bench vide Order dated July 31, 1998. One employee filed an appeal in the Supreme Court against the judgment of the Lahore High Court. In 2003, appeal was finally decided by the Supreme Court of Pakistan against the bank. The Supreme Court directed the bank that the employees shall be paid contribution made by the bank together with the interest upto the date of payment. The bank in accordance with the legal interpretation obtained, commenced settlement of dues of eligible employees who had joined service of the bank prior to 1977. Bank's review petition against this judgment of Supreme Court was dismissed.

For the purpose of settlement, interest was calculated in accordance with Rule 12 of the Provident Fund Rules at average redemption yield of Central Government Rupee Loans of twenty years maturity or thereabout and such interest was calculated in accordance with Rule 19, i.e. to ex-employees upto the date of retirement or death and upto the date of payment in case of serving employees.

Some Ex-Employees not being satisfied with the payment filed contempt petition against the bank in 2004. The petitioners claimed that the amount being paid to them against bank's contribution is far less than that due to them. The bank filed a reply and submitted before the Honourable Court that the payment being made is in accordance with the bank's Provident Fund Rules.

A review petition has been filed by the petitioners against the judgment of Honourable Supreme Court of Pakistan dated May 04, 2009, which has not been admitted so far.

The difference / excess interest amount lying in Provident Fund ledger has been adjusted in bank's books of accounts.

21.4.4 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 NBP to handle the related transactions on behalf of GoP. Accordingly, NBP 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 NBP by the GoP could not be utilized due to non-finalization of repayment arrangements 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 NBP. Since these balances are maintained in current accounts and there is also no clause for payment of any interest in the relevant banking arrangement, therefore the bank strongly refused such claims.

21.4.5 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 taken uptill the cut-off date of August 10, 1997. Such employees filed against the bank in various courts including Federal Services Tribunal and the High Court for enhancement/recalculation of their dues.

In some cases, High Court decided against the bank, ignoring the disclaimer signed by such optees not to claim any more benefits than what the bank had worked out. 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 excess amount than what they had received.

In spite of this Lahore and Sindh High Courts, in many cases, decided against the bank, and directed it, to pay additional benefits by calculating upto the actual date of the optees released from the service. In response the bank filed petitions against both Lahore and Sindh High Courts, for leave to appeal, which has been granted to the bank for reexamining the issue afresh.

The previous order of the Supreme Court as mentioned above is conclusive. However, in case a larger bench reverses the earlier decision, the benefits claimed can be payable only to the plaintiffs. No provision has been made in the accounts as the Supreme Court has upheld the bank's view.

	2009	2008
	Rupees in '000'	
21.5 Commitments in respect of forward exchange contracts		
Purchase	87,829,307	69,361,297
Sale	38,568,464	55,563,737
21.6 Commitments in respect of trading in government securities		
Purchase (reverse repo)	5,000,000	5,200,000
Sale	-	5,200,000
21.7 Commitments for the acquisition of operating fixed assets	1,537,996	490,396
21.8 Other commitments		
Cross currency swap	6,914,649	8,082,780
21.9 Commitments for purchase of NIT Market Opportunity Fund units	-	200,000
21.10 Commitments for investment in NIT State Enterprise Fund	-	7,000,000

22. DERIVATIVE INSTRUMENTS

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

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

Accounting policies in respect of derivative financial instruments are mentioned in note 5.5.

22.2 Product Analysis

Counterparties	2009							
	Interest Rate Swaps		Cross Currency Swaps		Forward Rate Agreements		FX Options	
	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)
With other entities for								
Hedging	-	-	-	-	-	-	-	-
Market Making	-	-	10	6,914,649	-	-	-	-
	-	-	10	6,914,649	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
	-	-						

	Note	2009 Rupees in '000'	2008 Rupees in '000'
23. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
Customers		53,355,661	42,322,522
Financial institutions		1,250,474	726,789
		<u>54,606,135</u>	<u>43,049,311</u>
On investments in:			
Held-for-trading securities		2,578,487	1,306,934
Available-for-sale securities		16,319,426	9,737,215
Held-to-maturity securities		907,729	2,280,984
		19,805,642	13,325,133
On deposits with financial institutions		1,667,333	2,899,814
On securities purchased under resale agreements		1,868,587	1,546,488
On derivative financial instruments		-	122,052
		<u>77,947,697</u>	<u>60,942,798</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		36,418,364	22,478,225
Securities sold under repurchase agreements		1,864,800	811,333
Short-term borrowings		1,206,485	495,710
On derivative financial instruments		-	99,500
		<u>39,489,649</u>	<u>23,884,768</u>
25. GAIN ON SALE AND REDEMPTION OF SECURITIES - net			
Federal government securities			
Market Treasury Bills		236,871	41,987
Pakistan Investment Bonds		25,139	(32,861)
		<u>262,010</u>	<u>9,126</u>
Gain on Redemption of NIT Units-LOC Holders' Fund	9.5.1	3,875,309	-
Shares and Mutual Funds		270,427	381,836
Gain on Sale of Foreign Government/Corporate Securities		184,148	-
Ijarah Sukuk		-	4,465
		<u>4,591,894</u>	<u>395,427</u>
26. OTHER INCOME			
Rent on property		40,048	24,467
Gain on sale of property and equipment	11.6	7,587	7,289
Others	26.1	504,581	1,213,613
		<u>552,216</u>	<u>1,245,369</u>

26.1 This includes Rs. Nil (2008: Rs. 988 million) for compensation of delayed refunds determined under Section 121 of Income Tax Ordinance 2001.

	Note	2009	2008
		Rupees in '000'	
27. ADMINISTRATIVE EXPENSES			
Salaries and allowances		13,227,825	11,294,744
Charge for defined benefit plans	27.3	2,396,124	1,014,601
Non-executive directors' fee, allowances and other expenses	35	17,994	8,476
Rent, taxes, insurance, electricity, etc.		1,277,598	1,004,921
Legal and professional charges		242,886	208,056
Communications		397,460	466,687
Repairs and maintenance		326,013	258,615
Financial charges on leased assets		10,072	10,750
Stationery and printing		827,177	578,491
Advertisement, sponsorship and publicity		239,025	171,093
Donations / Contributions	27.1	102,950	33,440
Auditors' remuneration	27.2	97,861	70,964
Depreciation	11.2	867,214	748,690
Amortization	11.3	4,600	2,885
Conveyance		109,676	112,549
Entertainment		40,336	34,299
Travelling		248,244	230,279
Security services		908,928	747,916
Outsourcing		141,121	284,337
Others		1,088,366	889,405
		<u>22,571,470</u>	<u>18,171,198</u>

27.1 Donations / Contributions include following amounts exceeding Rs. 0.1 million.

Quaid-e-Azam Academy	250	-
Poor Patients Aid Society – Civil Hospital	100	-
Institute of Business Administration	50,000	-
Armed forces Institute of Cardiology, NIHD	500	-
Marie Adelaide Leprosy Centre	2,000	-
Agha Khan Hospital & Medical College Foundation	100	-
Chief Minister (NWFP) Fund for Internally Displaced Persons	10,000	-
Prime Minister Fund for Internally Displaced Persons	40,000	-
Ali Hassan Mangi Memorial Trust	-	450
Establishment of Central Library at NAB Headquarter Islamabad	-	1,000
Fund Raising Campaign for Earthquake victims of Peoples Republic of China	-	1,000
Chief Minister (N.W.F.P.) Flood Relief Fund	-	7,000
Baluchistan Chief Minister Earthquake Relief Fund	-	10,000
Home Department, Government of Sindh Police	-	13,990
	<u>102,950</u>	<u>33,440</u>

None of the directors / executives or their spouses have any interest in the donee, except Mr. Tariq Kirmani who is the member Board of Governor in Marie Adelaide Leprosy Centre.

27.2 Auditors' remuneration

	M.Yousuf Adil Saleem & Co.	Anjum Asim Shahid Rahman	2009 Total	2008 Total
	----- Rupees in '000 -----			
Audit fee	5,660	5,660	11,320	5,708
Review of interim financial statements	1,980	1,980	3,960	3,168
Fee for audit of domestic branches	4,600	4,600	9,200	7,980
Fee for taxation, special certifications and sundry advisory services	6,313	15,657	21,970	4,720
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	47,411	46,388
Out-of-pocket expenses	2,000	2,000	4,000	3,000
	<u>20,553</u>	<u>29,897</u>	<u>97,861</u>	<u>70,964</u>

27.3 This includes Rs 1,416 million (2008: Nil) additional charge for pension fund due to revision in pension factor.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
28. OTHER CHARGES			
Penalties imposed by SBP		321,647	562,535
Others		-	20,826
		<u>321,647</u>	<u>583,361</u>
29. TAXATION			
For the year			
Current	29.1	9,221,513	11,762,650
Deferred		(999,904)	(4,220,242)
	29.2	<u>8,221,609</u>	<u>7,542,408</u>
For prior year			
Current		(4,133,282)	-
		<u>4,088,327</u>	<u>7,542,408</u>

29.1 Current taxation includes Rs. 611 million (2008: Rs. 612 million) of overseas branches.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
29.2 Relationship between tax expense and accounting profit			
Accounting profit before tax		<u>22,300,173</u>	<u>23,000,998</u>
Income tax at statutory rate @ 35% (2008: 35%)		7,805,061	8,050,349
Increase / (decrease) in taxes resulting from:			
Inadmissible differences		242,052	233,416
Income taxed at reduced rate		(1,458,958)	(826,357)
Timing differences no more available		1,623,454	-
Overseas taxation		10,000	85,000
Prior year tax effects		(4,133,282)	-
Tax charge for current year		<u>4,088,327</u>	<u>7,542,408</u>

30. BASIC EARNINGS PER SHARE

		2009	2008
Profit after tax for the year	Rupees in '000'	<u>18,211,846</u>	<u>15,458,590</u>
Weighted average number of ordinary shares	Numbers in '000'	<u>1,076,370</u>	<u>1,076,370</u>
Basic earnings per share	Rupees	<u>16.92</u>	<u>14.36</u>

30.1 Earnings per share for the year 2008 has been restated for the effect of bonus shares issued during the year.

31. DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are same.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	115,827,868	106,503,756
Balances with other banks	7	28,405,564	38,344,608
Overdrawn nostros	15.2	(64,237)	(171,976)
		<u>144,169,195</u>	<u>144,676,388</u>

	2009	2008
33. STAFF STRENGTH		
Permanent	14,796	14,408
Temporary / on contractual basis	1,452	1,033
Bank's total staff strength at the end of the year	<u>16,248</u>	<u>15,441</u>

33.1 In addition to the above, the bank is utilizing the services of other companies for outsourcing purposes and the number of persons deployed by such companies as at year end are 6,406 (2008: 6,010).

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 assumption

The financial assumptions used in actuarial valuation at December 31, 2009 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2009	2008
Salary increase	14% per annum	14% per annum
Discount rate	14% per annum	14% per annum
Expected rate of return on plan assets	14% per annum	14% per annum
Pension indexation rate	10% per annum	10% per annum
Rate of inflation in the cost of medical benefits	10% per annum	10% per annum
Exposure inflation rate	3% per annum	3% per annum
Number of employees covered under retirement benefit plan	14,565	14,344

	Note	2009 Rupees in '000	2008
34.1.2 Reconciliation of recoverable from pension fund			
Present value of defined benefit obligations		19,523,049	15,011,555
Fair value of plan assets		(19,781,585)	(17,738,992)
Net actuarial losses not recognized		(2,625,022)	(1,587,558)
Past Service Cost - Non Vested		(782,786)	(181,948)
	13	<u>(3,666,344)</u>	<u>(4,496,943)</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.

Movement in recoverable from pension fund

Opening net asset	(4,496,943)	(3,676,345)
Charge / (reversal) for the year	1,462,139	(157,789)
Contribution to the fund made during the year	(631,540)	(662,809)
	<u>(3,666,344)</u>	<u>(4,496,943)</u>

Charge for pension fund

Current service cost	412,018	342,649
Interest cost	2,101,618	1,270,405
Expected return on plan assets	(2,483,459)	(1,950,339)
Actuarial gains recognized	-	(106,605)
Past Service Cost-Vested	1,431,962	286,101
	<u>1,462,139</u>	<u>(157,789)</u>

Actual return on plan assets	<u>2,295,198</u>	<u>1,870,261</u>
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34.1.2.1 Components of fair value of plan assets as a percentage of total fair value of plan assets

	2009 %	2008 %
Bonds	85.93	58.25
Equities	12.02	19.54
Cash and net current assets	2.05	22.21

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

	2009	2008	2007	2006	2005
	----- Rupees in '000' -----				
Present value of defined benefit obligations	19,523,049	15,011,555	12,704,049	12,069,249	10,085,072
Fair value of plan assets	(19,781,585)	(17,738,992)	(19,503,391)	(17,333,982)	(13,615,308)
Net actuarial (losses) / gains not recognized	(2,625,022)	(1,587,558)	3,122,997	2,312,800	1,006,568
Past Service Cost - Non Vested	(782,786)	(181,948)	-	-	-
	<u>(3,666,344)</u>	<u>(4,496,943)</u>	<u>(3,676,345)</u>	<u>(2,951,933)</u>	<u>(2,523,668)</u>

34.1.3 Reconciliation of payable to medical benefit plan

	Note	2009 Rupees in '000	2008 Rupees in '000
Present value of defined benefit obligations		3,432,771	2,909,308
Fair value of plan assets		-	-
Net actuarial (gains)/ losses not recognized		(25,546)	37,246
	18	<u>3,407,225</u>	<u>2,946,554</u>

Movement in net liability recognized

Opening net liability	2,946,554	2,582,476
Charge for the year	522,657	380,084
Benefits paid	(61,986)	(16,006)
	<u>3,407,225</u>	<u>2,946,554</u>

Charge for medical benefit plan

Current service cost	115,354	107,422
Interest cost	407,303	272,662
	<u>522,657</u>	<u>380,084</u>

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

	2009	2008	2007	2006	2005
	----- Rupees in '000' -----				
Present value of defined benefit obligations	3,432,771	2,909,308	2,726,617	2,595,291	2,303,706
Net actuarial (losses) / gains not recognized	(25,546)	37,246	(144,141)	(318,705)	(301,957)
	<u>3,407,225</u>	<u>2,946,554</u>	<u>2,582,476</u>	<u>2,276,586</u>	<u>2,001,749</u>

Effect of 1% movement in assumed medical cost trend rate

	2009		2008	
	Increase	Decrease	Increase	Decrease
	----- Rupees in '000' -----			
Impact on obligations	371,037	(270,479)	111,540	(86,842)
Impact on cost	120,367	(9,830)	22,685	(17,403)

	Note	2009	2008
		Rupees in '000'	
34.1.4 Movement in net liability recognized for benevolent fund			
Opening net liability		765,748	759,957
Charge for the year		114,022	53,256
Benefits paid		(41,647)	(47,465)
	18	<u>838,123</u>	<u>765,748</u>
Charge for benevolent fund			
Current service cost		13,317	18,592
Interest cost		107,205	75,996
Actuarial gains recognized		(6,500)	(41,332)
		<u>114,022</u>	<u>53,256</u>

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

	2009	2008	2007	2006	2005
	----- Rupees in '000' -----				
Opening net liability	765,748	759,957	802,937	729,725	733,572
Net charge for the year	114,022	53,256	22,756	129,185	56,242
Benefits paid	(41,647)	(47,465)	(65,736)	(55,973)	(60,089)
	<u>838,123</u>	<u>765,748</u>	<u>759,957</u>	<u>802,937</u>	<u>729,725</u>

	Note	2009	2008
		Rupees in '000'	
34.1.5 Reconciliation of payable to gratuity benefit plan			
Present value of defined benefit obligations		136,211	116,216
Net actuarial losses not recognized		(12,422)	(9,946)
	18	<u>123,789</u>	<u>106,270</u>
Movement in net liability recognized			
Opening liability		106,270	66,708
Charge for the year		41,419	42,424
Benefits paid		(23,900)	(2,862)
		<u>123,789</u>	<u>106,270</u>
Charge for gratuity benefit plan			
Current service cost		25,149	23,133
Interest cost		16,270	8,210
Past service cost to be recognized		-	11,081
		<u>41,419</u>	<u>42,424</u>

34.2 Other employee benefits

34.2.1 Movement in net liability recognized for compensated absences

Opening net liability		2,246,752	1,662,930
Charge for the year		255,887	696,627
Benefits paid during the year		(105,331)	(112,805)
	18	<u>2,397,308</u>	<u>2,246,752</u>

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

	2009	2008	2007	2006	2005
	----- Rupees in '000' -----				
Opening net liability	2,246,752	1,662,930	1,639,708	1,521,326	1,219,566
Net charge for the year	150,556	583,822	23,222	118,382	301,760
	<u>2,397,308</u>	<u>2,246,752</u>	<u>1,662,930</u>	<u>1,639,708</u>	<u>1,521,326</u>

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

	2010			
	Pension funds	Benevolent Scheme	Medical Scheme	Gratuity Scheme
	----- Rupees in '000 -----			
Contributions to be paid	695,262	131,279	589,042	52,554

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2009	2008	2009	2008	2009	2008
----- Rupees in '000 -----						
Fees	-	-	17,994	8,476	-	-
Managerial remuneration	10,200	8,760	-	-	381,504	307,313
Charge for defined benefit plan	-	-	-	-	247,812	63,157
Rent and house maintenance	6,840	5,616	-	-	190,388	153,659
Utilities	1,228	1,593	-	-	45,998	36,965
Medical	153	222	-	-	48,149	35,015
Conveyance	-	-	-	-	102,529	84,701
Leave fare assistance	10,200	7,440	-	-	-	-
Bonus and others	29,516	28,441	-	-	287,546	220,694
	<u>58,137</u>	<u>52,072</u>	<u>17,994</u>	<u>8,476</u>	<u>1,303,926</u>	<u>901,504</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>507</u>	<u>377</u>

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

Executives mean officers, 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 the 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 5.7.

The maturity and re-pricing profile and effective rates are stated in notes 41.4.1 and 41.3.3 respectively.

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

37. Segment Details with respect to Business Activities

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services
	----- Rupees in '000 -----					
2009						
Total income	479,695	925,435	16,231,209	34,144,722	1,698,986	4,003,358
Total expenses	575	59,476	11,461,074	19,887,565	1,254,884	2,519,658
Net income	479,120	865,959	4,770,135	14,257,157	444,102	1,483,700
Segment Assets (Gross)	-	2,378,930	147,407,072	794,446,761	-	-
Segment Non Performing Loans	-	-	7,369,750	63,553,323	-	-
Segment Provision Required	-	-	5,118,050	50,500,912	-	-
Segment Liabilities (Gross)	-	-	223,617,290	601,059,095	-	-
Segment Return on net Assets (ROA) (%)	0.00%	4.67%	3.22%	1.63%	0.00%	0.00%
Segment Cost of funds (%)	0.00%	0.00%	5.21%	4.09%	0.00%	0.00%

2008

Total income	324,911	1,268,816	15,466,851	31,538,681	1,712,732	3,161,901
Total expenses	596	130,078	9,399,935	17,751,203	1,156,361	2,034,721
Net income	324,315	1,138,738	6,066,916	13,787,478	556,371	1,127,180
Segment Assets (Gross)	-	1,007,496	121,089,466	695,661,364	-	-
Segment Non Performing Loans	-	-	7,580,770	48,881,011	-	-
Segment Provision Required	-	-	4,892,091	39,949,073	-	-
Segment Liabilities	-	-	161,463,413	553,835,694	-	-
Segment Return on net Assets (ROA) (%)	0.00%	14.11%	3.80%	2.30%	0.00%	0.00%
Segment Cost of funds (%)	0.00%	0.00%	3.13%	4.11%	0.00%	0.00%

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 1,430 million (2008: 1,500 million) shares with market value of Rs. 55,472 million (2008: Rs. 45,570 million) in safe custody / Central Depository Company on behalf of NIT.

38.2 Long-Term Credit Fund (LTCF)

Consequent upon the NDFC 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. 38,130 million on December 31, 2009 (2008: Rs. 40,000 million).

38.3 Endowment Fund

The Students Loan Scheme was launched by the GoP in collaboration with major commercial banks of Pakistan to facilitate meritorious students in acquiring education by offering markup free loans.

The scheme is administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the Presidents of NBP, HBL, UBL, MCB, ABL and the Deputy Secretary, Ministry of Finance. The State Bank has assigned National Bank of Pakistan to operate the scheme.

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

The amount of the fund in investments stands at Rs. 583 million as at December 31, 2009 (2008: Rs. 737 million).

39. RELATED PARTY TRANSACTIONS

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 to these financial statements.

Transactions between the bank and its related parties are carried out under normal course of business, except employee staff loans, 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 to these financial statements. There are no transactions with key management personnel other than under their terms of employment. Contributions to an approved in respect of staff retirement and other benefit plans are disclosed in note 34 to these financial statements. Remuneration to the executive and disposal of vehicles are disclosed in notes 35 and 11.6 respectively to the financial statements.

	2009	2008
	Rupees in '000'	
Balance outstanding at year end		
Advances to:		
Subsidiaries	575,404	682,730
Associates	1,287,942	1,269,498
Key management executives *	97,439	95,931
Placements with:		
Subsidiary	10	-
Joint venture	451,588	420,535
Associates / subsidiaries	25,881	25,881
Lendings to:		
Subsidiary	-	113,983
* This includes loans extended to certain key management executives in accordance with the terms of employment.		
Deposits from:		
Subsidiaries		
Opening balance	167,224	255,952
Received/ (repaid) during the year	92,394	(88,728)
Closing Balance	<u>259,618</u>	<u>167,224</u>
Pension fund		
Opening balance	3,940,161	2,088,976
Received during the year	12,791,620	12,055,094
Repaid during the year	(16,326,430)	(10,203,909)
Closing Balance	<u>405,351</u>	<u>3,940,161</u>
Provident fund		
Opening balance	8,507,300	8,078,395
Received during the year	3,548,530	1,351,602
Repaid during the year	(3,607,729)	(922,697)
Closing Balance	<u>8,448,101</u>	<u>8,507,300</u>
Borrowing from:		
Subsidiary	450,000	414,635
Income for the year		
On advances / placements with:		
Subsidiaries	4,695	10,950
Associates	-	12,841
Joint venture	2,387	3,045
Expenses for the year		
Remuneration to key management executives	247,234	201,402
Charge for defined benefit plan	46,914	6,738
On deposits of:		
Subsidiaries	2,791	218
Provident fund	1,493,505	946,446
On Repo / call borrowing	46,816	41,476
Commission paid to subsidiaries	1,061	1,687
Other receivables	40,801	32,195
Other payables	-	11,594

39.1 Although the Federal Government and the SBP held about 75.60 % shares of the bank (2008: 75.60%), the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure.

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 balance sheet, are:

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

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

Minimum Paid up Capital (Net of losses) - Rs. in '000'	Dead line by which to be increased
6,000,000	31-12-2009
7,000,000	31-12-2010
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, 2009 stood at Rs. 10.763 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 16.78 %.

The State Bank of Pakistan's regulatory capital as managed by the bank is analyzed into following tiers:

- Tier I capital, which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and unappropriated profits.
- Tier II capital, which includes general reserve for loan losses, revaluation reserves, exchange translation reserves and subordinated debts.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements 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 upto 45 percent for treatment as tier II capital. There is also restriction on the amount of general reserve for loan losses upto 1.25 percent of total risk weighted assets. Subordinated debts 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 of and reflecting 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.

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 State Bank of Pakistan. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine 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.

	2009	2008
	Rupees in '000'	
40.2 Tier I Capital		
Fully paid-up capital	10,763,702	8,969,751
General reserves	15,774,856	13,953,671
Unappropriated profits	61,346,511	52,456,204
	87,885,069	75,379,626
Deductions:		
Book value of Intangibles	514,805	-
50% of the investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the balance sheet	1,903,236	1,609,489
Total eligible Tier I capital	85,467,028	73,770,137
Supplementary Capital		
Tier II Capital		
General Provisions subject to 1.25% of total Risk Weighted Assets	1,913,403	2,111,217
Revaluation Reserve (upto 45%)	12,181,678	9,963,386
Foreign exchange translation reserve	6,906,851	5,987,376
	21,001,932	18,061,979
Deductions:		
50% of the investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the balance sheet	1,903,236	1,609,489
Total eligible Tier II capital	19,098,696	16,452,490
Tier III Capital	-	-
Eligible Tier III Capital	-	-
Total eligible Capital	104,565,724	90,222,627

40.3 Capital Adequacy Ratio	2009		2008	
	Capital Requirements		Risk Weighted Assets	
	----- Rupees in '000' -----			
Credit Risk				
Claims on:				
Public sector entities	1,236,955	498,884	12,369,548	5,543,161
Claims on other sovereigns	910,160	-	9,101,599	-
Banks	823,269	868,922	8,232,685	9,654,693
Corporates	20,878,102	18,398,158	208,781,015	204,423,975
Retail portfolio	5,998,571	5,663,301	59,985,712	62,925,571
Loans secured by residential property	643,262	608,970	6,432,618	6,766,331
Past due loans	1,951,915	1,087,289	19,519,150	12,080,993
Investment in fixed assets	2,463,239	2,179,589	24,632,387	24,217,655
Other assets	2,649,712	3,353,199	26,497,115	37,257,766
Off balance sheet - non-market related exposure	5,088,305	5,419,943	50,883,053	60,221,586
Off balance sheet - market related exposure	46,098	58,515	460,976	650,170
Equity exposure risk held in the banking book	3,190,613	226,564	31,906,126	2,517,377
	45,880,201	38,363,334	458,801,984	426,259,278
Market Risk				
Interest rate risk	260,203	311,277	2,524,996	3,458,631
Equity position risk	3,133,888	614	31,338,884	6,822
Foreign exchange risk	3,627,588	2,390,298	36,275,883	26,558,870
	7,021,679	2,702,189	70,139,763	30,024,323
Operational Risk	9,420,730	7,823,774	94,207,298	86,930,821
Total	62,322,610	48,889,297	623,149,045	543,214,422
Capital Adequacy Ratio				
Total eligible regulatory capital held	(a)	40.2	104,565,724	90,222,627
Total Risk Weighted Assets	(b)	40.3	623,149,045	543,214,422
Capital Adequacy Ratio	(a) / (b)		16.78%	16.61%

40.4 Credit risk - General disclosures

The Bank uses the 'Standardised Approach' for all its Credit risk Exposures.

The Bank uses reputable and 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 SBP Basel II guidelines as is given below:

Exposures	2009	
	JCR - VIS	PACRA
Corporate	✓	✓
Banks	✓	✓
Sovereigns	x	x
SME's	x	x
Securitisation	N / A	N / A
Others	N / A	N / A

40.5 Credit Exposures subject to Standardised Approach

Exposures	Rating Category #	2009			2008		
		Amount Outstanding	Deduction CRM	Net Amount	Amount Outstanding	Deduction CRM	Net Amount
----- Rupees in '000 -----							
Cash and Cash Equivalents	-	8,971,972	-	8,971,972	8,259,467	-	8,259,467
Claims on Government of Pakistan	-	238,531,187	-	238,531,187	257,615,538	-	257,615,538
Foreign Currency claims on SBP	-	23,730,560	-	23,730,560	45,608,256	-	45,608,256
Claims on other sovereigns and on GoP	1	25,651,277	-	25,651,277	30,664,369	-	30,664,369
Claims on other sovereigns and on GoP	2,3,4, 5	10,308,541	-	10,308,541	-	-	-
Claims on other sovereigns and on GoP	Unrated	2,355,966	-	2,355,966	-	-	-
PSE's	1	14,321,869	583,950	13,737,919	12,373,662	-	12,373,662
PSE's	Unrated	128,855,820	109,611,891	19,243,929	6,136,857	-	6,136,857
Banks	1,2,3,4, 5	30,404,630	14,721,151	15,683,479	49,421,509	5,968,243	43,453,266
Banks	-	17,588,110	-	17,588,110	-	-	-
Corporates	1	1,602,261	-	1,602,261	4,228,253	734,028	3,494,225
Corporates	2,3,4	1,211,603	-	1,211,603	250,836	37,303	213,533
Corporates	Unrated	216,282,452	8,885,000	207,397,452	209,443,322	6,347,821	203,095,501
Retail portfolio	Unrated	102,447,635	22,466,685	79,980,950	90,656,761	6,756,000	83,900,761
Secured by residential property	-	18,378,909	-	18,378,909	19,332,375	-	19,332,375
Past due loans	-	17,208,192	-	17,208,192	13,731,834	-	13,731,834
Listed Equity investments - banks	-	30,874,726	-	30,874,726	1,615,733	-	1,615,733
Unlisted equity investments	-	687,600	-	687,600	601,096	-	601,096
Investments in fixed assets	-	24,632,387	-	24,632,387	24,217,655	-	24,217,655
Other assets	-	26,497,115	-	26,497,115	37,257,766	-	37,257,766
		940,542,812	156,268,677	784,274,135	811,415,289	19,843,395	791,571,894

41. RISK MANAGEMENT

41.1 Credit risk

The bank is exposed to credit risk from the possibility that a borrower or counterparty may fail to meet its obligations in accordance with agreed terms, principally the failure to make required payments on loans or obligations due to the bank. The goal of credit risk management is to maintain a healthy asset portfolio. In order to achieve this, the bank has adopted a credit policy that covers several aspects including credit initiation and approval, credit maintenance, credit risk monitoring, documentation, disbursement and remedial management as well as credit policies specific to various businesses and industries. This process is strengthened by post-disbursement measures used to detect deterioration in the credit risk profile of borrowers. The bank's product policy manuals, which details approved credit exposure, are reviewed by the risk management division and approved by the Risk Management Committee and the Board of Directors.

Credit Risk Management Wing (CRMW) of the bank formulates risk management tools such as risk rating for various portfolios and devises credit appraisal formats for use by the businesses while initiating credit process. It also provides support related to Basel-II and Risk Management initiatives in the bank. CRMW also Performs portfolio reviews and elevates its findings to the senior management and Board's Risk management Committee (BRC) in addition to product and policy reviews and risk profile reporting of sectoral, concentration, peer group, top party analysis etc.

The bank has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. Borrower limits are set by the Credit Committee upon the recommendation of the Credit Management Group (CMG), within the controlling parameters of the SBP's Prudential Regulations. The bank's credit risk policies for loans also apply to credit substitutes. The bank has a review process that ensures the proper level of review and approval depending, among other things, the tenure of the facility, the aggregate size of all facilities extended to the borrower and its related parties, the type of collateral and whether the borrower is on watch list. In addition, all loans and advances are secured by acceptable form of collateral to mitigate credit risk.

Bank's primary rating tool is Credit Risk Rating, which is an internal risk rating system designed to reflect the overall risk profile of the borrower or guarantor. Risk ratings are assigned according to the perception of risk on a numerical scale, determined through examining several criteria. It is a system that provides nationwide risk management infrastructure with a common language for assessing and monitoring risk in credit portfolio. The bank considers both quantitative and qualitative parameters, including, for example, key financial ratios, interest coverage, debt service coverage, liquidity, profit margin and debt-equity ratio. The borrower's risk rating is also reviewed periodically.

Once a loan is disbursed, the bank undertakes ongoing credit analysis and monitoring at several levels. If a borrower wishes to renew or roll over the loan, the bank applies substantially the same standards as the bank would granting a new loan. Typically, the bank performs an annual credit review of each loan customer and updates the review during the course of the year as circumstances warrant.

Special Assets Management Group (SAMG) is responsible for monitoring the stuck up advances. It negotiates with the borrowers and takes legal actions against the delinquent borrowers. CMG has also established Asset Rehabilitation Unit to proactively manage and revive cases, which show signs of weaknesses, in a timely manner.

41.1.1 SEGMENTAL INFORMATION

41.1.1.1 Segment by class of business

	2009					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in	Percentage	Rupees in	Percentage	Rupees in	Percentage
	'000	%	'000	%	'000	%
Chemical and pharmaceuticals	3,155,858	0.59	4,383,462	0.60	883,289	0.38
Agribusiness	19,982,117	3.76	16,595,353	2.28	181,668	0.08
Textile	71,667,650	13.50	1,852,286	0.25	5,671,852	2.46
Cement	8,935,953	1.68	111,720	0.02	3,091,333	1.34
Sugar	8,897,751	1.68	247,445	0.03	2,570	0.00
Flour	725,523	0.14	95,296	0.01	-	0.00
Rice processing	8,128,369	1.53	570,629	0.08	21,600	0.01
Shoes & leather garments	832,986	0.16	168,712	0.02	77,704	0.03
Automobile and transportation equipment	3,664,429	0.69	2,382,753	0.33	349,284	0.15
Financial	12,557,114	2.37	92,181,661	12.69	13,069,436	5.68
Insurance	-	0.00	2,733,418	0.38	2,755	0.00
Transportation	18,356,185	3.46	3,284,011	0.45	2,028,624	0.88
Real Estate Construction	7,892,728	1.49	4,841,190	0.67	3,697,647	1.61
Electronics and electrical appliances	7,268,051	1.37	382,878	0.05	2,964,338	1.29
Production and transmission of energy	62,870,800	11.84	7,003,722	0.96	18,725,246	8.14
Food and tobacco	1,581,158	0.30	287,706	0.04	152,677	0.07
Fertilizer	14,460,812	2.72	3,107,764	0.43	2,624,879	1.14
Metal products	16,578,768	3.12	2,143,022	0.29	3,758,002	1.63
Oil, gas, petroleum and energy	23,240,013	4.38	28,292,520	3.89	9,224,722	4.01
Telecommunication	6,468,174	1.22	22,152,846	3.05	4,291,987	1.86
Hotel and services	14,207,851	2.68	24,265,879	3.34	682,960	0.30
Public sector commodity operations	71,800,414	13.53	11,362,613	1.56	6,154,786	2.67
Individuals	83,793,870	15.78	322,648,569	44.41	5,685,090	2.47
General traders	18,422,056	3.47	16,907,841	2.33	1,979,523	0.86
Others	45,373,763	8.54	158,461,529	21.84	144,849,225	62.94
	530,862,393	100.00	726,464,825	100.00	230,171,197	100.00

41.1.1.2 Segment by sector

	2009					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
Public / Government	152,316,629	28.69	268,065,035	36.90	173,094,932	75.20
Private	378,545,764	71.31	458,399,790	63.10	57,076,265	24.80
	<u>530,862,393</u>	<u>100.00</u>	<u>726,464,825</u>	<u>100.00</u>	<u>230,171,197</u>	<u>100.00</u>

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

	2009		2008	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	----- Rupees in '000' -----			
Chemical and pharmaceuticals	3,800,732	3,659,814	3,883,528	2,793,899
Agribusiness	2,219,527	846,133	1,601,920	540,640
Textile	22,977,338	19,172,192	17,964,960	15,613,360
Cement	5,125,240	3,798,340	2,505,630	2,205,630
Sugar	2,831,761	1,818,357	1,720,970	1,363,230
Flour	243,413	171,952	179,670	176,500
Rice processing	1,869,188	1,655,499	1,805,700	1,488,930
Shoes & leather garments	215,215	210,081	264,430	205,260
Automobile and transportation equipment	892,961	868,440	934,510	593,860
Financial	529,021	286,242	105,200	30,200
Transportation/Karobar	2,291,111	1,727,097	1,550,295	925,953
Real Estate Construction	908,204	493,835	376,188	277,618
Electronics and electrical appliances	2,426,504	1,812,932	1,455,852	819,057
Production & Transmission of Energy	1,685,132	1,452,565	1,147,674	1,119,902
Food and tobacco	1,291,534	1,122,445	1,074,529	959,330
Fertilizer	379,901	215,508	256,320	251,670
Metal products	1,468,240	312,535	1,402,845	214,262
Hotel and services	787,130	367,499	531,286	245,691
Telecommunications	1,106,197	107,951	1,014,366	7,792
Individuals	3,013,421	1,466,663	2,358,410	1,332,585
General traders	4,775,725	3,622,476	3,769,805	3,263,592
Others	10,085,578	8,415,492	10,557,693	8,300,986
	<u>70,923,073</u>	<u>53,604,048</u>	<u>56,461,781</u>	<u>42,729,947</u>

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

Public / Government	3,761,716	1,123,449	2,919,805	855,805
Private	67,161,357	52,480,599	53,541,976	41,874,142
	<u>70,923,073</u>	<u>53,604,048</u>	<u>56,461,781</u>	<u>42,729,947</u>

41.1.1.5 Geographical segment analysis

	2009				Contingencies and commitments
	Profit before taxation	Total Advances	Total assets employed	Net assets employed	
	----- Rupees in '000' -----				
Pakistan	20,554,820	486,243,638	805,832,422	105,287,439	221,175,732
Asia Pacific (including South Asia)	702,627	21,580,867	38,899,019	8,349,848	8,285,996
Europe	(36,523)	2,038,005	18,950,816	3,161,343	3,520,929
United States of America	290,501	2,788,917	21,943,052	1,857,961	4,744,619
Middle East	788,748	18,210,966	58,607,453	899,787	58,937
	<u>22,300,173</u>	<u>530,862,393</u>	<u>944,232,762</u>	<u>119,556,378</u>	<u>237,786,213</u>

41.2 Operational Risk

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

The key objectives of operational Risk measurement and management include:

- Ensuring continued solvency of the bank through capital adequacy and enhanced understanding and management of significant operational risk exposures.
- Ensuring that customer impact is minimized through proactive and focused risk management practices.
- Ensuring timely elevation of significant operational risk exposure areas requiring risk mitigation to senior management.

In compliance with the Risk Management Guidelines, issued by SBP, an Operational Risk Management Wing has been established within Risk Management Division (RMD), which directly reports to Head of RMD. The unit has been strengthened by recruiting skilled resources for Operational Risk Management and imparting adequate trainings to the existing resources.

The bank has developed Operational Risk Management policy which is incorporated in the Risk Management policy of the bank duly approved by the Board. An Operational risk awareness culture is being encouraged by communicating the principles of risk management through orientation programs for the managers and employees across the bank.

In order to reach compliance with the Operational Risk component of SBP's Minimum Capital Requirement, NBP has adopted the basic Indicator Approach (BIA), however, the bank intends to gradually migrate from the BIA to the Standardized Approach (TSA) as and when the qualifying criteria is met.

An Operational Loss Database, Risk & Control Self Assessment (RCSA) exercise and Key Risk Indicators (KRIs) are being developed and will subsequently be implemented.

41.3 Market risk

Market risk refers to the risk of loss arising from movements in market variables including observable variables such as interest rates, exchange rates and equity indices, and other variables that are only indirectly observable, such as volatilities and correlation. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and to reduce our exposure to the volatility inherent in financial instruments.

Market Risk Management Policy approved by Board covers equity trading, foreign exchange, money market, Assets Liability Management & Liquidity Risk. Bank's Assets Liability Committee (ALCO) and Credit Committee approve different exposure limits and these limits are implemented by respective business units. Market Risk Wing monitors Market Risk Exposure and Market Risk activities on day to day basis. Currently Market Risk is focusing on monitoring Net Open Positions, Interest Rate Risk, Revaluation Limits, Mark to Market Limit, Contract Limit, Settlement Limit, Money Market Call Limit, Money Market Reverse Repo Limit, Foreign Currency wise Exposure and Gap Limit.

41.3.1 Foreign exchange risk

	2009			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	----- Rupees in '000 -----			
Pakistan Rupee	776,342,539	650,992,990	(42,346,194)	83,250,068
United States Dollar	106,322,375	121,106,676	19,504,659	4,443,218
Great Britain Pound	8,044,282	11,153,165	3,691,113	582,230
Japanese Yen	8,980,502	8,929,229	(75,391)	(24,118)
Euro	15,111,196	20,044,079	19,225,813	14,292,930
Other currencies	29,431,868	12,450,245	-	16,981,623
	167,890,223	173,683,394	42,346,194	36,275,883
	<u>944,232,762</u>	<u>824,676,384</u>	<u>-</u>	<u>119,525,951</u>

Currency risk arises where the value of 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 swap transactions with the SBP and in the inter bank market.

The bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by the SBP. Counterparties limits are also fixed to limit risk concentration. Appropriate segregation of duties exist between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

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 risk from various factors that 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.
- The possibility of defaults by participant or failure of the stock exchanges, the depositories, the settlement or the clearing system is discharging their fiduciary responsibilities.
- Any government or court order restraining payment of dividend by a company to its shareholders.

The bank mitigates the aforesaid risk 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.
- Compliances 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.
- The bank follows a delivery versus payment settlement system thereby minimizing risk in relation to settlement risk.

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 not excessively exposed to interest / mark-up rate risk as its assets and liabilities are re-priced frequently. The Assets and Liabilities Committee (ALCO) 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 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 monthly 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 balance sheet positions.

