



THE BANK OF PUNJAB

Passion Reborn

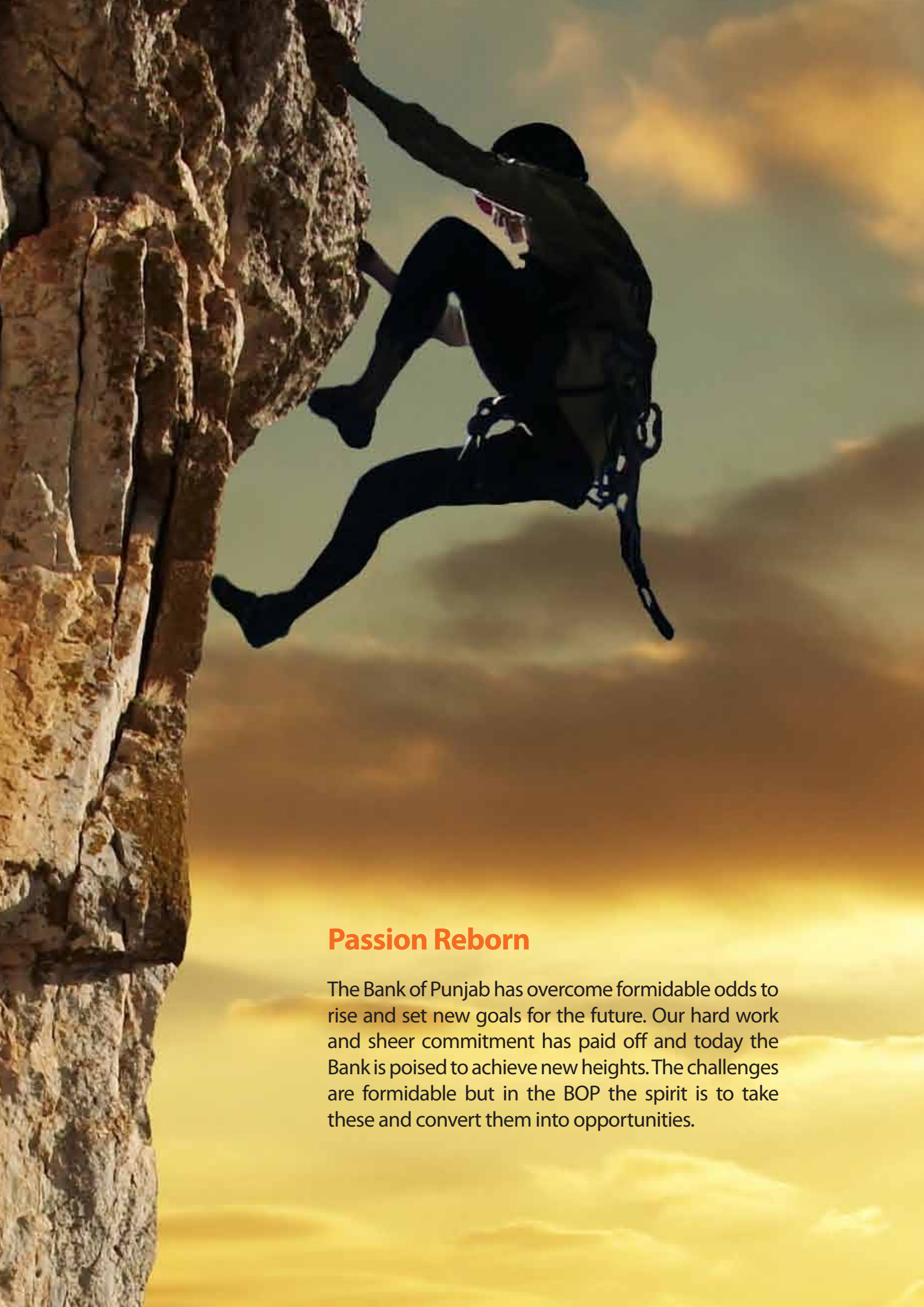
Annual Report

2011

BOP

THE BANK OF PUNJAB





Passion Reborn

The Bank of Punjab has overcome formidable odds to rise and set new goals for the future. Our hard work and sheer commitment has paid off and today the Bank is poised to achieve new heights. The challenges are formidable but in the BOP the spirit is to take these and convert them into opportunities.