Effective Yield / Interest rate	2 0 0 9											
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Exposed to Yield / Interest risk 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	Non-interest bearing financial instruments	
	Rupees in '000'											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.44%	115,827,868	19,899,677	16,848,820	-	-	-	-	-	-	-	79,079,371
Balances with other banks	4.09%	28,405,564	12,675,538	7,432,536	2,856,320	1,368,954	1,600	-	-	-	-	4,070,616
Lending to financial institutions - net	14.99%	19,587,176	17,130,657	475,613	1,980,906	-	-	-	-	-	-	-
Investments - net	10.38%	217,642,822	11,523,622	27,288,492	46,609,207	45,603,794	7,119,147	3,737,548	10,313,071	13,184,515	19,894,366	32,369,059
Advances - net	12.79%	475,243,431	87,346,814	69,448,579	75,644,502	78,084,782	30,007,513	29,663,448	53,829,524	35,117,203	16,101,067	-
Other assets	0.00%	22,741,983	-	-	-	-	-	-	-	-	-	22,741,983
		879,448,844	148,576,308	121,494,040	127,090,935	125,057,530	37,128,260	33,400,996	64,142,595	48,301,718	35,995,433	138,261,029
Liabilities												
Bills payable	0.00%	10,621,169	-	-	-	-	-	-	-	-	-	10,621,169
Borrowings	6.80%	45,278,138	26,890,422	2,698,619	7,292,814	175,334	8,217,846	2,069	1,034	-	-	-
Deposits and other accounts	5.60%	726,464,824	356,847,518	52,563,652	36,566,731	55,264,253	1,570,828	1,686,453	8,392,160	766,883	9,821	212,796,525
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	17.10%	42,629	2,379	4,219	5,542	8,268	14,386	7,835	-	-	-	-
Other liabilities	0.00%	27,807,595	-	-	-	-	-	-	-	-	-	27,807,595
		810,214,355	383,740,319	55,266,490	43,865,087	55,447,855	9,803,060	1,696,357	8,393,194	766,883	9,821	251,225,289
On-balance sheet gap		69,234,489	(235,164,011)	66,227,550	83,225,848	69,609,675	27,325,200	31,704,639	55,749,401	47,534,835	35,985,612	(112,964,260)
Off-balance sheet financial instruments												
Cross currency swaps		6,914,649	389,377	389,377	389,377	778,752	1,557,507	1,557,507	1,852,752	-	-	-
Forward purchase of foreign exchange		87,829,307	42,944,877	39,283,879	5,511,671	88,880	-	-	-	-	-	-
Forward sale of foreign exchange		38,568,464	25,565,502	9,314,702	3,688,260	-	-	-	-	-	-	-
Off-balance sheet gap		133,312,420	68,899,756	48,987,958	9,589,308	867,632	1,557,507	1,557,507	1,852,752	-	-	-
Total Yield / Interest Risk Sensitivity Gap		202,546,909	(166,264,255)	115,215,508	92,815,156	70,477,307	28,882,707	33,262,146	57,602,153	47,534,835	35,985,612	(112,964,260)
Cumulative Yield / Interest Risk Sensitivity Gap			(166,264,255)	(51,048,747)	41,766,409	112,243,716	141,126,423	174,388,569	231,990,722	279,525,557	315,511,169	202,546,909

2008

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	1.57%	106,503,756	30,466,388	23,741,430	29	-	-	-	-	-	-	52,295,909
Balances with other banks	7.35%	38,344,608	20,314,183	11,591,669	2,440,321	673,906	-	-	-	-	-	3,324,529
Lending to financial institutions - net	10.92%	17,128,032	11,479,090	2,748,942	-	2,900,000	-	-	-	-	-	-
Investments - net	10.55%	170,822,491	43,971,045	64,715,061	11,738,347	2,681,530	8,814,513	4,098,962	9,146,462	3,536,650	583,413	21,536,508
Advances - net	11.44%	412,986,865	128,439,703	97,710,479	65,501,295	93,009,241	6,020,019	12,322,873	3,464,011	104,653	6,414,591	-
Other assets	0.00%	22,414,965	-	-	-	-	-	-	-	-	-	22,414,965
		768,200,717	234,670,409	200,507,581	79,679,992	99,264,677	14,834,532	16,421,835	12,610,473	3,641,303	6,998,004	99,571,911
Liabilities												
Bills payable	0.00%	10,219,061	-	-	-	-	-	-	-	-	-	10,219,061
Borrowings	5.40%	40,458,926	23,620,251	16,224,270	-	183,629	-	-	70,800	-	-	359,976
Deposits and other accounts	3.86%	624,939,016	304,725,549	22,587,557	38,627,748	39,471,223	216,819	974,000	3,985,448	500,000	-	213,850,672
Sub-ordinated loans		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	10.15%	25,274	-	-	25,274	-	-	-	-	-	-	-
Other liabilities	0.00%	29,451,859	-	-	-	-	-	-	-	-	-	29,451,859
		705,094,136	328,345,800	38,811,827	38,653,022	39,654,852	216,819	974,000	4,056,248	500,000	-	253,881,568
On-balance sheet gap		63,106,581	(93,675,391)	161,695,754	41,026,970	59,609,825	14,617,713	15,447,835	8,554,225	3,141,303	6,998,004	(154,309,657)
Off-balance sheet financial instruments												
Cross currency swaps		8,082,780	-	-	-	-	-	-	1,475,890	6,606,890	-	-
Forward purchase of foreign exchange		69,361,297	33,665,071	28,050,570	3,258,961	4,386,695	-	-	-	-	-	-
Forward sale of foreign exchange		55,563,737	20,141,567	25,393,431	8,429,125	1,599,614	-	-	-	-	-	-
Off-balance sheet gap		133,007,814	53,806,638	53,444,001	11,688,086	5,986,309	-	-	1,475,890	6,606,890	-	-
Total Yield / Interest Risk Sensitivity Gap		196,114,395	(39,868,753)	215,139,755	52,715,056	65,596,134	14,617,713	15,447,835	10,030,115	9,748,193	6,998,004	(154,309,657)
Cumulative Yield / Interest Risk Sensitivity Gap			(39,868,753)	175,271,002	227,986,058	293,582,192	308,199,905	323,647,740	333,677,855	343,426,048	350,424,052	196,114,395

	2 0 0 8									
	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	106,503,756	82,762,297	23,741,430	29	-	-	-	-	-	-
Balances with other banks	38,344,608	23,638,712	11,591,669	2,440,321	673,906	-	-	-	-	-
Lending to financial institutions - net	17,128,032	11,479,091	2,748,941	-	2,900,000	-	-	-	-	-
Investments - net	170,822,491	45,513,318	49,551,424	4,552,586	7,953,849	21,132,154	13,945,026	20,368,725	4,627,948	3,177,461
Advances - net	412,986,865	76,906,008	69,289,869	49,829,748	93,692,185	23,945,962	24,592,275	39,904,633	28,541,411	6,284,774
Operating fixed assets	24,217,655	-	-	-	-	-	-	-	-	24,217,655
Deferred tax assets - net	3,204,572	-	-	-	-	-	-	1,336,227	1,868,345	-
Other assets	44,550,347	12,551,883	8,705,557	4,333,590	120,727	4,572,125	13,830,465	436,000	-	-
	<u>817,758,326</u>	<u>252,851,309</u>	<u>165,628,890</u>	<u>61,156,274</u>	<u>105,340,667</u>	<u>49,650,241</u>	<u>52,367,766</u>	<u>62,045,585</u>	<u>35,037,704</u>	<u>33,679,890</u>
Liabilities										
Bills payable	10,219,061	10,219,061	-	-	-	-	-	-	-	-
Borrowings	40,458,926	24,287,339	11,745,400	758,666	617,883	2,973,667	2,068	73,903	-	-
Deposits and other accounts	624,939,016	474,243,390	43,435,302	59,730,435	37,129,732	1,086,513	2,158,990	6,461,373	671,501	21,780
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	25,274	-	4,762	4,042	7,713	5,841	1,281	1,635	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	39,656,831	17,222,606	-	3,499,130	-	12,637,269	338,772	-	-	5,959,054
	<u>715,299,108</u>	<u>525,972,396</u>	<u>55,185,464</u>	<u>63,992,273</u>	<u>37,755,328</u>	<u>16,703,290</u>	<u>2,501,111</u>	<u>6,536,911</u>	<u>671,501</u>	<u>5,980,834</u>
Net assets	<u>102,459,218</u>	<u>(273,121,087)</u>	<u>110,443,426</u>	<u>(2,835,999)</u>	<u>67,585,339</u>	<u>32,946,951</u>	<u>49,866,655</u>	<u>55,508,674</u>	<u>34,366,203</u>	<u>27,699,056</u>
Share capital	8,969,751									
Reserves	19,941,047									
Unappropriated profit	52,456,204									
Surplus on revaluation of assets - net	21,092,216									
	<u>102,459,218</u>									

Savings and current deposits have been classified due upto one month. However, the bank does not expect these deposits to fall below their current level.

42. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs.7.5 per share (2008: Rs. 6.5 per share) amounting to Rs. 8,073 million (2008: Rs. 5,830 million) and bonus shares in the proportion of 25 ordinary shares per 100 ordinary shares held (2008: 20) amounting to Rs. 2,691 million (2008: Rs. 1,794 million) at its meeting held on March 4, 2010 for approval of the members at the annual general meeting to be held on March 31, 2010. These financial statements do not reflect this appropriation as explained in note 5.16.

43. GENERAL

43.1 Figures have been rounded off to the nearest thousand rupees.

44. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on March 4, 2010 by the Board of Directors of the bank.

Chairman & President

Director

Director

Director

Annexure 'I'
Referred to in Note 9.12 to the financial statements

Detail of Investments
As at December 31, 2009

1.1 Government Compensation Bonds

	Terms of Redemption		Rate of %	Interest	Cost	
	Principal	Interest			2009	2008
	-----Rupees in '000-----					
Govt. Bond (Public Sector Enterprises)	-	Annually	6%	-	755,859	
Govt. Bond (Heavy Mechanical Complex)	-	Annually	6%	-	385,996	
Govt. Bond (Shahnawaz Bhutto Sugar Mills)	-	Annually	6%	-	56,364	
Govt. Bond (Public Sector Enterprises)	July 1, 2010	Annually	9%	1,132,963	1,132,963	
				1,132,963	2,331,182	

1.2 Particulars of investments held in listed companies and modarabas

1.2.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Held-for-trading						
Arif Habib Bank Limited	Unrated	Unrated	5,000,000	-	33,500	-
Arif Habib Securities Limited	Unrated	Unrated	25,000	-	1,232	-
Masood Textile Mills Limited	Unrated	Unrated	9,995	-	370	-
O.G.D.C	Unrated	Unrated	667,770	-	73,862	-
Pakistan State Oil	Unrated	AA+/A1+	25,000	-	7,436	-
P.T.C.L	Unrated	Unrated	2,586,200	-	45,646	-
United Bank Limited	AA+	Unrated	150,000	33,900	8,768	3,411
					170,814	3,411

Available-for-sale

	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
ABBOTT LABORATORIES LTD.	Unrated	Unrated	1,234,963	-	149,702	-
ACCORD TEXTILE MILLS LTD	Unrated	Unrated	227,502	-	59	-
ADAMJEE FLOORINGS	Unrated	Unrated	29,322	-	-	-
ADAMJEE INSURANCE COMPANY LIMITED	Unrated	AA	225,000	308,488	27,743	31,416
ADAMJEE PAPERS	Unrated	Unrated	134,058	-	-	-
ADIL POLYPROPYLENE LTD.	Unrated	Unrated	67,408	-	-	-
ADIL TEXTILE MILLS	Unrated	Unrated	46,473	-	-	-
AFSAR TEXTILE MILLS	Unrated	Unrated	31,935	-	-	-
AGRIAUTO INDUSTRIES LTD.	Unrated	Unrated	647,801	-	39,030	-
AHMED HASSAN TEXTILE	Unrated	Unrated	453,213	-	6,803	-
AL ABBAS SUGAR MILLS	Unrated	A/A1	708,637	-	67,675	-
AL ABID SILK MILLS	Unrated	Unrated	473,839	-	15,101	-
AL NOOR MODARABA (IST)	Unrated	Unrated	513,630	-	1,448	-
AL QAIM TEXTILE MILLS	Unrated	Unrated	178,631	-	304	-
AL ZAMIN LEASING MOD.	Unrated	Unrated	459,214	-	1,419	-
AL-ABBAS CEMENT INDUSTRIES LTD	Unrated	Unrated	391,339	27,697	2,700	107
AL-GHAZI TRACTORS LTD	Unrated	Unrated	30,900	30,900	7,355	6,752
AL-HUSSANY INDUSTRIES	Unrated	Unrated	30,671	-	-	-
ALIF TEXTILE MILLS	Unrated	Unrated	159,251	-	-	-
ALLAWASAYA TEXTILE & FINISHING MILLS	Unrated	Unrated	24	-	2	-
ALLIED BANK LIMITED	Unrated	AA/A1+	942,154	182,265	55,333	5,709
AL-NOOR SUGAR MILLS LTD	Unrated	BBB+	1,140,355	-	30,219	-
AL-ZAMIN LEASING CORPORATION LIMITED	Unrated	Unrated	1,006,863	-	2,920	-
AMAZAI TEXTILE LIMITED	Unrated	Unrated	10,111	-	506	-
Balance Carried Forward					408,319	43,984

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					408,319	43,984
APEX FABRICS LIMITED	Unrated	Unrated	141,136	-	-	-
ARAG INDUSTRIES LTD.	Unrated	Unrated	94,034	-	-	-
ARIF HABIB BANK LIMITED	A	Unrated	5,424,991	537,535	36,347	2,973
ARIF HABIB INVESTMENTS LTD.	Unrated	Unrated	51,911	-	1,287	-
ARIF HABIB LIMITED	Unrated	Unrated	-	75,442	-	6,445
ARIF HABIB SECURITIES LIMITED	Unrated	Unrated	2,228,693	2,510,243	109,808	105,581
ARUJ GARMENT ACCESSORIES LTD.	Unrated	Unrated	33,656	-	284	-
ASIM TEXTILE MILLS	Unrated	Unrated	567,491	-	1,135	-
ASKARI COMMERCIAL BANK LIMITED	Unrated	AA/A1+	7,766,882	685,371	212,036	9,986
ASKARI LEASING	Unrated	A+/A1	665,073	-	9,318	-
ASLO ELECTRONICS	Unrated	Unrated	19,548	-	-	-
ASWAN TANTAGE LTD.	Unrated	Unrated	83,839	-	-	-
ATLAS BANK LIMITED	A-	A-/A2	8,324,952	-	28,638	-
ATLAS ENGINEERING LTD.	Unrated	Unrated	12,495	-	161	-
ATLAS HONDA LIMITED	Unrated	Unrated	72,496	-	10,065	-
ATTOCK CEMENT PAKISTAN LIMITED	Unrated	Unrated	31,040	-	1,614	-
ATTOCK PETROLEUM LTD	Unrated	Unrated	168,387	20,057	58,535	2,895
ATTOCK REFINERY LIMITED	Unrated	AA/A1+	1,979,761	474,452	273,068	28,415
AWAN TEXTILE MILLS	Unrated	Unrated	106,168	-	-	-
AYAZ TEXTILE MILLS	Unrated	Unrated	104,904	-	-	-
AZAM TEXTILE MILLS	Unrated	Unrated	308,173	-	447	-
AZGARD NINE	Unrated	A+/A1	944,269	294,124	19,631	4,788
AZGARD NINE-RIGHTS	Unrated	Unrated	-	-	-	-
B.F. MODARABA.	Unrated	Unrated	206,916	-	745	-
BABRI COTTON MILLS	Unrated	Unrated	34,761	-	617	-
BAHAWALPUR TEXTILE	Unrated	Unrated	32,440	-	-	-
BAIG SPINNING MILLS LTD.	Unrated	Unrated	-	662,050	-	457
BALUCHISTAN GLASS LTD.	Unrated	Unrated	293,714	-	676	-
BALUCHISTAN PARTICLE BOARD	Unrated	Unrated	388,017	-	388	-
BALUCHISTAN FOUNDRY (TOWER)	Unrated	Unrated	36,737	-	-	-
BALUCHISTAN WHEELS	Unrated	Unrated	790,553	-	22,926	-
BANK AL HABIB	Unrated	AA+/A1+	24,853,736	47,582	814,208	1,183
BANK ALFALAH LIMITED	A1+	AA/A1+	15,007,593	2,157,877	206,655	36,101
BANK OF PUNJAB	Unrated	AA-/A	529,084	1,119,816	10,317	14,782
BANKERS EQUITY LTD. (B.E.L.)	Unrated	Unrated	1,692,172	-	-	-
BANKISLAMI PAKISTAN LIMITED	Unrated	Unrated	596,106	890,508	3,499	6,456
BANNU WOOLLEN MILLS	Unrated	Unrated	185,947	-	2,397	-
BATA PAKISTAN LTD.	Unrated	Unrated	541,333	-	529,965	-
BAWANY AIR PRODUCTS	Unrated	Unrated	36,900	-	173	-
BAWANY SUGAR MILLS	Unrated	Unrated	48,622	35,200	100	119
BAWANY TEXTILE MILLS	Unrated	Unrated	41,877	-	-	-
BELA ENGINEERS LTD.	Unrated	Unrated	132,288	-	-	-
BERGER PAINTS LTD.	Unrated	Unrated	138,223	-	4,369	-
BLESSED TEXTILES LIMITED	Unrated	Unrated	27,394	-	1,084	-
BOC PAKISTAN	Unrated	Unrated	502,954	24,245	64,353	2,735
BOLAN CASTING LTD	Unrated	Unrated	1,238,222	864,303	45,827	39,473
BOSICOR PAKISTAN LIMITED	Unrated	Unrated	-	368,508	-	1,717
BROTHER TEXTILE MILLS	Unrated	Unrated	420,981	114,146	274	113
BRR GUARDIAN MODARABA	A-	Unrated	597,105	-	1,529	-
BUXLAY PAINTS LTD.	Unrated	Unrated	87,002	-	1,601	-
BYCO PETROLEUM PAKISTAN LIMITED	Unrated	Unrated	3,066,707	-	29,134	-
CALLMATE TELIPS TELECOM	Unrated	Unrated	42	-	-	-
CASSPAK INDUSTRIES	Unrated	Unrated	26,963	-	-	-
CENTRAL COTTON MILLS	Unrated	Unrated	17,358	-	-	-
CENTURY PAPER	Unrated	Unrated	2,756,988	-	36,503	-
CHAKWAL SPINNING MILLS	Unrated	Unrated	374,387	-	374	-
CHARSADA SUGAR (SALEEM 0)	Unrated	Unrated	4,634	-	36	-
CHASHMA SUGAR MILLS	Unrated	Unrated	467,843	-	3,275	-
CHERAT CEMENT	Unrated	Unrated	6,333,598	-	79,487	-
CHERAT PAPERSACK LTD	Unrated	Unrated	157,500	157,500	3,174	8,420
CHILYA CORRUGATED BOARD	Unrated	Unrated	21,486	-	-	-
CLARIANT PAKISTAN LTD	Unrated	Unrated	781,771	11,472	136,599	1,873
Balance Carried Forward					3,170,976	318,496

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					3,170,976	318,496
COLONY MILLS	Unrated	Unrated	755,516	48,520	5,432	708
COLONY SARHAD TEXTILE	Unrated	Unrated	163,464	-	57	-
COLONY SUGAR MILLS LTD.	Unrated	Unrated	166,676	-	2,005	-
CRESCENT FIBRES LIMITED	Unrated	Unrated	423,380	-	3,599	-
CRESCENT JUTE PRODUCTS LTD	Unrated	Unrated	739,236	-	739	-
CRESCENT KNITWEAR	Unrated	Unrated	40,866	-	-	-
CRESCENT SPINNING MILLS	Unrated	Unrated	361,054	-	-	-
CRESCENT STANDARD MODARABA	Unrated	Unrated	91,965	-	46	-
CRESCENT STEEL & ALLIED PRODUCT	A+	Unrated	2,198,516	283,572	57,183	4,829
CRESCENT SUGAR MILLS	Unrated	Unrated	520,649	-	2,890	-
CRESCENT TEXTILE MILLS LTD.	Unrated	Unrated	1,022,882	-	34,706	-
CROWN TEXTILE	Unrated	Unrated	157,819	-	-	-
CYNAMID(WYETH PAKISTAN)	Unrated	Unrated	55,401	-	71,501	-
D.M.TEXTILE MILLS	Unrated	Unrated	167,139	-	702	-
D.S. INDUSTRIES LIMITED	Unrated	Unrated	528,733	87,727	1,819	1,303
DADABHOY CONSTRUCTION	Unrated	Unrated	34,547	-	52	-
DADABHOY CEMENT INDUSTRIES	Unrated	Unrated	5,004,500	5,004,500	8,057	10,009
DADABHOY LEASING CO.	Unrated	Unrated	184,108	-	-	-
DADABHOY SACK LTD.	Unrated	Unrated	24,458	-	-	-
DADEX ETERNIT LTD.	Unrated	Unrated	2,321	-	80	-
DANDOT CEMENT	Unrated	Unrated	160,000	160,000	760	3,269
DAR-ES-SALAAM TEXTILE	Unrated	Unrated	132,468	-	291	-
DATA AGRO LTD.	Unrated	Unrated	48,871	-	-	-
DATA TEXTILES LIMITED	Unrated	Unrated	307,150	-	206	-
DAWOOD CAPITAL MANAGEMENT	Unrated	AM3+	329,612	-	1,628	-
DAWOOD EQUITIES LIMITED	Unrated	Unrated	-	4,282	-	35
DAWOOD HERCULES CHEMICAL LIMITED	Unrated	Unrated	1,129,874	-	203,163	-
DAWOOD LAWRENCEPUR LIMITED	Unrated	Unrated	114,731	6,320	6,771	315
DEWAN AUTOMOTIVE ENGG.	Unrated	Unrated	1,001,333	1,001,333	751	501
DEWAN CEMENT (PAKLAND CEMENT)	Unrated	D	4,524,288	2,341,072	11,356	7,093
DEWAN KHALID TEXTILE	Unrated	Unrated	138,774	-	545	-
DEWAN MUSHTAQ TEXTILE	Unrated	Unrated	119,378	-	420	-
DEWAN SALMAN FIBRES	Unrated	Unrated	4,164,848	1,659,318	6,164	2,340
DEWAN SUGAR MILLS	Unrated	Unrated	1,199,330	-	2,866	-
DG KHAN CEMENT	Unrated	Unrated	303,875	2,805,785	9,894	59,679
DIN TEXTILE MILLS LIMITED	Unrated	Unrated	174,050	-	4,736	-
DOST STEEL LIMITED	Unrated	Unrated	55,076	56,389	267	446
DYNEA PAKISTAN	Unrated	Unrated	887,599	-	9,719	-
EFU GENERAL INSURANCE	AA	Unrated	197,333	197,333	19,260	26,247
ELLCOT SPINNING MILLS LIMITED	Unrated	Unrated	359,106	-	7,003	-
EMCO INDUSTRIES LTD.	Unrated	Unrated	374,845	-	1,874	-
ENGLISH LEASING LIMITED	Unrated	Unrated	351,176	-	421	-
ENGRO CHEMICAL (PAK) LIMITED	Unrated	AA/A1+	1,923,113	969,218	352,449	93,491
ENGRO POLYMER & CHEMICALS LIMITED	Unrated	Unrated	1,388,889	1,388,889	24,917	20,250
ESCORT INVESTMENT BANK	A+	Unrated	1,184,092	1,184,092	4,677	5,577
EXIDE PAKISTAN LTD.	Unrated	Unrated	193,146	-	33,366	-
EYE TELEVISION NETWORK	Unrated	A/A1	-	17,009	-	583
FARAN SUGAR MILLS LTD	Unrated	Unrated	1,325,224	-	23,854	-
FATEH INDUSTRIES	Unrated	Unrated	11,459	-	92	-
FATEH SPORTSWEAR LTD	Unrated	Unrated	22,413	-	213	-
FATEH TEXTILE MILLS	Unrated	Unrated	11,544	-	4,167	-
FATIMA ENTERPRISES	Unrated	Unrated	312,183	-	4,539	-
FAUJI CEMENT COMPANY LTD.	Unrated	Unrated	-	805,387	-	3,785
FAUJI FERTILIZER COMPANY LIMITED	Unrated	Unrated	15,074,849	2,399,535	1,551,654	140,924
FAYSAL BANK LIMITED	AA	AA/A1+	4,179,367	67,044	73,249	772
FAZAL CLOTH MILLS	Unrated	Unrated	548,967	-	13,258	-
FAZAL TEXTILE MILLS	Unrated	Unrated	33,643	-	14,130	-
FAZAL VEGETABLE GHEE	Unrated	Unrated	21,065	-	95	-
PECTO CEMENT LTD	Unrated	Unrated	857,765	-	9,007	-
FEROZSONS LABORATORIES LTD.	Unrated	Unrated	588,992	-	71,268	-
Balance Carried Forward					5,828,876	700,652

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					5,828,876	700,652
FFC BIN QASIM LTD.	Unrated	Unrated	4,308,700	3,178,653	112,586	41,005
FIRST CAPITAL SECURITIES CORP.	Unrated	Unrated	1,814,387	-	17,219	-
FIRST DAWOOD INVESTMENT BANK	Unrated	CCC	1,358,284	-	3,790	-
FIRST ELITE CAPITAL MOD.	Unrated	Unrated	459,597	-	1,149	-
FIRST EQUITY MODARBA	Unrated	Unrated	883,876	-	2,165	-
FIRST FIDELITY LEASING MOD.	Unrated	Unrated	510,471	-	1,348	-
FIRST NATIONAL EQUITIES LIMITED	Unrated	Unrated	121,137	121,137	1,598	6,237
FRONTIER CERAMICS LTD	Unrated	Unrated	1,371,000	1,371,000	4,113	4,936
GADOON TEXTILE MILLS LIMITED	Unrated	Unrated	707,019	-	19,415	-
GENERAL TYRE & RUBBER CO.	Unrated	Unrated	1,869,913	-	44,803	-
GHAFOOR TEXTILE MILLS	Unrated	Unrated	22,834	-	-	-
GHANDHARA INDUSTRIES	Unrated	Unrated	128,392	-	923	-
GHANDHARA NISSAN LIMITED	Unrated	Unrated	1,335,021	-	7,463	-
GHANI GLASS LIMITED	Unrated	Unrated	231,252	-	11,919	-
GHARIBWAL CEMENT	D	Unrated	1,339,000	1,339,000	21,089	23,620
GHULAM M.DADABHOY (DADABHOY PADUBE)	Unrated	Unrated	24,435	-	-	-
GLAXOSMITHKLINE (GLAXO WELCOME)	Unrated	Unrated	3,079,179	74,500	336,462	5,658
GLOBE TEXTILE MILLS	Unrated	Unrated	32,861	-	522	-
GRAYS OF CAMBRIDGE	Unrated	Unrated	156,858	-	12,414	-
GREAVES AIRCONDITION	Unrated	Unrated	29,322	-	-	-
GUL AHMED TEXTILE	Unrated	Unrated	169,572	-	4,578	-
GULISTAN SPINNING MILLS	Unrated	Unrated	145,029	-	1,086	-
GULISTAN TEXTILE MILLS	Unrated	Unrated	364,758	-	7,879	-
GULSHAN SPINNING MILLS	Unrated	Unrated	497,894	-	3,983	-
GYPSUM CORPORATION	Unrated	Unrated	81,985	-	-	-
H.SHAIKH MUHAMMED HUSSAIN	Unrated	Unrated	56,117	-	-	-
HABIB ADM LIMITED	Unrated	Unrated	59,097	-	926	-
HABIB BANK LIMITED	AA+	Unrated	323,377	416,554	39,918	31,183
HABIB BANK MODARABA 1ST	Unrated	AA+	2,500,394	-	10,377	-
HABIB METROPOLITAN BANK	Unrated	AA+/A1+	25,034,013	-	779,810	-
HABIB MODARABA (IST)	Unrated	Unrated	786,537	-	4,586	-
HABIB SUGAR	Unrated	Unrated	4,113,079	-	163,988	-
HAFIZ TEXTILE MILLS	Unrated	Unrated	3,792	-	56	-
HAJI MOHAMMAD ISMAIL MILLS LIMITED	Unrated	Unrated	1,594,650	1,594,650	2,392	2,695
HAJRA TEXTILE MILLS	Unrated	Unrated	257,234	-	141	-
HAKKIM TEXTILE MILLS	Unrated	Unrated	128,075	-	32	-
HALA SPINNING MILLS LTD	Unrated	Unrated	1,639,500	-	5,738	-
HARUM TEXTILE	Unrated	Unrated	28,923	-	-	-
HASHIMI CAN COMPANY	Unrated	Unrated	80,047	-	480	-
HIGHNOON LABORATORIES	Unrated	Unrated	208,217	-	6,800	-
HINOPAK MOTORS LTD.	Unrated	Unrated	252,809	-	50,342	-
HONDA ATLAS CAR	Unrated	Unrated	1,980,730	38,689	37,872	446
HUB POWER COMPANY LTD	Unrated	AA+/A1+	16,998,234	9,531,288	528,305	134,296
HUFFAZ SEAMLESS PIPE IND.	Unrated	Unrated	676,468	-	14,145	-
HUSEIN SUGAR MILLS	Unrated	Unrated	638	-	14	-
HYDERABAD ELECTRONIC	Unrated	Unrated	48,871	-	-	-
I.B.L. MODARABA (IST)	Unrated	Unrated	708,434	-	1,877	-
I.C.C. TEXTILES LIMITED	Unrated	Unrated	81,863	-	147	-
IBL HEALTHCARE	Unrated	Unrated	146,600	-	1,350	-
IBRAHIM FIBERS	Unrated	Unrated	921,451	18,500	33,744	675
ICI PAKISTAN	Unrated	Unrated	79,498	931,422	13,395	63,998
IDEAL SPINNING MILLS	Unrated	Unrated	326,817	-	458	-
IGI INVESTMENT BANK	Unrated	A/A1	3,814,618	-	13,466	-
INDUS BANK LIMITED.	Unrated	Unrated	74	-	-	-
INDUS DYEING & MANUF.	Unrated	Unrated	260,824	-	50,616	-
INDUS MOTOR LIMITED	Unrated	Unrated	431,940	24,152	84,885	2,968
INDUS POLYESTER CO.	Unrated	Unrated	3	-	-	-
INNOVATIVE INVEST.BANK LTD.(HOUSING FINA	Unrated	Unrated	17,492	-	-	-
INTER ASIA LEASING COMPANY LIMITED	Unrated	Unrated	50,000	50,000	-	30
INTERNATIONAL INDUSTRIES LTD.	Unrated	Unrated	5,050,768	-	296,379	-
Balance Carried Forward					8,587,616	1,018,399

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					8,587,616	1,018,399
INTERNATIONAL KNIT WEAR	Unrated	Unrated	59,159	-	887	-
INVEST & FINANCE SECURITIES LIMITED	Unrated	Unrated	-	1,291	-	8
INVESTEC SECURITIES LTD.	Unrated	Unrated	48,918	-	-	-
ISHAQ TEXTILE MILLS	Unrated	Unrated	220,433	-	772	-
ISLAMIC INVESTMENT BANK	Unrated	Unrated	69,509	-	-	-
ITTI TEXTILE MILLS	Unrated	Unrated	81,311	-	77	-
J.A.TEXTILE MILLS	Unrated	Unrated	336,330	-	676	-
J.K.SPINNING MILLS	Unrated	Unrated	161,157	-	1,023	-
JAHANGIR SIDDIQUI INVESTMENT COMPANY	Unrated	Unrated	30,955	13,834	445	600
JAVED OMER VOHRA & CO	Unrated	Unrated	837,910	203,396	8,279	1,845
JEHANGIR SIDDIQUI & COMPANY LIMITED	Unrated	AA+/A1+	884,882	884,882	26,608	46,262
JOHNSON & PHILLIPS (PAK.) LTD.	Unrated	Unrated	285,170	-	4,466	-
JS BANK LIMITED	Unrated	A	10,169,093	1,209,080	51,659	6,940
JUNAID COTTON MILLS LTD.	Unrated	Unrated	51,759	32,800	-	-
KAISAR ARTS & KRAFTS	Unrated	Unrated	868,959	850,000	-	-
KARACHI ELECTRIC SUPPLY CORPORATION	Unrated	Unrated	1,821,297	-	4,845	-
KARACHI PIPES	Unrated	Unrated	77,603	-	-	-
KARAM CERAMICS LTD.	Unrated	Unrated	177,873	-	1,601	-
KARIM COTTON MILLS	Unrated	Unrated	54,895	-	-	-
KARIM SILK MILLS LTD	Unrated	Unrated	9,690	-	-	-
KASB BANK	Unrated	A/A1	760	760	6	14
KASB BANK (PLATINUM BANK)	Unrated	Unrated	893,995	-	6,607	-
KASB MODARABA	BBB+	Unrated	342,486	1,000	1,027	10
KAYTEX MILLS (SALEEM DENIM IND.)	Unrated	Unrated	80,468	-	-	-
KOHINOOR MILLS LIMITED	Unrated	Unrated	1,208,227	-	5,920	-
KHAIRPUR SUGAR MILLS LTD	Unrated	Unrated	3,088,000	3,088,000	7,720	35,512
KHALID SIRAJ TEXTILE MILLS	Unrated	Unrated	347,818	-	296	-
KHURSHEED SPINNING MILLS	Unrated	Unrated	53,900	53,900	40	67
KOHAT CEMENT LIMITED	Unrated	Unrated	476,733	354,832	3,418	5,802
KOHAT TEXTILE MILLS LIMITED	Unrated	Unrated	2,926,051	2,906,700	4,711	13,167
KOHINOOR (COTTON) TEXTILE	Unrated	Unrated	31,092	-	-	-
KOHINOOR ENERGY LTD	Unrated	Unrated	131,880	-	4,088	-
KOHINOOR INDUSTRIES	Unrated	Unrated	166,073	-	332	-
KOHINOOR LOOMS LTD.	Unrated	Unrated	84,681	-	-	-
KOHINOOR POWER CO.	Unrated	Unrated	144,074	-	1,134	-
KOHINOOR SPINNING MILLS	Unrated	Unrated	299,073	-	452	-
KOHINOOR SUGAR MILLS	Unrated	Unrated	357,480	-	2,753	-
KOHINOOR TEXTILE MILLS LIMITED	Unrated	Unrated	1,912,082	306,900	14,914	1,535
KOT ADDU POWER COMPANY LIMITED	Unrated	Unrated	1,684,539	1,072,779	77,270	33,857
KSB PUMPS CO.LIMITED	Unrated	Unrated	745,617	-	55,936	-
LAFARGE PAKISTAN CEMENT	Unrated	Unrated	10,321,302	-	22,604	-
LAFAYATTE INDUSTRIES SYNTH.	Unrated	Unrated	45,922	-	-	-
LEINER PAK.GELATINE	Unrated	Unrated	13,544	-	359	-
LIBAAS TEXTILE LTD	Unrated	Unrated	250,000	250,000	313	438
LUCKY CEMENT LIMITED	Unrated	Unrated	1,882,577	955,015	124,702	29,863
MAPLE LEAF CEMENT LIMITED	Unrated	Unrated	1,158,936	52,865	4,358	217
MAQBOOL TEXTILE MILLS	Unrated	Unrated	827,260	-	9,927	-
MARI GAS COMPANY LIMITED	Unrated	Unrated	1,404,380	4,977	192,161	492
MARR FABRICS LIMITED	Unrated	Unrated	58,729	-	-	-
MASOOD TEXTILE MILLS LIMITED	Unrated	Unrated	2,248,426	-	83,192	-
MCB BANK LIMITED	Unrated	AA+/A1+	107,832	562,608	23,689	70,781
MEDI GLASS LIMITED.	Unrated	Unrated	146,612	-	117	-
MEEZAN BANK LIMITED	Unrated	A+	6,627	6,627	104	142
MEHAR DASTGIR TEXTILE	Unrated	Unrated	24,435	-	5	-
MEHMOOD TEXTILE MILLS	Unrated	Unrated	56,040	-	2,796	-
MEHRAN BANK LIMITED.	Unrated	Unrated	366,784	-	-	-
MEHRAN JUTE LIMITED	Unrated	Unrated	60,667	-	-	-
MERIT PACKAGING LTD.	Unrated	Unrated	339,698	-	6,403	-
MIAN MOHAMMAD SUGAR	Unrated	Unrated	85,945	-	-	-
MIAN TEXTILE INDUSTRIES LTD.	Unrated	Unrated	365,484	-	110	-
Balance Carried Forward					9,346,417	1,265,951

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					9,346,417	1,265,951
MILLAT TRACTORS LIMITED	Unrated	Unrated	837,789	508,950	318,192	68,154
MIRPURKHAS SUGAR MILLS	Unrated	Unrated	407,120	-	31,633	-
MITCHELL'S FRUIT FARMS	Unrated	Unrated	279,151	-	20,788	-
MODARABA AL-MALI	Unrated	Unrated	71,655	-	115	-
MOHAMMAD FAROOQ TEXTILE MILLS	Unrated	Unrated	923,680	-	1,598	-
MOHIB TEXTILE LIMITED	Unrated	Unrated	504,973	125,600	-	-
MOONLITE PAK (BLANKET)	Unrated	Unrated	57,338	-	630	-
MORAFKO LIMITED	Unrated	Unrated	28,648	-	381	-
MUBARIK DAIRIES	Unrated	Unrated	27,806	-	28	-
MUSTEHKAM CEMENT LTD.	Unrated	Unrated	337,053	-	10,887	-
MYBANK LIMITED	Unrated	A-/A2	4,429,000	-	21,038	-
NAGINA COTTON MILLS LIMITED	Unrated	Unrated	113,499	-	1,643	-
NAKSHBANDI INDUSTRIES LTD.	Unrated	Unrated	57,304	-	587	-
NATIONAL ASSET LEASING CORP.	Unrated	Unrated	131,587	-	-	-
NATIONAL MATCH IND.	Unrated	Unrated	13,145	-	-	-
NATIONAL OVER.	Unrated	Unrated	12,218	-	-	-
NATIONAL REFINERY LTD.	Unrated	AAA/A1+	1,986,643	31,451	351,278	2,993
NATOVER LEASE & REFINANCE	Unrated	Unrated	362,143	-	-	-
NAVEED TEXTILE MILLS	Unrated	Unrated	35,052	-	-	-
NESTLE PAKISTAN LTD.	Unrated	Unrated	49,056	-	61,122	-
NETSOL TECHNOLOGIES LIMITED	Unrated	Unrated	800,000	1,054,391	22,824	26,644
NIB BANK LIMITED	Unrated	AA-/A1+	4,502,212	3,167,296	21,611	14,791
NIMIR RESINS LTD.	Unrated	Unrated	258,541	-	760	-
NISHAT (CHUNIAN) LIMITED	Unrated	AA/A1+	3,953,543	529,831	83,815	5,123
NISHAT CHUNIAN LIMITED-RIGHTS	Unrated	Unrated	-	-	-	-
NISHAT CHUNIAN POWER LIMITED	Unrated	Unrated	30,723,041	-	316,447	-
NISHAT MILLS LIMITED	Unrated	A+/A1	2,598,223	1,036,599	181,616	23,427
NISHAT MILLS RIGHT	Unrated	Unrated	-	-	-	-
NISHAT POWER LIMITED	Unrated	AA/A1+	30,000,000	-	381,900	-
NOON SUGAR MILLS LTD	Unrated	Unrated	10,067	-	276	-
NORRIE TEXTILE MILLS	Unrated	Unrated	67,774	-	-	-
NOWSHERA ENGG. WORKS LTD.	Unrated	Unrated	12,976	-	-	-
NUSRAT TEXTILE MILLS	Unrated	Unrated	152,174	-	-	-
OIL AND GAS COMPANY LIMITED	AAA	Unrated	2,501,913	4,726,038	276,737	236,255
OLYMPIA SPINNING & WEAVING	Unrated	Unrated	21,280	-	48	-
OLYMPIA TEXTILE MILLS	Unrated	Unrated	177,936	-	178	-
ORIX LEASING PAKISTAN LIMITED	Unrated	AA/A1+	1,651,855	210,145	12,637	3,184
OTSUKA PAKISTAN	Unrated	Unrated	52,244	-	2,050	-
PACE PAKISTAN LIMITED	Unrated	A/A1	1,561,171	1,561,171	9,133	13,489
PACKAGE LIMITED	Unrated	AA/A1+	2,364,022	261,982	340,419	21,270
PAK DATACOM LTD.	Unrated	Unrated	71,064	-	7,177	-
PAK ELECTRON LIMITED	Unrated	A+/A1	4,093,406	697,894	76,710	15,856
PAK GHEE LIMITED	Unrated	Unrated	29,070	-	13	-
PAK PAPER CORPORATION	Unrated	Unrated	51,567	-	-	-
PAK SUZUKI MOTORS LIMITED	Unrated	Unrated	1,125,576	128,100	100,131	10,198
PAKISTAN CEMENT COMPANY LIMITED	Unrated	Unrated	-	431,998	-	1,382
PAKISTAN CABLES LIMITED	Unrated	Unrated	873,309	-	44,547	-
PAKISTAN ENGINEERING COMPANY LIMITED	Unrated	Unrated	135,242	135,240	40,573	26,134
PAKISTAN GUM & CHEMICALS	Unrated	Unrated	48,193	-	1,494	-
PAKISTAN INT. AIRLINES CORPORATION "A-CL	Unrated	Unrated	21,319,520	20,122,813	55,644	70,631
PAKISTAN INT. CONTAINER TERMINAL	Unrated	Unrated	31,753	26,461	3,147	1,201
PAKISTAN NATIONAL SHIPPING CORPORATION	Unrated	Unrated	603,002	386,236	28,341	19,717
PAKISTAN OIL FIELDS LIMITED	Unrated	Unrated	887,008	740,634	204,695	75,908
PAKISTAN PAPER PRODUCTS LTD.	Unrated	Unrated	143,884	-	6,950	-
PAKISTAN PETROLIUM LIMITED	Unrated	Unrated	1,391,638	1,362,970	263,841	137,142
PAKISTAN REFINERY LIMITED	Unrated	Unrated	1,728,911	128,576	208,680	12,652
PAKISTAN REINSURANCE COMPANY LIMITED	Unrated	Unrated	100,000	29,186	2,610	691
PAKISTAN SERVICES LTD.	Unrated	Unrated	407,730	-	71,854	-
PAKISTAN STATE OIL	Unrated	AA+/A1+	311,883	729,263	92,766	105,437
PAKISTAN SYNTHETICS	Unrated	Unrated	1,318,919	-	11,541	-
PAKISTAN TELECOMMUNICATION COMPANY LIM	Unrated	Unrated	10,444,959	5,686,021	184,354	96,037
Balance Carried Forward					13,221,852	2,254,267

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					13,221,852	2,254,267
PAKISTAN TELEPHONE CABLES	Unrated	Unrated	45,396	-	141	-
PAKISTAN TOBACO	Unrated	Unrated	923,782	10,000	96,997	1,063
PAN ISLAMIC STEAMSHIP	Unrated	Unrated	421	-	-	-
PANGRIO SUGAR	Unrated	Unrated	387,203	-	1,839	-
PARAMOUNT MODARABA (IST)	Unrated	Unrated	19,028	-	175	-
PARAMOUNT SPINNING MILLS	Unrated	Unrated	880,733	-	10,340	-
PEARL FABRICS LTD.	Unrated	Unrated	114,172	-	-	-
PERVEZ AHMED SECURITIES LIMITED	Unrated	Unrated	301,925	430,709	1,482	1,555
PIONEER CEMENT LIMITED	Unrated	Unrated	1,160,100	528,732	12,390	12,758
POLYRON LIMITED	Unrated	Unrated	74	-	-	-
PREMIER SUGAR MILLS	Unrated	Unrated	36,477	-	1,647	-
PREMIUM TEXTILE MILLS	Unrated	Unrated	401,951	-	10,250	-
PROSPERITY WEAVING MILLS LIMITED	Unrated	BBB+/A2	2,930	-	39	-
PRUDENTIAL INVESTMENT BANK	Unrated	Unrated	162,014	-	-	-
PRUDENTIAL MODARABA (IST)	Unrated	Unrated	169,442	-	164	-
PTA PAKISTAN LIMITED	Unrated	Unrated	3,288,573	498,936	25,750	793
PUNJAB BUILDING LTD.	Unrated	Unrated	220,340	-	-	-
PUNJAB COTTON	Unrated	Unrated	28,227	-	-	-
PUNJAB LAMPS	Unrated	Unrated	53,842	-	-	-
PUNJAB MODARABA (IST)	Unrated	Unrated	579,962	-	1,015	-
PUNJAB OIL MILLS LTD	Unrated	Unrated	759,220	-	37,202	-
QAYYUM SPINNING	Unrated	Unrated	36,232	-	11	-
QUALITY STEEL WORKS	Unrated	Unrated	1,685	-	21	-
QUETTA TEXTILE MILLS	Unrated	Unrated	9,437	-	484	-
RAVI TEXTILE MILLS	Unrated	Unrated	172,115	-	1,936	-
RCD BALL	Unrated	Unrated	9,774	-	-	-
REDCO TEXTILE MILLS LTD	Unrated	Unrated	391,845	1,300	274	1
REGAL CERAMICS LTD.	Unrated	Unrated	44,658	-	-	-
RELIANCE COTTON SPINNING	Unrated	Unrated	200,053	-	5,201	-
RELIANCE WEAVING MILLS	Unrated	Unrated	294,266	-	3,025	-
RESHAM TEXTILE MILLS LTD.	Unrated	Unrated	105,466	-	919	-
REX BAREN BATTERY	Unrated	Unrated	27,890	-	-	-
RMCPCL	Unrated	Unrated	13	-	-	-
RUBY TEXTILE MILLS	Unrated	Unrated	303,213	-	3,332	-
RUPALI POLYESTER LTD	Unrated	Unrated	795,548	-	30,072	-
S.G.POWER	Unrated	Unrated	160,566	-	183	-
SADOON TEXTILE MILLS	Unrated	Unrated	421	-	-	-
SAHRISH TEXTILE MILLS	Unrated	Unrated	10,043	10,043	-	-
SAIF TEXTILE MILLS LTD	Unrated	Unrated	999,073	-	5,515	-
SAITEX SPINNING MILLS	Unrated	Unrated	177,789	-	-	-
SAJJAD TEXTILE MILLS	Unrated	Unrated	157,367	-	79	-
SALFI TEXTILE MILLS	Unrated	Unrated	51,961	-	656	-
SALLY TEXTILE MILLS	Unrated	Unrated	172,932	-	432	-
SALMAN NOMAN ENTERPRISES	Unrated	Unrated	145,358	-	579	-
SAMBA BANK LIMITED	A	Unrated	5,996,467	-	19,848	-
SAMIN TEXTILE LIMITED	Unrated	Unrated	393,810	-	6,195	-
SANA INDUSTRIES LTD.	Unrated	Unrated	134,422	-	4,886	-
SANGHAR SUGAR MILLS	Unrated	Unrated	528,116	-	8,714	-
SANOFI - AVENTIS PAKISTAN LTD.	Unrated	Unrated	113,935	-	16,533	-
SAPPHIRE FIBERS LTD.	Unrated	Unrated	72,071	-	7,928	-
SAPPHIRE TEXTILE MILLS	Unrated	Unrated	113,430	-	9,868	-
SARDAR CHEMICAL IND.LTD.	Unrated	Unrated	73,728	-	140	-
SARGODHA SPINNING MILLS	Unrated	Unrated	292,059	-	298	-
SARITOW SPINNING MILLS	Unrated	Unrated	322,214	-	570	-
SAUDI PAK COMMERCIAL BANK LIMITED	Unrated	Unrated	-	181,450	-	909
SAUDI PAK.LEASING CO.	BB+	Unrated	1,542,093	-	2,174	-
SCHON TEXTILES MILLS	Unrated	Unrated	128,497	-	-	-
SEARLE PAKISTAN LIMITED	BBB	Unrated	456,015	47,211	28,433	3,064
SECURITY INVESTMENT BANK	Unrated	Unrated	1,130,942	-	3,008	-
SECURITY LEASING CORP.	BBB-	Unrated	221,961	-	641	-
SECURITY PAPERS LIMITED	Unrated	Unrated	911,037	-	43,821	-
SERVICE FABRICS LTD	Unrated	Unrated	670,288	-	322	-
SERVICE INDUSTRIES LTD.	Unrated	Unrated	835,148	-	222,141	-
SERVICE TEXTILE MILLS	Unrated	Unrated	80,890	-	57	-
SHABBIR TILES & CERAMICS	Unrated	Unrated	1,755,693	-	19,313	-
SHADAB TEXTILE MILLS	Unrated	Unrated	46,778	-	372	-
SHAHMURAD SUGAR MILLS LTD	BBB+	Unrated	1,200,561	-	15,355	-
Balance Carried Forward					13,884,619	2,274,410

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					13,884,619	2,274,410
SHAHPUR TEXTILE MILLS	Unrated	Unrated	442,332	-	80	-
SHAHTAJ SUGAR MILLS	Unrated	Unrated	398,064	-	43,580	-
SHAHTAJ TEXTILE MILLS	Unrated	Unrated	236,213	-	4,027	-
SHAHYAR (OE) TEXTILE MILLS	Unrated	Unrated	39,012	-	-	-
SHAHYAR TEXTILE MILLS	Unrated	Unrated	110,296	-	-	-
SHAKARGANJ MILLS	Unrated	D	3,572,296	-	29,543	-
SHAMS TEXTILE MILLS	Unrated	Unrated	601,791	-	10,537	-
SHELL GAS LPG	Unrated	Unrated	761,694	-	45,953	-
SHELL PAKISTAN LIMITED	Unrated	Unrated	213,649	212,502	53,489	65,941
SHEZAN INTERNATIONAL	Unrated	Unrated	566,627	-	69,202	-
SIEMENS (PAKISTAN) ENGINEERING COMPANY	Unrated	Unrated	668,743	200,000	843,191	226,100
SIFTAQ (INTERNATIONAL) TEXTILE MILLS	Unrated	Unrated	53,505	-	93	-
SILK BANK LIMITED	A-	Unrated	1,634,042	-	7,745	-
SINDH ALKALIS LTD.	Unrated	Unrated	350,100	-	-	-
SINDH FINE TEXTILE MILLS	Unrated	Unrated	38,760	-	194	-
SINGER PAKISTAN LTD	Unrated	Unrated	2	-	-	-
SITARA CHEMICALS INDUSTRIES LIMITED	AA-	Unrated	415,673	200,000	66,516	16,278
SITARA ENERGY LTD.	Unrated	Unrated	127,170	-	2,760	-
SITARA PEROXIDE LIMITED	Unrated	Unrated	-	227,694	-	4,128
SME LEASING LIMITED	A-	Unrated	1,230,477	1,230,477	12,920	18,457
SONERI BANK LIMITED	Unrated	AA-/A1+	27,778,674	26,451	307,510	291
SONERI BANK LIMITED-RIGHT	Unrated	Unrated	5,555,734	-	5,945	-
SOUTHERN NETWORKS LTD.	Unrated	Unrated	149,585	-	-	-
STANDARD CHARTERED LEASING LTD.	Unrated	A+/A1	384,275	-	988	-
STANDARD CHARTERED MODARABA	Unrated	AA+/A1+	1,958,545	1,332,403	17,725	9,073
SUI NORTHERN GAS PIPELINE COMPANY LIMIT	Unrated	AA/A1+	6,432,419	6,582,419	159,524	141,258
SUI SOUTHERN GAS PIPELINE COMPANY LIMIT	Unrated	AA-/A1+	4,397,808	550,667	59,063	5,787
SUNRAYS TEXTILE MILLS	Unrated	Unrated	134,840	-	4,011	-
SUNRISE TEXTILE MILLS	Unrated	Unrated	7,499	-	-	-
SUNSHINE CLOTH MILLS	Unrated	Unrated	368,907	-	-	-
SUNSHINE COTTON MILLS LTD	Unrated	Unrated	493,164	-	542	-
SURAJ COTTON MILLS LIMITED	Unrated	Unrated	446,877	-	11,731	-
SURAJ GHEE LIMITED	Unrated	Unrated	26,963	-	351	-
SYED MATCH IND.	Unrated	Unrated	7,162	-	100	-
TAGA PAKISTAN LTD.	Unrated	Unrated	47,607	-	-	-
TAJ TEXTILE MILLS LIMITED	Unrated	Unrated	744,976	44,775	276	16
TANDLIANWALA SUGAR LTD.	Unrated	Unrated	17,488	-	247	-
TARIQ COTTON MILLS	Unrated	Unrated	21,486	-	-	-
TATA TEXTILE MILLS	Unrated	Unrated	1,039,872	-	13,227	-
TAWAKKAL LIMITED	Unrated	Unrated	56,033	-	-	-
TAWAKKAL MODARABA (IST)	Unrated	Unrated	235,507	-	-	-
TELE CARD LIMITED	Unrated	Unrated	223,307	227,541	587	453
THALL LIMITED	Unrated	Unrated	1,047,177	-	88,874	-
THATTA CEMENT CO. LIMITED	Unrated	Unrated	4,864,476	511	101,959	8
TREET CORPORATION	Unrated	Unrated	176,301	-	50,069	-
TRG PAKISTAN	Unrated	WD	244,586	1,128,517	519	2,009
TRI STAR MODARABA (IST)	Unrated	Unrated	147,608	-	564	-
TRI STAR POLYESTER	Unrated	Unrated	312,553	-	484	-
TRI-PACK FILMS	Unrated	A+/A1	59,519	4,994	6,130	622
TURBO TEC LIMITED (TUBES)	Unrated	Unrated	85,103	-	-	-
TWAKKAL GARMENTS INDUSTRIES LIMITED	Unrated	Unrated	171,061	112,500	-	-
U.D.L. MODARABA. (IST)	Unrated	Unrated	851,361	-	4,044	-
UNICAP MODARABA.	Unrated	Unrated	173,997	-	42	-
UNILEVER (PAKISTAN) LIMITED	Unrated	Unrated	155,471	139,740	357,583	252,609
UNION INSURANCE CO.OF PAKISTAN	Unrated	Unrated	153	-	-	-
UNITED BANK LIMITED	AA+	Unrated	1,348,777	804,330	78,836	29,688
UNITED BRANDS LTD. (UDL INDUSTRIES)	Unrated	Unrated	3,981	-	190	-
UNITED DISTRIBUTORS PAK.	Unrated	Unrated	224,614	-	4,703	-
UNITY MODARABA	Unrated	Unrated	1,000,000	1,000,000	-	320
UQAB BREEDING FARMS	Unrated	Unrated	69,093	-	-	-
WAH NOBLE CHEMICALS LTD.	Unrated	Unrated	316,102	-	17,016	-
WORLD CALL COMMUNICATION	Unrated	A-/A2	-	4,166,268	-	12,374
WORLDCALL TELECOM	Unrated	Unrated	480,577	-	1,778	-
YOUSUF WEAVING MILLS	Unrated	Unrated	611,895	21,711	2,080	23
ZAFAR TEXTILES MILLS LTD.	Unrated	Unrated	33,198	-	-	-
ZAHUR COTTON MILLS	Unrated	Unrated	241,405	-	118	-
ZAHUR TEXTILE MILLS	Unrated	Unrated	205,173	-	-	-
ZEAL PAK CEMENT LTD.	Unrated	Unrated	241,436	-	-	-
ZIL LIMITED (ZULFEQAR IND.LTD.)	Unrated	Unrated	169,246	-	11,089	-
					16,382,356	3,059,846

1.3 Particulars of Investments held in units of mutual funds

	Rating		No. of certificates held		Market value	
	JCRVIS	PACRA	2009	2008	2009	2008
					..... Rupees in '000	
Listed:						
AKD Income Fund	BBB(F)	Unrated	54,011	961,749	2,521	41,414
AKD Index Tracker Fund	Unrated	Unrated	-	4,389,261	-	23,307
Atlas Income Fund	Unrated	A+(F)	-	191,080	-	91,269
Atlas Islamic Fund	Unrated	4-Star	-	50,000	-	18,868
Al Meezan Fund	Unrated	Unrated	1,423,241	-	9,393	-
Asian Stock Fund	Unrated	Unrated	171,210	-	702	-
Dawood Islamic Fund	Unrated	Unrated	-	249,708	-	22,848
Dominion Stock Fund	Unrated	Unrated	78,267	-	-	-
Faysal Savings Growth Fund	A(F)	Unrated	24,435	-	2,523	-
First Capital Mutual Fund	Unrated	3-Star	71,053	-	253	-
First Dawood Mutual Fund	Unrated	Unrated	5,262,059	5,262,059	8,893	11,366
First Habib Income Fund	Unrated	Unrated	62,100	101,500	6,416	9,848
HBL Income Fund	A(F)	Unrated	188,321	-	18,518	-
IGI Income Fund	Unrated	3-Star	61,086	-	6,483	-
J.S. Growth Fund	Unrated	Unrated	5,212,486	352,754	25,750	1,051
J.S Large Capital Fund	Unrated	Unrated	3,179,799	-	14,627	-
J.S. Value Fund	Unrated	Unrated	1,817,757	1,327,250	10,216	5,959
Meezan Balanced Fund	Unrated	Unrated	5,000,000	5,000,000	30,500	19,850
NAFA Cash Fund	A(F)	3 Star	3,601,691	3,601,691	36,618	34,538
NAFA Government Securities Liquid Fund	Unrated	Unrated	3,000,000	-	30,799	-
NAFA Islamic Income Fund	Unrated	Unrated	7,500,000	7,500,000	52,892	65,228
NAFA Islamic Multi Asset Fund	Unrated	5-Star	7,500,000	7,500,000	69,935	46,778
NAFA Multi Asset Fund	Unrated	3-Star	4,410,752	7,500,000	41,030	53,284
NAFA Stock Fund	Unrated	2-Star	7,500,000	7,500,000	54,060	38,746
NAFA Savings Plus Fund	Unrated	AA-(f)	3,000,000	-	30,354	-
NAMCO Balanced Fund	Unrated	Unrated	2,000,000	2,000,000	9,440	18,900
NIT Government Bond Fund	Unrated	Unrated	10,000,000	-	101,300	-
Pakistan Capital Market Fund	Unrated	Unrated	-	4,628,163	-	39,671
Pakistan International Element Islamic Fund	Unrated	Unrated	-	373,000	-	11,574
Pakistan Premier Fund	Unrated	Unrated	342,637	61,541	2,039	124
Pakistan Strategic Allocation Fund	Unrated	Unrated	3,115,132	2,500,000	13,831	5,700
PICIC Energy Fund	Unrated	Unrated	2,114,276	1,380,520	10,022	3,161
PICIC Growth Fund (formerly: Investment Corporation of Pakistan - SEMF)	Unrated	Unrated	10,529,517	7,065,911	150,151	39,498
PICIC Investment Fund	Unrated	Unrated	5,084,245	65,277	29,590	132
Reliance Income Fund	Unrated	Unrated	351,493	351,493	16,527	16,305
Unit Trust of Pakistan (Formerly J.S ABAMCO Limited)	Unrated	Unrated	1,916,259	1,916,259	220,811	147,054
UTP Large Capital Fund	Unrated	Unrated	-	2,500,000	-	5,750
					1,006,191	772,223

Cost of the above investment amounted to Rs. 977 million (2008: Rs. 993 million).

All certificates have a nominal value of Rs. 10 per unit unless otherwise metioned.

1.4 Particulars of Investments held in Preference shares

	Rating		Cumulative/ Non- cumulative	Rate	No. of certificates held		Market Value / Cost	
	JCRVIS	PACRA			2009	2008	2009	2008
							-----Rupees in '000-----	
Listed:								
Chenab Textile Mills Limited	Unrated	Unrated	Cumulative	9.25%	10,000,000	10,000,000	70,000	81,700
Nishat Chunian Ltd	Unrated	Unrated	Cumulative	15.00%	718,783	-	15,418	-
Saleem Sugar Mills	Unrated	Unrated	Cumulative	6.00%	105	-	6	-
Masood Textile Mills	Unrated	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000
Maple Leaf Cement Factory	Unrated	SD	Cumulative	9.75%	112,996	-	537	-
Pak Elektron Limited-Convertible	Unrated	A/A1	Cumulative	9.50%	2,652,865	2,500,000	26,529	25,000
Pak Elektron Limited-Non Convertible	Unrated	A/A1	Cumulative	9.50%	7,958,597	7,500,000	96,299	75,000
							258,789	231,700
Unlisted:								
Jamshoro Joint Venture	Unrated	Unrated	Cumulative	15.00%	-	2,500,000	-	25,000
							258,789	256,700

* Cost of the above investment amounted to Rs.271 million (2008: Rs.275 million)

1.2.2 Particulars of Investments held in un-listed companies

1.2.2.1 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			2009	2008			
----- Rupees in '000 -----									
Atlas Power Limited	Unrated	Unrated	10%	37,500,000	375,000	205,000	129,451	June 30, 2008	Maqsood A. Basra
Digri Sugar Mills Limited	Unrated	Unrated	19.1%	2,000,000	4,063	2,063	8,126	September 30, 1999	Mr. Naveed Ahmad Javeri
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	June 30, 2006	Mr. Sadruddin Hashwani
Intech International	Unrated	Unrated	18.6%	275,000	-	-	.....	Not Available.....	Mr. Hassan Zaidi
I.D.B.P.	Unrated	Unrated	Not Available	990	-	-	.....	Not Available.....	.....
Nishat Power Limited	Unrated	Unrated	10%	12,125,000	-	121,250	121,250	June 30, 2008	Mr. Hasan Mansha
Nishat Chunian Power Limited	Unrated	Unrated	10%	8,624,050	-	86,240	8,810	June 30, 2008	Mr. Farrukh Ifzal
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	March 31, 2003	Maj. General Fahim Akhter Khai
Precision Engineering	Unrated	Unrated	16.8%	15,100	-	-	.....	Not Available.....	Mr. Zaheer Hussain
Resources and Engineering Management Corporatic	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	..... Not Available.....
					389,228	426,718			

* Company has been listed during the year 2009

1.2.2.2 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		2009	2008			
----- 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	September 30, 1998	Mr. Arshad Ali Chaudhry
Brikks Pvt Limited	Unrated	Unrated	39,050	-	-	.....	Not Available.....	.....
Equity Participation Fund (Face value: Rs.100 each)	Unrated	Unrated	30,000	-	2,800	22,954	December 31, 2008	Mr. Muhammad Akhter
F.T.C. Management	Unrated	Unrated	50,000	250	250	500	June 30, 2008	Mr. Rehan-ul Ambia Riaz
Fauji Oil Terminals	Unrated	Unrated	1,088,600	10,886	10,886	21,888	June 30, 2008	Lt. Gen@ Syed Atif Hatim
First Women Bank Limited	Unrated	BBB+/A2	2,532,000	21,100	21,100	91,779	December 31, 2008	Ms. Zareen Aziz
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	10,789	June 30, 2009	Mr. Kamran Ahmed Khalili
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	September 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
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	1,810	1,810	.....	Not Available.....	.....
Mytip Video Industries	Unrated	Unrated	537,300	5,373	5,373	.....	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) Limited	Unrated	Unrated	762,995	1,526	1,526	37,328	June 30, 2008	Mr. M. M. Khan
National Investment Trust (Face value: Rs.100 each)	AM-DS	Unrated	52,800	100	100	707	June 30, 2008	Mr. Tariq Iqbal Khan
National Woolen Mills Limited	Unrated	Unrated	18,300	183	183	.....	Not Available.....	.....
Newyork Poly Clinic of Karachi	Unrated	Unrated	220,133	-	-	-241	June 30, 1998	Mr. Akhter Aziz Khan
Newshehra Engineering Works Limited	Unrated	Unrated	4,950	41	41	.....	Not Available.....	.....
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	373	373	.....	Not Available.....	.....
Pakistan Textile City	Unrated	Unrated	10,000,000	100,000	50,000	111,884	December 31, 2008	Mr. Zaheer Hussain
Pakistan Tourism Development Corporation	Unrated	Unrated	100,000	100	100	24,983	June 30, 1996	Not available
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	1,152,938	11,529	11,529	9,721	December 31, 2003	Not available
People Steel Mills Limited	Unrated	Unrated	1,076,880	3,276	3,276	.....	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	361,246	June 30, 2009	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750	.....	Not Available.....	.....
South Asia Regional Fund	Unrated	Unrated	5,000	287	287	.....	December 31, 2007	Mr. Jean Fondamriere
Shoab Capital	Unrated	Unrated	100,000	272	272	544	June 30, 2000	Not available
SME Bank Limited	BBB	Unrated	6,121,095	26,950	26,950	70,745	December 31, 2008	Mr. R. A Chughtai
Star Salica Industries Limited	Unrated	Unrated	26,650	267	267	.....	Not Available.....	.....
Sunshine Cloth Mills	Unrated	Unrated	150,000	-	-	.....	Not Available.....	.....
Transmobile Limited	Unrated	Unrated	644,508	-	-	-44	June 30, 1997	Mr. Javed Burki
Zafar Textiles Mills Limited	Unrated	Unrated	247,100	256	256	.....	Not Available.....	.....
Zulsham Engineering Works Limited	Unrated	Unrated	3,300	330	330	.....	Not Available.....	.....
National Assets Insurance Ltd.	Unrated	Unrated		26,794	-			
				363,887	289,892			
				753,114	716,610			

All shares have a face value of Rs.10 unless otherwise mentioned.

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

1.5.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value	
					2009	2008	2009	2008
Listed								
-----Rupees in '000-----								
Allied Bank Ltd.	* 14.31% 6 months KIBOR + 1.9%	Half yearly	December 6, 2014	AA-	4,405	-	21,335	-
AL-Zamin Leasing Mod.	* 9.5% (Fixed)	Half yearly	June 2, 2010	A	647	1,293	3,140	6,228
Askari Bank Limited	* 14.34% 6 months KIBOR + 1.5%	Half yearly	October 31, 2013	AA-	2,995	-	14,394	-
Azgard Nine Limited	* 15.05% 6 month Kibor + 2.4%	Half yearly	August 17, 2012	AA-	16,646	18,313	82,968	94,340
Bank Al-Falah Ltd.	* 15% (Fixed)	Half yearly	December 2, 2017	AA-	35,000	-	174,125	-
Bank Al-Falah Ltd.	* 14.91% 6 months KIBOR + 2.5%	Half yearly	December 2, 2017	AA-	70,200	-	340,588	-
Bank Al-Habib Limited	* 10.00% 6 month Kibor + 1.5%	Half yearly	June 28, 2012	AA	39,920	39,936	183,239	191,293
Escorts Invest. Bank Ltd.	* 15.15% 6 months KIBOR + 2.5%	Half yearly	March 15, 2012	A+	5,071	-	25,135	-
Financial Receivable Securitization Company Limited	* 13.92% 6 month Kibor + 2%	Half yearly	December 27, 2013	AA-	3,749	4,582	18,312	23,052
NIB Bank Ltd.	* 13.70% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A	30,981	30,994	142,170	142,881
Orix Leasing Pak. Ltd.	* 14.15% 6 months KIBOR + 1.5%	Half yearly	May 25, 2012	AA+	1,399	-	7,024	-
Saudi Pak Leasing Co.	* 14.17% 6 month Kibor + 1.75%	Half yearly	March 13, 2013	BBB	8,747	-	39,053	-
Searle Pakistan Ltd.	* 15.06% 6 months KIBOR + 2.5%	Half yearly	March 9, 2011	BBB+	2,924	-	14,146	-
Soneri Bank Limited	* 14.44% 6 month Kibor + 1.6%	Half yearly	March 31, 2011	A+	26,951	26,962	129,951	135,552
Trust Invest. Bank Ltd.	* 14.75% 6 months KIBOR + 2%	Half yearly	November 15, 2010	BBB	270	-	1,294	-
UBL 1st Issue	* 8.45% (Fixed)	Half yearly	June 26, 2012	AA	26,857	16,883	119,163	73,863
UBL 2nd Issue	* 9.49% (Fixed)	Half yearly	March 15, 2013	AA	6,499	-	27,974	-
UBL 3rd Issue	* 14.26% 6 months KIBOR + 1.7%	Half yearly	September 8, 2014	AA	3,995	-	19,725	-
UBL 4th Issue	* 13.05% 6 Months KIBOR +8.5%	Half yearly	February 14, 2018	AA	179,892	179,964	793,094	839,443
							2,156,831	1,506,652

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

Term finance certificates - Unlisted

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value/cost	
					2009	2008	2009	2008
-----Rupees in '000-----								
Al Abbas Holding Co Ltd.	** * 6 month Kibor + 2.5%	Half yearly	August 22, 2014	Unrated	5,750	5,750	431,250	575,000
Agro Dairies Limited	22.00%	Overdue	Overdue	Unrated	20	20	3,385	4,237
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
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	78,337	104,449
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
Bosicor Pakistan Limited	* 6 month Kibor + 5.50%	Overdue	February 12, 2010	Unrated	-	5,714	-	28,570
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	3,093	3,094
Bunny's Ltd	6 months KIBOR + 2.5%	Overdue	December 3, 2012	Unrated	6,000	-	30,000	-
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chaudhry Wire Rope Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	-	1,130
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
Faisalabad Electric Supply Co. Ltd.	*** 6 month Kibor + 0.20%	Half yearly	January 27, 2013	Unrated	40	40	4,000,000	4,000,000
Faruki Pulp Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	16,088	17,550
Frontier Ceramics Limited	22.00%	Overdue	Overdue	Unrated	46	46	2,471	3,229
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
Gujranwala Electric Power Co. Ltd.	*** 6 month Kibor + 0.20%	Half yearly	January 27, 2013	Unrated	40	40	4,000,000	4,000,000
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	10	10	900	900
Ghani Holding Co.Ltd.	** * 6 month Kibor + 2.5%	Half yearly	August 22, 2014	Unrated	5,750	5,750	431,250	575,000
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	16	16	511	511
Balance carried forward							9,090,838	9,407,223

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value/cost	
					2009	2008	2009	2008
Balance brought forward							9,090,838	9,407,223
Jamshoro Joint Venture (Face value of Rs. 5,000,000)	* 3 month Kibor + 4 %	Quarterly	July 9, 2009	A-	-	9	-	5,625
Jahangir Siddiqui & Company Limited	* 6 month Kibor + 1.50%	Half yearly	May 17, 2014	AA+	39,928	39,928	199,560	199,640
Javedan Cement Limited	** 6 month Kibor + 2.50%	Overdue	October 11, 2014	A-/A-2	2,500	2,500	187,500	250,000
JDW Sugar Mills Limited	* 3 month Kibor + 1.25%	Quarterly	June 23, 2014	Unrated	40,000	40,000	186,507	200,000
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	24	2,082	4,068
Kunjah Textile Mills Limited	6 month Kibor + 3.00%	Half yearly	April 23, 2014	BBB	20,000	20,000	100,000	100,000
Larr Sugar Mills Limited	22.00%	Yearly	Overdue	Unrated	14	14		6,617
Malik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	1,500
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306
Munro & Millar Mills Limited	22.00%	Overdue	Overdue	Unrated	20	20	1,113	1,113
National Transmission Dispatch Co. Ltd	6 month Kibor + 1.75 %	Overdue	March 30, 2014	Unrated	1,918,924	-	9,594,620	-
Pakistan International Airlines Corp. Limited	* SBP Discount Rate + 50 bps	Half yearly	February 18, 2011	Unrated	594,976	594,976	2,974,881	2,974,881
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	1	1	95	95
Pangrio Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	-	1,683
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	401
Royal Bank of Scotland (Formerly Prime Commercial Bank Limited)	* 6 month Kibor + 1.9%	Half yearly	December 29, 2012	AA	21,960	21,969	108,641	109,845
Pak Kuwait Investment Bank Ltd. F	* 3 month Kibor + 0.65%	Quarterly	February 22, 2011	AAA	150,000	150,000	751,268	750,000
Pak Kuwait Investment Bank Ltd. G	* 3 month Kibor + 0.65%	Quarterly	March 23, 2011	AAA	100,000	100,000	500,566	500,000
Pak Hy-Oil Ltd	* 6 months KIBOR + 2.25%	Overdue	December 6, 2013	Unrated	40,000	-	150,000	-
Qand Ghar (Pvt) Limited	22.00%	Outstanding	Overdue	Unrated	2	2	2,092	2,092
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	3,831
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	6,081	6,081
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	6,749	6,749
Scan Recycling (Pak) Limited	22.00%	Overdue	Overdue	Unrated	17	17	639	697
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,423	5,423
Shah Jewana Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	26	26	104	104
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	2,202	2,202
Sialkot Dairies	22.00%	Overdue	Overdue	Unrated	13	13	2,320	2,320
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,035	1,650
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
SME Leasing Limited	* 3 month Kibor + 1.5%	Overdue	July 16, 2011	A-	8,750	13,750	42,287	68,750
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
Trubo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,211
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
							23,980,519	14,671,454

* Cost of the above TFCs amounted to Rs. 5 496 million (2008: Rs.14,337 million)

** Represents certificates of face value Rs.100,000 each

*** Represents certificates of face value Rs.100 million each

1.5.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2009	2008
				-----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%	1,141	1,141
Allied Ghee Industries Limited	Overdue	-	Interest free	572	572
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills.	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	156,034	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
SDA-A/C Cold Storage Haripur -1	Overdue	Overdue	12%	955	955
SDA-A/C Cold Storage Haripur -2	Overdue	Overdue	12.5%	1,170	1,170
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Outstanding	Outstanding	12.5%	200	200
Spinzer Towel Industries Limited	Outstanding	Outstanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				191,067	191,067

1.5.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2009	2008
				-----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
Balochistan Clay Products	17	17%	227,176	-	2,504
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Crystal Chemicals Limited	15	17%	259,800	3,897	3,897
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Co.	7	17%	268,714	1,118	1,118
Frontier Ceramics Limited	10	17%	226,200	2,262	2,262
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Leatherite Limited	14	17%	69,643	727	727
Mass Dairies Limited	11	17%	229,364	2,523	2,523
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	9,670	11,551
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
Sethi Industries Limited	15	17%	240,667	-	2,734
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
				101,150	108,269

1.5.4 Government of Pakistan-Guaranteed bonds

Investee	Terms of Redemption		Rate of Interest %	Cost	
	Principal	Interest		2009	2008
				-----Rupees in '000-----	
Shahnawaz Bhutto Sugar Mills	Lumpsum	Lumpsum	6%	-	16,762
				-	16,762

1.5.5 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2009	2008
				-----Rupees in '000-----	
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	12.27% 6 month Kibor + 0.25%	1,335,658	1,418,500
Quetta Textile	Bi-Annual	Bi-Annual	14.16% 6 month Kibor + 1.5%	331,086	400,000
PIA Corporation	Bi-Annual	Bi-Annual	14.15% 3 month Kibor + 1.65%	550,000	-
Maple Leaf Cement Limited	Bi-Annual	Bi-Annual	14.11% 6 months KIBOR + 1.7%	5,015	-
Islamic Banking					
WAPDA Sukuk	Bi-Annual	Bi-Annual	12.27% 6 month Kibor + 0.25%	23,132	25,000
Orix Leasing	Bi-Annual	Bi-Annual	13.68% 6 month Kibor + 1.25%	33,075	40,000
Sitara Energy	Bi-Annual	Bi-Annual	13.90% 6 month Kibor + 1.95%	34,985	48,561
Security Leasing Limited	Bi-Annual	Bi-Annual	14.61% 6 month Kibor + 1.95%	66,900	100,000
Kohat Cement Limited	Bi-Annual	Bi-Annual	14.26% 6 month Kibor + 1.80%	108,675	144,900
Arzoo Textile Limited	Bi-Annual	Bi-Annual	14.65% 6 month Kibor + 2.00%	75,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	13.17% As per SBP Publications	50,000	50,000
				<u>2,613,526</u>	<u>2,326,961</u>

1.5.6 Others Government Bond Investment

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2009	2008
				-----Rupees in '000-----	
CIRC Bond	Overdue	Overdue	Six month's T-Bill auction rate on the day preceding the date of payment of return 8.8142%	11,242	11,242
Overseas Bonds					
Al-Daar International Saudi Arabia US\$ Sukuk	Bi-Annual	Bi-Annual	6 month's Libor + 2%	842,441	791,381
Al-Tajeer Sukuk	Bi-Annual	Bi-Annual	6 month's Libor + 2.5%	112,325	105,433
Pak International Sukuk	Bi-Annual	Bi-Annual	6 month Libor + 2.2%	6,597,041	-
FCLR Bond	Annually	Annually	3 Month Libor + 1%	371,584	-
GoP Euro Bond	On Maturity	Bi-Annual	7.13%	2,863,794	-
GoP Euro Bond	On Maturity	Bi-Annual	6.88%	1,001,873	-
AMEX BK FSB	On Maturity	Bi-Annual	5.50%	130,738	361,495
Gold Man Sachs Group	On Maturity	Bi-Annual	6.88%	-	244,557
Gold Man Sachs Group	On Maturity	Bi-Annual	7.35%	-	80,719
Citibank	On Maturity	Bi-Annual	6.38%	180,822	-
Citibank	On Maturity	Bi-Annual	4.13%	214,516	-
Citibank	On Maturity	Bi-Annual	6.50%	90,153	-
Morgan Stanley	On Maturity	Bi-Annual	5.05%	218,445	-
Morgan Stanley	On Maturity	Bi-Annual	5.05%	133,650	-
Merrill Lynch & Co	On Maturity	Bi-Annual	4.13%	216,776	-
Bank of America	On Maturity	Bi-Annual	4.38%	190,290	-
HSBC Finance Corporation	On Maturity	Bi-Annual	8.60%	234,195	-
HSBC Household Finance Corporation	On Maturity	Bi-Annual	4.80%	174,343	-
				<u>13,584,228</u>	<u>1,594,827</u>

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
1	Rajput Cotton Ginning & Pressing Factory Chak Hamta Multan Bahawalpur Road Lodhran.	Mr.Haji Abdul Aziz 36203-1804370-7 Mr.Abdul Majeed 326-64-071780 Mr.Noor Hussain Shah 36203-1810026-7 Mr.Noor Muhammad Shah 326-34-459326 Mr.Rana Subay Khan 36203-4915266-5 Mr.Muhammad Saleem Akhtar 36201-0530392-1	1.Muhammad Ibrahim Khan 2-Abdul Aziz, 3-Itbari Shah 4-Itbari Shah 5-Feroz Khan 6-Ghulam Yasin.	-	1.085	-	1.085	-	-	0.880	0.880
2	Co-operation Cloth Shop#40, Saddar Cooperative Market, Saddar, Karachi	Muhammad Iqbal Abdul Jabbar Khan	N.A.	1.470	1.123	0.068	2.661	0.389	1.123	0.068	1.580
3	TNN Textile Mills (Pvt) Ltd 1.5 K.M Jaranwala Road Kurrrian Wala, Faisalabad.	Sikandar Hayat Ghuman, Muhammad Nasir Nadeem Ahmed Qasmi Muhammad Ashraf	Muhammad Anwar Ghuman Haji Akbar Ali Zahoor ahmad Ch.Muhammad Siddique	13.485	2.806	0.088	16.379	-	-	2.879	2.879
4	Madina Rice Mills More Narang Mandi Distt. Sheikhpura	Muhammad Tufil 295-28-172539 Muhammad Rashid 295-38-172823 Zafar Iqbal 295-59-162709 Amjad Ali 295-50-172825 Muhammad Asif 295-50-021373 Abdul Hadi 295-86-172830	S/O Allah Baksh S/O Allah Baksh S/o Mohd.Tufail S/O Mohd.Rashid S/o Mohd.Tufail S/O Mohd.Rashid	0.116	0.608	-	0.724	-	0.608	-	0.608
5	New Faran Hospital Abdali Chowk Islampura Lahore	Mrs.Huma Zulfiqar 35202-7819486-4 Muhammad Riaz Bhatti 270-52-004203 Mrs.Razia Riaz 273-55-042463	W/o Muhammad Zulfiqar Baig S/o Abdul Hameed Bhatti W/o Muhammad Riaz Bhatti	6.986	5.575	0.302	12.863	-	4.363	-	4.363

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
6	Al-Shams Industries (Pvt) Ltd.	Shaikh Sarmad Rahman 42301-0993257-5 Hamza Tariq Saigal 42301-2356060-7 Samina Tariq (Mrs.) 42301-0993257-5	Shaikh Abdul Rahman Tariq Ahmad Saigal Tariq Ahmad Saigal	41.292	-	0.030	41.322	41.292	0.030	-	41.322
7	Qamar Garments (Pvt) Ltd. 96-C, 11th Commercial St. Phase-II Extension, Defence Housing	Syed Hashimuddin Ghazi 42301-1115316-3 Qamar Ghazi (Mrs.) 42301-0970808-6 Rifat Jawaid 42301-0970808-6	Syed Nasiruddin Ghazi Syed Hashimuddin Ghazi Liaquat Hussain Khan	-	1.233	40.238	41.471	-	-	41.471	41.471
8	Pak Green Fertilizer Limited	Zia-Ur Rahman 42301-1141005 - 3 Khalid Hussain Chaudhry 322-53-025321 Fauzia Yousuf Raza Gilani 322-58-724708 Chaudhry Munawwar Hussain 501-47-467180 Anwar Nasreen Gilani 322-86-421232 Syeda Samina Ibrar 270-86-425447 Naseem Akhtar 322-48-667112	Munawwar Hussain Chaudhry Muhammad Boota Makhdoom Zada Syed Yousuf Raza Gilani Chaudhry Muhammad Boota Makhdoom Zada Muhammad Alamdar Hussain Shah Gilani Makhdoom Zada Syed Ibrar Hussain Shah Chaudhry Munawwar	24.249	13.158	1.484	38.891	23.495	-	14.611	38.106
9	Nazim Poly Sack (Pvt.) Limited	Adil Mahmood 35202-2700320 - 3 Zarqa Saadat 35200-1394825 - 2 Shaikh Saadat Mahmood 35201-1664089-1 Faisal Mahmood 517-61- 025717 Parveen Begum 517-47-025714 Sharmeen Faisal 517-86-400864	Mahmood Sadiq Shaikh Saadat Mahmood Mahmood Sadiq Mahmood Sadiq Haji Mahmood Siddiq Nizami Faisal Mahmood	6.897	-	-	6.897	6.897	-	-	6.897

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
10	Bawany Sugar Mills Limited	Dawood Ebrahim Bawany 510-60-206793 Ismail Ebrahim 510-89-114559 Zakaria A. Aziz Kamdar 517-24-009305 Khalid Ebrahim Bawany 510-59-126876	Ebrahim Ahmad Bawany Ebrahim Ahmad Abdul Aziz Ebrahim Ahmad	99.016	-	335.786	434.802	-	-	17.322	17.322
11	Indus Sugar Mills Ltd. 93-B, New Muslim Town, Lahore	Ayub Sabir Izhar 35202-887441-9 Nadeem Ahmed Qureshi 35202-2784600-5 Mehtar Ghulam Dastagir Lak 38403-1540536-1 Tasnim Akhtar	Izhar Ahmad Qureshi Abdul Qayyum Qureshi Jahan Khan Mehtar Ghulam Dastagir	58.518	12.702	1.348	72.568	39.164	12.702	1.348	53.214
12	Kashmir Polytex Limited Mirpur Azad Kashmir	Sardar Muhammad Ashraf Khan 42301-7054951-1 Sardar Muhammad Yunus Khan 813025-8867801-8 Dr.Yasmeen Ashraf 42301-4984675-4 Sardar Muhammad Yaqub Khan 37405-6566287-9 Kh.Zafar Iqbal 81302-1702013-3	Sardar Said ahmad Khan Sardar Said ahmad Khan Sardar Muhammad Ashraf Khan Sardar Gul Muhammad Kijhan Kh.Muhammad Latif	47.122	19.189	-	66.311	30.679	19.189	-	49.868
13	Mehtar Dastgir leather & Footwear Nawabpur Road Multan	Kh.Muhammad yousuf 36302-0458568-3 Kh.Muhammad Abdullah 35202-9279957-9 Kh. Muhammad Abdul Rehman 36302-3799833-7	Kh. Ghulam Dastgir Kh. Ghulam Dastgir Kh.Muhammad Younus	73.893	77.105	-	150.998	35.643	77.105	-	112.748

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
14	Mehar Dastgir Textile Mills Shaheed M.Younus Dasrgir RoradMultan	Kh.Muhammad yousuf 36302-0458568-3 Kh.Muhammad Abdullah 35202-9279957-9 Kh. Muhammad Abdul Rehman 36302-3799833-7 Kh.Muhammad Hussain 36302-7531877-7 Kh.Muhammad Ali Yousuf 36302-3953552-9	Kh. Ghulam Dastgir Kh. Ghulam Dastgir Kh.Muhammad Younus Kh.Muhammd Abdullah Kh.Muhammad yousuf	42.084	-	-	42.084	23.849		-	23.849
15	Mehar Dastgir Spinning Mills Ltd Shaheed M.Younus Dasrgir RoradMultan	Kh.Muhammad yousuf 36302-0458568-3 Kh.Muhammad Abdullah 35202-9279957-9 Kh. Muhammad Abdul Rehman 36302-3799833-7 Kh.Muhammad Hussain 36302-7531877-7 Kh.Muhammad Ali Yousuf 36302-3953552-9	Kh. Ghulam Dastgir Kh. Ghulam Dastgir Kh.Muhammad Younus Kh.Muhammd Abdullah Kh.Muhammad yousuf	148.180	120.464	0.150	268.794	83.915	120.464	0.150	204.529
16	Balochistan Metal (Pvt) Ltd. G-7, Winder Industrial Estate, Winder	Fareed Saeed Rizvi 114-48-157827 Usama Rizvi 502-86-372440 Hasham Rizvi 502-60-568532	S. Sirajul Hassan S. Sirajul Hassan S. Sirajul Hassan	12.274	20.500	-	32.774	12.274	11.096	-	23.370
17	Prime Glass Works Pvt Limited G. T. Road, Jhelum	Muhammad Bilal Khan Saeed Ahmed Khan (Late) Rashid Ahmed Khan Muhammad Junaid Ahmed Yar Khan Hasnat Ahmed Khan	Saeed Ahmed Khan Muhammad Khan Yar Muhammad Khan Saeed Ahmed Khan Saeed Ahmed Khan Rashid Ahmed Khan	2.940	2.153	-	5.093	-	1.076	-	1.076
18	Sajid Iron & Steel Works R-97, Block-H, N.Nazimabad, Karachi	S.Sajid Ali 42101-1951438-5	S.Wajid Ali	0.200	0.792	0.008	1.000	-	-	0.702	0.702
19	Ali International Lakson Square-I, 265, 2nd Floor, Block B, R.A.Lines, Sarwar Shaheed Road, Karachi	Qazi Farhat Ali NIC # N.A. at Branch record	Hakim Ali Qazi	0.210	0.584	0.020	0.814	-	-	0.532	0.532