CONTENTS

Corporate Information	04
Vision, Mission Statement & Core Values	06
Management	08
Credit Rating	10
Six Years at a Glance	12
President's Message	16
Economic Review	18
Directors' Report	20
Statement of Compliance with the Code of Corporate Governance	28
Auditors' Review Report to the members on Code of Corporate Governance	31
Pattern of Shareholding	32
Notice of Annual General Meeting	36
Financial Statements of the Bank of Punjab	37
Consolidated Financial Statements of the Bank of Punjab and its Subsidiary Punjab Modaraba Services (Pvt.) Limited	115
Foreign Correspondents	193
Form of Proxy	

CORPORATE INFORMATION

Board of Directors

Mr. Ghafoor Mirza	Chairman
Mr. Naemuddin Khan	President
Mr. Tariq Mahmood Pasha	Director
Mr. Tariq Bajwa	Director
Mr. Rizwan Ullah Khan	Director
Mr. Junaid Ashraf Khawaja	Director
Mr. Farooq Ahmed Awan	Director
Mr. M. Naveed Masud	Director

Mr. Raza Saeed Secretary to the Board

Audit Committee

Mr. Ghafoor Mirza	Chairman
Mr. M. Naveed Masud	Member
Mr. Junaid Ashraf Khawaja	Member

Auditors

Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants

Registered Office

BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III,
Lahore.
Telephones: +92-042-35783700-10
Fax No. +92-042-35783975

Website

www.bop.com.pk
UAN: 111-200-100

Registrar

M/s Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial, Model Town, Lahore.
Telephone: +92 – 042 – 35839182, 35916714, 35916719
Fax No. +92 – 042- 35869037

Banking for Convenience



Vision Statement

To be a customer focused bank with service excellence.

Mission Statement

To exceed the expectation of our stakeholders by leveraging our relationship with the Government of Punjab and delivering a complete range of professional solutions with a focus on programme driven products and services in the agriculture and middle tier markets through a motivated team.

Core Values

Our Customers	as our first priority
Profitability	for the prosperity of our stakeholders that allows us to constantly invest, improve and succeed
Corporate Social Responsibility	to Enrich the lives of community where we operate
Recognition and Reward	for the talented and high performing employees
Excellence	in everything we do
Integrity	in all our dealings
Respect	for our customers and each other



Catering the Business Needs



growth...

at
OUNT

The Bank of Punjab - Sharing Success

MANAGEMENT



Standing Left to Right	Khawar S. Ansari Head Treasury	Irfanuddin Head Compliance & Internal Control	Azhar Hussain Dilawari Head Information Technology	Tariq Maqbool Chief Risk Officer	Nadeem Amir Chief Financial Officer	Ijaz ur Rehman Qureshi Group Head Audit & RAR	Ahmed Razi Ghazali Head Corporate Communication	Faqir Syed Azm Ali Group Head Operations	Raza Saeed Secretary to the Board	Liaquat Ali Group Head Commercial Banking	Asim Jahangir Seth Head Corporate & Investment Banking	Muddassar Hussain Naqvi Head Legal	Abdul Qayyum Sukhera Head Agriculture	Mian M. Sharif Head CAD	Raza Ali Head Cash Management	Mustafa Hamdani Head Equity Capital Markets
Sitting Left to Right	Moghis Rifuuddin Bokhari Group Head Human Resource		Shahid Waqar Mahmood Group Head Retail Banking		Naemuddin Khan President /CEO		Khalid S. Tirmizey Deputy CEO		Mahboob ul Hassan Head SAM Corporate							



Entity Ratings by PACRA

Long Term:	AA-
Short Term:	A1+

Rating Definition:

Long Term Rating:

AA: Very High Credit Quality. AA Ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable for foreseeable events.

Short Term Rating:

A1+: Obligations supported by the highest capacity for timely repayment.