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
20	S.T.S. Int'l Taj Mohd. Complex, Faiz M. Ali Rd, Pak Chok, Karachi	Mohd. Sadiq 42201-2531851-9 Mohd. Adil NIC# N.A.	N.A.	2.400	1.174	0.077	3.651	-	0.512	0.062	0.574
21	Can Can Ent. B-259, Bl.A, North Nazimabad, Karachi	Fahim-ul-Haq 42301-3036734-5	Mazhar-ul-Haq	0.200	0.756	0.010	0.966	-	0.733	0.010	0.743
22	Kash International R-26, Sect 5-C/4, North Karachi, Karachi	Jawed Akhter Khan 42101-9710461-7	Mohd. Mujtaba Khan	0.770	1.694	0.041	2.505	-	1.625	0.015	1.640
23	Shamimara 153-B,Intelligence School, New Queen's Road,Area#24,Khi. 48/2,5th Com.St.,Phase	Shamimara 42301-8597561-4	W/o Altaf Madni	1.820	2.622	0.148	4.590	-	1.723	-	1.723

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
24	Gadap Poultry Farm Est.#1,A-2,Gadap Rd.,Super Highway, Karachi	Mazhar Saeed CNIC--N/A--	S/o Mirza Saeed Beg (Late)	0.656	2.259	0.016	2.931	-	2.015	0.016	2.031
25	Gardinia Global, Dr.Hassan Zafar Arif, Land Bearing No.291/1,291/2,291/3,291/4,292/3 Situated at Hatul put Taluka Thana, Bula Khan, Distt: Dadu	Dr.Hassan Zafar Arif	Maqbool Hussain	3.081	0.583	0.032	3.696	-	-	0.581	0.581
26	Haji Niaz Muhammad Umrani C/o Saleem Flour Mills Usta Muhammad	Haji Niaz Muhammad Umrani 53404-1494561-5	Muhammad Yaqoob	-	0.697	-	0.697	-	0.697	-	0.697
27	M/s Muhammad Shafi Muhammad Ishaq Grain Market Sahiwal	Muhammad Iqbal 36502-5412696-9 Muhammad Tahir 36502-1385582-3 Muhammad Sabir (Deceased) 333-45-022544 Muhammad Ishaq (Deceased) Aziz Begum (Deceased)	Ss/o Muhammad Shafi (since expired) -do- -do- -do- Wd/o Muhammad Shafi	1.296	0.406	0.406	2.108	-	-	0.812	0.812
28	M/s Muhammad Shafi Muhammad Ishaq Grain Market Sahiwal	Muhammad Iqbal 36502-5412696-9 Muhammad Tahir 36502-1385582-3 Muhammad Sabir (Deceased) 333-45-022544 Muhammad Ishaq (Deceased) Aziz Begum (Deceased)	Ss/o Muhammad Shafi (since expired) -do- -do- -do- Wd/o Muhammad Shafi	2.396	0.786	0.752	3.934	-	-	1.538	1.538
29	Bhittai Cotton & Ginning Factory, Ubauro			-	2.739	0.067	2.806	-	2.739	0.067	2.806
			TOTAL:	591.551	292.793	381.071	1,265.415	297.597	257.800	83.064	638.461

**Annexure III as referred to in
Note 2.1 to the financial statements**

ISLAMIC BANKING BUSINESS

The bank is operating 8 (December 31, 2008: 5) Islamic banking branches as at December 31, 2009. The balance sheet and profit and loss account of such branches is as under:

**BALANCE SHEET
AS AT DECEMBER 31, 2009**

	2009	2008
	..... (Rupees)	
ASSETS		
Cash and balances with treasury banks	43,290	10,159
Investments	144,789	509,642
Financing and receivables	736,417	321,650
Fixed assets	104,314	1,050
Other assets	8,627	45,579
	<u>1,037,437</u>	<u>888,080</u>
LIABILITIES		
Bills payable	6,070	5,993
Deposits and other accounts	507,760	47,186
Due to head office	246,385	508,591
Other liabilities	58,870	19,577
	<u>819,085</u>	<u>581,347</u>
NET ASSETS	<u>218,352</u>	<u>306,733</u>
REPRESENTED BY		
Islamic banking fund	300,000	300,000
Unappropriated (loss) / profit	(11,437)	5,552
	<u>288,563</u>	<u>305,552</u>
(Deficit) / surplus on revaluation of assets	(70,211)	1,181
	<u>218,352</u>	<u>306,733</u>
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009		
Profit / return on financing and placements earned	166,451	126,760
Profit / return on deposit and other dues expensed	83,379	42,541
Net spread earned	<u>83,072</u>	<u>84,219</u>
OTHER INCOME		
Fee, commission and brokerage income	2,124	1,331
Income from dealing in foreign currencies	67	6
Other income	16,218	78
Total other income	<u>18,409</u>	<u>1,415</u>
OTHER EXPENSES		
Administrative expenses	112,914	79,266
Other charges	4	816
Total other expenses	<u>112,918</u>	<u>80,082</u>
PROFIT / LOSS BEFORE TAXATION	<u>(11,437)</u>	<u>5,552</u>

National Bank of Pakistan

Consolidated Financial Statements

For the year ended December 31, 2009

National Bank of Pakistan
Consolidated Balance Sheet
As at December 31, 2009

2008	2009		Note	2009	2008
US Dollars in '000'				Rupees in '000'	
ASSETS					
1,267,488	1,384,887	Cash and balances with treasury banks	6	116,668,514	106,778,346
468,766	341,702	Balances with other banks	7	28,786,397	39,490,729
203,445	233,649	Lendings to financial institutions - net	8	19,683,526	17,139,081
2,032,248	2,582,923	Investments - net	9	217,596,037	171,204,890
4,903,327	5,642,394	Advances - net	10	475,338,439	413,076,390
288,115	299,141	Operating fixed assets	11	25,200,870	24,271,964
38,027	36,376	Deferred tax assets - net	12	3,064,459	3,203,565
533,120	707,053	Other assets	13	59,565,027	44,912,236
9,734,536	11,228,125			945,903,269	820,077,201
LIABILITIES					
121,303	126,076	Bills payable	14	10,621,169	10,219,061
475,337	532,122	Borrowings	15	44,828,138	40,044,291
7,423,063	8,623,904	Deposits and other accounts	16	726,513,013	625,349,269
-	-	Sub-ordinated loans		-	-
300	506	Liabilities against assets subject to finance lease	17	42,629	25,274
-	-	Deferred tax liabilities		-	-
474,669	503,961	Other liabilities	18	42,455,768	39,988,101
8,494,672	9,786,569			824,460,717	715,625,996
1,239,864	1,441,556	NET ASSETS		121,442,552	104,451,205
REPRESENTED BY					
106,474	127,768	Share capital	19	10,763,702	8,969,751
243,066	277,706	Reserves		23,395,059	20,476,863
635,858	740,071	Unappropriated profit		62,346,594	53,567,323
985,398	1,145,545	Total equity attributable to share holders of the bank		96,505,355	83,013,937
1,338	1,317	Minority interest		110,930	112,699
986,736	1,146,862			96,616,285	83,126,636
253,128	294,694	Surplus on revaluation of assets - net	20	24,826,267	21,324,569
1,239,864	1,441,556			121,442,552	104,451,205
CONTINGENCIES AND COMMITMENTS					
			21		

The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these consolidated financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Consolidated Profit and Loss Account
For the year ended December 31, 2009

2008 US Dollars in '000'	2009 US Dollars in '000'		Note	2009 Rupees in '000'	2008 Rupees in '000'
725,888	927,362	Mark-up / return / interest earned	23	78,124,796	61,151,818
283,436	468,262	Mark-up / return / interest expensed	24	39,448,291	23,877,804
442,452	459,100	Net mark-up / interest income		38,676,505	37,274,014
126,233	132,339	Provision against non-performing loans and advances	10.4	11,148,773	10,634,367
4,413	7,731	Provision for diminution in the value of investments - net	9.12	651,282	371,729
-	-	Provision against off balance sheet obligations		20,237	4,000
-	-	Bad debts written off directly	10.5	-	-
130,646	140,070			11,820,292	11,010,096
311,806	319,030	Net mark-up / interest income after provisions		26,856,213	26,263,918
NON MARK-UP/INTEREST INCOME					
94,791	106,796	Fee, commission and brokerage income		8,996,973	7,985,547
34,273	22,516	Dividend income		1,896,817	2,887,314
47,731	36,841	Income from dealing in foreign currencies		3,103,673	4,021,064
4,714	54,521	Gain on sale of securities	25	4,593,041	397,118
20	28	Unrealized gain on revaluation of investments classified as held-for-trading	9.11	2,355	1,707
1,526	(495)	Share of (loss) / profits from joint ventures		(41,715)	128,533
75	62	Share of profits from associates - net of tax		5,238	6,290
14,908	6,564	Other income	26	552,950	1,255,903
198,038	226,833	Total non-markup / interest income		19,109,333	16,683,476
509,844	545,863			45,965,546	42,947,394
NON MARK-UP / INTEREST EXPENSES					
217,978	270,840	Administrative expenses	27	22,816,665	18,363,344
8,919	7,459	Other provisions / write offs		628,391	751,403
6,925	3,818	Other charges	28	321,647	583,361
233,822	282,117	Total non-markup / interest expenses		23,766,703	19,698,108
276,022	263,746			22,198,843	23,249,286
-	-	Extra ordinary / unusual items		-	-
276,022	263,746	PROFIT BEFORE TAXATION		22,198,843	23,249,286
140,043	109,938	Taxation – Current	29	9,261,621	11,797,821
(22)	(49,111)	– Prior years		(4,137,307)	(1,813)
(50,220)	(12,161)	– Deferred		(1,024,513)	(4,230,776)
89,801	48,666			4,099,801	7,565,232
186,221	215,080	PROFIT AFTER TAXATION		18,099,042	15,684,054
Attributable to:					
186,186	215,101	Shareholders of the bank		18,100,811	15,681,084
35	(21)	Minority interest		(1,769)	2,970
186,221	215,080			18,099,042	15,684,054
..... US Dollars .....			..... Rupees		
0.17	0.20	Basic earnings per share for profit for the year attributable to shareholders of the bank	30	16.82	14.57
0.17	0.20	Diluted earnings per share for profit for the year attributable to shareholders of the bank		16.82	14.57

The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these consolidated financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2009

2008 US Dollars in '000'	2009 US Dollars in '000'		2009 Rupees in '000'	2008 Rupees in '000'
186,174	214,841	Profit after taxation for the year	18,099,042	15,684,054
		Other comprehensive income:		
30,300	13,022	Exchange adjustments on translation of net assets of foreign branches, subsidiary and joint venture	1,097,011	2,552,610
<u>216,474</u>	<u>227,862</u>	Total comprehensive income for the year	<u>19,196,053</u>	<u>18,236,664</u>
		Total comprehensive income attributable to:		
216,439	227,883	Share holders of the bank	19,197,822	18,233,694
35	(21)	Minority interest	(1,769)	2,970
<u>216,474</u>	<u>227,862</u>		<u>19,196,053</u>	<u>18,236,664</u>

The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these consolidated financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Consolidated Cash Flow Statement
For the year ended December 31, 2009

2008	2009		Note	2009	2008
US Dollars in ' 000				Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES					
275,975	263,506	Profit before taxation		22,198,843	23,249,286
(34,273)	(22,516)	Less: Dividend income		(1,896,817)	(2,887,314)
<u>241,702</u>	<u>240,990</u>			<u>20,302,026</u>	<u>20,361,972</u>
Adjustments:					
9,036	10,397	Depreciation		875,846	761,232
50	71	Amortization		6,014	4,179
126,233	132,339	Provision against non-performing loans and advances		11,148,773	10,634,367
4,413	7,731	Provision for diminution in the value of investments - net		651,282	371,729
47	240	Provision against off balance sheet obligations		20,237	4,000
(94)	(94)	Gain on sale of fixed assets		(7,926)	(7,960)
128	125	Financial charges on leased assets		10,496	10,751
(1,526)	495	Share of loss / (profits) from joint ventures		41,715	(128,533)
(75)	(62)	Share of profits from associates		(5,238)	(6,290)
8,919	7,459	Other provisions / write offs		628,391	751,403
<u>147,131</u>	<u>158,701</u>			<u>13,369,590</u>	<u>12,394,878</u>
<u>388,833</u>	<u>399,691</u>			<u>33,671,617</u>	<u>32,756,850</u>
(Increase) / decrease in operating assets					
53,619	(30,935)	Lendings to financial institutions - net		(2,606,095)	4,517,111
(2,678)	(16,279)	Held-for-trading securities		(1,371,434)	(225,566)
(985,030)	(871,406)	Advances - net		(73,410,823)	(82,982,937)
(123,437)	(118,944)	Other assets (excluding advance tax)		(10,020,357)	(10,398,820)
<u>(1,057,526)</u>	<u>(1,037,564)</u>			<u>(87,408,709)</u>	<u>(89,090,212)</u>
Increase in operating liabilities					
37,476	4,773	Bills payable		402,108	3,157,160
348,495	58,064	Borrowings		4,891,586	29,358,678
398,036	1,200,841	Deposits and other accounts		101,163,744	33,532,217
102,342	29,173	Other liabilities (excluding current taxation)		2,457,667	8,621,704
<u>886,349</u>	<u>1,292,851</u>			<u>108,915,105</u>	<u>74,669,759</u>
(186,392)	(122,362)	Income tax paid		(10,308,272)	(15,702,406)
(128)	(125)	Financial charges paid		(10,496)	(10,751)
<u>(186,519)</u>	<u>(122,487)</u>			<u>(10,318,768)</u>	<u>(15,713,157)</u>
<u>31,137</u>	<u>532,491</u>	Net cash from operating activities		<u>44,859,244</u>	<u>2,623,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
124,195	(613,843)	Net (investments in)/proceeds from available-for-sale securities		(51,712,686)	10,462,712
34,534	130,209	Net proceeds from held-to-maturity securities		10,969,303	2,909,317
34,273	22,516	Dividend income received		1,896,817	2,887,314
(19,566)	(21,085)	Investment in operating fixed assets		(1,776,322)	(1,648,309)
-	(356)	Investment in associate		(30,000)	-
295	166	Sale proceeds of property and equipment disposed off		13,997	24,881
<u>173,731</u>	<u>(482,393)</u>	Net cash (used in) / from investing activities		<u>(40,638,891)</u>	<u>14,635,915</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
(213)	(308)	Payments of lease obligations		(25,915)	(17,911)
(72,467)	(69,089)	Dividend paid		(5,820,338)	(6,104,894)
<u>(72,680)</u>	<u>(69,397)</u>	Net cash used in financing activities		<u>(5,846,253)</u>	<u>(6,122,805)</u>
31,136	10,914	Effects of exchange rate changes on cash and cash equivalents		919,475	2,623,064
<u>163,324</u>	<u>(8,385)</u>	(Decrease) / increase in cash and cash equivalents		<u>(706,425)</u>	<u>13,759,414</u>
1,570,884	1,734,212	Cash and cash equivalents at beginning of the year	32	146,097,099	132,337,685
<u>1,734,208</u>	<u>1,725,827</u>	Cash and cash equivalents at end of the year	32	<u>145,390,674</u>	<u>146,097,099</u>

The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these consolidated financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Consolidated Statement of Changes in Equity
For the year ended December 31, 2009

	Attributable to the shareholders of the bank					Sub Total	Minority Interest	Total
	Share capital	Reserves			Unappropriated profit			
		Exchange Translation	Statutory	General				
	(Rupees in '000)							
Balance as at January 1, 2008	8,154,319	3,879,535	11,977,521	521,338	46,232,813	70,765,526	109,729	70,875,255
Total comprehensive income for the year ended December 31, 2008	-	2,552,610	-	-	15,681,084	18,233,694	2,970	18,236,664
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	130,456	130,456	-	130,456
Transfer to statutory reserve	-	-	1,545,859	-	(1,545,859)	-	-	-
Transactions with owners								
Issue of bonus shares (10%)	815,432	-	-	-	(815,432)	-	-	-
Cash dividend (Rs. 7.5 per share)	-	-	-	-	(6,115,739)	(6,115,739)	-	(6,115,739)
Balance as at December 31, 2008	8,969,751	6,432,145	13,523,380	521,338	53,567,323	83,013,937	112,699	83,126,636
Balance as at January 1, 2009	8,969,751	6,432,145	13,523,380	521,338	53,567,323	83,013,937	112,699	83,126,636
Total comprehensive income for the year ended December 31, 2009	-	1,097,011	-	-	18,100,811	19,197,822	(1,769)	19,196,053
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	123,934	123,934	-	123,934
Transfer to statutory reserve	-	-	1,821,185	-	(1,821,185)	-	-	-
Issue of bonus shares (20%)	1,793,951	-	-	-	(1,793,951)	-	-	-
Cash dividend (Rs. 6.5 per share)	-	-	-	-	(5,830,338)	(5,830,338)	-	(5,830,338)
Balance as at December 31, 2009	10,763,702	7,529,156	15,344,565	521,338	62,346,594	96,505,355	110,930	96,616,285

The annexed notes 1 to 44 and Annexure I, II and III form an integral part of these consolidated financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Notes to the Consolidated Financial Statements
For the year ended December 31, 2009

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the bank)

Subsidiary Companies

	Percentage Holding	
	2009	2008
	%	%
- NBP Leasing Limited	100.00	100.00
- JSC Subsidiary Bank of NBP in Kazakhstan	100.00	100.00
- NBP Exchange Company Limited	100.00	100.00
- NBP Modaraba Management Company Limited	100.00	100.00
- Taurus Securities Limited	58.32	58.32
- National Agriculture Limited (Note 9.9)	100.00	100.00
- Cast-N-Link Products Limited (Note 9.9)	76.51	76.51

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances and exchange transactions. Brief profile of the holding company and subsidiaries is as follows:

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 1,265 (2008: 1,254) branches in Pakistan and 22 (2008: 22) 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.

NBP Leasing Limited, Pakistan

NBP Leasing Limited (NBPLL) was incorporated in Pakistan on November 7, 1995 as a public limited unquoted company under the Companies Ordinance, 1984. The registered office of NBPLL is situated at 4th Floor, P.R.C. Towers, M.T. Khan Road, Karachi. NBPLL is principally engaged in the business of leasing as licensed under the Non-Banking Finance Companies Rules, 2003 (the NBFC Rules). NBPLL was also engaged previously in the business of discounting / trade of negotiable instruments which has been discontinued, since May 15, 2008 due to changes in Non-Banking Finance Companies and Notified Entities Regulations, 2008.

JSC Subsidiary Bank of NBP in Kazakhstan

JSC Subsidiary Bank of NBP in Kazakhstan (JSC) is a joint-stock bank, which was incorporated in the Republic of Kazakhstan in 2001. JSC conducts its business under license number 25 dated October 29, 2005 (initial license was dated December 14, 2001) and is engaged in providing commercial banking services. The registered office of JDC is located at 105, Dostyk Ave, 050051, Almaty.

NBP Exchange Company Limited, Pakistan

NBP Exchange Company Limited (NBPECL) is a public unlisted company, incorporated in Pakistan on September 24, 2002 under the Companies Ordinance, 1984. NBPECL obtained license for commencement of operations from State Bank of Pakistan (SBP) on November 25, 2002 and commencement of business certificate on December 26, 2003 from the Securities and Exchange Commission of Pakistan (SECP). The registered office of NBPECL is situated at Shaheen Complex, M.R.Kiryani Road, Karachi. NBPECL is engaged in foreign currency remittances and exchange transactions.

NBPECL has four branches, in Karachi, Islamabad, Rawalpindi and Mirpur Azad Jammu and Kashmir.

NBP Modaraba Management Company Limited, Pakistan

NBP Modaraba Management Company Limited (NBPMML) is a public unlisted company, incorporated in Pakistan on August 6, 1992. Its registered office is 26 - Mclagon Road, Lahore. The principal purpose of the NBPMML is to float and manage modarabas. NBPMML at present is managing First National Bank Modaraba.

Taurus Securities Limited, Pakistan

Taurus Securities Limited (TSL) is a public unlisted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984. The registered office of TSL is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. It is engaged in the business of stock brokerage, investment counselling, and fund placements. TSL is a corporate member of the Karachi Stock Exchange (Guarantee) Limited.

1.2 BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the bank (holding company) and its subsidiary companies together - "the Group".
- The financial statements of the subsidiaries are prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Minority interest represents the portion of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the holding company.
- Material intra-group balances and transactions have been eliminated.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government of Pakistan regarding the shifting of the 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 consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

However, the Islamic Banking branches of the bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

The financial position and results of the Islamic banking branches of the bank have been disclosed in Annexure III to these consolidated financial statements.

2.2 The US Dollar amounts shown on the consolidated balance sheet, 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. 84.2441 to 1 US Dollar has been used for both 2009 and 2008 as it was the prevalent rate as on December 31, 2009.

3. STATEMENT OF COMPLIANCE

3.1 These consolidated 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 (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies 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 consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2010:

- Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after July 01, 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. As explained in note 9.8.2 the bank is in process of acquiring holding of NIB Bank Limited in National Fullerton Asset Management Limited (NAFA), which will increase the bank's post acquisition holding to 53% and will give control to the bank. Currently the transaction is in process, the impact under IFRS 3 can not be determined.
- Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 01, 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Group's consolidated financial statements.
- IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after October 01, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Group's operations.
- IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 01, 2009) states that when an entity distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non-cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Group does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Group's consolidated financial statements.

The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the bank's 2010 financial statements. These amendments are unlikely to have an impact on the Group's consolidated financial statements.

- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 01, 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Group's consolidated financial statements.

- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Group's consolidated financial statements.
- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after January 01, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Group's consolidated financial statements.
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – (effective for annual periods beginning on or after July 01, 2009). The amendments specify that if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in IFRS 5 are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary; and disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have any impact on the Group's consolidated financial statements.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of land and buildings and valuation of certain investments and derivative financial instruments at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Change in accounting policies

5.1.1 Presentation of Financial Statements

Starting January 01, 2009, the Group has changed its accounting policy in respect of 'Presentation of financial statements'. IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009) – The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Group has opted to present the components of profit or loss in a separate statement while a statement of comprehensive income is presented separately as permitted under revised IAS 1.

As surplus on revaluation of assets does not form part of the equity under the local laws and is presented below the equity in the balance sheet, accordingly changes in equity arising from surplus on revaluation of assets have not been considered as part of comprehensive income and accordingly these are not included in the consolidated statement of comprehensive income presented in these consolidated financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

5.2 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.

5.3 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 consolidated profit and loss account.

All regular way purchases / sales of investment are recognised on the trade date, i.e., the date the Group 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 Group 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' portfolios 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 surplus / (deficit) on revaluation being taken to consolidated 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 for incase 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. 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 consolidated profit and loss account for the period. However, for the current year, the impairment loss has been treated as explained in note 9.13.

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 the Stock Exchanges.

Associates – Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

Under the equity method, the Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit and loss account, its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint ventures - The Group has interests in joint ventures which are jointly controlled entities. A joint venture is contractual arrangement whereby two or more parties undertake in economic activity that is subject to a joint control and includes a jointly controlled entity that involves the establishment of separate entity in which each venturer has an interest. The Group accounts for its interest in joint venture using the equity method of accounting.

The carrying values of investments are reviewed for impairment when indications exist that the carrying values may exceed the estimated recoverable amounts.

5.4 Discount of negotiable instruments

These are stated at amortized cost less provision for doubtful debts, if any. The provision is made in accordance with the SECP Prudential Regulations for Non-Banking Finance Companies.

5.5 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet 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 balance sheet, as the Group 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.

5.6 Net investment in lease finance

Leases where the Group transfers substantially all the risk and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payment including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any. The provision against lease finance is made in accordance with the requirements of the NBFC Regulations and the internal criteria as approved by the Board of Directors of NBPLL.

5.7 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 consolidated profit and loss account.

5.8 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group 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 are taken to income currently.

5.9 Advances

Advances are stated net off specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by 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 thereagainst. Such regulations also require the bank to maintain general provision / allowance against consumer advances at specified percentage of such portfolio. Advances are written off where there are no realistic prospects of recovery.

5.10 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. Depreciation is charged to income applying the diminishing balance method except vehicles, computers 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 Group 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 consolidated profit and loss account during the financial period in which they are incurred.

Assets are derecognised when disposed 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 income currently.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 Group 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 consolidated 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 accumulated profit through consolidated statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Leased assets

Assets subject to finance lease are accounted for by recording the assets 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

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of the asset using straight line basis.

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

Intangible assets

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

Capital work-in-progress

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

Impairment

The carrying values of 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, the fixed assets are written down to their recoverable amounts.

The resulting impairment loss is taken to consolidated 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.

5.11 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 year, arising from assessments framed during the year.

Deferred

Deferred income tax is provided on all temporary differences at the balance sheet 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.

The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable 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 balance sheet date.

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

5.12 Employee benefits

5.12.1 Defined benefit plans

Pension scheme

The Group operates approved funded pension scheme for its eligible employees. The Group'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 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.

Benevolent scheme

The Group also operates an un-funded benevolent scheme for its eligible employees. Provision is made in the financial statements based on the actuarial valuation using the Projected Unit Credit Method. Actuarial gains / losses are recognized in the period in which they arise.

Gratuity scheme

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

5.12.2 Defined contribution plan

The Group operates an approved funded provident fund scheme covering all its employees. Equal monthly contributions are made by the Group and employees to the fund in accordance with the fund rules.

5.12.3 Retirement and other benefit obligations - In respect of JSC Subsidiary Bank of NBP in Kazakhstan (JSC)

The JSC withholds amounts of pension contributions from employee salaries and pays them to state pension fund. The requirements of the Kazakhstan's legislation state pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees.

5.12.4 Other employee benefits

Employees' compensated absences

The Group accounts for all accumulating compensated absences when employees render service that increases their entitlement to future compensated absences. The liability is determined based on actuarial valuation carried out using the Projected Unit Credit Method.

5.13 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 available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to consolidated profit and loss account.

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

The Group follows the 'financing method' in accounting for recognition of finance lease. At the commencement of a lease, the total unearned finance income i.e. the excess of aggregate installment contract receivables plus residual value over the cost of the leased asset is amortized over the term of the lease, applying the annuity method, so as to produce a constant periodic rate of return on the net investment in finance leases. Initial direct costs are deferred and amortized over the lease term as a yield adjustment.

Processing, front end and commitment fees and commission are recognized as income when received.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

5.14 Foreign currencies translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in the Pak Rupees which is the Group'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 the assets / liabilities of foreign branches, and subsidiaries, net assets of associates and joint ventures are translated into Rupees at the rates of exchange prevailing at the balance sheet date.

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

5.15 Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognizing identifiable assets and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill is tested for impairment on annual basis.

5.16 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Group 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 consolidated profit and loss account is stated net of expected recoveries.

5.17 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 Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.18 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Group in the consolidated balance sheet.

5.19 Dividend and other appropriations

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

5.20 Segment Reporting

A segment is a distinguishable component of the Group 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.

5.20.1 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.

5.20.2 Geographical segments

The Group operates in following geographical regions:

Pakistan

Asia Pacific (including South Asia and Karachi Export Processing Zone)

Europe

United States of America

Middle East

Central Asia

5.21 Earnings per share

The Group 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 Group 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.

5.22 Accounting estimates and judgments

The preparation of consolidated 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 Group's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the consolidated 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 estimate and judgments in relation to these consolidated financial statements are as follows:

a) Provision against non-performing advances

The Group 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.

The amount of general provision against consumer advances is determined in accordance with the relevant prudential regulations and SBP directives. During the year, the management has changed the method of computing provision against non-performing advances as allowed under Prudential Regulations and explained in note 10.5.

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 Group 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. 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. As of the balance sheet date the management has determine an impairment loss on available-for-sale securities as explained in note 9.13.

d) Held-to-maturity investments

The Group follows the guidance provided in 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 income 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 bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

f) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. 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.

f) Employee benefit plans

The liabilities for employee 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.

	Note	2009 Rupees in '000'	2008
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		7,169,662	6,394,041
Foreign currency		2,568,259	2,095,478
		<u>9,737,921</u>	<u>8,489,519</u>
With State Bank of Pakistan in			
Local currency current account	6.1	50,649,271	42,593,879
Local currency deposit account		29	572
		50,649,300	42,594,451
Foreign currency current account	6.2	1,705,892	1,443,548
Foreign currency deposit account	6.2	5,117,677	4,348,570
Foreign currency collection account		58,171	23,891
Foreign currency placement accounts	6.3	16,848,820	23,741,430
		23,730,560	29,557,439
With other central banks in			
Foreign currency current accounts	6.4	17,826,903	15,721,977
Foreign currency deposit accounts	6.5	14,723,829	10,414,960
		32,550,732	26,136,937
		<u>116,668,514</u>	<u>106,778,346</u>

- 6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 This represents US Dollar placements and carry interest at the rate of 1.97 % per annum (2008: 4.21% per annum) with maturities within two months.
- 6.4 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and central bank regulatory requirements of respective countries.
- 6.5 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and central bank regulatory requirements. These carry interest at the rate of 0.25% per annum (2008: 2.0% per annum).

	Note	2009 Rupees in '000'	2008 Rupees in '000'
7. BALANCES WITH OTHER BANKS			
In Pakistan			
On current account		20,018	98,517
On deposit account		354,958	130,019
		<u>374,976</u>	<u>228,536</u>
Outside Pakistan			
On current account		4,070,615	3,654,531
On deposit account	7.1	24,340,806	35,607,662
		<u>28,411,421</u>	<u>39,262,193</u>
		<u>28,786,397</u>	<u>39,490,729</u>

- 7.1 These include various deposits with correspondent banks and carry interest rates ranging from 11% to 7.5% per annum (2008: 0.05% to 12% per annum).

	Note	2009 Rupees in '000'	2008 Rupees in '000'
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.2	1,153,000	3,530,350
Repurchase agreement lendings (Reverse Repo)	8.3	18,356,176	13,470,731
Letter of placements	8.4	284,000	186,000
Lendings to financial institutions - gross	8.1	19,793,176	17,187,081
Less: Provision held against lendings		(109,650)	(48,000)
Lendings to financial institutions - net		<u>19,683,526</u>	<u>17,139,081</u>
8.1 Particulars of lendings - gross			
In local currency		19,793,176	17,187,081
In foreign currencies		-	-
		<u>19,793,176</u>	<u>17,187,081</u>

- 8.2 These carry mark-up at rates ranging from 12.4% to 12.9% per annum (2008: 11.5% to 19.5% per annum).

- 8.3 These carry mark-up at rates ranging from 12% to 12.8% per annum (2008: 9% to 16% per annum).

8.3.1 Securities held as collateral against lendings to financial institutions

	2009			2008		
	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	16,690,799	-	16,690,799	8,873,895	-	8,873,895
Pakistan Investment Bonds	1,665,377	-	1,665,377	4,596,836	-	4,596,836
	<u>18,356,176</u>	<u>-</u>	<u>18,356,176</u>	<u>13,470,731</u>	<u>-</u>	<u>13,470,731</u>

- 8.3.2 Market value of the securities under repurchase agreement lendings amount to Rs.18,791 million (2008: Rs.12,848 million).

- 8.4 These carry mark-up at rates ranging from 11.34% to 18.5% per annum (2008: 18% to 18.5% per annum).

9. INVESTMENTS - net

Note	2009			2008		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- Rupees in '000' -----						
9.1 Investments by type:	9.13					
Held-for-trading securities						
Ordinary shares of listed companies	170,383	-	170,383	7,496	-	7,496
Market Treasury Bills	1,987,272	-	1,987,272	-	-	-
Pakistan Investment Bonds	221,275	-	221,275	-	-	-
Ijara Sukuk Bonds	-	-	-	1,000,000	-	1,000,000
Total Held-for-trading securities	2,378,930	-	2,378,930	1,007,496	-	1,007,496
Available- for- sale securities						
Ordinary shares of listed companies	15,507,402	-	15,507,402	3,673,105	-	3,673,105
Ordinary shares of unlisted companies	753,114	-	753,114	716,610	-	716,610
	16,260,516	-	16,260,516	4,389,715	-	4,389,715
Market Treasury Bills	91,064,768	23,504,630	114,569,398	64,523,811	23,990,054	88,513,865
Preference shares	294,033	-	294,033	297,500	-	297,500
Pakistan Investment Bonds	11,117,142	1,213,247	12,330,389	4,306,820	66,987	4,373,807
Federal Investment Bonds	-	-	-	940,000	-	940,000
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	30,985,145	-	30,985,145	17,876,117	-	17,876,117
Investments in mutual funds	1,041,137	-	1,041,137	1,082,700	-	1,082,700
GoP Foreign Currency Bonds	3,021,990	-	3,021,990	1,212,348	-	1,212,348
Foreign Government Securities	424,078	-	424,078	1,657,303	-	1,657,303
Investment outside Pakistan	463,295	-	463,295	463,295	-	463,295
9.6 NIT Market Opportunity Fund	1,530,000	-	1,530,000	1,800,000	-	1,800,000
9.5.2 National Investment Trust Units	1,042,439	-	1,042,439	7,643,084	-	7,643,084
9.5.1						
Total Available- for- sale securities	157,244,543	24,717,877	181,962,420	106,192,693	24,057,041	130,249,734
Held-to-maturity securities						
Government Compensation Bonds	1,132,963	-	1,132,963	2,331,182	-	2,331,182
Provincial Government Securities	-	-	-	-	-	-
Pakistan Investment Bonds	8,702,404	263,661	8,966,065	9,515,583	-	9,515,583
9.4 Market Treasury Bills	-	-	-	-	-	-
GoP Foreign Currency Bonds	371,910	-	371,910	15,517,577	-	15,517,577
Foreign Government Securities	1,392,168	-	1,392,168	3,168,246	-	3,168,246
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	10,508,477	-	10,508,477	2,808,298	-	2,808,298
9.3 Total Held to maturity securities	22,107,922	263,661.00	22,371,583	33,340,886	-	33,340,886
Investments in Associates	9.7 1,185,085	-	1,185,085	1,139,778	-	1,139,778
Investments in Joint Ventures	9.8 2,412,261	-	2,412,261	2,451,411	-	2,451,411
Investments in Subsidiaries	9.9 3,245	-	3,245	3,245	-	3,245
Investments at cost	185,331,986	24,981,538	210,313,524	144,135,509	24,057,041	168,192,550
Less: Provision for diminution in value of Investments	9.10 (2,187,187)	-	(2,187,187)	(1,542,273)	-	(1,542,273)
Investments (net of provisions)	183,144,800	24,981,538	208,126,338	142,593,236	24,057,041	166,650,277
Unrealised gain on revaluation of Held-for-trading securities	9.11 2,355	-	2,355	1,707	-	1,707
Surplus/(deficit) on revaluation of Available-for-sale securities	20.2 9,466,428	916	9,467,344	4,587,441	(34,535)	4,552,906
Total investments at market value	192,613,583	24,982,454	217,596,037	147,182,384	24,022,506	171,204,890

	Note	2009 Rupees in '000'	2008
9.2 Investments by segments			
Federal Government Securities			
Market Treasury Bills		116,556,670	88,513,865
Pakistan Investment Bonds	9.4	21,517,730	13,889,390
Federal Investment Bonds		-	940,000
Government Compensation Bonds		1,132,963	2,331,182
GoP Foreign Currency Bonds		3,393,900	16,729,925
Ijarah Sukuk bonds		-	1,000,000
		<u>142,601,263</u>	<u>123,404,362</u>
Foreign Government Securities		1,816,246	4,825,549
Fully Paid up ordinary shares			
Listed companies		15,677,785	3,680,601
Unlisted companies		753,114	716,610
		<u>16,430,899</u>	<u>4,397,211</u>
Investments in mutual funds		1,041,137	1,082,700
NIT Market Opportunity Fund	9.5.2	1,530,000	1,800,000
National Investment Trust Units	9.5.1	1,042,439	7,643,084
Preference Shares		294,033	297,500
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates			
Listed		70,699	1,775,071
Unlisted		41,422,923	18,909,344
		<u>41,493,622</u>	<u>20,684,415</u>
Investment outside Pakistan	9.6	463,295	463,295
Investments in Associates	9.7	1,185,085	1,139,778
Investments in Joint Ventures	9.8	2,412,261	2,451,411
Investments in Subsidiaries	9.9	3,245	3,245
Investment at cost		<u>210,313,524</u>	<u>168,192,550</u>
Less: Provision for diminution in value of investments	9.10	<u>(2,187,187)</u>	<u>(1,542,273)</u>
Investments (Net of provisions)		<u>208,126,338</u>	<u>166,650,277</u>
Unrealised gain on revaluation of Held-for-trading securities	9.11	2,355	1,707
Surplus on revaluation of Available-for-sale securities	20.2	9,467,344	4,552,906
Total investments at market value		<u><u>217,596,037</u></u>	<u><u>171,204,890</u></u>

9.3 Market value of held-to-maturity investments is Rs. 19,651 million (2008: Rs. 27,407 million).

9.4 These include Pakistan Investment Bonds amounting to Rs. 75 million (2008: Rs. 75 million) held by SBP as pledge against demand loans and TT / DD discounting facilities.

9.5 Investment in Mutual Funds managed by NITL

9.5.1 NIT Units [NI(U)T]

The Group had investment in 485,331,172 NI(U)T units, which included 333,746,836 covered under Letter of Comfort (LOC) and 151,584,336 units as Non-LOC units. The LOC holding represented those units in respect of which the Government of Pakistan ("GoP") had issued a letter of comfort ("LOC") to the Group and three other banks (here-in-after collectively referred to as LOC Holder's) promising that in the event the redemption price of units of NI(U)T-LOC Holders' Fund fell below Rs. 13.70 per unit and the Group desired to redeem its holding of units, the GoP would facilitate National Investment Trust Limited (NITL) in the redemption of such holding at the rate of Rs. 13.70 per unit. The LOC had been extended from time to time and expired on December 31, 2009.

In the financial year 2007, the Board of National Investment Trust Limited (NITL) decided to split the National Investment (Unit) Trust into two funds to facilitate the sale and transfer of the management rights to LOC Holders. Accordingly, the segment pertaining to LOC Holders has formed the National Investment (Unit) Trust-LOC Holders' Fund whereas the segment pertaining to Non-LOC Holders has been retained under National Investment (Unit) Trust. The Group's total holding in units was covered under NI(U)T-LOC Holders' Fund.

In the current year, the GoP communicated a methodology to settle the long outstanding issue of the LOC to NITL in December 2009, the details and draft agreements of which were intimated to the LOC holders and discussed during the Extra Ordinary General Meetings of NI(U)T-LOC Holders' Fund. Subsequent to these deliberations and in line with the methodology approved by the GoP to settle the issue of LOC, an agreement having effective date of December 31, 2009 was executed between the NITL and the Group, by virtue of such agreement it was agreed that:

- All underlying assets and liabilities of the LOC Holders' Fund would be apportioned between the investors of the NI(U)T-LOC Holders' Fund by dividing such net assets into distinct segments according to the ratio of units held by each investor. Each segment would in turn be bifurcated into two distinct asset categories, namely "Strategic Assets" and "Balance Assets".
- The Strategic Assets would comprise of frozen shares of Pakistan State Oil ("PSO") and Sui Northern Gas Pipeline Limited ("SNGPL") and cash and other receivables held in the portfolio of NI(U)T-LOC Holders' Fund. The Balance Assets would essentially constitute the remaining portfolio of NI(U)T-LOC Holders' Fund.
- The Strategic Assets would be transferred to the Group at a rate to be determined and the cash to be paid by the Group to NI(U)T-LOC Holders' Fund would be paid to other LOC holders'.
- The Balance Assets would be transferred in specie to the LOC holders at the market value appearing in the books of the NI(U)T-LOC Holders' Fund. This would constitute the full and final settlement of units held by the LOC holders. The transfer date in relation to the Group was December 31, 2009.
- 5% of the Balance Assets of each segment would be transferred to NITL and 5% of net cash realized pursuant to transfer of Strategic Assets would be paid to NITL. The GoP is being requested by the Group to revise its decision to the extent of this 5% transfer to be made to NITL. Therefore, the transfer of this 5% would be made to NITL, until GoP makes a final decision on this matter.
- Consequent to the implementation of the settlement mechanism outlined above the NI(U)T-LOC Holders' Fund would stand terminated / dissolved.

In accordance with the aforementioned methodology, the Group has recorded the redemption / disposal of 425,242,254 units which were attributable to the Balance Assets and in consideration of those units the Group has recorded its share of Balance Assets. The Group's share of Balance Assets comprise of the shares of both listed and unlisted companies having market value of Rs. 11,283 million as of December 31, 2009. Accordingly there is a capital gain of Rs. 3,875 million on redemption / disposal of units attributable to Balance Assets. Remaining 60,088,918 units are attributable to Strategic Assets and such units are continued to be recognized as investment in NI(U)T-Unit holders Fund as settlement of such units are yet to be finalized.

9.5.2 NIT Market Opportunity Fund

The Group's investment is Rs. 1,530 million (2008: 1,800) in NIT Market Opportunity Fund. The fund was established in the year 2008 as an open end mutual fund for the special purpose of equity market stabilization and is managed by NITL. As of the balance sheet date, the net assets value of the fund's units held by the Group amounted to Rs. 1.807 million (2008: Rs. 1.004 million).

9.6 Investment outside Pakistan - Bank Al-Jazira (BAJ)

The Group holds 17,500,000 (2008: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2008: 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 Bank Al-Jazira is BBB+ by Capital Intelligence.

9.7 Investments in associates

	Number of shares	Percentage holding	2009 Rupees in '000	2008 Rupees in '000
Un-quoted				
Pakistan Emerging Venture Limited	12,500,000	33.33	51,415	51,415
Information System Associates Limited	2,300,000	21.89	1,719	1,719
National Fructose Company Limited	1,300,000	39.50	6,500	6,500
Pakistan Insulation Limited	494,500	24.79	695	695
Venture Capital Fund Management	33,333	33.33	-	-
Kamal Enterprises Limited	11,000	20.37	-	-
Mehran Industries Limited	37,500	32.05	-	-
Qurell Cassettes Limited	46,250	30.83	-	-
Tharparkar Sugar Mills Limited	2,500,000	21.50	-	-
Youth Investment Promotion Society	644,508	25.00	-	-
Khushhali Bank Limited	40,000,000	23.45	400,000	400,000
Dadabhoj Energy Supply Company Limited	9,900,000	23.11	32,105	32,105
K-Agricole Limited	5,000	20.00	-	-
New Pak Limited	200,000	20.00	-	-
National Commodity Exchange Limited	3,000,000	30.00	30,000	-
Prudential Fund Management	150,000	20.00	-	-
			522,434	492,434
Quoted				
National Fibres Limited	17,119,476	20.19	-	-
First Credit and Investment Group Limited	20,000,000	30.77	259,194	255,106
Taha Spinning Mills Limited	833,800	20.59	2,501	2,501
Land Mark Spining Mills Limited	3,970,960	32.75	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
First National Bank Modaraba	7,500,000	30.00	93,651	82,432
			662,651	647,344
			1,185,085	1,139,778
Less: Provision for diminution in value of investments		Note 9.12.1	(402,240)	(402,240)
			782,845	737,538

- 9.7.1** Aggregate value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs.577.441 million (2008: Rs. 354.489 million). Due to low trade volumes of securities, management considers that there is no active market for these quoted investments, except for First Credit and Investment Bank Limited and First National Bank Modaraba, and therefore provision for impairment has been made against the same.
- 9.7.2** Associates with zero carrying amount, represent the investments acquired from former NDFC which have negative equity or whose operations were closed at the time of amalgamation.
- 9.7.3** The details of break-up value based on latest available financial statements of un-quoted investments in associates are as follows:

	Year ended	Break-up value of bank's Rs. In '000'
Pakistan Emerging Venture Limited	June 30, 2008	1,906
Information System Associates Limited	June 30, 2008	24,219
Pakistan Insulation Limited	June 30, 2001	2,630
Mehran Industries Limited	June 30, 2001	5,681
Tharparkar Sugar Mills Limited	Sept 30, 2001	(83,140)
Khushhali Bank Limited	Dec. 31, 2008	441
Prudential Fund Management	June 30, 2007	(2,482)
Dadabhoj Energy Supply Company Limited	June 30, 2007	103,952
National Commodity Exchange Limited	June 30, 2009	(136,274)

- 9.7.4** During 2007, the Government of Pakistan, Finance Division (Investment Wing) vide their letter no. 4(3) Inv-I/2006 dated June 5, 2007 has advised the Group to divest its shareholding in Khushali Bank Limited through public announcement. Accordingly, the Group had initiated the process for such sale and has appointed a consultant to identify the prospective buyer and negotiate the strategic sale.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
9.8 Investment in joint ventures			
United National Bank Limited (UNBL)	9.8.1&9.8.4	2,317,250	2,348,412
National Fullerton Asset Management (NAFA)	9.8.2&9.8.4	95,012	102,999
		<u>2,412,262</u>	<u>2,451,411</u>

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

- 9.8.2** NAFA has been set up for the purpose of providing asset management services with a paid-up capital of Rs. 250 million (2008: Rs.250 million) as a joint venture between the bank, NIB Bank Limited and Alexandra Fund Management PTE Limited. The bank has 27% (2008: 27%) holding as at December 31, 2009.

The bank is in the process of acquiring holding of NIB Bank Limited in NAFA and subsequent to year end, share purchase agreement has been signed with NIB Bank Limited which will increase bank's post acquisition holding from current holding of 27% to 53%. Further, the bank is in process of obtaining regulatory approvals in this regards.

- 9.8.3** Investments of the Group in associated companies, First Credit and Investment Bank Limited (FCIBL), First National Bank Modaraba (FNBM) and Joint Venture companies, United National Bank Limited and National Fullerton Asset Management Limited have been accounted for under equity method of accounting as at December 31, 2009 in accordance with the treatment specified in International Accounting Standard 28 "Investments in Associates" and International Accounting Standard 31 "Interests in Joint Ventures" respectively.

9.8.4 Movement Schedule for Associate and Joint Ventures

	2009				2008			
	Associate		Joint Venture		Associate		Joint Venture	
	FCIBL	FNBM	NAFA	UNBL	FCIBL	FNBM	NAFA	UNBL
	Rupees in '000'							
Opening Balance	255,106	82,432	102,999	2,348,412	250,964	90,377	80,327	2,120,341
Addition	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	(26,048)	-	-	-	-
Share of Profit / (Loss) for the year	4,088	1,150	(7,987)	(33,728)	4,142	2,148	22,672	105,861
Exchange Translation Reserve - net of Tax	-	-	-	275,481	-	-	-	(222,060)
Surplus (Deficit) on Revaluation of Properties / Securities	-	10,069	-	(246,867)	-	(10,093)	-	344,270
Closing Balance	<u>259,194</u>	<u>93,651</u>	<u>95,012</u>	<u>2,317,250</u>	<u>255,106</u>	<u>82,432</u>	<u>102,999</u>	<u>2,348,412</u>

9.9 Investments in subsidiaries

	Percentage holding	2009 Rupees in '000'	2008 Rupees in '000'
National Agriculture Limited	100.00	2,000	2,000
Cast-N-Link Products Limited	76.51	1,245	1,245
		<u>3,245</u>	<u>3,245</u>
Less: Provision for diminution in value of investments		<u>(3,245)</u>	<u>(3,245)</u>
		<u>-</u>	<u>-</u>

Note	2009 Rupees in '000'	2008 Rupees in '000'
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9.10 Particulars of provision for diminution in value of investments

Opening balance	1,542,273	1,173,593
Charge for the year	872,241	394,409
Reversals	(220,959)	(22,680)
	651,282	371,729
Amount written off	(6,368)	(3,049)
Closing Balance	<u>2,187,187</u>	<u>1,542,273</u>

9.10.1 Particulars of provision in respect of type and segment

Available-for-sale securities

Ordinary shares of listed companies and mutual funds	957,755	394,409
Ordinary shares of unlisted companies	115,514	115,514
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	3,987	-

Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	704,446	626,865
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Investment in Associates	9.7	402,240	402,240
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Investment in Subsidiaries	9.9	<u>3,245</u>	<u>3,245</u>
		<u>2,187,187</u>	<u>1,542,273</u>

9.11 Unrealized loss on revaluation of investments classified as Held-for-trading

Ordinary shares of listed companies	430	(4,085)
Market Treasury Bills	1,648	-
Pakistan Investment Bonds	277	-
Ijarah Sukuk Bonds	-	5,792
	<u>2,355</u>	<u>1,707</u>

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

9.13 Provision for diminution (impairment loss) in value of available-for-sale listed equity shares and mutual fund units

Due to unprecedented decline in equity security prices and prevalent financial crisis in previous year, the SBP vide its BSD Circular No. 4 dated February 13, 2009 had allowed that the impairment loss, if any, recognized as on December 31, 2008 due to valuation of listed equity investments held as 'available-for-sale' to quoted market prices, may be shown under the equity and to be transferred to profit and loss account on quarterly basis during the financial year 2009.

These consolidated financial statements were authorized for issue on March 4, 2010 by the Board of Directors of the bank.

In light of the above circular, the impairment loss on equity securities classified as available-for-sale aggregating to Rs. 2,028 million (net of tax Rs. 1,782 million) as on December 31, 2008 had not been recognized as impairment in the profit and loss account for that year in accordance with the option provided by SBP through the aforementioned circular. Had that loss been recognized as impairment in the profit and loss account, the profit before tax and after tax for the year ended December 31, 2008 would have been reduced by the said amounts and earnings per share would have been reduced by Rs. 1.88 per share.

In the current year, the bank recorded total impairment loss of Rs. 550 million after making quarterly adjustments. Therefore, the bank did not retain any impairment loss in equity as on December 31, 2009.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
10. ADVANCES - net			
Loans, cash credits, running finances, etc.			
In Pakistan		468,860,532	389,450,214
Outside Pakistan		39,050,979	45,292,545
		<u>507,911,511</u>	<u>434,742,759</u>
Net investment in finance lease			
In Pakistan	10.2	365,210	467,392
Outside Pakistan		-	-
		<u>365,210</u>	<u>467,392</u>
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		2,854,682	2,973,812
Payable outside Pakistan		19,911,141	19,518,940
		<u>22,765,823</u>	<u>22,492,752</u>
Margin Financing			
Advances - gross	10.1	531,103,507	457,958,356
Less: Provision for non-performing advances	10.4	55,765,068	44,881,966
Advances - net of provision		<u>475,338,439</u>	<u>413,076,390</u>

10.1 Particulars of advances - gross

10.1.1 In local currency	472,523,181	384,870,383
In foreign currencies	58,580,326	73,087,973
	<u>531,103,507</u>	<u>457,958,356</u>
10.1.2 Short term (for upto one year)	366,570,838	334,777,881
Long term (for over one year)	164,532,669	123,180,475
	<u>531,103,507</u>	<u>457,958,356</u>

10.2 Net investment in finance lease

	2009				2008			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	205,038	118,885	-	323,923	332,927	96,424	-	429,351
Residual value	54,573	41,275	-	95,848	-	112,502	-	112,502
Minimum lease payments	259,611	160,160	-	419,771	332,927	208,926	-	541,853
Financial charges for future periods	45,437	9,125	-	54,562	34,746	39,715	-	74,461
	<u>214,174</u>	<u>151,035</u>	-	<u>365,209</u>	<u>298,181</u>	<u>169,211</u>	-	<u>467,392</u>

The leases executed are for a term of 3 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Group requires the lessees to insure the leased assets in favour of the Group and maintained financial ratios, as required under the SECP Prudential Regulations for Non-Banking Finance Companies. Additional surcharge is charged on delayed rentals. The fixed return implicit in these ranges from 10.75% to 18% and KIBOR + 2% (2006: 10.75% to 18% and KIBOR + 2%) per annum.

10.3 Advances include Rs.71,174 million (2008: Rs.56,503 million) which have been placed under non-performing status as detailed below:-

	2009								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000' -----								
Category of Classification									
Other Assets Especially Mention	748,091	-	748,091	-	-	-	-	-	-
Substandard	6,868,363	2,639	6,871,002	1,497,832	660	1,498,492	1,497,832	660	1,498,492
Doubtful	6,595,335	648,234	7,243,569	2,870,299	324,117	3,194,416	2,870,299	324,117	3,194,416
Loss	55,013,578	1,297,794	56,311,372	48,433,404	623,842	49,057,246	48,433,404	623,842	49,057,246
	69,225,367	1,948,667	71,174,034	52,801,535	948,619	53,750,154	52,801,535	948,619	53,750,154

	2008								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000' -----								
Category of Classification									
Other Assets Especially Mention	667,170	-	667,170	-	-	-	-	-	-
Substandard	6,149,457	59,853	6,209,310	1,545,067	14,963	1,560,030	1,545,067	14,963	1,560,030
Doubtful	9,760,535	28,682	9,789,217	4,811,887	14,341	4,826,228	4,811,887	14,341	4,826,228
Loss	39,103,789	733,097	39,836,886	36,262,001	122,490	36,384,491	36,262,001	122,490	36,384,491
	55,680,951	821,632	56,502,583	42,618,955	151,794	42,770,749	42,618,955	151,794	42,770,749

10.4 Particulars of provision against non-performing advances:

Note	2009						2008					
	Specific		General		Total		Specific		General		Total	
	----- Rupees in '000' -----											
Opening balance	42,770,749	2,111,217	44,881,966	32,351,815	2,061,287	34,413,102						
Exchange adjustments	8,975	25,092	34,067	20,507	65,613	86,120						
Charge for the year	15,127,706	8,940	15,136,646	12,999,585	85,425	13,085,010						
Reversal during the year	(3,857,538)	(130,335)	(3,987,873)	(2,373,121)	(77,522)	(2,450,643)						
	11,270,168	(121,395)	11,148,773	10,626,464	7,903	10,634,367						
Amounts written off	(299,738)	-	(299,738)	(590,858)	(23,586)	(614,444)						
Other movements	-	-	-	362,821	-	362,821						
Closing balance	53,750,154	2,014,914	55,765,068	42,770,749	2,111,217	44,881,966						

10.4.1 Particulars of provision against non-performing advances:

	2009						2008					
	Specific		General		Total		Specific		General		Total	
	----- Rupees in '000' -----											
In local currency	52,801,535	1,587,413	54,388,948	42,618,955	1,717,748	44,336,703						
In foreign currencies	948,619	427,501	1,376,120	151,794	393,469	545,263						
	53,750,154	2,014,914	55,765,068	42,770,749	2,111,217	44,881,966						

10.5 During the year, the SBP vide its BSD Circular No.10 dated October 20, 2009 has amended Prudential Regulations in respect of provisioning against non-performing advances. The revised regulations that are effective from September 30, 2009 has increased the percentage of benefit of Forced Sale Value (FSV) from 30% to 40% for mortgaged residential and commercial properties held as collateral against advances by the bank and aforesaid regulation also allowed the benefit of FSV in respect of mortgaged industrial properties (land and building only). FSV benefit shall be considered in determining provisioning against non-performing advances classified during the last three years.

The aforesaid changes in the computation of provisioning has resulted in reduction of provision against non-performing advances by Rs. 2,068 million and a consequent increase in profit after tax by Rs. 1,344 million.

During the year, total FSV benefit availed by the bank resulted in increase in after tax profit of Rs. 2,700 million (2008: Rs. 315 million). Accordingly, as of December 31, 2009, the accumulated increase in profit after tax of Rs. 2,596 million (2008: Rs. 315 million) shall not available for payment of cash or stock dividend as required by aforementioned SBP directives.

	Note	2009 Rupees in '000	2008 Rupees in '000
10.5 Particulars of write offs:			
10.5.1 Against provisions Directly charged to profit and loss account	10.4	299,738	614,444
		-	-
		<u>299,738</u>	<u>614,444</u>
10.5.2 Write offs of Rs. 500,000 and above Write offs of below Rs. 500,000	10.6	297,597	584,160
		2,141	30,284
		<u>299,738</u>	<u>614,444</u>

10.6 Details of loan write off 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, 2009 is given in Annexure-II.

	Note	2009 Rupees in '000	2008 Rupees in '000
10.7 Particulars of loans and advances to directors, associated companies, etc. :			
Debts due by directors, executives or officers & staff of the bank or any of them either severally or jointly with any other persons			
Balance at beginning of year		17,148,248	14,326,577
Loans granted during the year		6,571,649	6,322,024
Repayments		(4,227,524)	(3,500,353)
Balance at end of year		<u>19,492,373</u>	<u>17,148,248</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 year		-	199,391
Loans granted during the year		-	-
Repayments		-	(199,391)
Balance at end of year		<u>-</u>	<u>-</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of year		1,165,846	1,515,120
Loans granted during the year		-	-
Repayments		219,535	(349,274)
Balance at end of year		<u>1,385,381</u>	<u>1,165,846</u>

11. OPERATING FIXED ASSETS

Capital work-in-progress	11.1	1,477,125	1,019,059
Property and equipment	11.2	23,694,432	23,232,627
Intangible assets	11.3	29,313	20,278
		<u>25,200,870</u>	<u>24,271,964</u>

11.1 Capital work-in-progress

Civil works		869,357	481,881
Equipments		3,088	2,249
Advances to suppliers and contractors		98,787	110,813
License Fee for Core Banking Software		505,893	424,116
		<u>1,477,125</u>	<u>1,019,059</u>

11.2 Property and equipment

	Cost/revalued amount			Accumulated depreciation			Book Value at December 31, 2009	Rate of depreciation	
	At January 1, 2009	Revaluation / * transfer / (adjustments)	Additions/ (deletions)/ (Adjustments)	At December 31, 2009	At January 1, 2009	Charge for the year/ (deletions)			At December 31, 2009
----- Rupees in '000 -----									
Owned									
Land									
- freehold	9,516,046	-	-	9,516,046	-	-	-	9,516,046	Nil
- leasehold	7,200,877	-	3,179	7,297,134	-	-	-	7,297,134	Nil
		122,923 (29,845)							
Buildings on land:									
- freehold	2,446,909	-	57,111	2,442,383	-	124,382	124,382	2,318,001	5% on book value
		(61,637)							
- leasehold	1,929,129	90,195 (122,923) (1,320)	285,204	2,180,285	-	100,338	100,338	2,079,947	5% on book value
Furniture and fixtures	1,476,662	-	221,120 (3,816)	1,693,966	925,675	105,010 (2,437)	1,028,248	665,718	10% to 30% on book value and 20% on straight-line on new furnishing limit to executives.
Computer & peripheral equ	1,621,310	-	200,533	1,821,843	1,270,869	163,864	1,434,733	387,109	33% on cost
Electrical & office equipmer	1,991,453	-	311,658 (15)	2,303,095	1,265,537	189,120 (14) 152	1,454,795	848,300	20% on book value
Vehicles	667,086	-	158,441 (26,709)	798,818	358,153	114,137 (23,511)	448,779	350,040	20% on cost
	26,849,472	90,195 (92,802)	1,237,246 (30,540)	28,053,570	3,820,234	796,852 (25,963) 152	4,591,275	23,462,296	
Assets held under finance lease									
Vehicles	169,377	-	38,379 (3,682)	204,074	102,212	16,094 (2,189)	116,117	87,958	20% on cost
Office equipment	2,469	-	4,890	7,359	1,640	4,965	6,605	754	
Assets held under Ijara									
Machinery	174,016	-	65,961	239,977	38,618	57,935	96,553	143,424	25% to 33% on cost
2009	27,195,334	90,195 (92,802)	1,346,476 (34,222)	28,504,981	3,962,704	875,846 (28,152)	4,810,550	23,694,432	

Property and equipment

	Cost/revalued amount				Accumulated depreciation			Book Value at December 31, 2008	Rate of depreciation	
	At January 1, 2008	Revaluation surplus/ (deficit)	Additions/ (deletions)/ (Adjustments)	At December 31, 2008	At January 1, 2008	Charge for the year/ (deletions)	Revaluation Adjustmnt			At December 31, 2008
----- Rupees in '000 -----										
Owned										
Land										
- freehold	11,055,039	(1,539,343)	350	9,516,046	-	-	-	-	9,516,046	Nil
- leasehold	9,501,737	(2,316,548)	15,688	7,200,877	-	-	-	-	7,200,877	Nil
Buildings on land:										
- freehold	1,830,774	695,070 (101,496)	27,381 (4,820)	2,446,909	-	101,657 (161)	(101,496)	-	2,446,909	5% on book value
- leasehold	1,345,116	499,402 (76,961)	162,290 (718)	1,929,129	-	77,215 (254)	(76,961)	-	1,929,129	5% on book value
Furniture and fixtures	1,310,625	-	170,119 (4,083)	1,476,661	863,299	64,581 (2,205)	-	925,675	550,986	10% to 30% on book value and 20% on straight-line on new furnishing limit to
Computer & peripheral equipments	1,461,473	-	160,420 (584)	1,621,309	1,109,938	161,391 (460)	-	1,270,869	350,440	33% on cost
Electrical & office equipments	1,654,703	-	337,111 (360)	1,991,454	1,115,361	150,325 (147)	-	1,265,539	725,915	20% on book value
Vehicles	497,190	-	218,175 (48,278)	667,087	239,627	157,892 (39,366)	-	358,153	308,934	20% on cost
	28,656,657	(2,661,419) (178,457)	1,091,533 (58,843)	26,849,472	3,328,225	713,061 (42,593)	(178,457)	3,820,236	23,029,236	
Assets held under finance lease										
Vehicles	163,131	-	7,798 (1,552)	169,377	93,318	9,775 (881)	-	102,212	67,165	20% on cost
Office equipment	820	-	1,648	2,468	655	985	-	1,640	827	
Assets held under Ijara										
Machinery	95,358	-	78,658	174,016	1,207	37,411	-	38,618	135,398	25% to 33% on cost
2008	28,915,966	(2,661,419) (178,457)	1,179,638 (60,395)	27,195,333	3,423,405	761,232 (43,474)	(178,457)	3,962,706	23,232,627	

11.3 Intangible assets

	Cost			Accumulated amortisation			Book Value at December 31, 2009	Rate of amortisation
	At January 1, 2009	Additions	At December 31, 2009	At January 1, 2009	Charge for the year	At December 31, 2009		
----- Rupees in '000 -----								
Computer software	26,948	15,049	41,997	19,328	6,014	25,342	16,655	33.33% on cost
Website	1,041	-	1,041	1,041	-	1,041	-	33.33% on cost
Room and Membership Card	12,591	-	12,591	-	-	-	12,591	
Others	2,601	-	2,601	2,534	-	2,534	67	20% on cost
	43,181	15,049	58,230	22,902	6,014	28,917	29,313	

	Cost			Accumulated amortisation			Book Value at December 31, 2008	Rate of amortisation
	At January 1, 2008	Additions	At December 31, 2008	At January 1, 2008	Charge for the year	At December 31, 2008		
----- Rupees in '000 -----								
Computer software	26,086	862	26,948	15,149	4,179	19,328	7,620	33.33% on cost
Website	1,041	-	1,041	1,041	-	1,041	-	33.33% on cost
Room and Membership Card	12,591	-	12,591	-	-	-	12,591	
Others	2,601	-	2,601	2,534	-	2,534	67	20% on cost
	42,319	862	43,181	18,724	4,179	22,902	20,278	

11.4 Revaluation of properties

During the year a revaluation of building and construction of Bishkek branch was carried out to ascertain that assets are carried at no more than their recoverable amount. The revaluation was carried out by LLC The Agency of Services "Burana Asia". This has resulted in surplus of Rs. 90.195 million. Had there been no revaluation, the carrying amount of revalued assets at December 31, 2009 would have been as follows:

	Rupees in '000'
Building on leasehold land	2,623

11.5 The Islamic Banking Branches of the bank have entered into Ijarah transactions with customers during the year. The significant Ijarah transactions have been entered in respect of heavy duty earth moving machinery. The rate of profit is 6 months KIBOR + 1.5% to 2.75% and 3 months KIBOR + 2.5% to 5% (2008: 3 months KIBOR + 3% and 6 months KIBOR + 1.5%).

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

	Rupees in '000'
Not later than one year	80,534
Later than one year but not later than five years	72,552

11.6 Details of disposals of property and equipment

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

Particulars of assets	Original cost	Book value	Sale proceeds	Gain / (loss)	Mode of Disposal	Particulars of Purchaser
	Rupees in '000					
Motor Vehicle	939	355	388	33	As per service rules on retirement	Mrs. Shahida Abbasi EVP
Motor Vehicle	969	517	630	113	As per service rules on retirement	Mr. Tajammul H. Bokhare EX - EVP
Motor Vehicle	1,506	803	376	(427)	As per service rules	Mr. Masood Karim Shaikh EX - SEVP
Motor Vehicle	3,598	-	2,953	2,953	Auction	Pakistan Auction Mart
Motor Vehicle	1,245	-	655	655	Auction	Pakistan Auction Mart
Motor Vehicle	969	419	769	350	As per service rules on retirement	Mr. Riaz Khokar EVP
Motor Vehicle	3,368	1,179	1,179	-	As per service rules on retirement	Mr. Masood Karim Shaikh EX - SEVP
Furniture and Fixtures	680	295	295	-	As per service rules on retirement	Mr. Masood Karim Shaikh EX - SEVP
Other assets (having book value of less than Rs.250,000 and cost of less than Rs.1,000,000)	20,948	2,503	6,753	4,250		
	<u>34,222</u>	<u>6,070</u>	<u>13,997</u>	<u>7,927</u>		

2009
2008
Rupees in '000'

12. DEFERRED TAX ASSETS - net

Deductible temporary differences on :

Provision for diminution in the value of investments	553,506	357,446
Provision against advances	4,720,840	4,093,904
Other provision	281,966	376,111
Charge against defined benefits plans	927,443	666,181
Provision against off-balance sheet obligation	116,622	116,622
	<u>6,600,377</u>	<u>5,610,264</u>

Taxable temporary differences on :

Excess of accounting book value of leased assets over lease liabilities	(7,065)	(5,600)
Difference between accounting book value of fixed assets and tax base	(222,293)	(169,754)
Revaluation of securities	(2,028,859)	(895,673)
Revaluation of fixed assets	(1,276,951)	(1,334,665)
Others	(750)	(1,007)
	<u>(3,535,918)</u>	<u>(2,406,699)</u>

Net deferred tax liabilities

3,064,459 3,203,565

	Note	2009 Rupees in '000'	2008 Rupees in '000'
13. OTHER ASSETS			
Income / mark-up / interest accrued in local currency		14,888,440	12,063,169
Income / mark-up accrued in foreign currencies		870,380	1,638,916
Advances, deposits, advance rent and other prepayments	13.1	15,129,701	2,838,139
Advance taxation (payments less provisions)		8,140,008	13,761,340
Income tax refund receivable	13.5	10,805,291	-
Receivable from GoP	13.2	5,648	283,871
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		497,490	622,857
Branch adjustment account - net		2,308,352	3,194,657
Derivative: Un-realized gain on forward foreign exchange contracts		183,145	2,114,857
Commission receivable		2,755,941	1,821,824
Stationery and stamps on hand		415,733	369,751
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	418,599	417,875
Less: amount charged/provision		(418,599)	(417,875)
		-	-
Receivable from pension fund	34.1.2	3,666,344	4,496,943
Prize bonds on hand		235,239	311,109
Others		2,234,740	3,536,036
		62,655,023	47,572,040
Less: Provision held against other assets			
Income / mark-up accrued in local currency / foreign currencies		327,081	327,081
Advances, deposits, advance rent and other prepayments		800,000	400,000
Stationery and stamps on hand		51,200	51,200
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Others		1,393,144	1,362,952
	13.6	3,089,996	2,659,804
		59,565,027	44,912,236

- 13.1** This includes Rs.13,547 million (2008: Rs.800 million) advance against Pre-IPO placement of Term Finance Certificates.
- 13.2** Upon dissolution of CIRC and take over by the bank with effect from September 22, 2006, the said amount represents receivable from GoP.
- 13.3** This represents amount receivable from Government of Pakistan on account of encashment of various instruments handled by the bank for Government of Pakistan as an agent of SBP.
- 13.4** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from Government of Pakistan. Due to uncertainty about its recoverability, full amount has been provided for.
- 13.5** During the year, various appeal effects from Income Tax Appellate Tribunal (ITAT) pertaining to assessment years 1998–99 to 2002–2003 and tax year 2006 and 2007 were received, which resulted in determined refunds. The Federal Bureau of Revenue (FBR) will issue bonds in lieu of these determined refunds.

	2009 Rupees in '000'	2008 Rupees in '000'
13.6 Provisions against other assets		
Opening balance	2,659,804	1,895,840
Charge for the year	582,771	768,119
Reversals	(152,579)	(4,155)
Closing balance	3,089,996	2,659,804

- 13.6.1** This includes Rs. 800 million (2008: Rs. 400 million) as provision against Pre-IPO of one Term Finance Certificate.

	Note	2009 Rupees in '000'	2008
14. BILLS PAYABLE			
In Pakistan		10,546,471	10,147,427
Outside Pakistan		74,698	71,634
		<u>10,621,169</u>	<u>10,219,061</u>
15. BORROWINGS			
In Pakistan		44,707,396	38,309,981
Outside Pakistan		120,742	1,734,310
	15.1 & 15.2	<u>44,828,138</u>	<u>40,044,291</u>
15.1 Particulars of borrowings with respect to currencies			
In local currency		44,707,396	38,309,981
In foreign currencies		120,742	1,734,310
	15.2	<u>44,828,138</u>	<u>40,044,291</u>
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan			
Under export refinance scheme		7,028,312	4,921,924
Long Term Financing under Export Oriented Project (LTF- EOP)		2,587,196	2,971,599
Under Locally Manufactured Machinery (LMM) scheme		1,436,715	-
Finance to payoff liabilities relating to former MBL		-	188,000
		<u>11,052,223</u>	<u>8,081,523</u>
Repurchase agreement borrowings		<u>24,558,891</u>	<u>23,460,682</u>
		<u>35,611,114</u>	<u>31,542,205</u>
Unsecured			
Call borrowings		9,081,987	8,259,310
Overdrawn nostro accounts		64,237	171,976
Others		70,800	70,800
		<u>9,217,024</u>	<u>8,502,086</u>
		<u>44,828,138</u>	<u>40,044,291</u>

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

- The bank has entered into agreements with 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 SBP. Export refinance loans from SBP are at the rate of 7.0% per annum (2008: 7.5% per annum).
- Call borrowings carry interest ranging from 11.25% to 12.65% per annum (2008: 12% to 16.5% per annum).
- Repurchase agreement borrowings carry mark-up at the rate of 9.25% to 12.1% per annum (2008: 8.75% to 15% per annum).
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2008: 10% per annum).

15.3 Borrowings from State Bank of Pakistan (SBP) under export oriented projects refinance schemes of SBP are secured by bank's cash and security balances held by SBP.

	Note	2009 Rupees in '000'	2008 Rupees in '000'
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		194,851,862	142,315,907
Savings deposits		196,374,087	179,807,686
Current Accounts - Remunerative		74,321,341	50,740,004
Current Accounts - Non-remunerative		169,043,847	143,412,718
		<u>634,591,137</u>	<u>516,276,315</u>
Financial Institutions			
Remunerative deposits		48,399,678	38,438,503
Non-remunerative deposits		43,522,198	70,634,451
		91,921,876	109,072,954
	16.1	<u>726,513,013</u>	<u>625,349,269</u>

16.1 Particulars of deposits

In local currency	574,913,643	470,716,921
In foreign currencies [including deposits of foreign branches of Rs. 116,561 million (2008: Rs. 124,533 million)]		
	151,599,370	154,632,348
	<u>726,513,013</u>	<u>625,349,269</u>

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009			2008		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- Rupees in '000' -----					
Not later than one year	24,624	5,611	19,013	17,796	2,567	15,229
Later than one year and not later than five years	27,306	3,690	23,616	11,335	1,290	10,045
	<u>51,930</u>	<u>9,301</u>	<u>42,629</u>	<u>29,131</u>	<u>3,857</u>	<u>25,274</u>

The Group has entered into lease agreements with various leasing companies for lease of vehicles. Lease rentals are payable in quarterly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 0.9% to KIBOR + 4.00% per annum (2008: 11.59% to 19.65% per annum and KIBOR + 2.25% to KIBOR + 4.00% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

	Note	2009 Rupees in '000'	2008
18. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		11,948,693	8,809,941
Mark-up/ return/ interest payable in foreign currencies		564,017	1,019,751
Unearned commission and income on bills discounted		218,041	133,324
Accrued expenses		2,128,112	1,937,496
Advance payments		7,343	210,883
Unclaimed dividends		33,494	23,494
Derivative :			
Un-realized loss on forward foreign exchange contracts		1,253,135	2,657,506
Un-realized loss on derivative financial instruments		2,260,864	2,065,687
Provision against off-balance sheet obligations	18.1	450,061	429,824
Employment benefits:			
Post retirement medical benefits	34.1.3	3,407,225	2,946,554
Compensated absences	34.2	2,397,308	2,246,752
Benevolent fund	34.1.4	838,123	765,748
Gratuity scheme	34.1.5	123,789	106,270
Staff welfare fund		371,257	424,880
Liabilities relating to:			
Bangladesh (Former East Pakistan)		-	227,089
Barter trade agreements		11,657,389	11,001,952
Special separation packages		78,422	78,422
Payable to GOP for acquisition of assets from CIRC	12.2	232,460	638,772
Others [(including provision of Rs. 246 million (2008: Rs. 246 million) for contingencies)]		<u>4,486,036</u>	<u>4,263,756</u>
		<u><u>42,455,768</u></u>	<u><u>39,988,101</u></u>

18.1 Provision against off balance sheet obligations

Opening balance	429,824	425,824
Charge for the year	20,237	4,000
Closing balance	<u>450,061</u>	<u>429,824</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 Capital

2008	2009		2009	2008
Number of shares			Rupees in '000'	
<u>1,000,000,000</u>	<u>2,500,000,000</u>	Ordinary shares of Rs.10 each	<u>25,000,000</u>	<u>10,000,000</u>

19.2 Issued, subscribed and paid up capital

2008	2009		2009	2008
Number			Rupees in '000'	
140,388,000	140,388,000	Ordinary shares of Rs.10 each		
756,587,100	935,982,200	Fully paid in cash	1,403,880	1,403,880
896,975,100	1,076,370,200	Issued as fully paid bonus shares	9,359,822	7,565,871
			10,763,702	8,969,751

The Federal Government and the SBP held about 75.6% (2008: 75.6%) shares of the bank as at year ended December 31, 2009.

	Note	2009	2008
		Rupees in '000'	
20. SURPLUS ON REVALUATION OF ASSETS - net			
Available-for-sale securities	20.1	7,438,463	3,647,140
Fixed assets	20.2	17,387,804	17,677,429
		24,826,267	21,324,569

20.1 Surplus on revaluation of available-for-sale securities - net of tax

Federal Government Securities		(106,461)	(872,274)
Term Finance Certificates		(763,248)	(84,886)
Quoted Shares and mutual fund's		1,740,074	(491,588)
Overseas GoP Bonds		556,772	(679,108)
NIT Units		616,024	2,386,570
NIT Market Opportunity Fund		360,573	(796,196)
Bank Al-Jazira		7,063,613	5,090,388
		9,467,347	4,552,906
Deferred tax liability recognised	12	(2,028,859)	(895,673)
Share of revaluation loss on securities of associates		(25)	(10,093)
		7,438,463	3,647,140

20.2 Movement in surplus on revaluation of properties

Surplus on revaluation on January 1,		18,667,824	21,529,945
Net surplus on revaluation of bank's properties during the year		90,195	(2,661,419)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year -net of deferred tax		(123,934)	(130,456)
Related deferred tax liability		(66,733)	(70,246)
		(190,667)	(200,702)
		18,567,352	18,667,824
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,334,665	986,846
Revaluation of bank's properties during the year		9,019	418,065
Incremental depreciation charged during the year transferred to profit and loss account		(66,733)	(70,246)
	12	1,276,951	1,334,665
Share of surplus on revaluation of properties of joint venture		97,403	344,270
Surplus on revaluation of fixed assets on December 31,		17,387,804	17,677,429

	2009	2008
	Rupees in '000'	
21. CONTINGENCIES AND COMMITMENTS		
21.1 Direct credit substitutes		
Includes general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities in favor of:		
- Government	17,443,452	15,444,979
- Financial institutions	4,469,377	5,873,517
- Others	11,214,383	11,762,514
	<u>33,127,212</u>	<u>33,081,010</u>
21.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions in favour of:		
- Government	18,524,777	18,660,550
- Financial institutions	4,232,783	5,060
- Others	9,237,363	7,904,339
	<u>31,994,923</u>	<u>26,569,949</u>
21.3 Trade-related contingent liabilities		
Letters of credit Issued in favour of		
- Government	126,151,618	133,467,937
- Financial institutions	161,208	1,007,327
- Others	38,736,236	36,292,676
	<u>165,049,062</u>	<u>170,767,940</u>
21.4 Other Contingencies		
SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 175 million (2008: Rs.172 million) and claims relating to former MBL amounting to Rs.965 million (2008: Rs.965 million)].	<u>6,561,411</u>	<u>11,442,569</u>
21.4.1 Taxation		
The income tax returns of the bank for global operations and for Azad Jammu Kashmir have been filed under section 120 and amended by the Taxation Officer under section 122(5A) of the Income Tax Ordinance, 2001 upto the tax year 2009 (accounting year ended December 31, 2008).		
During the year, the bank received various appellate decisions from the Income Tax Appellate Tribunal (ITAT) from assessment year 1998-99 through assessment year 2002-2003, in which substantial reliefs were allowed including matters related to interest credited to suspense account. Also appeal effects of such decisions have been obtained from the tax department giving rise to aggregate tax refund of Rs. 10,800 million.		
The management has also taken effects of the decisions by bringing the tax provision created in the books of account as at December 31, 2008, equal to the tax demands determined in rectified orders upto the tax year 2009, except on four matters under appeal where management is confident that the appellate decisions will provide necessary relief to the bank. These matters are interest credited to suspense account, allocation of common expenditure between taxable and exempt / low tax rate, disallowance for bad debts on the basis of State Bank of Pakistan certificates and disallowance of loss on Barter Trader Balances.		

The aggregate effect of aforementioned contingencies amounts to Rs. 7,368 million (2008: Rs. 14,024 million). No provision has been made against the aforementioned four matters based on the opinion of tax consultants of the bank who expect favourable outcome from the appellate forums where appeals are pending adjudication.

21.4.2 Provident Fund

In 1977, in accordance with the GoP policy, the bank's employees' benefits were changed from the Contributory Provident Fund to an enhanced Pension Scheme and an option was given to the employees either to opt for the new scheme or retain the existing benefits. Almost all employees opted for the new scheme. The bank considered that in accordance with the policy decision of the Banking Council and Finance Division of GoP, the balance of bank's contribution lying in the members' account in the Provident Fund upto that date should have been transferred to the Pension Fund to partially cover the additional cost of the enhanced benefits.

Subsequently, three employees filed a writ petition in the year 1980 before Single Bench of Lahore High Court claiming the balance lying in their Provident Fund Account. This petition was dismissed by the Single Bench in July, 1982. Against this petition of the Single Bench, the aggrieved employees filed Inter Court Appeal before the High Court which was heard by a Division Bench of the Lahore High Court on a number of dates, extending over 16 years. Appeal against the Order of Single Bench was finally dismissed by the division bench vide Order dated July 31, 1998. One employee filed an appeal in the Supreme Court against the judgment of the Lahore High Court. In 2003, appeal was finally decided by the Supreme Court of Pakistan against the bank. The Supreme Court directed the bank that the employees shall be paid contribution made by the bank together with the interest upto the date of payment. The bank in accordance with the legal interpretation obtained, commenced settlement of dues of eligible employees who had joined service of the bank prior to 1977. Bank's review petition against this judgment of Supreme Court was dismissed.

For the purpose of settlement, interest was calculated in accordance with Rule 12 of the Provident Fund Rules at average redemption yield of Central Government Rupee Loans of twenty years maturity or thereabout and such interest was calculated in accordance with Rule 19, i.e. to ex-employees upto the date of retirement or death and upto the date of payment in case of serving employees.

Some Ex-Employees not being satisfied with the payment filed contempt petition against the bank in 2004. The petitioners claimed that the amount being paid to them against bank's contribution is far less than that due to them. The bank filed a reply and submitted before the Honourable Court that the payment being made is in accordance with the bank's Provident Fund Rules.

A review petition has been filed by the petitioners against the judgment of Honourable Supreme Court of Pakistan dated May 04, 2009, which has not been admitted so far.

The difference / excess interest amount lying in Provident Fund ledger has been adjusted in bank's books of accounts.

21.4.4 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 NBP to handle the related transactions on behalf of GoP. Accordingly, NBP 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 NBP by the GoP could not be utilized due to non-finalization of repayment arrangements 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 NBP. Since these balances are maintained in current accounts and there is also no clause for payment of any interest in the relevant banking arrangement, therefore the bank strongly refused such claims.

21.4.5 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 taken uptill the cut-off date of August 10, 1997. Such employees filed suit against the bank in various courts including Federal Services Tribunal and the High Court for enhancement/recalculation of their dues.

In some cases, High Court decided against the bank, ignoring the disclaimer signed by such optees not to claim any more benefits than what the bank had worked out. 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 excess amount than what they had received.

In spite of this Lahore and Sindh High Courts, in many cases, decided against the bank, and directed it, to pay additional benefits by calculating upto the actual date of the optees released from the service. In response the bank filed petitions against both Lahore and Sindh High Courts, for leave to appeal, which has been granted to the bank for reexamining the issue afresh.

The previous order of the Supreme Court as mentioned above is conclusive. However, in case a larger bench reverses the earlier decision, the benefits claimed can be payable only to the plaintiffs. No provision has been made in the accounts as the Supreme Court has upheld the bank's view.

	2009	2008
	Rupees in '000'	
21.5 Commitments in respect of forward exchange contracts		
Purchase	87,829,307	69,361,297
Sale	38,568,464	55,563,737
21.6 Commitments in respect of trading of government securities		
Sale	5,000,000	5,200,000
Purchase	-	5,200,000
21.7 Commitments for the acquisition of operating fixed assets	1,537,996	490,396
21.8 Other commitments		
- Cross currency swaps	6,914,649	8,082,780
21.9 Commitments for purchase of NIT Market Opportunity Fund units	-	200,000
21.10 Commitments for Investment in NIT Enterprise Fund	-	7,000,000

22. DERIVATIVE INSTRUMENTS

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

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

Accounting policies in respect of derivative financial instruments are mentioned in note 5.7.