Striving for Service Excellence



SIX YEARS AT A GLANCE

	Criteria	2011	2010	2009	2008	2007	2006
BALANCE SHEET							
Total Assets	Rs in m	280,998	229,190	216,670	185,909	234,974	164,855
Advance (net)	Rs in m	127,130	120,818	121,316	131,731	133,894	101,320
Investments	Rs in m	92,581	56,403	57,960	22,712	73,462	28,233
Shareholders Equity	Rs in m	10,135	2,947	5,531	5,057	15,110	10,659
Revaluation Reserve	Rs in m	638	721	645	(1,313)	3,885	5,467
Deposits	Rs in m	237,897	208,177	190,858	164,073	191,969	137,728
Borrowings from FIs	Rs in m	24,964	11,527	14,040	12,279	17,843	6,989
OPERATING RESULTS							
Markup/ return/ interest earned	Rs in m	20,685	18,220	15,642	17,753	17,539	11,579
Markup/ return/ interest expenses	Rs in m	21,073	18,802	19,023	16,614	13,939	7,509
Net markup income	Rs in m	(388)	(582)	(3,381)	1,139	3,600	4,070
Non-markup based income	Rs in m	1,990	1,883	2,219	4,183	5,423	2,954
Non-markup based expenses	Rs in m	3,711	4,168	3,029	2,925	2,289	1,882
Provision against NPLs	Rs in m	(3,164)	560	9,242	18,864	1,888	374
Net profit/(Loss) before tax	Rs in m	523	(6,186)	(14,374)	(16,833)	4,846	4,769
Net profit/(Loss) after tax	Rs in m	348	(4,029)	(10,069)	(10,060)	4,446	3,804
Other Information							
EPS (Non dilutive)	Rs. Per share	0.66	(7.62)	(19.04)	(19.02)	10.51	13.14
Dividend - Cash	%	-	-	-	-	-	-
Dividend - Bonus issue-Interim	%	-	-	-	-	10.00	-
- Bonus issue-Final	%	-	-	-	-	25.00	32.50
No. of branches	No.	284	273	272	272	272	266
Staff Strength	No.	4,674	4,464	4,279	4,156	3,859	3,681

Empowering Women

Lady Entrepreneur
Financing

Empowering
Exclusively



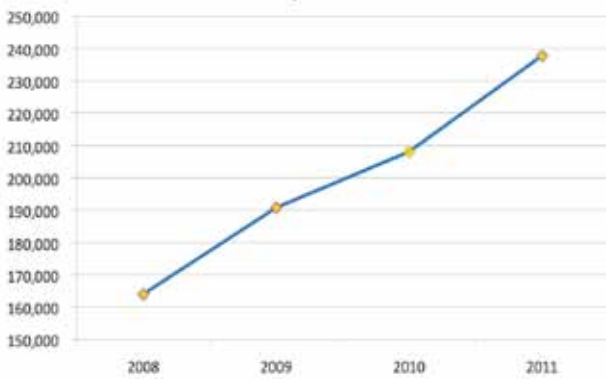
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Bank