22.2 Product Analysis

Counterparties	2009							
	Interest Rate Swaps		Cross Currency Swaps		Forward Rate Agreements		FX Options	
	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)
With other entities for Hedging	-	-	-	-	-	-	-	-
Market Making	-	-	10	6,914,649	-	-	-	-
	-	-	10	6,914,649	-	-	-	-

Counterparties	2008							
	Interest Rate Swaps		Cross Currency Swaps		Forward Rate Agreements		FX Options	
	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)
With other entities for Hedging	-	-	-	-	-	-	-	-
Market Making	-	-	10	8,082,780	-	-	-	-
	-	-	10	8,082,780	-	-	-	-

22.3 Maturity Analysis

Cross Currency Swaps

Remaining Maturity	2009				
	----- Rupees in '000 -----				
	No. of Contracts	Notional Principal	Mark to Market		
3 to 5 Years	10	6,914,649	Negative 8,786,137	Positive 6,525,273	Net (2,260,864)

Remaining Maturity	2008				
	----- Rupees in '000 -----				
	No. of Contracts	Notional Principal	Mark to Market		
3 to 5 Years	2	1,475,890	Negative 5,085,538	Positive 3,976,549	Net (1,108,989)
5 to 10 years	8	6,606,890	Negative 5,057,839	Positive 4,101,141	Net (956,698)

2009 2008
Rupees in '000'

23. MARK-UP / RETURN / INTEREST EARNED

On Loans and advances to:		
Customers	53,426,190	42,386,209
financial institutions	1,252,607	726,789
	54,678,797	43,112,998
On Investments in:		
Held for trading securities	2,578,487	1,306,934
Available-for-sale securities	16,346,889	9,795,484
Held to maturity securities	957,938	2,325,658
	19,883,314	13,428,076
On Deposits with financial institutions	1,739,502	2,955,971
On securities purchased under resale agreements	1,823,183	1,532,721
On Interest rates SWAPS	-	122,052
	78,124,796	61,151,818

	Note	2009 Rupees in '000'	2008
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		36,415,573	22,478,370
Securities sold under repurchase agreements		1,817,889	766,533
Other short term borrowings		1,214,829	520,691
Long-term borrowings		-	12,710
Interest rates SWAPS		-	99,500
		<u>39,448,291</u>	<u>23,877,804</u>
25. GAIN ON SALE OF SECURITIES - net			
Federal Government Securities			
Market Treasury Bills		236,871	41,987
Pakistan Investment Bonds		25,139	(32,861)
		262,010	9,126
Gain on Redemption of NIT Units	9.5.1	3,875,689	-
Shares - Listed		271,194	383,527
Gain on Sale of Foreign Government Securities		184,148	
Term Finance Certificates - Unlisted / Ijara Sukkuk		-	4,465
		<u>4,593,041</u>	<u>397,118</u>
26. OTHER INCOME			
Rent on property		40,048	24,467
Net profit on sale of property and equipment	11.6	7,926	7,960
Others	26.1	504,976	1,223,476
		<u>552,950</u>	<u>1,255,903</u>
26.1 This includes Rs. Nil (2008: Rs. 988 million) for compensation of delayed refunds determined under Section 121 of Income Tax Ordinance 2001.			
27. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		13,299,352	11,393,654
Charge for defined benefit plan	27.3	2,400,444	1,018,791
Non-executive directors' fees, allowances and other expenses	35	17,994	9,131
Rent, taxes, insurance, electricity, etc.		1,297,121	1,033,976
Legal and professional charges		245,669	210,659
Communications		401,866	473,349
Repairs and maintenance		330,293	261,839
Finance charges on leased assets		10,496	10,751
Stationery and printing		828,410	581,582
Advertisement and publicity		239,138	171,573
Donations	27.1	102,950	33,449
Auditors' remuneration	27.2	98,954	73,455
Depreciation	11.2	875,846	761,231
Amortisation	11.4	6,014	4,179
Conveyance		109,879	115,198
Entertainment		41,040	35,756
Travelling		251,908	232,537
Security services		912,702	752,133
Outsourcing		141,121	284,337
Others		1,205,467	905,763
		<u>22,816,665</u>	<u>18,363,344</u>

27.3 This includes Rs 1,416 million (2008: Nil) additional charge for pension fund due to revision in pension factor.

	2009	2008
	Rupees in '000'	
27.1 Donations include following amounts exceeding Rs. 0.1 million.		
Quaid-e-Azam Academy	250	-
Poor Patients Aid Society – Civil Hospital	100	-
Institute of Business Administration	50,000	-
Armed forces Institute of Cardiology, NIHD	500	-
Marie Adelaide Leprosy Centre	2,000	-
Agha Khan Hospital & Medical College Foundation	100	-
Chief Minister (NWFP) Fund for Internally Displaced Persons	10,000	-
Prime Minister Fund for Internally Displaced Persons	40,000	-
Ali Hassan Mangi Memorial Trust		450
Establishment of Central Library at NAB Headquarter Islamabad	-	1,000
Fund Raising Campaign for Earthquake victims of Peoples Republic of China	-	1,000
Chief Minister (N.W.F.P.) Flood Relief Fund	-	7,000
Balochistan Chief Minister Earthquake Relief Fund	-	10,000
Home Department, Government of Sindh Police	-	13,990
	<u>102,950</u>	<u>33,440</u>

None of the directors / executives or their spouses have any interest in the donee, except Mr. Tariq Kirmani who is the member Board of Governor in Marie Adelaide Leprosy Centre.

27.2 Auditors' remuneration

	M. Yousaf Adil Saleem & Co.	Anjum Asim Shahid Rahman	2009 Total	2008 Total
Audit fee - Annual	5,660	5,660	11,320	5,708
- Interim	1,980	1,980	3,960	3,168
Fee for audit of domestic branches	4,600	4,600	9,200	7,980
Fee for taxation, special certifications and sundry advisory services	6,313	15,657	21,970	4,720
Fee for audit of overseas branches including advisory services and out-of-pocket expenses			47,411	47,783
Fee for audit of subsidiaries	815	278	1,093	1,096
Fee for audit of pension and other funds			-	-
Out-of-pocket expenses	2,000	2,000	4,000	3,000
	<u>21,368</u>	<u>30,175</u>	<u>98,954</u>	<u>73,455</u>

	Note	2009 Rupees in '000'	2008 Rupees in '000'
28. OTHER CHARGES			
Penalties imposed by SBP		321,647	562,535
Others		-	20,826
		<u>321,647</u>	<u>583,361</u>
29. TAXATION			
For the year			
Current	29.1	9,261,621	11,797,821
Deferred		(1,024,513)	(4,230,776)
	29.2	8,237,108	7,567,045
For prior years			
Current		(4,137,307)	(1,813)
Deferred		-	-
		<u>(4,137,307)</u>	<u>(1,813)</u>
		<u>4,099,801</u>	<u>7,565,232</u>

29.1 Current taxation includes Rs. 611 million (2008: Rs. 612 million) of overseas branches.

	2009	2008
	Rupees in '000'	
29.2 Relationship between tax expense and accounting profit		
Accounting profit before tax	22,198,843	23,249,288
Income tax at statutory rate @ 35% (2008: 35%)	7,769,595	8,137,251
Increase / (decrease) in taxes resulting from:		
Inadmissible differences	1,208,869	171,151
Income taxed at reduced rate	(826,357)	(826,357)
Income exempt from tax	-	-
Overseas taxation	85,000	85,000
Tax charge for current year	8,237,108	7,567,045

30. BASIC EARNINGS PER SHARE

Profit attributable to shareholders of the bank	Rupees in '000'	18,100,811	15,681,084
Weighted average number of ordinary shares	Numbers '000'	1,076,370	1,076,370
Basic earnings per share	Rupees	16.82	14.57

30.1 Earnings per share for the year 2008 has been restated for the effect of bonus shares issued during the year.

31. DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are same.

	2009	2008
	Rupees in '000'	
32. CASH AND CASH EQUIVALENTS		
Cash and Balance with Treasury Banks	116,668,514	106,778,346
Balance with other banks	28,786,397	39,490,729
Overdrawn nostros	(64,237)	(171,976)
	145,390,674	146,097,099

	2009	2008
	Number	
33. STAFF STRENGTH		
Permanent	14,796	15,219
Temporary/on contractual basis	1,452	796
Total Staff Strength	16,248	16,015

33.1 In addition to the above, the bank is utilizing the services of other companies for outsourcing purposes and the number of persons deployed by such companies as at year end are 6,406 (2008: 6,010).

34. DEFINED BENEFIT PLANS

34.1. General description

General description of the type of defined benefit plan and accounting policy for recognising actuarial gains and losses is disclosed in note 5.12 to the financial statements.

Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2009 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2009	2008
	Rupees in '000'	
Salary increase	14% per annum	14% per annum
Discount rate	14% per annum	14% per annum
Expected rate of return on plan assets	14% per annum	14% per annum
Pension indexation rate	10% per annum	10% per annum
Rate of inflation in the cost of medical benefits	10% per annum	10% per annum
Exposure Inflation Rate	3% per annum	3% per annum
Number of employees covered under retirement benefit plan	14,565	14,344

34.1.2 Reconciliation of (recoverable from) pension fund

Present value of defined benefit obligations	19,523,049	15,011,555
Fair value of any plan assets	(19,781,585)	(17,738,993)
Net actuarial gains or losses not recognized	(2,625,022)	(1,587,558)
Past Service Cost - Non Vested	(782,786)	(181,948)
	<u>(3,666,344)</u>	<u>(4,496,944)</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.

Movement in (recoverable from) pension fund

Opening net assets	(4,496,943)	(3,676,345)
Charge for the year	1,462,139	(157,789)
Contribution to the fund made during the year:	(631,540)	(662,809)
Closing balance	<u>(3,666,344)</u>	<u>(4,496,943)</u>

Charge for pension fund

Current service cost	412,018	342,649
Interest cost	2,101,618	1,270,405
Expected return on plan assets	(2,483,459)	(1,950,339)
Actuarial (gains) / losses recognized	-	(106,605)
Past Service Cost -Vested	15,162	286,101
	<u>45,339</u>	<u>(157,789)</u>

Actual return on plan assets

	<u>2,295,198</u>	<u>1,870,261</u>
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34.1.2.1 Reconciliation of (recoverable from) pension fund for the five years are as follows:

	2009	2008	2007	2006	2005
	----- Rupees in '000 -----				
Present value of defined benefit obligations	19,523,049	15,011,555	12,704,049	12,069,249	10,085,072
Fair value of plan assets	(19,781,585)	(17,738,993)	(19,503,391)	(17,333,982)	(13,615,308)
Net actuarial gains not recognized	(2,625,022)	(1,587,558)	3,122,997	2,312,800	1,006,568
Past Service Cost - Non Vested	(782,786)	(181,948)	-	-	-
	<u>(3,666,344)</u>	<u>(4,496,944)</u>	<u>(3,676,345)</u>	<u>(2,951,933)</u>	<u>(2,523,668)</u>

34.1.3 Reconciliation of payable to medical benefit plan

	Note	2009	2008
		Rupees in '000'	
Present value of defined benefit obligations		3,432,771	2,909,308
Fair value of plan assets		-	-
Net actuarial (gains)/ losses not recognized		(25,546)	37,246
	18	<u>3,407,225</u>	<u>2,946,554</u>

Movement in liability recognized

Opening net assets	2,946,554	2,582,476
Charge for the year	522,657	380,084
Benefits paid	(61,986)	(16,006)
	<u>3,407,225</u>	<u>2,946,554</u>

Charge for medical benefit plan

Current service cost	115,354	107,421
Interest cost	407,303	272,662
	<u>522,657</u>	<u>380,083</u>

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

	2009	2008	2007	2006	2005
	----- Rupees in '000 -----				
Present value of defined benefit obligations	3,432,771	2,909,308	2,726,617	2,595,291	2,303,706
Net actuarial (losses) / gains not recognized	(25,546)	37,246	(144,141)	(318,705)	(301,957)
	<u>3,407,225</u>	<u>2,946,554</u>	<u>2,582,476</u>	<u>2,276,586</u>	<u>2,001,749</u>

Effect of 1% movement in assumed medical cost trend rate

	2009		2008	
	Increase	Decrease	Increase	Decrease
	----- Rupees in '000 -----			
Impact on obligations	371,037	(270,479)	111,540	(86,842)
Impact on cost	120,367	(9,830)	22,685	(17,403)

	Note	2009	2008
		Rupees in '000'	
34.1.4 Movement in net liability recognized for benevolent fund			
Opening net liability		765,748	759,957
Charge for the year		114,022	53,256
Benefits paid		(41,647)	(47,465)
	18	<u>838,123</u>	<u>765,748</u>
Charge for benevolent fund			
Current service cost		13,317	18,592
Interest cost		107,205	75,996
Actuarial gains recognized		(6,500)	(41,332)
		<u>114,022</u>	<u>53,256</u>

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

	2009	2008	2007	2006	2005
	----- Rupees in '000' -----				
Opening net liability	765,748	759,957	802,937	729,725	733,572
Net charge for the year	114,022	53,256	22,756	129,185	56,242
Benefits paid	(41,647)	(47,465)	(65,736)	(55,973)	(60,089)
	<u>838,123</u>	<u>765,748</u>	<u>759,957</u>	<u>802,937</u>	<u>729,725</u>

	Note	2009	2008
		Rupees in '000'	
34.1.5 Reconciliation of payable to gratuity benefit plan			
Present value of defined benefit obligations		136,211	116,216
Net actuarial losses not recognized		(12,422)	(9,946)
	18	<u>123,789</u>	<u>106,270</u>
Movement in net liability recognized			
Opening liability		106,270	66,708
Charge for the year		41,419	42,424
Benefits paid		(23,900)	(2,862)
		<u>123,789</u>	<u>106,270</u>
Charge for gratuity benefit plan			
Current service cost		25,149	23,133
Interest cost		16,270	8,210
Past service cost to be recognized		-	11,081
		<u>41,419</u>	<u>42,424</u>

34.2 Other employee benefits

34.2.1 Movement in net liability recognized for compensated absences

Opening net liability		2,246,752	1,662,930
Charge for the year		255,887	696,627
Benefits paid during the year		(105,331)	(112,805)
	18	<u>2,397,308</u>	<u>2,246,752</u>

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

	2009	2008	2007	2006	2005
	----- Rupees in '000' -----				
Opening net liability	2,246,752	1,662,930	1,639,708	1,521,326	1,219,566
Net charge for the year	150,556	583,822	23,222	118,382	301,760
	<u>2,397,308</u>	<u>2,246,752</u>	<u>1,662,930</u>	<u>1,639,708</u>	<u>1,521,326</u>

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

	2010			
	Pension funds	Benevolent Scheme	Medical Scheme	Gratuity Scheme
	----- Rupees in '000 -----			
Contributions to be paid	695,262	131,279	589,042	52,554

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	----- Rupees in '000 -----					
Fees	-	-	17,994	8,476	-	-
Managerial remuneration	10,200	8,760	-	-	381,504	307,313
Charge for defined benefit plan	-	-	-	-	247,812	63,157
Rent and house maintenance	6,840	5,616	-	-	190,388	153,659
Utilities	1,228	1,593	-	-	45,998	36,965
Medical	153	222	-	-	48,149	35,015
Conveyance	-	-	-	-	102,529	84,701
Leave fare assistance	10,200	7,440	-	-	-	-
Bonus and others	29,516	28,441	-	-	287,546	220,694
	<u>58,137</u>	<u>52,072</u>	<u>17,994</u>	<u>8,476</u>	<u>1,303,926</u>	<u>901,504</u>
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>507</u>	<u>377</u>

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

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

This note does not include particulars of directors, chief executives and executives of subsidiaries.

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 the 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 Group's accounting policy as stated in note 5.7.

The maturity and re-pricing profile and effective rates are stated in notes 41.4.1 and 41.3.3 respectively.

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

37. Segment Details with respect to Business Activities

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Others
----- Rupees in '000 -----									
2009									
Total income	479,695	1,140,457	16,231,209	34,144,722	1,698,986	4,003,358	10,249	77,162	-
Total expenses	575	374,277	11,461,074	19,887,565	1,254,884	2,519,658	13,262	75,700	-
Net income (loss)	479,120	766,180	4,770,135	14,257,157	444,102	1,483,700	(3,013)	1,462	-
Segment Assets (Gross)	-	3,494,895	147,407,072	794,446,761	-	-	178,520	376,021	-
Segment Non Performing Loans	-	-	7,369,750	63,804,284	-	-	-	-	-
Segment Provision Required	-	-	5,118,050	50,647,018	-	-	-	-	-
Segment Liabilities	-	-	223,250,681	601,059,095	-	-	41,067	109,874	-
Segment Return on net Assets (ROA) (%)	0.00%	4.67%	3.22%	1.63%	0.00%	0.00%	-1.75%	0.38%	0.00%
Segment Cost of funds (%)	0.00%	0.00%	5.21%	4.09%	0.00%	0.00%	0.00%	0.00%	0.00%

2008

Total income	324,911	1,652,262	15,466,851	31,538,681	1,712,732	3,161,901	15,481	84,671	-
Total expenses	596	283,224	9,399,935	17,751,203	1,156,361	2,034,721	10,261	71,903	-
Net income (loss)	324,315	1,369,038	6,066,916	13,787,478	556,371	1,127,180	5,220	12,768	-
Segment Assets (Gross)	-	2,766,005	121,089,466	695,661,364	-	-	166,582	393,785	-
Segment Non Performing Loans	-	-	7,580,770	48,921,813	-	-	-	-	-
Segment Provision Required	-	-	4,077,787	40,804,179	-	-	-	-	-
Segment Liabilities	-	-	161,634,627	553,835,694	-	-	32,281	123,394	-
Segment Return on net Assets (ROA) (%)	0.00%	14.11%	3.80%	2.30%	0.00%	0.00%	3.26%	2.72%	0.00%
Segment Cost of funds (%)	0.00%	0.00%	3.13%	4.11%	0.00%	0.00%	0.00%	0.00%	0.00%

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 1,430 million (2008: 1,500 million) shares with market value of Rs. 55,472 million (2008: Rs. 45,570 million) in safe custody / Central Depository Company on behalf of NIT.

38.2 Long Term Credit Fund (LTCF)

Consequent upon the NDFC 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. 38,130 million on December 31, 2009 (2008: Rs. 40,000 million).

38.3 Endowment Fund

The Students Loan Scheme was launched by the GoP in collaboration with major commercial banks of Pakistan to facilitate meritorious students in acquiring education by offering markup free loans.

The scheme is administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the Presidents of NBP, HBL, UBL, MCB, ABL and the Deputy Secretary, Ministry of Finance. The State Bank has assigned National Bank of Pakistan to operate the scheme.

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

The amount of the fund in investments stands at Rs. 583 million as at December 31, 2009 (2008: Rs. 737 million).

39. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associated undertakings, joint ventures, 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 to these financial statements.

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

Detail of loan 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 to these financial statements. There are no transactions with key management personnel other than under their terms of employment. Contributions to an approval in respect of staff retirement and other benefit plans as disclosed in note 35 to these financial statements. Remuneration to the executive and disposal of vehicles are disclosed in notes 35 and 11.7 to the financial statements.

	2009	2008
	Rupees in '000'	
Balance outstanding at year end		
Advances to:		
Associates	1,287,942	1,269,498
Key management executives *	97,439	95,931
Debts due by company in which a director of the bank is interested as director	-	-
Placements with:		
Joint venture	451,588	420,535
Investments with associates/subsidiaries	25,881	25,881
* This includes loans extended to certain key management executives in accordance with the terms of employment.		
Deposits from:		
Pension fund		
Opening balance	3,940,161	2,088,976
Received during the year - net	12,791,620	12,055,094
Repaid during the year - net	<u>(16,326,430)</u>	<u>(10,203,909)</u>
Closing Balance	<u>405,351</u>	<u>3,940,161</u>
Provident fund		
Opening balance	8,507,300	8,078,395
Received during the year - net	3,548,530	1,351,602
Repaid during the year - net	<u>(3,607,729)</u>	<u>(922,697)</u>
Closing Balance	<u>8,448,101</u>	<u>8,507,300</u>
Income for the year		
On advances/placements with:		
Associates	-	12,841
Joint venture	2,387	3,045
Debts due by company in which a director of the bank is interested as director	-	5,965
Expenses for the year		
Remuneration to key management executives	247,234	201,402
Charge for defined benefit plan	46,914	6,738
On deposits of:		
Provident fund **	1,493,505	946,446
On Repo / call borrowing	46,816	41,476
Other receivables	40,801	32,195
Other payables	-	11,594

** Had the interest on deposits from provident fund paid at the average rate of twenty years Government paper, interest would have been lower by Rs.306 million.

39.1 Although the Federal Government and the SBP held about 75.60 % shares of the bank (2008: 75.60%), the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure.

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 balance sheet, are:

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

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

Minimum Paid up Capital (Net of losses) - Rs. in '000'	Dead line by which to be increased
6,000,000	31-12-2009
7,000,000	31-12-2010
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, 2009 stood at Rs. 10.763 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 17.31%.

The State Bank of Pakistan's regulatory capital as managed by the bank is analyzed into following tiers:

- Tier I capital, which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and unappropriated profits.
- Tier II capital, which includes general reserve for loan losses, revaluation reserves, exchange translation reserves and subordinated debts.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements 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 upto 45 percent for treatment as tier II capital. There is also restriction on the amount of general reserve for loan losses upto 1.25 percent of total risk weighted assets. Subordinated debts 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 of and reflecting 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.

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 State Bank of Pakistan. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine 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.

	2009	2008
	Rupees in '000'	
40.2 Tier I Capital		
Fully paid-up capital	10,763,702	8,969,751
General reserves	15,865,903	14,044,718
Unappropriated profits	62,346,595	53,567,323
Minority Interest	110,930	112,699
	89,087,130	76,694,491
Deductions:		
Book value of Goodwill and Intangibles	526,588	-
50% of the investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the balance sheet	1,254,579	1,594,475
Total eligible Tier I capital	87,305,963	75,100,016
Supplementary Capital		
Tier II Capital		
General Provisions subject to 1.25% of total Risk Weighted Assets	1,913,403	2,111,217
Revaluation Reserve (upto 45%)	12,842,235	10,092,548
Foreign exchange translation reserve	7,528,109	6,432,145
	22,283,748	18,635,910
Deductions:		
50% of the investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the balance sheet	1,254,579	1,594,475
Total eligible Tier II capital	21,029,169	17,041,435
Tier III Capital	-	-
Eligible Tier III Capital	-	-
Total eligible Capital	108,335,132	92,141,451

	2009		2008	
	Capital Requirements		Risk Weighted Assets	
Note	----- Rupees in '000' -----			
Credit Risk				
Claim on				
Public sector entities	1,236,955	498,884	12,369,548	5,543,161
Claims on other sovereigns	914,046		9,140,456	-
Banks	844,552	908,944	8,445,518	10,099,376
Corporates	21,011,675	18,416,975	210,116,755	204,633,061
Retail portfolio	5,998,571	5,669,345	59,985,712	62,992,724
Loans secured by residential property	643,262	608,970	6,432,618	6,766,331
Past due loans	1,951,915	1,087,289	19,519,150	12,080,993
Investment in fixed assets	2,467,428	2,184,477	24,674,282	24,271,963
Other assets	2,662,252	3,386,877	26,622,525	37,631,966
Off balance sheet - non-market related exposure	5,088,305	5,419,943	50,883,053	60,221,586
Off balance sheet - market related exposure	46,098	58,515	460,976	650,170
Equity exposure risk held in the banking book	3,212,760	227,830	32,127,604	2,531,440
	46,077,820	38,468,049	460,778,196	427,422,771
Market Risk				
Interest rate risk	252,500	311,299	2,524,996	3,458,874
Equity position risk	3,134,631	614	31,346,315	6,822
Foreign exchange risk	3,627,588	2,390,298	36,275,883	26,558,870
	7,014,719	2,702,211	70,147,193	30,024,566
Operational Risk	9,481,605	7,887,243	94,816,052	87,636,038
Total	62,574,144	49,057,504	625,741,442	545,083,375

Capital Adequacy Ratio

Total eligible regulatory capital held	(a)	40.2	108,335,132	92,141,451
Total Risk Weighted Assets	(b)	40.3	625,741,442	545,083,375
Capital Adequacy Ratio	(a) / (b)		17.31%	16.90%

40.4 Credit risk - General disclosures

The Bank uses the 'Standardised Approach' for all its Credit risk Exposures.

The Bank uses reputable and 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

Exposures	2009	
	JCR - VIS	PACRA
Corporate	✓	✓
Banks	✓	✓
Sovereigns	x	x
SME's	x	x
Securitisation	N / A	N / A
Others	N / A	N / A

40.5 Credit Exposures subject to Standardised Approach

Exposures	Rating Category #	2009			2008		
		Amount Outstanding	Deduction CRM	Net Amount	Amount Outstanding	Deduction CRM	Net Amount
Cash and Cash Equivalents	-	9,737,921	-	9,737,921	8,489,519	-	8,489,519
Claims on Government of Pakistan	-	239,217,632	-	239,217,632	257,826,059	-	257,826,059
Foreign Currency claims on SBP	-	23,730,560	-	23,730,560	45,608,256	-	45,608,256
Claims on other sovereigns and on GoP	1	25,651,277	-	25,651,277	30,725,072	-	30,725,072
Claims on other sovereigns and on GoP	2,3,4, 5	10,021,636	-	10,021,636	-	-	-
Claims on other sovereigns and on GoP	Unrated	2,538,275	-	2,538,275	-	-	-
PSE's	1	14,321,869	583,950	13,737,919	12,373,662	-	12,373,662
PSE's	Unrated	128,855,820	109,611,891	19,243,929	6,136,857	-	6,136,857
Banks	1,2,3,4, 5	30,404,630	14,684,941	15,719,689	-	-	-
Banks	Unrated	18,065,294	-	18,065,294	50,578,679	5,976,003	-
Corporates	1	1,602,261	-	1,602,261	4,261,513	734,028	3,527,485
Corporates	2,3,4	1,211,603	-	1,211,603	278,936	39,083	239,853
Corporates	Unrated	217,618,192	8,885,000	208,733,192	209,622,740	6,346,041	203,276,699
Retail portfolio	Unrated	102,447,635	22,466,686	79,980,949	90,746,299	6,756,000	83,990,299
Secured by residential property	-	18,378,909	-	18,378,909	19,332,375	-	19,332,375
Past due loans	-	17,208,192	-	17,208,192	13,731,834	-	13,731,834
Listed Equity investments - banks	-	31,096,204	-	31,096,204	1,629,796	-	1,629,796
Unlisted equity investments	-	687,600	-	687,600	601,096	-	601,096
Investments in fixed assets	-	24,674,282	-	24,674,282	24,271,963	-	24,271,963
Other assets	-	26,622,525	-	26,622,525	37,631,966	-	37,631,966
		944,092,317	156,232,468	787,859,849	813,846,622	19,851,155	749,392,791

41. RISK MANAGEMENT

41.1 Credit risk

The bank is exposed to credit risk from the possibility that a borrower or counterparty may fail to meet its obligations in accordance with agreed terms, principally the failure to make required payments on loans or obligations due to the bank. The goal of credit risk management is to maintain a healthy asset portfolio. In order to achieve this, the bank has adopted a credit policy that covers several aspects including credit initiation and approval, credit maintenance, credit risk monitoring, documentation, disbursement and remedial management as well as credit policies specific to various businesses and industries. This process is strengthened by post-disbursement measures used to detect deterioration in the credit risk profile of borrowers. The bank's product policy manuals, which details approved credit exposure, are reviewed by the risk management division and approved by the Risk Management Committee and the Board of Directors.

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Credit Risk Management Wing (CRMW) of the bank formulates risk management tools such as risk rating for various portfolios and devises credit appraisal formats for use by the businesses while initiating credit process. It also provides support related to Basel-II and Risk Management initiatives in the bank. CRMW also Performs portfolio reviews and elevates its findings to the senior management and Board's Risk management Committee (BRC) in addition to product and policy reviews and risk profile reporting of sectoral, concentration, peer group, top party analysis etc.

The bank has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. Borrower limits are set by the Credit Committee upon the recommendation of the Credit Management Group (CMG), within the controlling parameters of the SBP's Prudential Regulations. The bank's credit risk policies for loans also apply to credit substitutes. The bank has a review process that ensures the proper level of review and approval depending, among other things, the tenure of the facility, the aggregate size of all facilities extended to the borrower and its related parties, the type of collateral and whether the borrower is on watch list. In addition, all loans and advances are secured by acceptable form of collateral to mitigate credit risk.

Bank's primary rating tool is Credit Risk Rating, which is an internal risk rating system designed to reflect the overall risk profile of the borrower or guarantor. Risk ratings are assigned according to the perception of risk on a numerical scale, determined through examining several criteria. It is a system that provides nationwide risk management infrastructure with a common language for assessing and monitoring risk in credit portfolio. The bank considers both quantitative and qualitative parameters, including, for example, key financial ratios, interest coverage, debt service coverage, liquidity, profit margin and debt-equity ratio. The borrower's risk rating is also reviewed periodically.

Once a loan is disbursed, the bank undertakes ongoing credit analysis and monitoring at several levels. If a borrower wishes to renew or roll over the loan, the bank applies substantially the same standards as the bank would granting a new loan. Typically, the bank performs an annual credit review of each loan customer and updates the review during the course of the year as circumstances warrant.

Special Assets Management Group (SAMG) is responsible for monitoring the stuck up advances. It negotiates with the borrowers and takes legal actions against the delinquent borrowers. CMG has also established Asset Rehabilitation Unit to proactively manage and revive cases, which show signs of weaknesses, in a timely manner.

41.1.1 SEGMENTAL INFORMATION

41.1.1. Segments by class of business

	2009					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	3,203,100	0.60	4,383,462	0.60	883,289	0.38
Agribusiness	19,982,117	3.76	16,595,353	2.28	181,668	0.08
Textile	71,794,479	13.52	1,852,286	0.25	5,671,852	2.46
Cement	8,935,953	1.68	111,720	0.02	3,091,333	1.34
Sugar	8,915,637	1.68	247,445	0.03	2,570	0.00
Flour	725,523	0.14	95,296	0.01	-	-
Rice processing	8,128,369	1.53	570,629	0.08	21,600	0.01
Shoes & leather garments	832,986	0.16	168,712	0.02	77,704	0.03
Automobile and transportation equipment	3,664,429	0.69	2,382,753	0.33	349,284	0.15
Financial	12,680,202	2.39	92,181,661	12.69	13,069,436	5.68
Insurance	-	-	2,733,418	0.38	2,755	0.00
Transportation	18,414,759	3.47	3,284,011	0.45	2,028,624	0.88
Real estate construction	7,904,139	1.49	4,841,190	0.67	3,697,647	1.61
Electronics and electrical appliances	7,268,051	1.37	382,878	0.05	2,964,338	1.29
Production and transmission of energy	62,870,800	11.84	7,003,722	0.96	18,725,246	8.14
Food and tobacco	1,622,474	0.31	287,706	0.04	152,677	0.07
Fertilizer	14,460,812	2.72	3,107,764	0.43	2,624,879	1.14
Metal products	16,586,969	3.12	2,143,022	0.29	3,758,002	1.63
Oil, gas, petroleum and energy	23,267,206	4.38	28,292,520	3.89	9,224,722	4.01
Telecommunication	6,494,115	1.22	22,152,846	3.05	4,291,987	1.86
Hotel and services	14,272,969	2.69	24,265,879	3.34	682,960	0.30
Public sector commodity operations	71,800,414	13.52	11,362,613	1.56	6,154,786	2.67
Individuals	83,793,870	15.78	322,648,569	44.41	5,685,090	2.47
General traders	18,422,056	3.47	16,907,841	2.33	1,979,523	0.86
Others	45,062,078	8.48	158,509,717	21.82	144,849,225	62.93
	531,103,507	100.00	726,513,013	100.00	230,171,197	100.00

41.1.1.2 Segment by sector

	2009					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public/ Government	155,271,360	29.24	268,065,035	36.90	-	0.00
Private	375,832,147	70.76	458,447,978	63.10	230,171,197	100.00
	531,103,507	100.00	726,513,013	100.00	230,171,197	100.00

41.1.1.3 Details of non-performing advances and specific provisions by class of business segment

	2009		2008	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
----- Rupees in '000 -----				
Chemical and pharmaceuticals	3,800,732	3,659,814	3,883,528	2,793,899
Agribusiness	2,219,527	846,133	1,601,920	540,640
Textile	22,977,338	19,172,192	17,964,960	15,613,360
Cement	5,125,240	3,798,340	2,505,630	2,205,630
Sugar	2,831,761	1,818,357	1,720,970	1,363,230
Flour	243,413	171,952	179,670	176,500
Rice processing	1,869,188	1,655,499	1,805,700	1,488,930
Shoes & leather garments	215,215	210,081	264,430	205,260
Automobile and transportation equipment	892,961	868,440	934,510	593,860
Financial	529,021	286,242	105,200	30,200
Transportation/Karobar	2,291,111	1,727,097	1,550,295	925,953
Real estate construction	908,204	493,835	376,188	277,618
Electronics and electrical appliances	2,426,504	1,812,932	1,455,852	819,057
Food and tobacco	1,291,534	1,122,445	1,074,529	959,330
Fertilizer	379,901	215,508	256,320	251,670
Metal products	1,468,240	312,535	1,402,845	214,262
Production & Transmission of Energy	1,685,132	1,452,565	1,147,674	1,119,902
Hotel and services	787,130	367,499	531,286	245,691
Telecommunications	1,106,197	107,951	1,014,366	7,792
Individuals	3,013,421	1,466,663	2,358,410	1,332,585
General traders	4,775,725	3,622,476	3,769,805	3,263,592
Others	10,336,539	8,561,598	10,557,693	8,300,986
	<u>71,174,034</u>	<u>53,750,154</u>	<u>56,461,781</u>	<u>42,729,947</u>

41.1.1.4 Details of non-performing advances and specific provisions by sector

Public/ Government	3,761,716	1,123,449	2,919,805	855,805
Private	67,412,318	52,626,705	53,541,976	41,874,142
	<u>71,174,034</u>	<u>53,750,154</u>	<u>56,461,781</u>	<u>42,729,947</u>

41.1.1.5 Geographical Segment Analysis

	2009			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
----- Rupees in '000 -----				
Pakistan	20,438,544	805,962,997	939,208,610	221,175,732
Asia Pacific (including South Asia)	717,574	40,438,950	775,568	8,285,996
Europe	(36,523)	18,950,817	3,161,343	3,520,929
United States of America and Canada	290,501	21,943,052	1,857,961	4,744,619
Middle East	788,748	58,607,453	899,787	58,937
	<u>22,198,843</u>	<u>945,903,269</u>	<u>945,903,269</u>	<u>237,786,213</u>

41.2 Operational Risk

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

The key objectives of operational Risk measurement and management include:

- Ensuring continued solvency of the bank through capital adequacy and enhanced understanding and management of significant operational risk exposures.
- Ensuring that customer impact is minimized through proactive and focused risk management practices.
- Ensuring timely elevation of significant operational risk exposure areas requiring risk mitigation to senior management.

In compliance with the Risk Management Guidelines, issued by SBP, an Operational Risk Management Wing has been established within Risk Management Division (RMD), which directly reports to Head of RMD. The unit has been strengthened by recruiting skilled resources for Operational Risk Management and imparting adequate trainings to the existing resources.

The bank has developed Operational Risk Management policy which is incorporated in the Risk Management policy of the bank duly approved by the Board. An Operational risk awareness culture is being encouraged by communicating the principles of risk management through orientation programs for the managers and employees across the bank.

In order to reach compliance with the Operational Risk component of SBP's Minimum Capital Requirement, NBP has adopted the basic Indicator Approach (BIA), however, the bank intends to gradually migrate from the BIA to the Standardized Approach (TSA) as and when the qualifying criteria is met.

An Operational Loss Database, Risk & Control Self Assessment (RCSA) exercise and Key Risk Indicators (KRIs) are being developed and will subsequently be implemented.

41.3 Market risk

Market risk refers to the risk of loss arising from movements in market variables including observable variables such as interest rates, exchange rates and equity indices, and other variables that are only indirectly observable, such as volatilities and correlation. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and to reduce our exposure to the volatility inherent in financial instruments.

Market Risk Management Policy approved by Board covers equity trading, foreign exchange, money market, Assets Liability Management & Liquidity Risk. Bank's Assets Liability Committee (ALCO) and Credit Committee approve different exposure limits and these limits are implemented by respective business units. Market Risk Wing monitors Market Risk Exposure and Market Risk activities on day to day basis. Currently Market Risk is focusing on monitoring Net Open Positions, Interest Rate Risk, Revaluation Limits, Mark to Market Limit, Contract Limit, Settlement Limit, Money Market Call Limit, Money Market Reverse Repo Limit, Foreign Currency wise Exposure and Gap Limit.

41.3.1 Foreign Exchange Risk

	2009			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
----- Rupees in '000 -----				
Pakistan Rupee	882,795,489	771,544,781	(22,841,535)	88,409,172
United States Dollar	1,539,931	339,218		1,200,713
Great Britain Pound	8,044,282	11,153,165	3,691,113	582,230
Japanese Yen	8,980,502	8,929,229	(75,391)	(24,118)
Euro	15,111,196	20,044,079	19,225,813	14,292,930
Other currencies	29,431,869	12,450,245	-	16,981,624
	63,107,780	52,915,936	22,841,535	33,033,379
	<u>945,903,269</u>	<u>824,460,717</u>	<u>-</u>	<u>121,442,551</u>

Currency risk arises where the value of 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 swap transactions with the SBP and in the inter bank market.

The bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by the SBP. Counter-parties limits are also fixed to limit risk concentration. Appropriate segregation of duties exist between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

41.3.2 Equity Position Risk

Investments in equities are generally regarded as riskier relative to Fixed Income Securities owing to the inherent volatility of stock market prices. The risk from various factors that 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.
- The possibility of defaults by participant or failure of the stock exchanges, the depositories, the settlement or the clearing system in discharging their fiduciary responsibilities.
- Any government or court order restraining payment of dividend by a company to its shareholders.

The bank mitigates the aforesaid risk 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 SECP Corporate Governance Rules by the investee company besides employing 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.
- The bank follows a Delivery versus Payment settlement system thereby minimizing risk available in relation to settlement risk.

41.2.3 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 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 not excessively exposed to interest/mark-up rate risk as its assets and liabilities are re-priced frequently. The Assets and Liabilities Committee (ALCO) 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 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 risk reporting, an interest rate sensitivity statement is prepared on a monthly 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 balance sheet positions.

Effective Yield / Interest rate	2009										Non-interest bearing financial instruments	
	Exposed to Yield / Interest risk											
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
----- Rupees in '000 -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.44%	116,668,514	20,734,727	16,848,820	5,596	-	-	-	-	-	-	79,079,371
Balances with other banks	4.09%	28,786,397	13,056,371	7,432,536	2,856,320	1,368,954	1,600	-	-	-	-	4,070,616
Lending to financial institutions	14.99%	19,683,526	17,227,007	475,613	1,980,906	-	-	-	-	-	-	-
Investments	10.38%	217,596,037	11,476,838	27,288,492	46,609,207	45,603,794	7,119,147	3,737,548	10,313,071	13,184,515	19,894,366	32,369,059
Advances	12.79%	475,338,439	87,441,821	69,448,579	75,644,502	78,084,782	30,007,513	29,663,448	53,829,524	35,117,203	16,101,067	-
Other assets	0.00%	59,565,027	-	-	-	-	-	-	-	-	-	59,565,027
		917,637,940	149,936,764	121,494,040	127,096,531	125,057,530	37,128,260	33,400,996	64,142,595	48,301,718	35,995,433	175,084,073
Liabilities												
Bills payable	0.00%	10,621,169	-	-	-	-	-	-	-	-	-	10,621,169
Borrowings	6.80%	44,828,138	26,440,422	2,698,619	7,292,814	175,334	8,217,846	2,069	1,034	-	-	-
Deposits and other accounts	5.60%	726,513,013	356,895,707	52,563,652	36,566,731	55,264,253	1,570,828	1,686,453	8,392,160	766,883	9,821	212,796,525
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	17.10%	42,629	2,379	4,219	5,542	8,268	14,386	7,835	-	-	-	-
Other liabilities	0.00%	42,455,768	-	-	-	-	-	-	-	-	-	42,455,768
		824,460,717	383,338,508	55,266,490	43,865,087	55,447,855	9,803,060	1,696,357	8,393,194	766,883	9,821	265,873,462
On-balance sheet gap		93,177,223	(233,401,744)	66,227,550	83,231,444	69,609,675	27,325,200	31,704,639	55,749,401	47,534,835	35,985,612	(90,789,389)
Off-balance sheet financial instruments												
Cross currency swaps		6,914,649	389,377	389,377	389,377	778,752	1,557,507	1,557,507	1,852,752	-	-	-
Forward purchase of foreign exchange		87,829,307	42,944,877	39,283,879	5,511,671	88,880	-	-	-	-	-	-
Forward sale of foreign exchange		38,568,464	25,565,502	9,314,702	3,688,260	-	-	-	-	-	-	-
Off-balance sheet gap		133,312,420	68,899,756	48,987,958	9,589,308	867,632	1,557,507	1,557,507	1,852,752	-	-	-
Total Yield / Interest Risk Sensitivity Gap		226,489,643	(164,501,988)	115,215,508	92,820,752	70,477,307	28,882,707	33,262,146	57,602,153	47,534,835	35,985,612	(90,789,389)
Cumulative Yield / Interest Risk Sensitivity Gap			(164,501,988)	(49,286,480)	43,534,272	114,011,579	142,894,286	176,156,432	233,758,585	281,293,420	317,279,032	226,489,643

2008

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	1.57%	106,778,346	30,466,388	23,743,780	29	-	-	-	-	-	-	52,568,149
Balances with other banks	7.35%	39,490,729	20,314,183	11,591,669	2,440,321	673,906	-	-	-	-	-	4,470,650
Lending to financial institutions - net	10.92%	17,139,081	10,826,791	2,748,942	-	2,900,000	-	-	-	-	-	663,348
Investments - net	10.55%	171,204,890	43,971,045	64,718,725	11,738,347	3,153,239	8,814,513	4,098,962	9,567,157	3,536,650	583,413	21,022,839
Advances - net	11.44%	413,076,390	127,865,781	97,751,383	65,501,295	93,158,291	6,020,019	12,322,873	3,654,436	104,653	6,414,591	283,068
Other assets	0.00%	22,414,965	-	-	-	-	-	-	-	-	-	22,414,965
		770,104,401	233,444,188	200,554,499	79,679,992	99,885,436	14,834,532	16,421,835	13,221,593	3,641,303	6,998,004	101,423,019
Liabilities												
Bills payable	0.00%	10,219,061	-	-	-	-	-	-	-	-	-	10,219,061
Borrowings	5.40%	40,044,291	22,909,619	16,224,270	-	183,629	-	-	70,800	-	-	655,973
Deposits and other accounts	3.86%	625,349,269	304,725,549	22,587,557	38,627,748	39,471,223	216,819	974,000	3,985,448	500,000	-	214,260,925
Sub-ordinated loans		-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	10.15%	25,274	-	-	25,274	-	-	-	-	-	-	-
Other liabilities	0.00%	29,451,859	-	-	-	-	-	-	-	-	-	29,451,859
		705,089,754	327,635,168	38,811,827	38,653,022	39,654,852	216,819	974,000	4,056,248	500,000	-	254,587,818
On-balance sheet gap		65,014,647	(94,190,980)	161,742,672	41,026,970	60,230,584	14,617,713	15,447,835	9,165,345	3,141,303	6,998,004	(153,164,799)
Off-balance sheet financial instruments												
Cross currency swaps		8,082,780	-	-	-	-	-	-	1,475,890	6,606,890	-	-
Forward purchase of foreign exchange		69,361,297	33,665,071	28,050,570	3,258,961	4,386,695	-	-	-	-	-	-
Forward sale of foreign exchange		55,563,737	20,141,567	25,393,431	8,429,125	1,599,614	-	-	-	-	-	-
Off-balance sheet gap		133,007,814	53,806,638	53,444,001	11,688,086	5,986,309	-	-	1,475,890	6,606,890	-	-
Total Yield / Interest Risk Sensitivity Gap		198,022,461	(40,384,342)	215,186,673	52,715,056	66,216,893	14,617,713	15,447,835	10,641,235	9,748,193	6,998,004	(153,164,799)
Cumulative Yield / Interest Risk Sensitivity Gap			(40,384,342)	174,802,331	227,517,387	293,734,280	308,351,993	323,799,828	334,441,063	344,189,256	351,187,260	198,022,461

42. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs.7.5 per share (2008: Rs. 6.5 per share) amounting to Rs. 8,073 million (2008: Rs. 5,830 million) and bonus shares in the proportion of 25 ordinary shares per 100 ordinary shares held (2008: 20) amounting to Rs. 2,691 million (2008: Rs. 1,794 million) at its meeting held on March 4, 2010 for approval of the members at the annual general meeting to be held on March 31, 2010. These financial statements do not reflect this appropriation as explained in note 5.19.