GROWTH TRENDS

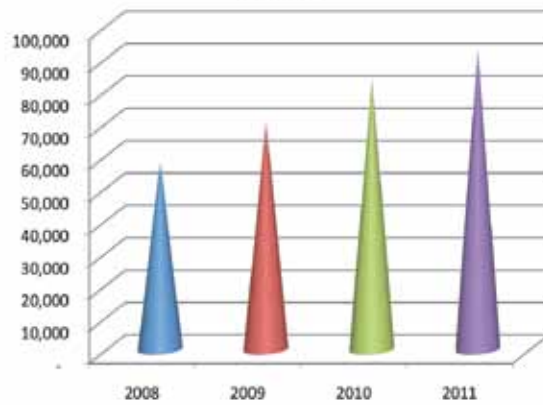
Deposits

Rs. in Million



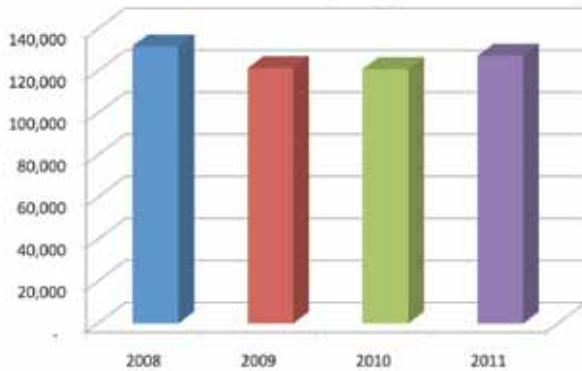
CASA

Rs. in Million

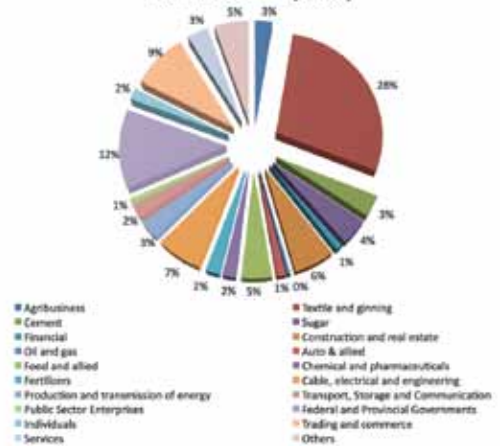


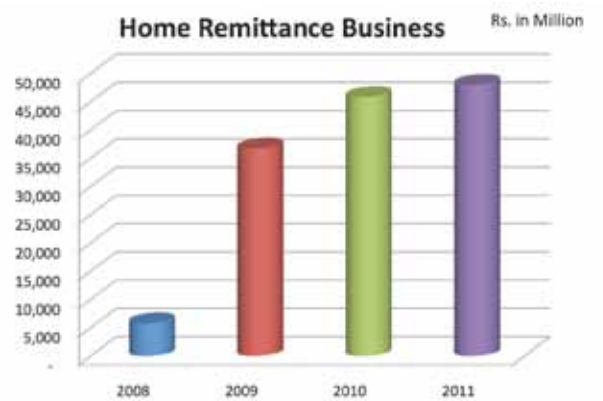
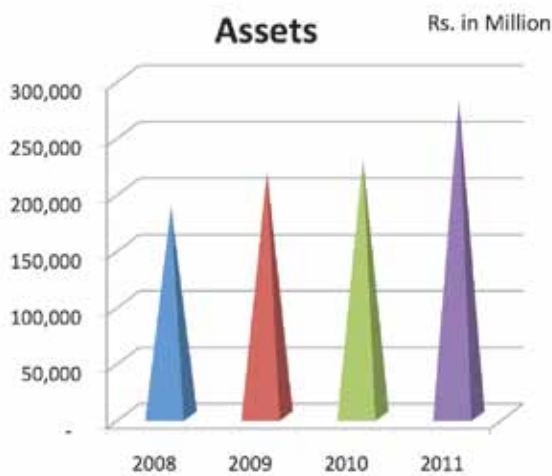
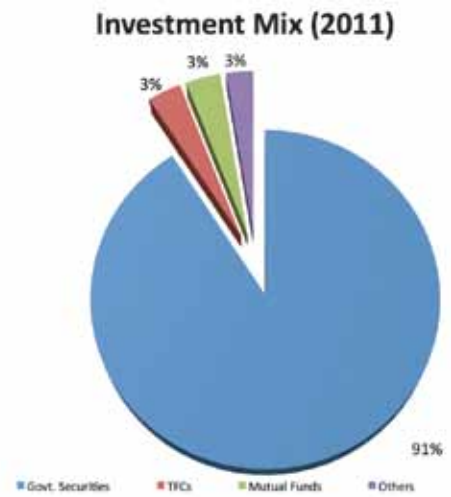
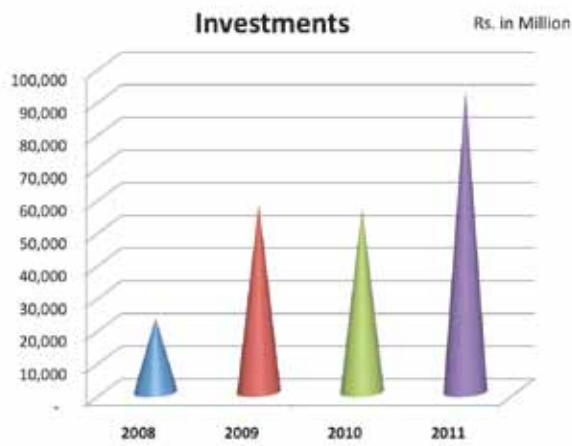
Advances (net)

Rs. in Million



Advances Mix (2011)





PRESIDENT'S MESSAGE



It has been over three years since I was tasked with enacting a turnaround in The Bank of Punjab, following the dire events of the previous management's tenure. When I took over, the financial position of the bank was exceptionally weak and a once proud institution had been brought to its knees in the wake of high profile scandals, most notably the Haris Steel Mills case, and other cases against ex-directors.