43. GENERAL

43.1 Figures have been rounded off to the nearest thousand rupees.

44. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on March 4, 2010 by the Board of Directors of the bank.

Chairman & President

Director

Director

Director

Annexure 'I'
Referred to in Note 9.12 to the financial statements

Detail of Investments
As at December 31, 2009

1.1 Government Compensation Bonds

	Terms of Redemption		Rate of Interest %	Cost	
	Principal	Interest		2009	2008
	-----Rupees in '000-----				
Govt. Bond (Public Sector Enterprises)	-	Annually	6%	-	755,859
Govt. Bond (Heavy Mechanical Complex)	-	Annually	6%	-	385,996
Govt. Bond (Shahnawaz Bhutto Sugar Mills)	-	Annually	6%	-	56,364
Govt. Bond (Public Sector Enterprises)	July 1, 2010	Annually	9%	1,132,963	1,132,963
				1,132,963	2,331,182

1.2 Particulars of investments held in listed companies and modarabas

1.2.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Held-for-trading						
Arif Habib Bank Limited	Unrated	Unrated	5,000,000	-	33,500	-
Arif Habib Securities Limited	Unrated	Unrated	25,000	-	1,232	-
Masood Textile Mills Limited	Unrated	Unrated	9,995	-	370	-
O.G.D.C	Unrated	Unrated	667,770	-	73,862	-
Pakistan State Oil	Unrated	AA+/A1+	25,000	-	7,436	-
P.T.C.L	Unrated	Unrated	2,586,200	-	45,646	-
United Bank Limited	AA+	Unrated	150,000	33,900	8,768	3,411
					170,814	3,411

Available-for-sale

	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
ABBOTT LABORATORIES LTD.	Unrated	Unrated	1,234,963	-	149,702	-
ACCORD TEXTILE MILLS LTD	Unrated	Unrated	227,502	-	59	-
ADAMJEE FLOORINGS	Unrated	Unrated	29,322	-	-	-
ADAMJEE INSURANCE COMPANY LIMITED	Unrated	AA	225,000	308,488	27,743	31,416
ADAMJEE PAPERS	Unrated	Unrated	134,058	-	-	-
ADIL POLYPROPYLENE LTD.	Unrated	Unrated	67,408	-	-	-
ADIL TEXTILE MILLS	Unrated	Unrated	46,473	-	-	-
AFSAR TEXTILE MILLS	Unrated	Unrated	31,935	-	-	-
AGRIAUTO INDUSTRIES LTD.	Unrated	Unrated	647,801	-	39,030	-
AHMED HASSAN TEXTILE	Unrated	Unrated	453,213	-	6,803	-
AL ABBAS SUGAR MILLS	Unrated	A/A1	708,637	-	67,675	-
AL ABID SILK MILLS	Unrated	Unrated	473,839	-	15,101	-
AL NOOR MODARABA (IST)	Unrated	Unrated	513,630	-	1,448	-
AL QAIM TEXTILE MILLS	Unrated	Unrated	178,631	-	304	-
AL ZAMIN LEASING MOD.	Unrated	Unrated	459,214	-	1,419	-
AL-ABBAS CEMENT INDUSTRIES LTD	Unrated	Unrated	391,339	27,697	2,700	107
AL-GHAZI TRACTORS LTD	Unrated	Unrated	30,900	30,900	7,355	6,752
AL-HUSSANY INDUSTRIES	Unrated	Unrated	30,671	-	-	-
ALIF TEXTILE MILLS	Unrated	Unrated	159,251	-	-	-
ALLAWASAYA TEXTILE & FINISHING MILLS	Unrated	Unrated	24	-	2	-
ALLIED BANK LIMITED	Unrated	AA/A1+	942,154	182,265	55,333	5,709
AL-NOOR SUGAR MILLS LTD	BBB+	Unrated	1,140,355	-	30,219	-
AL-ZAMIN LEASING CORPORATION LIMITED	Unrated	Unrated	1,006,863	-	2,920	-
AMAZAI TEXTILE LIMITED	Unrated	Unrated	10,111	-	506	-
Balance Carried Forward					408,319	43,984

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					408,319	43,984
APEX FABRICS LIMITED	Unrated	Unrated	141,136	-	-	-
ARAG INDUSTRIES LTD.	Unrated	Unrated	94,034	-	-	-
ARIF HABIB BANK LIMITED	A	Unrated	5,424,991	537,535	36,347	2,973
ARIF HABIB INVESTMENTS LTD.	Unrated	Unrated	51,911	-	1,287	-
ARIF HABIB LIMITED	Unrated	Unrated	-	75,442	-	6,445
ARIF HABIB SECURITIES LIMITED	Unrated	Unrated	2,228,693	2,510,243	109,808	105,581
ARUJ GARMENT ACCESSORIES LTD.	Unrated	Unrated	33,656	-	284	-
ASIM TEXTILE MILLS	Unrated	Unrated	567,491	-	1,135	-
ASKARI COMMERCIAL BANK LIMITED	Unrated	AA/A1+	7,766,882	685,371	212,036	9,986
ASKARI LEASING	Unrated	A+/A1	665,073	-	9,318	-
ASLO ELECTRONICS	Unrated	Unrated	19,548	-	-	-
ASWAN TANTAGE LTD.	Unrated	Unrated	83,839	-	-	-
ATLAS BANK LIMITED	A-	A-/A2	8,324,952	-	28,638	-
ATLAS ENGINEERING LTD.	Unrated	Unrated	12,495	-	161	-
ATLAS HONDA LIMITED	Unrated	Unrated	72,496	-	10,065	-
ATTOCK CEMENT PAKISTAN LIMITED	Unrated	Unrated	31,040	-	1,614	-
ATTOCK PETROLEUM LTD	Unrated	Unrated	168,387	20,057	58,535	2,895
ATTOCK REFINERY LIMITED	Unrated	AA/A1+	1,979,761	474,452	273,068	28,415
AWAN TEXTILE MILLS	Unrated	Unrated	106,168	-	-	-
AYAZ TEXTILE MILLS	Unrated	Unrated	104,904	-	-	-
AZAM TEXTILE MILLS	Unrated	Unrated	308,173	-	447	-
AZGARD NINE	Unrated	A+/A1	944,269	294,124	19,631	4,788
AZGARD NINE-RIGHTS	Unrated	Unrated	-	-	-	-
B.F. MODARABA.	Unrated	Unrated	206,916	-	745	-
BABRI COTTON MILLS	Unrated	Unrated	34,761	-	617	-
BAHAWALPUR TEXTILE	Unrated	Unrated	32,440	-	-	-
BAIG SPINNING MILLS LTD.	Unrated	Unrated	-	662,050	-	457
BALUCHISTAN GLASS LTD.	Unrated	Unrated	293,714	-	676	-
BALUCHISTAN PARTICLE BOARD	Unrated	Unrated	388,017	-	388	-
BALUCHISTAN FOUNDRY (TOWER)	Unrated	Unrated	36,737	-	-	-
BALUCHISTAN WHEELS	Unrated	Unrated	790,553	-	22,926	-
BANK AL HABIB	Unrated	AA+/A1+	24,853,736	47,582	814,208	1,183
BANK ALFALAH LIMITED	A1+	AA/A1+	15,013,218	2,157,877	206,732	36,101
BANK OF PUNJAB	Unrated	AA-/A	529,084	1,119,816	10,317	14,782
BANKERS EQUITY LTD. (B.E.L.)	Unrated	Unrated	1,692,172	-	-	-
BANKISLAMI PAKISTAN LIMITED	Unrated	Unrated	596,106	890,508	3,499	6,456
BANNU WOOLLEN MILLS	Unrated	Unrated	185,947	-	2,397	-
BATA PAKISTAN LTD.	Unrated	Unrated	541,333	-	529,965	-
BAWANY AIR PRODUCTS	Unrated	Unrated	36,900	-	173	-
BAWANY SUGAR MILLS	Unrated	Unrated	48,622	35,200	100	119
BAWANY TEXTILE MILLS	Unrated	Unrated	41,877	-	-	-
BELA ENGINEERS LTD.	Unrated	Unrated	132,288	-	-	-
BERGER PAINTS LTD.	Unrated	Unrated	138,223	-	4,369	-
BLESSED TEXTILES LIMITED	Unrated	Unrated	27,394	-	1,084	-
BOC PAKISTAN	Unrated	Unrated	502,954	24,245	64,353	2,735
BOLAN CASTING LTD	Unrated	Unrated	1,238,222	864,303	45,827	39,473
BOSICOR PAKISTAN LIMITED	Unrated	Unrated	-	368,508	-	1,717
BROTHER TEXTILE MILLS	Unrated	Unrated	420,981	114,146	274	113
BRR GUARDIAN MODARABA	A-	Unrated	597,105	-	1,529	-
BUXLAY PAINTS LTD.	Unrated	Unrated	87,002	-	1,601	-
BYCO PETROLEUM PAKISTAN LIMITED	Unrated	Unrated	3,066,707	-	29,134	-
CALLMATE TELIPS TELECOM	Unrated	Unrated	42	-	-	-
CASSPAK INDUSTRIES	Unrated	Unrated	26,963	-	-	-
CENTRAL COTTON MILLS	Unrated	Unrated	17,358	-	-	-
CENTURY PAPER	Unrated	Unrated	2,756,988	-	36,503	-
CHAKWAL SPINNING MILLS	Unrated	Unrated	374,387	-	374	-
CHARSADA SUGAR (SALEEM 0)	Unrated	Unrated	4,634	-	36	-
CHASHMA SUGAR MILLS	Unrated	Unrated	467,843	-	3,275	-
CHERAT CEMENT	Unrated	Unrated	6,333,598	-	79,487	-
CHERAT PAPERSACK LTD	Unrated	Unrated	157,500	157,500	3,174	8,420
CHILYA CORRUGATED BOARD	Unrated	Unrated	21,486	-	-	-
CLARIANT PAKISTAN LTD	Unrated	Unrated	781,771	11,472	136,599	1,873
Balance Carried Forward					3,171,053	318,496

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
					-----Rupees in '000-----	
Balance Brought Forward					3,171,053	318,496
COLONY MILLS	Unrated	Unrated	755,516	48,520	5,432	708
COLONY SARHAD TEXTILE	Unrated	Unrated	163,464	-	57	-
COLONY SUGAR MILLS LTD.	Unrated	Unrated	166,676	-	2,005	-
CRESCENT FIBRES LIMITED	Unrated	Unrated	423,380	-	3,599	-
CRESCENT JUTE PRODUCTS LTD	Unrated	Unrated	739,236	-	739	-
CRESCENT KNITWEAR	Unrated	Unrated	40,866	-	-	-
CRESCENT SPINNING MILLS	Unrated	Unrated	361,054	-	-	-
CRESCENT STANDARD MODARABA	Unrated	Unrated	91,965	-	46	-
CRESCENT STEEL & ALLIED PRODUCT	A+	Unrated	2,198,516	283,572	57,183	4,829
CRESCENT SUGAR MILLS	Unrated	Unrated	520,649	-	2,890	-
CRESCENT TEXTILE MILLS LTD.	Unrated	Unrated	1,022,882	-	34,706	-
CROWN TEXTILE	Unrated	Unrated	157,819	-	-	-
CYNAMID(WYETH PAKISTAN)	Unrated	Unrated	55,401	-	71,501	-
D.M.TEXTILE MILLS	Unrated	Unrated	167,139	-	702	-
D.S. INDUSTRIES LIMITED	Unrated	Unrated	528,733	87,727	1,819	1,303
DADABHOY CONSTRUCTION	Unrated	Unrated	34,547	-	52	-
DADABHOY CEMENT INDUSTRIES	Unrated	Unrated	5,004,500	5,004,500	8,057	10,009
DADABHOY LEASING CO.	Unrated	Unrated	184,108	-	-	-
DADABHOY SACK LTD.	Unrated	Unrated	24,458	-	-	-
DADEX ETERNIT LTD.	Unrated	Unrated	2,321	-	80	-
DANDOT CEMENT	Unrated	Unrated	160,000	160,000	760	3,269
DAR-ES-SALAAM TEXTILE	Unrated	Unrated	132,468	-	291	-
DATA AGRO LTD.	Unrated	Unrated	48,871	-	-	-
DATA TEXTILES LIMITED	Unrated	Unrated	307,150	-	206	-
DAWOOD CAPITAL MANAGEMENT	Unrated	AM3+	329,612	-	1,628	-
DAWOOD EQUITIES LIMITED	Unrated	Unrated	-	4,282	-	35
DAWOOD HERCULES CHEMICAL LIMITED	Unrated	Unrated	1,129,874	-	203,163	-
DAWOOD LAWRENCEPUR LIMITED	Unrated	Unrated	114,731	6,320	6,771	315
DEWAN AUTOMOTIVE ENGG.	Unrated	Unrated	1,001,333	1,001,333	751	501
DEWAN CEMENT (PAKLAND CEMENT)	Unrated	D	4,524,288	2,341,072	11,356	7,093
DEWAN KHALID TEXTILE	Unrated	Unrated	138,774	-	545	-
DEWAN MUSHTAQ TEXTILE	Unrated	Unrated	119,378	-	420	-
DEWAN SALMAN FIBRES	Unrated	Unrated	4,164,848	1,659,318	6,164	2,340
DEWAN SUGAR MILLS	Unrated	Unrated	1,199,330	-	2,866	-
DG KHAN CEMENT	Unrated	Unrated	303,875	2,805,785	9,894	59,679
DIN TEXTILE MILLS LIMITED	Unrated	Unrated	174,050	-	4,736	-
DOST STEEL LIMITED	Unrated	Unrated	55,076	56,389	267	446
DYNEA PAKISTAN	Unrated	Unrated	887,599	-	9,719	-
EFU GENERAL INSURANCE	AA	Unrated	197,333	197,333	19,260	26,247
ELLCOT SPINNING MILLS LIMITED	Unrated	Unrated	359,106	-	7,003	-
EMCO INDUSTRIES LTD.	Unrated	Unrated	374,845	-	1,874	-
ENGLISH LEASING LIMITED	Unrated	Unrated	351,176	-	421	-
ENGRO CHEMICAL (PAK) LIMITED	Unrated	AA/A1+	1,923,113	969,218	352,449	93,491
ENGRO POLYMER & CHEMICALS LIMITED	Unrated	Unrated	1,388,889	1,388,889	24,917	20,250
ESCORT INVESTMENT BANK	A+	Unrated	1,184,092	1,184,092	4,677	5,577
EXIDE PAKISTAN LTD.	Unrated	Unrated	193,146	-	33,366	-
EYE TELEVISION NETWORK	Unrated	A/A1	-	17,009	-	583
FARAN SUGAR MILLS LTD	Unrated	Unrated	1,325,224	-	23,854	-
FATEH INDUSTRIES	Unrated	Unrated	11,459	-	92	-
FATEH SPORTSWEAR LTD	Unrated	Unrated	22,413	-	213	-
FATEH TEXTILE MILLS	Unrated	Unrated	11,544	-	4,167	-
FATIMA ENTERPRISES	Unrated	Unrated	312,183	-	4,539	-
FAUJI CEMENT COMPANY LTD.	Unrated	Unrated	-	805,387	-	3,785
FAUJI FERTILIZER COMPANY LIMITED	Unrated	Unrated	15,074,849	2,399,535	1,551,654	140,924
FAYSAL BANK LIMITED	AA	AA/A1+	4,179,367	67,044	73,249	772
FAZAL CLOTH MILLS	Unrated	Unrated	548,967	-	13,258	-
FAZAL TEXTILE MILLS	Unrated	Unrated	33,643	-	14,130	-
FAZAL VEGETABLE GHEE	Unrated	Unrated	21,065	-	95	-
PECTO CEMENT LTD	Unrated	Unrated	857,765	-	9,007	-
FEROZSONS LABORATORIES LTD.	Unrated	Unrated	588,992	-	71,268	-
Balance Carried Forward					5,828,953	700,652

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					5,828,953	700,652
FFC BIN QASIM LTD.	Unrated	Unrated	4,308,700	3,178,653	112,586	41,005
FIRST CAPITAL SECURITIES CORP.	Unrated	Unrated	1,814,387	-	17,219	-
FIRST DAWOOD INVESTMENT BANK	Unrated	CCC	1,358,284	-	3,790	-
FIRST ELITE CAPITAL MOD.	Unrated	Unrated	459,597	-	1,149	-
FIRST EQUITY MODARBA	Unrated	Unrated	883,876	-	2,165	-
FIRST FIDELITY LEASING MOD.	Unrated	Unrated	510,471	-	1,348	-
FIRST NATIONAL EQUITIES LIMITED	Unrated	Unrated	121,137	121,137	1,598	6,237
FIRST NATIONAL BANK MODARABA	Unrated	Unrated	7,500,000	-	30,000	-
FRONTIER CERAMICS LTD	Unrated	Unrated	1,371,000	1,371,000	4,113	4,936
GADOON TEXTILE MILLS LIMITED	Unrated	Unrated	707,019	-	19,415	-
GENERAL TYRE & RUBBER CO.	Unrated	Unrated	1,869,913	-	44,803	-
GHAFOOR TEXTILE MILLS	Unrated	Unrated	22,834	-	-	-
GHANDHARA INDUSTRIES	Unrated	Unrated	128,392	-	923	-
GHANDHARA NISSAN LIMITED	Unrated	Unrated	1,335,021	-	7,463	-
GHANI GLASS LIMITED	Unrated	Unrated	231,252	-	11,919	-
GHARIBWAL CEMENT	D	Unrated	1,339,000	1,339,000	21,089	23,620
GHULAM M.DADABHOY (DADABHOY PADUBE	Unrated	Unrated	24,435	-	-	-
GLAXOSMITHKLINE (GLAXO WELCOME)	Unrated	Unrated	3,079,179	74,500	336,462	5,658
GLOBE TEXTILE MILLS	Unrated	Unrated	32,861	-	522	-
GRAYS OF CAMBRIDGE	Unrated	Unrated	156,858	-	12,414	-
GREAVES AIRCONDITION	Unrated	Unrated	29,322	-	-	-
GUL AHMED TEXTILE	Unrated	Unrated	169,572	-	4,578	-
GULISTAN SPINNING MILLS	Unrated	Unrated	145,029	-	1,086	-
GULISTAN TEXTILE MILLS	Unrated	Unrated	364,758	-	7,879	-
GULSHAN SPINNING MILLS	Unrated	Unrated	497,894	-	3,983	-
GYPSUM CORPORATION	Unrated	Unrated	81,985	-	-	-
H.SHAIKH MUHAMMED HUSSAIN	Unrated	Unrated	56,117	-	-	-
HABIB ADM LIMITED	Unrated	Unrated	59,097	-	926	-
HABIB BANK LIMITED	AA+	Unrated	323,377	416,554	39,918	31,183
HABIB BANK MODARABA 1ST	Unrated	AA+	2,500,394	-	10,377	-
HABIB METROPOLITAN BANK	Unrated	AA+/A1+	25,034,013	-	779,810	-
HABIB MODARABA (IST)	Unrated	Unrated	786,537	-	4,586	-
HABIB SUGAR	Unrated	Unrated	4,113,079	-	163,988	-
HAFIZ TEXTILE MILLS	Unrated	Unrated	3,792	-	56	-
HAJI MOHAMMAD ISMAIL MILLS LIMITED	Unrated	Unrated	1,594,650	1,594,650	2,392	2,695
HAJRA TEXTILE MILLS	Unrated	Unrated	257,234	-	141	-
HAKKIM TEXTILE MILLS	Unrated	Unrated	128,075	-	32	-
HALA SPINNING MILLS LTD	Unrated	Unrated	1,639,500	-	5,738	-
HARUM TEXTILE	Unrated	Unrated	28,923	-	-	-
HASHIMI CAN COMPANY	Unrated	Unrated	80,047	-	480	-
HIGHNOON LABORATORIES	Unrated	Unrated	208,217	-	6,800	-
HINOPAK MOTORS LTD.	Unrated	Unrated	252,809	-	50,342	-
HONDA ATLAS CAR	Unrated	Unrated	1,980,730	38,689	37,872	446
HUB POWER COMPANY LTD	Unrated	AA+/A1+	16,998,234	9,531,288	528,305	134,296
HUFFAZ SEAMLESS PIPE IND.	Unrated	Unrated	676,468	-	14,145	-
HUSEIN SUGAR MILLS	Unrated	Unrated	638	-	14	-
HYDERABAD ELECTRONIC	Unrated	Unrated	48,871	-	-	-
I.B.L. MODARABA (IST)	Unrated	Unrated	708,434	-	1,877	-
I.C.C. TEXTILES LIMITED	Unrated	Unrated	81,863	-	147	-
IBL HEALTHCARE	Unrated	Unrated	146,600	-	1,350	-
IBRAHIM FIBERS	Unrated	Unrated	921,451	18,500	33,744	675
ICI PAKISTAN	Unrated	Unrated	79,498	931,422	13,395	63,998
IDEAL SPINNING MILLS	Unrated	Unrated	326,817	-	458	-
IGI INVESTMENT BANK	Unrated	A/A1	3,814,618	-	13,466	-
INDUS BANK LIMITED.	Unrated	Unrated	74	-	-	-
INDUS DYEING & MANUF.	Unrated	Unrated	260,824	-	50,616	-
INDUS MOTOR LIMITED	Unrated	Unrated	431,940	24,152	84,885	2,968
INDUS POLYESTER CO.	Unrated	Unrated	3	-	-	-
INNOVATIVE INVEST.BANK LTD.(HOUSING FIN	Unrated	Unrated	17,492	-	-	-
INTER ASIA LEASING COMPANY LIMITED	Unrated	Unrated	50,000	50,000	-	30
INTERNATIONAL INDUSTRIES LTD.	Unrated	Unrated	5,050,768	-	296,379	-
Balance Carried Forward					8,617,693	1,018,399

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
					-----Rupees in '000-----	
Balance Brought Forward					8,617,693	1,018,399
INTERNATIONAL KNIT WEAR	Unrated	Unrated	59,159	-	887	-
INVEST & FINANCE SECURITIES LIMITED	Unrated	Unrated	-	1,291	-	8
INVESTEC SECURITIES LTD.	Unrated	Unrated	48,918	-	-	-
ISHAQ TEXTILE MILLS	Unrated	Unrated	220,433	-	772	-
ISLAMIC INVESTMENT BANK	Unrated	Unrated	69,509	-	-	-
ITTI TEXTILE MILLS	Unrated	Unrated	81,311	-	77	-
J.A.TEXTILE MILLS	Unrated	Unrated	336,330	-	676	-
J.K.SPINNING MILLS	Unrated	Unrated	161,157	-	1,023	-
JAHANGIR SIDDIQUI INVESTMENT COMPANY	Unrated	Unrated	30,955	13,834	445	600
JAVED OMER VOHRA & CO	Unrated	Unrated	837,910	203,396	8,279	1,845
JEHANGIR SIDDIQUI & COMPANY LIMITED	Unrated	AA+/A1+	898,282	884,882	27,011	46,262
JOHNSON & PHILLIPS (PAK.) LTD.	Unrated	Unrated	285,170	-	4,466	-
JS BANK LIMITED	Unrated	A	10,169,093	1,209,080	51,659	6,940
JUNAID COTTON MILLS LTD.	Unrated	Unrated	51,759	32,800	-	-
KAISAR ARTS & KRAFTS	Unrated	Unrated	868,959	850,000	-	-
KARACHI ELECTRIC SUPPLY CORPORATION	Unrated	Unrated	1,821,297	-	4,845	-
KARACHI PIPES	Unrated	Unrated	77,603	-	-	-
KARAM CERAMICS LTD.	Unrated	Unrated	177,873	-	1,601	-
KARIM COTTON MILLS	Unrated	Unrated	54,895	-	-	-
KARIM SILK MILLS LTD	Unrated	Unrated	9,690	-	-	-
KASB BANK	Unrated	A/A1	760	760	6	14
KASB BANK (PLATINUM BANK)	Unrated	Unrated	893,995	-	6,607	-
KASB MODARABA	BBB+	Unrated	342,486	1,000	1,027	10
KAYTEX MILLS (SALEEM DENIM IND.)	Unrated	Unrated	80,468	-	-	-
KOHINOOR MILLS LIMITED	Unrated	Unrated	1,208,227	-	5,920	-
KHAIRPUR SUGAR MILLS LTD	Unrated	Unrated	3,088,000	3,088,000	7,720	35,512
KHALID SIRAJ TEXTILE MILLS	Unrated	Unrated	347,818	-	296	-
KHURSHEED SPINNING MILLS	Unrated	Unrated	53,900	53,900	40	67
KOHAT CEMENT LIMITED	Unrated	Unrated	476,733	354,832	3,418	5,802
KOHAT TEXTILE MILLS LIMITED	Unrated	Unrated	2,926,051	2,906,700	4,711	13,167
KOHINOOR (COTTON) TEXTILE	Unrated	Unrated	31,092	-	-	-
KOHINOOR ENERGY LTD	Unrated	Unrated	131,880	-	4,088	-
KOHINOOR INDUSTRIES	Unrated	Unrated	166,073	-	332	-
KOHINOOR LOOMS LTD.	Unrated	Unrated	84,681	-	-	-
KOHINOOR POWER CO.	Unrated	Unrated	144,074	-	1,134	-
KOHINOOR SPINNING MILLS	Unrated	Unrated	299,073	-	452	-
KOHINOOR SUGAR MILLS	Unrated	Unrated	357,480	-	2,753	-
KOHINOOR TEXTILE MILLS LIMITED	Unrated	Unrated	1,912,082	306,900	14,914	1,535
KOT ADDU POWER COMPANY LIMITED	Unrated	Unrated	1,684,539	1,072,779	77,270	33,857
KSB PUMPS CO.LIMITED	Unrated	Unrated	745,617	-	55,936	-
LAFARGE PAKISTAN CEMENT	Unrated	Unrated	10,321,302	-	22,604	-
LAFAYATTE INDUSTRIES SYNTH.	Unrated	Unrated	45,922	-	-	-
LEINER PAK.GELATINE	Unrated	Unrated	13,544	-	359	-
LIBAAS TEXTILE LTD	Unrated	Unrated	250,000	250,000	313	438
LUCKY CEMENT LIMITED	Unrated	Unrated	1,882,577	955,015	124,702	29,863
MAPLE LEAF CEMENT LIMITED	Unrated	Unrated	1,158,936	52,865	4,358	217
MAQBOOL TEXTILE MILLS	Unrated	Unrated	827,260	-	9,927	-
MARI GAS COMPANY LIMITED	Unrated	Unrated	1,404,380	4,977	192,161	492
MARR FABRICS LIMITED	Unrated	Unrated	58,729	-	-	-
MASOOD TEXTILE MILLS LIMITED	Unrated	Unrated	2,248,426	-	83,192	-
MCB BANK LIMITED	Unrated	AA+/A1+	107,832	562,608	23,689	70,781
MEDI GLASS LIMITED.	Unrated	Unrated	146,612	-	117	-
MEEZAN BANK LIMITED	A+	Unrated	6,627	7,127	104	142
MEHAR DASTGIR TEXTILE	Unrated	Unrated	24,435	-	5	-
MEHMOOD TEXTILE MILLS	Unrated	Unrated	56,040	-	2,796	-
MEHRAN BANK LIMITED.	Unrated	Unrated	366,784	-	-	-
MEHRAN JUTE LIMITED	Unrated	Unrated	60,667	-	-	-
MERIT PACKAGING LTD.	Unrated	Unrated	339,698	-	6,403	-
MIAN MOHAMMAD SUGAR	Unrated	Unrated	85,945	-	-	-
MIAN TEXTILE INDUSTRIES LTD.	Unrated	Unrated	365,484	-	110	-
Balance Carried Forward					9,376,897	1,265,951

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
					-----Rupees in '000-----	
Balance Brought Forward					9,376,897	1,265,951
MILLAT TRACTORS LIMITED	Unrated	Unrated	837,789	508,950	318,192	68,154
MIRPURKHAS SUGAR MILLS	Unrated	Unrated	407,120	-	31,633	-
MITCHELL'S FRUIT FARMS	Unrated	Unrated	279,151	-	20,788	-
MODARABA AL-MALI	Unrated	Unrated	71,655	-	115	-
MOHAMMAD FAROOQ TEXTILE MILLS	Unrated	Unrated	923,680	-	1,598	-
MOHIB TEXTILE LIMITED	Unrated	Unrated	504,973	125,600	-	-
MOONLITE PAK (BLANKET)	Unrated	Unrated	57,338	-	630	-
MORAFKO LIMITED	Unrated	Unrated	28,648	-	381	-
MUBARIK DAIRIES	Unrated	Unrated	27,806	-	28	-
MUSTEHKAM CEMENT LTD.	Unrated	Unrated	337,053	-	10,887	-
MYBANK LIMITED	Unrated	A-/A2	4,429,000	-	21,038	-
NAGINA COTTON MILLS LIMITED	Unrated	Unrated	113,499	-	1,643	-
NAKSHBANDI INDUSTRIES LTD.	Unrated	Unrated	57,304	-	587	-
NATIONAL ASSET LEASING CORP.	Unrated	Unrated	131,587	-	-	-
NATIONAL BANK OF PAKISTAN	AAA	Unrated	-	-	-	-
NATIONAL MATCH IND.	Unrated	Unrated	13,145	-	-	-
NATIONAL OVER.	Unrated	Unrated	12,218	-	-	-
NATIONAL REFINERY LTD.	Unrated	AAA/A1+	1,986,643	31,451	351,278	2,993
NATOVER LEASE & REFINANCE	Unrated	Unrated	362,143	-	-	-
NAVEED TEXTILE MILLS	Unrated	Unrated	35,052	-	-	-
NESTLE PAKISTAN LTD.	Unrated	Unrated	49,056	-	61,122	-
NETSOL TECHNOLOGIES LIMITED	Unrated	Unrated	800,000	1,054,391	22,824	26,644
NIB BANK LIMITED	Unrated	AA-/A1+	4,502,212	3,167,296	21,611	14,791
NIMIR RESINS LTD.	Unrated	Unrated	258,541	-	760	-
NISHAT (CHUNIAN) LIMITED	Unrated	AA/A1+	3,953,543	529,831	83,815	5,123
NISHAT CHUNIAN LIMITED-RIGHTS	Unrated	Unrated	-	-	-	-
NISHAT CHUNIAN POWER LIMITED	Unrated	Unrated	30,723,041	-	316,447	-
NISHAT MILLS LIMITED	Unrated	A+/A1	2,598,223	1,036,599	181,616	23,427
NISHAT MILLS RIGHT	Unrated	Unrated	-	-	-	-
NISHAT POWER LIMITED	Unrated	AA/A1+	30,000,000	-	381,900	-
NOON SUGAR MILLS LTD	Unrated	Unrated	10,067	-	276	-
NORRIE TEXTILE MILLS	Unrated	Unrated	67,774	-	-	-
NOWSHERA ENGG. WORKS LTD.	Unrated	Unrated	12,976	-	-	-
NUSRAT TEXTILE MILLS	Unrated	Unrated	152,174	-	-	-
OIL AND GAS COMPANY LIMITED	AAA	Unrated	2,501,913	4,726,038	276,737	236,255
OLYMPIA SPINNING & WEAVING	Unrated	Unrated	21,280	-	44	-
OLYMPIA TEXTILE MILLS	Unrated	Unrated	177,936	-	178	-
ORIX LEASING PAKISTAN LIMITED	Unrated	AA/A1+	1,651,855	210,145	12,637	3,184
OTSUKA PAKISTAN	Unrated	Unrated	52,244	-	2,050	-
PACE PAKISTAN LIMITED	Unrated	A/A1	1,561,171	1,561,171	9,133	13,489
PACKAGE LIMITED	Unrated	AA/A1+	2,364,022	261,982	340,419	21,270
PAK DATACOM LTD.	Unrated	Unrated	71,064	-	7,177	-
PAK ELECTRON LIMITED	Unrated	A+/A1	4,261,984	851,147	79,869	19,520
PAK GHEE LIMITED	Unrated	Unrated	29,070	-	13	-
PAK PAPER CORPORATION	Unrated	Unrated	51,567	-	-	-
PAK SUZUKI MOTORS LIMITED	Unrated	Unrated	1,125,576	128,100	100,131	10,198
PAKISTAN CEMENT COMPANY LIMITED	Unrated	Unrated	-	431,998	-	1,382
PAKISTAN CABLES LIMITED	Unrated	Unrated	873,309	-	44,547	-
PAKISTAN ENGINEERING COMPANY LIMITED	Unrated	Unrated	135,242	135,240	40,573	26,134
PAKISTAN GUM & CHEMICALS	Unrated	Unrated	48,193	-	1,494	-
PAKISTAN INT. AIRLINES CORPORATION "A-C	Unrated	Unrated	21,319,520	20,122,813	55,644	70,631
PAKISTAN INT. CONTAINER TERMINAL	Unrated	Unrated	31,753	26,461	3,147	1,201
PAKISTAN NATIONAL SHIPPING CORPORATIO	Unrated	Unrated	603,002	386,236	28,341	19,717
PAKISTAN OIL FIELDS LIMITED	Unrated	Unrated	887,008	740,634	204,695	75,908
PAKISTAN PAPER PRODUCTS LTD.	Unrated	Unrated	143,884	-	6,950	-
PAKISTAN PETROLIUM LIMITED	Unrated	Unrated	1,391,638	1,362,970	263,841	137,142
PAKISTAN REFINERY LIMITED	Unrated	Unrated	1,728,911	128,576	208,680	12,652
PAKISTAN REINSURANCE COMPANY LIMITED	Unrated	Unrated	100,000	29,186	2,610	691
PAKISTAN SERVICES LTD.	Unrated	Unrated	407,730	-	71,854	-
PAKISTAN STATE OIL	Unrated	AA+/A1+	311,883	729,263	92,766	105,437
PAKISTAN SYNTHETICS	Unrated	Unrated	1,318,919	-	11,541	-
PAKISTAN TELECOMMUNICATION COMPANY LII	Unrated	Unrated	10,444,959	5,686,021	184,354	96,037
Balance Carried Forward					13,255,491	2,257,931

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					13,255,491	2,257,931
PAKISTAN TELEPHONE CABLES	Unrated	Unrated	45,396	-	141	-
PAKISTAN TOBACO	Unrated	Unrated	923,782	10,000	96,997	1,063
PAN ISLAMIC STEAMSHIP	Unrated	Unrated	421	-	-	-
PANGRIO SUGAR	Unrated	Unrated	387,203	-	1,839	-
PARAMOUNT MODARABA (IST)	Unrated	Unrated	19,028	-	175	-
PARAMOUNT SPINNING MILLS	Unrated	Unrated	880,733	-	10,340	-
PEARL FABRICS LTD.	Unrated	Unrated	114,172	-	-	-
PERVEZ AHMED SECURITIES LIMITED	Unrated	Unrated	301,925	430,709	1,482	1,555
PIONEER CEMENT LIMITED	Unrated	Unrated	1,160,100	528,732	12,390	12,758
POLYRON LIMITED	Unrated	Unrated	74	-	-	-
PREMIER SUGAR MILLS	Unrated	Unrated	36,477	-	1,647	-
PREMIUM TEXTILE MILLS	Unrated	Unrated	401,951	-	10,250	-
PROSPERITY WEAVING MILLS LIMITED	Unrated	BBB+/A2	2,930	-	39	-
PRUDENTIAL INVESTMENT BANK	Unrated	Unrated	162,014	-	-	-
PRUDENTIAL MODARABA (IST)	Unrated	Unrated	169,442	-	164	-
PTA PAKISTAN LIMITED	Unrated	Unrated	3,288,573	498,936	25,750	793
PUNJAB BUILDING LTD.	Unrated	Unrated	220,340	-	-	-
PUNJAB COTTON	Unrated	Unrated	28,227	-	-	-
PUNJAB LAMPS	Unrated	Unrated	53,842	-	-	-
PUNJAB MODARABA (IST)	Unrated	Unrated	579,962	-	1,015	-
PUNJAB OIL MILLS LTD	Unrated	Unrated	759,220	-	37,202	-
QAYYUM SPINNING	Unrated	Unrated	36,232	-	11	-
QUALITY STEEL WORKS	Unrated	Unrated	1,685	-	21	-
QUETTA TEXTILE MILLS	Unrated	Unrated	9,437	-	484	-
RAVI TEXTILE MILLS	Unrated	Unrated	172,115	-	1,936	-
RCD BALL	Unrated	Unrated	9,774	-	-	-
REDCO TEXTILE MILLS LTD	Unrated	Unrated	391,845	1,300	274	1
REGAL CERAMICS LTD.	Unrated	Unrated	44,658	-	-	-
RELIANCE COTTON SPINNING	Unrated	Unrated	200,053	-	5,201	-
RELIANCE WEAVING MILLS	Unrated	Unrated	294,266	-	3,025	-
RESHAM TEXTILE MILLS LTD.	Unrated	Unrated	105,466	-	919	-
REX BAREN BATTERY	Unrated	Unrated	27,890	-	-	-
RMCP	Unrated	Unrated	13	-	-	-
RUBY TEXTILE MILLS	Unrated	Unrated	303,213	-	3,332	-
RUPALI POLYESTER LTD	Unrated	Unrated	795,548	-	30,072	-
S.G.POWER	Unrated	Unrated	160,566	-	183	-
SADOON TEXTILE MILLS	Unrated	Unrated	421	-	-	-
SAHRISH TEXTILE MILLS	Unrated	Unrated	10,043	10,043	-	-
SAIF TEXTILE MILLS LTD	Unrated	Unrated	999,073	-	5,515	-
SAITEX SPINNING MILLS	Unrated	Unrated	177,789	-	-	-
SAJJAD TEXTILE MILLS	Unrated	Unrated	157,367	-	79	-
SALFI TEXTILE MILLS	Unrated	Unrated	51,961	-	656	-
SALLY TEXTILE MILLS	Unrated	Unrated	172,932	-	432	-
SALMAN NOMAN ENTERPRISES	Unrated	Unrated	145,358	-	579	-
SAMBA BANK LIMITED	A	Unrated	5,996,467	-	19,848	-
SAMIN TEXTILE LIMITED	Unrated	Unrated	393,810	-	6,195	-
SANA INDUSTRIES LTD.	Unrated	Unrated	134,422	-	4,886	-
SANGHAR SUGAR MILLS	Unrated	Unrated	528,116	-	8,714	-
SANOFI - AVENTIS PAKISTAN LTD.	Unrated	Unrated	113,935	-	16,533	-
SAPPHIRE FIBERS LTD.	Unrated	Unrated	72,071	-	7,928	-
SAPPHIRE TEXTILE MILLS	Unrated	Unrated	113,430	-	9,868	-
SARDAR CHEMICAL IND.LTD.	Unrated	Unrated	73,728	-	140	-
SARGODHA SPINNING MILLS	Unrated	Unrated	292,059	-	298	-
SARITOW SPINNING MILLS	Unrated	Unrated	322,214	-	570	-
SAUDI PAK COMMERCIAL BANK LIMITED	Unrated	Unrated	-	181,450	-	909
SAUDI PAK.LEASING CO.	BB+	Unrated	1,542,093	-	2,174	-
SCHON TEXTILES MILLS	Unrated	Unrated	128,497	-	-	-
SEARLE PAKISTAN LIMITED	BBB	Unrated	456,015	47,211	28,433	3,064
SECURITY INVESTMENT BANK	Unrated	Unrated	1,130,942	-	3,008	-
SECURITY LEASING CORP.	BBB-	Unrated	221,961	-	641	-
SECURITY PAPERS LIMITED	Unrated	Unrated	911,037	-	43,821	-
SERVICE FABRICS LTD	Unrated	Unrated	670,288	-	322	-
SERVICE INDUSTRIES LTD.	Unrated	Unrated	835,148	-	222,141	-
SERVICE TEXTILE MILLS	Unrated	Unrated	80,890	-	57	-
SHABBIR TILES & CERAMICS	Unrated	Unrated	1,755,693	-	19,313	-
SHADAB TEXTILE MILLS	Unrated	Unrated	46,778	-	372	-
SHAHMURAD SUGAR MILLS LTD	BBB+	Unrated	1,200,561	-	15,355	-
Balance Carried Forward					13,918,258	2,278,074

Available-for-sale	JCRVIS	PACRA	No. of shares held		Market Value	
			2009	2008	2009	2008
			-----Rupees in '000-----			
Balance Brought Forward					13,918,258	2,278,074
SHAHPUR TEXTILE MILLS	Unrated	Unrated	442,332	-	80	-
SHAHTAJ SUGAR MILLS	Unrated	Unrated	398,064	-	43,580	-
SHAHTAJ TEXTILE MILLS	Unrated	Unrated	236,213	-	4,027	-
SHAHYAR (OE) TEXTILE MILLS	Unrated	Unrated	39,012	-	-	-
SHAHYAR TEXTILE MILLS	Unrated	Unrated	110,296	-	-	-
SHAKARGANJ MILLS	Unrated	D	3,572,296	-	29,543	-
SHAMS TEXTILE MILLS	Unrated	Unrated	601,791	-	10,537	-
SHELL GAS LPG	Unrated	Unrated	761,694	-	45,953	-
SHELL PAKISTAN LIMITED	Unrated	Unrated	213,649	212,502	53,489	65,941
SHEZAN INTERNATIONAL	Unrated	Unrated	566,627	-	69,202	-
SIEMENS (PAKISTAN) ENGINEERING COMPAN	Unrated	Unrated	668,743	200,000	843,191	226,100
SIFTAQ (INTERNATIONAL) TEXTILE MILLS	Unrated	Unrated	53,505	-	93	-
SILK BANK LIMITED	A-	Unrated	1,634,042	-	7,745	-
SINDH ALKALIS LTD.	Unrated	Unrated	350,100	-	-	-
SINDH FINE TEXTILE MILLS	Unrated	Unrated	38,760	-	194	-
SINGER PAKISTAN LTD	Unrated	Unrated	2	-	-	-
SITARA CHEMICALS INDUSTRIES LIMITED	AA-	Unrated	415,673	200,000	66,516	16,278
SITARA ENERGY LTD.	Unrated	Unrated	127,170	-	2,760	-
SITARA PEROXIDE LIMITED	Unrated	Unrated	-	227,694	-	4,128
SME LEASING LIMITED	A-	Unrated	1,230,477	1,230,477	12,920	18,457
SONERI BANK LIMITED	Unrated	AA-/A1+	27,778,674	26,451	307,510	291
SONERI BANK LIMITED-RIGHT	Unrated	Unrated	5,555,734	-	5,945	-
SOUTHERN NETWORKS LTD.	Unrated	Unrated	149,585	-	-	-
STANDARD CHARTERED LEASING LTD.	Unrated	A+/A1	384,275	-	988	-
STANDARD CHARTERED MODARABA	Unrated	AA+/A1+	1,958,545	1,332,403	17,725	9,073
SUI NORTHERN GAS PIPELINE COMPANY LIM	Unrated	AA/A1+	6,432,419	6,582,419	159,524	141,258
SUI SOUTHERN GAS PIPELINE COMPANY LIM	Unrated	AA-/A1+	4,397,808	550,667	59,063	5,787
SUNRAYS TEXTILE MILLS	Unrated	Unrated	134,840	-	4,011	-
SUNRISE TEXTILE MILLS	Unrated	Unrated	7,499	-	-	-
SUNSHINE CLOTH MILLS	Unrated	Unrated	368,907	-	-	-
SUNSHINE COTTON MILLS LTD	Unrated	Unrated	493,164	-	542	-
SURAJ COTTON MILLS LIMITED	Unrated	Unrated	446,877	-	11,731	-
SURAJ GHEE LIMITED	Unrated	Unrated	26,963	-	351	-
SYED MATCH IND.	Unrated	Unrated	7,162	-	100	-
TAGA PAKISTAN LTD.	Unrated	Unrated	47,607	-	-	-
TAJ TEXTILE MILLS LIMITED	Unrated	Unrated	744,976	44,775	276	16
TANDLIANWALA SUGAR LTD.	Unrated	Unrated	17,488	-	247	-
TARIQ COTTON MILLS	Unrated	Unrated	21,486	-	-	-
TATA TEXTILE MILLS	Unrated	Unrated	1,039,872	-	13,227	-
TAWAKKAL LIMITED	Unrated	Unrated	56,033	-	-	-
TAWAKKAL MODARABA (IST)	Unrated	Unrated	235,507	-	-	-
TELE CARD LIMITED	Unrated	Unrated	223,307	227,541	587	453
THALL LIMITED	Unrated	Unrated	1,047,177	-	88,874	-
THATTA CEMENT CO. LIMITED	Unrated	Unrated	4,864,476	511	101,959	8
TREET CORPORATION	Unrated	Unrated	176,301	-	50,069	-
TRG PAKISTAN	Unrated	WD	244,586	1,128,517	519	2,009
TRI STAR MODARABA (IST)	Unrated	Unrated	147,608	-	564	-
TRI STAR POLYESTER	Unrated	Unrated	312,553	-	484	-
TRI-PACK FILMS	Unrated	A+/A1	59,519	4,994	6,130	622
TURBO TEC LIMITED (TUBES)	Unrated	Unrated	85,103	-	-	-
TWAKKAL GARMENTS INDUSTRIES LIMITED	Unrated	Unrated	171,061	112,500	-	-
U.D.L. MODARABA. (IST)	Unrated	Unrated	851,361	-	4,044	-
UNICAP MODARABA.	Unrated	Unrated	173,997	-	42	-
UNILEVER (PAKISTAN) LIMITED	Unrated	Unrated	155,471	139,740	357,583	252,609
UNION INSURANCE CO.OF PAKISTAN	Unrated	Unrated	153	-	-	-
UNITED BANK LIMITED	AA+	Unrated	1,348,777	804,330	78,836	29,688
UNITED BRANDS LTD. (UDL INDUSTRIES)	Unrated	Unrated	3,981	-	190	-
UNITED DISTRIBUTORS PAK.	Unrated	Unrated	224,614	-	4,703	-
UNITY MODARABA	Unrated	Unrated	1,000,000	1,000,000	-	320
UQAB BREEDING FARMS	Unrated	Unrated	69,093	-	-	-
WAH NOBLE CHEMICALS LTD.	Unrated	Unrated	316,102	-	17,016	-
WORLD CALL COMMUNICATION	Unrated	A-/A2	-	4,166,268	-	12,374
WORLDCALL TELECOM	Unrated	Unrated	480,577	-	1,778	-
YOUSUF WEAVING MILLS	Unrated	Unrated	611,895	21,711	2,080	23
ZAFAR TEXTILES MILLS LTD.	Unrated	Unrated	33,198	-	-	-
ZAHUR COTTON MILLS	Unrated	Unrated	241,405	-	118	-
ZAHUR TEXTILE MILLS	Unrated	Unrated	205,173	-	-	-
ZEAL PAK CEMENT LTD.	Unrated	Unrated	241,436	-	-	-
ZIL LIMITED (ZULFEQAR IND.LTD.)	Unrated	Unrated	169,246	-	11,089	-
					16,415,995	3,063,510

1.2.2 Particulars of Investments held in un-listed companies

1.2.2.1 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			2009	2008			
	----- Rupees in '000 -----								
Atlas Power Limited	Unrated	Unrated	10%	37,500,000	375,000	205,000	129,451	June 30, 2008	Maqsood A. Basra
Digri Sugar Mills Limited	Unrated	Unrated	19.1%	2,000,000	4,063	4,063	8,126	September 30, 1999	Mr. Naveed Ahmad Javeri
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	June 30, 2006	Mr. Sadruddin Hashwani
Intech International	Unrated	Unrated	18.6%	275,000	-	-	.....	Not Available.....	Mr. Hassan Zaidi
I.D.B.P.	Unrated	Unrated	Not Available	990	-	-	.....	Not Available.....	.....
Nishat Power Limited	Unrated	Unrated	10%	12,125,000	-	121,250	121,250	June 30, 2008	Mr. Hasan Mansha
Nishat Chunian Power Limited	Unrated	Unrated	10%	8,624,050	-	86,240	8,810	June 30, 2008	Mr. Farrukh Ifzal
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	March 31, 2003	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	..... Not Available.....
					389,228	426,718			

* Company has been listed during the year 2009

1.2.2.2 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		2009	2008			
	----- 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	September 30, 1998	Mr. Arshad Ali Chaudhry
Brikks Pvt Limited	Unrated	Unrated	39,050	-	-	.....	Not Available.....	.....
Equity Participation Fund (Face value: Rs.100 each)	Unrated	Unrated	30,000	-	2,800	22,954	December 31, 2008	Mr. Muhammad Akhter
F.T.C. Management	Unrated	Unrated	50,000	250	250	500	June 30, 2008	Mr. Rehan-ul Ambia Riaz
Fauji Oil Terminals	Unrated	Unrated	1,088,600	10,886	10,886	21,888	June 30, 2008	LT. Gen @ Syed Atif Hatim
First Women Bank Limited	Unrated	BBB+/A2	2,532,000	21,100	21,100	91,779	December 31, 2008	Ms. Zareen Aziz
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	10,789	June 30, 2009	Mr. Kamran Ahmed Khalili
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	September 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
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	1,810	1,810	.....	Not Available.....	.....
Myfip Video Industries	Unrated	Unrated	537,300	5,373	5,373	.....	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) Limited	Unrated	Unrated	762,995	1,526	1,526	37,328	June 30, 2008	Mr. M. M. Khan
National Investment Trust (Face value: Rs.100 each)	AM-DS	Unrated	52,800	100	100	707	June 30, 2008	Mr. Tariq Iqbal Khan
National Woolen Mills Limited	Unrated	Unrated	18,300	183	183	.....	Not Available.....	.....
Newyork Poly Clinic of Karachi	Unrated	Unrated	220,133	-	-	-241	June 30, 1998	Mr. Akhter Aziz khan
Newshehra Engineering Works Limited	Unrated	Unrated	4,950	41	41	.....	Not Available.....	.....
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	373	373	.....	Not Available.....	.....
Pakistan Textile City	Unrated	Unrated	10,000,000	100,000	50,000	111,884	December 31, 2008	Mr. Zaheer Hussain
Pakistan Tourism Development Corporation	Unrated	Unrated	100,000	100	100	24,983	June 30, 1996	Not available
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	1,152,938	11,529	11,529	9,721	December 31, 2003	Not available
People Steel Mills Limited	Unrated	Unrated	1,076,880	3,276	3,276	.....	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	361,246	June 30, 2009	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750	.....	Not Available.....	.....
South Asia Regional Fund	Unrated	Unrated	5,000	287	287	.....	Not Available.....	.....
Shoaib Capital	Unrated	Unrated	100,000	272	272	544	June 30, 2000	Not available
SME Bank Limited	BBB	Unrated	6,121,095	26,950	26,950	70,745	December 31, 2008	Mr. R. A Chughtai
Star Salica Industries Limited	Unrated	Unrated	26,650	267	267	.....	Not Available.....	.....
Sunshine Cloth Mills	Unrated	Unrated	150,000	-	-	.....	Not Available.....	.....
Transmobile Limited	Unrated	Unrated	644,508	-	-	-44	June 30, 1997	Mr. Javed Burki
Zafar Textiles Mills Limited	Unrated	Unrated	247,100	256	256	.....	Not Available.....	.....
Zulsham Engineering Works Limited	Unrated	Unrated	3,300	330	330	.....	Not Available.....	.....
National Assets Insurance Ltd.	Unrated	Unrated		26,794	-			
				363,887	289,892			
				753,114	716,610			

All shares have a face value of Rs.10 unless otherwise mentioned.

1.3 Particulars of Investments held in units of mutual funds

	Rating		No. of certificates held		Market value			
	JCRVIS	PACRA	2009	2008	2009	2008		
							-----Rupees in '000-----	
Listed:								
AKD Income Fund	BBB(F)	Unrated	54,011	961,749	2,521	41,414		
AKD Index Tracker Fund	Unrated	Unrated	-	4,389,261	-	23,307		
Atlas Funds of Funds	Unrated	Unrated	1,159,500	1,159,500	4,105	5,798		
Atlas Income Fund	Unrated	A+(F)	-	191,080	-	91,269		
Atlas Islamic Fund	Unrated	4-Star	-	50,000	-	18,868		
Al Meezan Fund	Unrated	Unrated	1,423,241	-	9,393	-		
Asian Stock Fund	Unrated	Unrated	171,210	-	702	-		
Dawood Islamic Fund	Unrated	Unrated	-	249,708	-	22,848		
Dawood Money Market	Unrated	5-Star	-	208,994	-	15,173		
Dominion Stock Fund	Unrated	Unrated	78,267	-	-	-		
Faysal income and Growth Fund	Unrated	Unrated	-	52,090	-	5,370		
Faysal Savings Growth Fund	A(F)	Unrated	24,435	-	2,523	-		
First Capital Mutual Fund	Unrated	3-Star	71,053	-	253	-		
First Dawood Mutual Fund	Unrated	Unrated	5,842,809	5,262,059	9,874	12,620		
First Habib Income Fund	Unrated	Unrated	62,100	101,500	6,416	9,848		
HBL Income Fund	A(F)	Unrated	188,321	-	18,518	-		
IGI Income Fund	Unrated	3-Star	61,086	-	6,483	-		
J.S. Growth Fund	Unrated	Unrated	5,212,486	352,754	25,750	1,051		
J.S Large Capital Fund	Unrated	Unrated	3,179,799	-	14,627	-		
J.S. Value Fund	Unrated	Unrated	1,817,757	1,327,250	10,216	5,959		
Meezan Balanced Fund	Unrated	Unrated	5,928,500	5,928,500	36,164	23,536		
NAFA Cash Fund	A(F)	3 Star	3,601,691	3,601,691	36,618	34,538		
NAFA Government Securities Liquid Fund	Unrated	Unrated	3,000,000	-	30,799	-		
NAFA Islamic Income Fund	Unrated	Unrated	7,500,000	7,500,000	52,892	65,228		
NAFA Islamic Multi Asset Fund	Unrated	5-Star	7,500,000	7,500,000	69,935	46,778		
NAFA Multi Asset Fund	Unrated	3-Star	4,410,752	7,500,000	41,030	53,284		
NAFA Stock Fund	Unrated	2-Star	7,500,000	7,500,000	54,060	38,746		
NAFA Savings Plus Fund	Unrated	AA-(f)	3,000,000	-	30,354	-		
NAMCO Balanced Fund	Unrated	Unrated	2,000,000	2,000,000	9,440	18,900		
NIT Government Bond Fund	Unrated	Unrated	10,000,000	-	101,300	-		
Pakistan Capital Market Fund	Unrated	Unrated	-	4,628,163	-	39,671		
Pakistan International Element Islamic Fund	Unrated	Unrated	-	373,000	-	11,574		
Pakistan Premier Fund	Unrated	Unrated	342,637	61,541	2,039	124		
Pakistan Strategic Allocation Fund	Unrated	Unrated	5,115,132	4,500,000	22,711	10,260		
PICIC Energy Fund	Unrated	Unrated	2,114,276	1,380,520	10,022	3,161		
PICIC Growth Fund (formerly: Investment Corporation of Pakistan - SEMF)	Unrated	Unrated	10,529,517	7,065,911	150,151	39,498		
PICIC Income Fund	Unrated	Unrated	524,500	542,500	3,053	1,065		
PICIC Investment Fund	Unrated	Unrated	5,084,245	65,277	29,590	132		
Reliance Income Fund	Unrated	Unrated	351,493	351,493	16,527	16,305		
Unit Trust of Pakistan (Formerly J.S ABAMCO Limited)	Unrated	Unrated	1,916,259	1,916,259	220,811	147,054		
UTP Large Capital Fund	Unrated	4-Star	966,500	3,466,500	4,446	7,973		
					1,033,320	811,352		

Cost of the above investment amounted to Rs. 1,041 million (2008: Rs. 1062 million).

All certificates have a nominal value of Rs. 10 per unit unless otherwise metioned.

1.4 Particulars of Investments held in Preference shares

	Rating		Cumulative/ Non-cumulative	Rate	No. of certificates held		Market Value / Cost			
	JCRVIS	PACRA			2009	2008	2009	2008		
									-----Rupees in '000-----	
Listed:										
Chenab Textile Mills Limited	Unrated	Unrated	Cumulative	9.25%	10,000,000	10,000,000	70,000	81,700		
Nishat Chunian Ltd	Unrated	Unrated	Cumulative	15.00%	718,783	-	15,418	-		
Saleem Sugar Mills	Unrated	Unrated	Cumulative	6.00%	105	-	6	-		
Masood Textile Mills	Unrated	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000		
Maple Leaf Cement Factory	Unrated	SD	Cumulative	9.75%	112,996	-	537	-		
Pak Elektron Limited-Convertible	Unrated	A/A1	Cumulative	9.50%	2,652,865	2,500,000	26,529	25,000		
Pak Elektron Limited-Non Convertible	Unrated	A/A1	Cumulative	9.50%	10,208,597	9,750,000	118,799	97,500		
							281,289	254,200		
Unlisted:										
Jamshoro Joint Venture	Unrated	Unrated	Cumulative	15.00%	-	2,500,000	-	25,000		
							281,289	279,200		

Cost of the above investment amounted to Rs.271 million (2008: Rs.275 million)

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

1.5.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value	
					2009	2008	2009	2008
Listed								
-----Rupees in '000-----								
Allied Bank Ltd.	* 14.31% 6 months KIBOR + 1.9%	Half yearly	December 6, 2014	AA-	4,405	-	21,335	-
Invest Capital Investment Bank (Formerly: Al Zamin leasing Corporation limited)	* 2.75% above th cut off yield of the last SBP auction of five year PIBs with 12% as floor and 15.75% as ceiling	Half yearly	November 12, 2008	BBB+	1,030	1,030	5,048	5,271
AL-Zamin Leasing Mod.	* 9.5% (Fixed)	Half yearly	June 2, 2010	A	647	1,293	3,140	6,228
AL-Zamin Leasing Mod.	* 9.5% (Fixed)	Yearly	May 31, 2010	A	1,903	1,903	3,141	6,470
Askari Bank Limited	* 14.34% 6 months KIBOR + 1.5%	Half yearly	October 31, 2013	AA-	2,995	-	14,394	-
Azgard Nine Limited	* 15.05% 6 month Kibor + 2.4%	Half yearly	August 17, 2012	AA-	20,646	23,313	97,900	115,256
Bank Al-Falah Ltd.	* 15% (Fixed)	Half yearly	December 2, 2017	AA-	35,000	-	174,125	-
Bank Al-Falah Ltd.	* 14.91% 6 months KIBOR + 2.5%	Half yearly	December 2, 2017	AA-	70,200	-	340,588	-
Bank Al-Habib Limited	* 10.00% 6 month Kibor + 1.5%	Half yearly	June 28, 2012	AA	39,920	39,936	183,239	191,293
Bank Al-Habib Limited	* 0.65% above th cut off yield of the last SBP auction of five year PIBs with 4.5% as floor and 10% as ceiling 15.15%	Half yearly	July 15, 2012	AA-	3,000	3,000	13,743	14,976
Escorts Invest. Bank Ltd.	* 6 months KIBOR + 2.5%	Half yearly	March 15, 2012	A+	5,071	-	25,135	-
Financial Receivable Securitization Company	* 13.92% 6 month Kibor + 2%	Half yearly	December 27, 2013	AA-	3,749	4,582	18,312	23,052
First International investment Bank	* 2.25% above six month KIBOR	Half yearly	July 11, 2011	Unrated	1,190	1,190	2,955	4,603
NIB Bnk Ltd.	* 13.70% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A	30,981	30,994	142,170	142,881
Orix Leasing Pak. Ltd.	* 14.15% 6 months KIBOR + 1.5%	Half yearly	May 25, 2012	AA+	1,399	-	7,024	-
Pak Arab fertilizer	* Six Months KIBOR plus 150 basis points with no floor & cap	Half Yearly	February 28, 2013	AA-	690	690	3,238	3,285
Tele Card Limited	* 3.75% above six month KIBOR with no floor and ceiling	Half Yearly	May 27, 2011	Unrated	7,000	7,000	14,314	22,238
Saudi Pak Leasing Co.	* 14.17% 6 month Kibor + 1.75%	Half yearly	March 13, 2013	BBB	8,747	-	39,053	-
Searle Pakistan Ltd.	* 15.06% 6 months KIBOR + 2.5%	Half yearly	March 9, 2011	BBB+	2,924	-	14,146	-
Soneri Bank Limited	* 14.44% 6 month Kibor + 1.6%	Half yearly	March 31, 2011	A+	26,951	26,962	129,951	135,552
Trust Invest. Bank Ltd.	* 14.75% 6 months KIBOR + 2%	Half yearly	November 15, 2010	BBB	270	-	1,294	-
UBL 1st Issue	* 8.45% (Fixed)	Half yearly	June 26, 2012	AA	26,857	16,883	119,163	73,863
UBL 2nd Issue	* 9.49% (Fixed)	Half yearly	March 15, 2013	AA	6,499	-	27,974	-
UBL 3rd Issue	* 14.26% 6 months KIBOR + 1.7%	Half yearly	September 8, 2014	AA	3,995	-	19,725	-
UBL 4th Issue	* 13.05%	Half yearly	February 14, 2018	AA	179,892	179,964	793,094	839,443
World Call Telecom	* 2.75% above 6 month KIBOR 6 Months KIBOR +8.5%	Half yearly	November 28, 2011	A+	3,000	3,000	9,776	17,236
							2,223,977	1,601,647

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

Term finance certificates - Unlisted

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value/cost			
					2009	2008	2009	2008		
-----Rupees in '000-----										
Al Abbas Holding Co Ltd.	**	*	6 month Kibor + 2.5%	Half yearly	August 22, 2014	Unrated	5,750	5,750	431,250	575,000
Agro Dairies Limited			22.00%	Overdue	Overdue	Unrated	20	20	3,385	4,237
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
Balance carried forward									446,349	590,951

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value/cost	
					2009	2008	2009	2008
							-----Rupees in '000-----	
Balance brought forward							446,349	590,951
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,643	3,643
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	78,337	104,449
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
Bosicor Pakistan Limited	* 6 month Kibor + 5.50%	Overdue	February 12, 2010	Unrated	-	5,714	-	28,570
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	3,093	3,094
Bunny's Ltd	6 months KIBOR + 2.5%	Overdue	December 3, 2012	Unrated	6,000	-	30,000	-
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chaudhry Wire Rope Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	-	1,130
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
Faisalabad Electric Supply Co. Ltd. ***	6 month Kibor + 0.20%	Half yearly	January 27, 2013	Unrated	40	40	4,000,000	4,000,000
Faruki Pulp Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	16,088	17,550
Frontier Ceramics Limited	22.00%	Overdue	Overdue	Unrated	46	46	2,471	3,229
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
Gujranwala Electric Power Co. Ltd. ***	6 month Kibor + 0.20%	Half yearly	January 27, 2013	Unrated	40	40	4,000,000	4,000,000
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	10	10	900	900
Ghani Holding Co. Ltd. **	* 6 month Kibor + 2.5%	Half yearly	August 22, 2014	Unrated	5,750	5,750	431,250	575,000
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	16	16	511	511
Jamshoro Joint Venture (Face value of Rs. 5,000,000)	* 3 month Kibor + 4 %	Quarterly	July 9, 2009	A-	-	9	-	5,625
Jahangir Siddiqui & Company Limited	* 6 month Kibor + 1.50%	Half yearly	May 17, 2014	AA+	39,928	39,928	199,560	199,640
Javedan Cement Limited **	* 6 month Kibor + 2.50%	Overdue	October 11, 2014	A-/A-2	2,500	2,500	187,500	250,000
JDW Sugar Mills Limited	* 3 month Kibor + 1.25%	Quarterly	June 23, 2014	Unrated	40,000	40,000	186,507	200,000
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	24	2,082	4,068
Kunjah Textile Mills Limited	6 month Kibor + 3.00%	Half yearly	April 23, 2014	BBB	20,000	20,000	100,000	100,000
Larr Sugar Mills Limited	22.00%	Yearly	Overdue	Unrated	14	14	-	6,617
Malik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	1,500
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306
Munro & Millar Mills Limited	22.00%	Overdue	Overdue	Unrated	20	20	1,113	1,113
National Transmission Dispatch Co. Ltd	6 month Kibor + 1.75 %	Overdue	March 30, 2014	Unrated	1,918,924	-	9,594,626	-
Pakistan International Airlines Corp. Limited	* SBP Discount Rate + 50 bps	Half yearly	February 18, 2011	Unrated	594,976	594,976	2,974,281	2,974,881
Pakistan International Airlines Corp. Limited	* 0.5% above SBP's Discount rate with 8.0% as floor and 12.5% as ceiling	Half yearly	February 20, 2011	Unrated	-	25,000	-	88,538
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	1	1	95	95
Pangrio Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	-	1,583
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	401
Royal Bank of Scotland (Formerly Prime Commercial Bank Limited)	* 6 month Kibor + 1.9%	Half yearly	December 29, 2012	AA	21,960	21,969	108,641	109,845
Pak Kuwait Investment Bank Ltd. F	* 3 month Kibor + 0.65%	Quarterly	February 22, 2011	AAA	150,000	150,000	751,268	750,000
Pak Kuwait Investment Bank Ltd. G	* 3 month Kibor + 0.65%	Quarterly	March 23, 2011	AAA	100,000	100,000	500,566	500,000
Pak Hy-Oil Ltd	* 6 months KIBOR + 2.25%	Overdue	December 6, 2013	Unrated	40,000	-	150,000	-
Qand Ghar (Pvt) Limited	22.00%	Outstanding	Overdue	Unrated	2	2	2,092	2,092
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	3,831
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	6,081	6,081
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	6,749	6,749
Scan Recycling (Pak) Limited	22.00%	Overdue	Overdue	Unrated	17	17	639	697
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,423	5,423
Shah Jewana Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	26	26	104	104
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	2,202	2,202
Sialkot Dairies	22.00%	Overdue	Overdue	Unrated	13	13	2,320	2,320
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,055	1,050
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
SME Leasing Limited	* 3 month Kibor + 1.5%	Overdue	July 16, 2011	A-	8,750	13,750	42,287	68,750
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
Trubo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,211
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
							23,980,519	14,759,992

* Cost of the above TFCs amounted to Rs. 5 496 million (2008: Rs.14,337 million)

** Represents certificates of face value Rs.100,000 each

*** Represents certificates of face value Rs.100 million each

1.5.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2009	2008
				-----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%	1,141	1,141
Allied Ghee Industries Limited	Overdue	-	Interest free	572	572
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills.	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	156,034	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
SDA-A/C Cold Storage Haripur -1	Overdue	Overdue	12%	955	955
SDA-A/C Cold Storage Haripur -2	Overdue	Overdue	12.5%	1,170	1,170
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Oustanding	Oustanding	12.5%	200	200
Spinzer Towel Industries Limited	Oustanding	Oustanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				191,067	191,067

1.5.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2009 -----Rupees in '000-----	2008
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
Balochistan Clay Products	17	17%	227,176	-	2,504
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Crystal Chemicals Limited	15	17%	259,800	3,897	3,897
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Co.	7	17%	268,714	1,118	1,118
Frontier Ceramics Limited	10	17%	226,200	2,262	2,262
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Leatherite Limited	14	17%	69,643	727	727
Mass Dairies Limited	11	17%	229,364	2,523	2,523
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	9,670	11,551
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
Sethi Industries Limited	15	17%	240,667	-	2,734
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
				101,150	108,269

1.5.4 Government of Pakistan-Guaranteed bonds

Investee	Terms of Redemption		Rate of Interest %	Cost	
	Principal	Interest		2009 -----Rupees in '000-----	2008
Shahnawaz Bhutto Sugar Mills	Lumpsum	Lumpsum	6%	-	16,762
				-	16,762

1.5.5 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2009	2008
				-----Rupees in '000-----	
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	12.27% 6 month Kibor + 0.25%	1,335,658	1,418,500
Quetta Textile	Bi-Annual	Bi-Annual	14.16% 6 month Kibor + 1.5%	331,086	400,000
PIA Corporation	Bi-Annual	Bi-Annual	14.15% 3 month Kibor + 1.65%	550,000	-
Maple Leaf Cement Limited	Bi-Annual	Bi-Annual	14.11% 6 months KIBOR + 1.7%	5,015	-
Islamic Banking					
WAPDA Sukuk	Bi-Annual	Bi-Annual	12.27% 6 month Kibor + 0.25%	23,132	25,000
Orix Leasing	Bi-Annual	Bi-Annual	13.68% 6 month Kibor + 1.25%	33,075	40,000
Sitara Energy	Bi-Annual	Bi-Annual	13.90% 6 month Kibor + 1.95%	34,985	48,561
Security Leasing Limited	Bi-Annual	Bi-Annual	14.61% 6 month Kibor + 1.95%	66,900	100,000
Kohat Cement Limited	Bi-Annual	Bi-Annual	14.26% 6 month Kibor + 1.80%	108,675	144,900
Arzoo Textile Limited	Bi-Annual	Bi-Annual	14.65% 6 month Kibor + 2.00%	75,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	13.17% As per SBP Publications	50,000	50,000
				2,613,526	2,326,961

1.5.6 Others Government Bond Investment

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2009	2008
				-----Rupees in '000-----	
CIRC Bond	Overdue	Overdue	Six month's T-Bill auction rate on the day preceding the date of payment of return 8.8142%	11,242	11,242
Overseas Bonds					
Al-Daar International Saudi Arabia US\$ Sukuk	Bi-Annual	Bi-Annual	6 month's Libor + 2%	842,441	791,381
Al-Tajeer Sukuk	Bi-Annual	Bi-Annual	6 month's Libor + 2.5%	112,325	105,433
Pak International Sukuk	Bi-Annual	Bi-Annual	6 month Libor + 2.2%	6,597,041	-
FCLR Bond	Annually	Annually	3 Month Libor + 1%	371,584	-
GoP Euro Bond	On Maturity	Bi-Annual	7.13%	2,863,794	-
GoP Euro Bond	On Maturity	Bi-Annual	6.88%	1,001,873	-
AMEX BK FSB	On Maturity	Bi-Annual	5.50%	130,738	361,495
Gold Man Sachs Group	On Maturity	Bi-Annual	6.88%	-	244,557
Gold Man Sachs Group	On Maturity	Bi-Annual	7.35%	-	80,719
Citibank	On Maturity	Bi-Annual	6.38%	180,822	-
Citibank	On Maturity	Bi-Annual	4.13%	214,516	-
Citibank	On Maturity	Bi-Annual	6.50%	90,153	-
Morgan Stanley	On Maturity	Bi-Annual	0.00%	218,445	-
Morgan Stanley	On Maturity	Bi-Annual	0.00%	133,650	-
Merrill Lynch & Co	On Maturity	Bi-Annual	0.00%	216,776	-
Bank of America	On Maturity	Bi-Annual	0.00%	190,290	-
HSBC Finance Corporation	On Maturity	Bi-Annual	8.60%	234,195	-
HSBC Household Finance Corporation	On Maturity	Bi-Annual	4.80%	174,343	-
Foreign Govt. Security MYM -JSC Almaty	-	-	1.60%	100,631	-
Foreign Govt. Security MEKKAM -JSC Almaty	-	-	0.40%	113,576	-
				13,798,434	1,594,827

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FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
1	Rajput Cotton Ginning & Pressing Factory Chak Hamta Multan Bahawalpur Road Lodhran.	Mr.Haji Abdul Aziz 36203-1804370-7 Mr.Abdul Majeed 326-64-071780 Mr.Noor Hussain Shah 36203-1810026-7 Mr.Noor Muhammad Shah 326-34-459326 Mr.Rana Subay Khan 36203-4915266-5 Mr.Muhammad Saleem Akhtar 36201-0530392-1	1.Muhammad Ibrahim Khan 2-Abdul Aziz, 3-Itbari Shah 4-Itbari Shah 5-Feroz Khan 6-Ghulam Yasin.	-	1.085	-	1.085	-	-	0.880	0.880
2	Co-operation Cloth Shop#40, Saddar Cooperative Market, Saddar, Karachi	Muhammad Iqbal Abdul Jabbar Khan	N.A.	1.470	1.123	0.068	2.661	0.389	1.123	0.068	1.580
3	TNN Textile Mills (Pvt) Ltd 1.5 K.M Jaranwala Road Kurrrian Wala, Faisalabad.	Sikandar Hayat Ghuman, Muhammad Nasir Nadeem Ahmed Qasmi Muhammad Ashraf	Muhammad Anwar Ghuman Haji Akbar Ali Zahoor ahmad Ch.Muhammad Siddique	13.485	2.806	0.088	16.379	-	-	2.879	2.879
4	Madina Rice Mills More Narang Mandi Distt. Sheikhpura	Muhammad Tufil 295-28-172539 Muhammad Rashid 295-38-172823 Zafar Iqbal 295-59-162709 Amjad Ali 295-50-172825 Muhammad Asif 295-50-021373 Abdul Hadi 295-86-172830	S/O Allah Baksh S/O Allah Baksh S/o Mohd.Tufail S/O Mohd.Rashid S/o Mohd.Tufail S/O Mohd.Rashid	0.116	0.608	-	0.724	-	0.608	-	0.608
5	New Faran Hospital Abdali Chowk Islampura Lahore	Mrs.Huma Zulfiqar 35202-7819486-4 Muhammad Riaz Bhatti 270-52-004203 Mrs.Razia Riaz 273-55-042463	W/o Muhammad Zulfiqar Baig S/o Abdul Hameed Bhatti W/o Muhammad Riaz Bhatti	6.986	5.575	0.302	12.863	-	4.363	-	4.363

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(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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
6	Al-Shams Industries (Pvt) Ltd.	Shaikh Sarmad Rahman 42301-0993257-5 Hamza Tariq Saigal 42301-2356060-7 Samina Tariq (Mrs.) 42301-0993257-5	Shaikh Abdul Rahman Tariq Ahmad Saigal Tariq Ahmad Saigal	41.292	-	0.030	41.322	41.292	0.030	-	41.322
7	Qamar Garments (Pvt) Ltd. 96-C, 11th Commercial St. Phase-II Extension, Defence Housing	Syed Hashimuddin Ghazi 42301-1115316-3 Qamar Ghazi (Mrs.) 42301-0970808-6 Rifat Jawaid 42301-0970808-6	Syed Nasiruddin Ghazi Syed Hashimuddin Ghazi Liaquat Hussain Khan	-	1.233	40.238	41.471	-	-	41.471	41.471
8	Pak Green Fertilizer Limited	Zia-Ur Rahman 42301-1141005 - 3 Khalid Hussain Chaudhry 322-53-025321 Fauzia Yousuf Raza Gilani 322-58-724708 Chaudhry Munawwar Hussain 501-47-467180 Anwar Nasreen Gilani 322-86-421232 Syeda Samina Ibrar 270-86-425447 Naseem Akhtar 322-48-667112	Munawwar Hussain Chaudhry Muhammad Boota Makhdoom Zada Syed Yousuf Raza Gilani Chaudhry Muhammad Boota Makhdoom Zada Muhammad Alamdar Hussain Shah Gilani Makhdoom Zada Syed Ibrar Hussain Shah Chaudhry Munawwar	24.249	13.158	1.484	38.891	23.495	-	14.611	38.106
9	Nazim Poly Sack (Pvt.) Limited	Adil Mahmood 35202-2700320 - 3 Zarqa Saadat 35200-1394825 - 2 Shaikh Saadat Mahmood 35201-1664089-1 Faisal Mahmood 517-61- 025717 Parveen Begum 517-47-025714 Sharmeen Faisal 517-86-400864	Mahmood Sadiq Shaikh Saadat Mahmood Mahmood Sadiq Mahmood Sadiq Haji Mahmood Siddiq Nizami Faisal Mahmood	6.897	-	-	6.897	6.897	-	-	6.897

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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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
10	Bawany Sugar Mills Limited	Dawood Ebrahim Bawany 510-60-206793 Ismail Ebrahim 510-89-114559 Zakaria A. Aziz Kamdar 517-24-009305 Khalid Ebrahim Bawany 510-59-126876	Ebrahim Ahmad Bawany Ebrahim Ahmad Abdul Aziz Ebrahim Ahmad	99.016	-	335.786	434.802	-	-	17.322	17.322
11	Indus Sugar Mills Ltd. 93-B, New Muslim Town, Lahore	Ayub Sabir Izhar 35202-887441-9 Nadeem Ahmed Qureshi 35202-2784600-5 Mehtar Ghulam Dastagir Lak 38403-1540536-1 Tasnim Akhtar	Izhar Ahmad Qureshi Abdul Qayyum Qureshi Jahan Khan Mehtar Ghulam Dastagir	58.518	12.702	1.348	72.568	39.164	12.702	1.348	53.214
12	Kashmir Polytex Limited Mirpur Azad Kashmir	Sardar Muhammad Ashraf Khan 42301-7054951-1 Sardar Muhammad Yunus Khan 813025-8867801-8 Dr.Yasmeen Ashraf 42301-4984675-4 Sardar Muhammad Yaqub Khan 37405-6566287-9 Kh.Zafar Iqbal 81302-1702013-3	Sardar Said ahmad Khan Sardar Said ahmad Khan Sardar Muhammad Ashraf Khan Sardar Gul Muhammad Kijhan Kh.Muhammad Latif	47.122	19.189	-	66.311	30.679	19.189	-	49.868
13	Mehtar Dastgir leather & Footwear Nawabpur Road Multan	Kh.Muhammad yousuf 36302-0458568-3 Kh.Muhammad Abdullah 35202-9279957-9 Kh. Muhammad Abdul Rehman 36302-3799833-7	Kh. Ghulam Dastgir Kh. Ghulam Dastgir Kh.Muhammad Younus	73.893	77.105	-	150.998	35.643	77.105	-	112.748

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**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
14	Mehar Dastgir Textile Mills Shaheed M.Younus Dasrgir RoradMultan	Kh.Muhammad yousuf 36302-0458568-3 Kh.Muhammad Abdullah 35202-9279957-9 Kh. Muhammad Abdul Rehman 36302-3799833-7 Kh.Muhammad Hussain 36302-7531877-7 Kh.Muhammad Ali Yousuf 36302-3953552-9	Kh. Ghulam Dastgir Kh. Ghulam Dastgir Kh.Muhammad Younus Kh.Muhammd Abdullah Kh.Muhammad yousuf	42.084	-	-	42.084	23.849		-	23.849
15	Mehar Dastgir Spinning Mills Ltd Shaheed M.Younus Dasrgir RoradMultan	Kh.Muhammad yousuf 36302-0458568-3 Kh.Muhammad Abdullah 35202-9279957-9 Kh. Muhammad Abdul Rehman 36302-3799833-7 Kh.Muhammad Hussain 36302-7531877-7 Kh.Muhammad Ali Yousuf 36302-3953552-9	Kh. Ghulam Dastgir Kh. Ghulam Dastgir Kh.Muhammad Younus Kh.Muhammd Abdullah Kh.Muhammad yousuf	148.180	120.464	0.150	268.794	83.915	120.464	0.150	204.529
16	Balochistan Metal (Pvt) Ltd. G-7, Winder Industrial Estate, Winder	Fareed Saeed Rizvi 114-48-157827 Usama Rizvi 502-86-372440 Hasham Rizvi 502-60-568532	S. Sirajul Hassan S. Sirajul Hassan S. Sirajul Hassan	12.274	20.500	-	32.774	12.274	11.096	-	23.370
17	Prime Glass Works Pvt Limited G. T. Road, Jhelum	Muhammad Bilal Khan Saeed Ahmed Khan (Late) Rashid Ahmed Khan Muhammad Junaid Ahmed Yar Khan Hasnat Ahmed Khan	Saeed Ahmed Khan Muhammad Khan Yar Muhammad Khan Saeed Ahmed Khan Saeed Ahmed Khan Rashid Ahmed Khan	2.940	2.153	-	5.093	-	1.076	-	1.076
18	Sajid Iron & Steel Works R-97, Block-H, N.Nazimabad, Karachi	S.Sajid Ali 42101-1951438-5	S.Wajid Ali	0.200	0.792	0.008	1.000	-	-	0.702	0.702
19	Ali International Lakson Square-I, 265, 2nd Floor, Block B, R.A.Lines, Sarwar Shaheed Road, Karachi	Qazi Farhat Ali NIC # N.A. at Branch record	Hakim Ali Qazi	0.210	0.584	0.020	0.814	-	-	0.532	0.532

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
20	S.T.S. Int'l Taj Mohd. Complex, Faiz M. Ali Rd, Pak Chok, Karachi	Mohd. Sadiq 42201-2531851-9 Mohd. Adil NIC# N.A.	N.A.	2.400	1.174	0.077	3.651	-	0.512	0.062	0.574
21	Can Can Ent. B-259, Bl.A, North Nazimabad, Karachi	Fahim-ul-Haq 42301-3036734-5	Mazhar-ul-Haq	0.200	0.756	0.010	0.966	-	0.733	0.010	0.743
22	Kash International R-26, Sect 5-C/4, North Karachi, Karachi	Jawed Akhter Khan 42101-9710461-7	Mohd. Mujtaba Khan	0.770	1.694	0.041	2.505	-	1.625	0.015	1.640
23	Shamimara 153-B,Intelligence School, New Queen's Road,Area#24,Khi. 48/2,5th Com.St.,Phase	Shamimara 42301-8597561-4	W/o Altaf Madni	1.820	2.622	0.148	4.590	-	1.723	-	1.723

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2009 TO 31.12.2009**

**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 beginning of year				Principal written off.	Interest/Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/mark-up	Others.	Total.				
1	2	3	4	5	6	7	8	9	10	11	12
24	Gadap Poultry Farm Est.#1,A-2,Gadap Rd.,Super Highway, Karachi	Mazhar Saeed CNIC--N/A--	S/o Mirza Saeed Beg (Late)	0.656	2.259	0.016	2.931	-	2.015	0.016	2.031
25	Gardinia Global, Dr.Hassan Zafar Arif, Land Bearing No.291/1,291/2,291/3,291/4,292/3 Situated at Hatul put Taluka Thana, Bula Khan, Distt: Dadu	Dr.Hassan Zafar Arif	Maqbool Hussain	3.081	0.583	0.032	3.696	-	-	0.581	0.581
26	Haji Niaz Muhammad Umrani C/o Saleem Flour Mills Usta Muhammad	Haji Niaz Muhammad Umrani 53404-1494561-5	Muhammad Yaqoob	-	0.697	-	0.697	-	0.697	-	0.697
27	M/s Muhammad Shafi Muhammad Ishaq Grain Market Sahiwal	Muhammad Iqbal 36502-5412696-9 Muhammad Tahir 36502-1385582-3 Muhammad Sabir (Deceased) 333-45-022544 Muhammad Ishaq (Deceased) Aziz Begum (Deceased)	Ss/o Muhammad Shafi (since expired) -do- -do- -do- Wd/o Muhammad Shafi	1.296	0.406	0.406	2.108	-	-	0.812	0.812
28	M/s Muhammad Shafi Muhammad Ishaq Grain Market Sahiwal	Muhammad Iqbal 36502-5412696-9 Muhammad Tahir 36502-1385582-3 Muhammad Sabir (Deceased) 333-45-022544 Muhammad Ishaq (Deceased) Aziz Begum (Deceased)	Ss/o Muhammad Shafi (since expired) -do- -do- -do- Wd/o Muhammad Shafi	2.396	0.786	0.752	3.934	-	-	1.538	1.538
29	Bhittai Cotton & Ginning Factory, Ubauro			-	2.739	0.067	2.806	-	2.739	0.067	2.806
			TOTAL:	591.551	292.793	381.071	1,265.415	297.597	257.800	83.064	638.461

**Annexure III as referred to in
Note 2.1 to the financial statements**

ISLAMIC BANKING BUSINESS

The bank is operating 8 (December 31, 2008: 5) Islamic banking branches as at December 31, 2009. The balance sheet and profit and loss account of such branches is as under:

**BALANCE SHEET
AS AT DECEMBER 31, 2009**

	2009	2008
	..... (Rupees)	
ASSETS		
Cash and balances with treasury banks	43,290	10,159
Investments	144,789	509,642
Financing and receivables	736,417	321,650
Fixed assets	104,314	1,050
Other assets	8,627	45,579
	1,037,437	888,080
LIABILITIES		
Bills payable	6,070	5,993
Deposits and other accounts	507,760	47,186
Due to head office	246,385	508,591
Other liabilities	58,870	19,577
	819,085	581,347
NET ASSETS	218,352	306,733
REPRESENTED BY		
Islamic banking fund	300,000	300,000
Unappropriated (loss) / profit	(11,437)	5,552
	288,563	305,552
(Deficit) / surplus on revaluation of assets	(70,211)	1,181
	218,352	306,733
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009		
Profit / return on financing and placements earned	166,451	126,760
Profit / return on deposit and other dues expensed	83,379	42,541
Net spread earned	83,072	84,219
OTHER INCOME		
Fee, commission and brokerage income	2,124	1,331
Income from dealing in foreign currencies	67	6
Other income	16,218	78
Total other income	18,409	1,415
OTHER EXPENSES		
Administrative expenses	112,914	79,266
Other charges	4	816
Total other expenses	112,918	80,082
PROFIT / LOSS BEFORE TAXATION	(11,437)	5,552