While the entire Pakistani banking sector was affected by rising NPLs, climbing inflation and a shrinking customer base, these further exacerbated our structural issues, making our efforts to re-align the bank's balance sheet an even more arduous task.

In this critical time, Mr. Shahbaz Sharif, the honourable Chief Minister of Punjab, played a major role in re-establishing the bank's trust and goodwill with its customers. The CM rerouted business and deposits for government and semi-government clients back to BOP, giving us much needed liquidity to sail through a troubled period and ensured that there was no government or political interference in The Bank of Punjab's affairs.

Now, BOP is ready to take its first major stride forward since the crisis hit and claim reward for all the hard work that has taken place to rehabilitate this institution to sound financial health. We have re-structured Rs. 40 Billion of our portfolio and can now boast both the highest per branch deposit and the fastest deposit growth in Pakistan. BOP has been fortunate to be served by a team of dedicated professionals with integrity, commitment and the perseverance to strive through these challenging times and emerge successful.

The story of The Bank of Punjab's turnaround is one that will make a fascinating case study of surviving the odds through prudent financial management and zero-tolerance for corruption. In the last three years, reclaiming the trust of our customers and recovering the taxpayer's money has been our primary concern. We started at a time when BOP's workforce was bloated with political baggage engaged in unscrupulous practices and we made it a priority to identify and remove all such individuals at the earliest. We then hired capable and qualified professionals and have invested in training programs to raise our service standards throughout the organization.

We have taken great strides in the last three years; some have been internal while others are more apparent to those closely following our progress. Wheat procurement has been one of The Bank of Punjab's core agricultural investments and we had to endure great skepticism after a 2008 procurement of just Rs. 0.33 Billion. For 2009-10 we were able to raise Rs. 23 Billion and now we lead the wheat procurement consortium with Rs. 73 Billion for 2010-11, a return to our due place as the premier bank of the nation's largest agricultural province. We have also seen close to USD 2 Billion in remittances, a boon for the nation in these unsteady economic times.

In my tenure, The Bank of Punjab has made a point of investing in the bank's true assets; its clients and employees. One of our major initiatives has been to strengthen our core banking segment, offering new and improved products, while getting to know our market better and enhancing our capabilities. We have revamped our operations internally to support this change and look forward to growing out stature in 2012 as a modern bank for all customers. Another key area we have invested in is the expansion of our network, now boasting 284 branches nationwide. In the last three years, our branches have undergone major refurbishment, with renovations of older facilities and launching newer, modern branches, placing an emphasis on improving service standards for our valued customers and creating an excellent end-to-end experience with BOP.

In the last three years, even the BOP's working environment has changed dramatically. Previously, we had barely a hundred trainings for our employees and now over 2,500 of our staff have undergone training, part of our quest for excellence and professionalism in every aspect of our organization.

While we are very proud of how far we have come in our mission, we know that we have a long way to go. Our goal is to build The Bank of Punjab into a leading financial institution, both within Punjab and nationwide, and we have great hopes for the future.

Funds embezzled by unscrupulous business groups are paid for by Pakistani citizens and our motivation from the very outset has been to return misappropriated funds to the public. We have made our best effort to do so and can claim a measure of success in what we have achieved so far. However, it is ultimately the role of the state and its institutions to ensure that these assets are returned to their rightful owners.

We maintain a positive outlook of the Bank's growth and expansion plans for the next year. While agriculture has been a core business of BOP since its inception our vision is to be an active partner in helping farmers achieve greater yields, acreage and output across the nation. In the context of rising global commodity prices, Pakistan's future prosperity will be led by growth and innovation in the agriculture sector and BOP wishes to be at the forefront of this revolution.

We are also expanding our product portfolio in the Islamic banking sector, one of the globe's fastest growing segments and look forward to servicing a great many new customers. With plans to soon cross 300 branches, we have set ourselves the target of being one of the 5 largest banks in Pakistan in the next 2 to 3 years. If we remain on our current trajectory and continue to receive support in our revival, there is every reason to expect great things from BOP in the years to come.

I sincerely value and wish to acknowledge the understanding, guidance and support of the Board of Directors, Government of the Punjab and the State Bank of Pakistan during the challenging period. I am also grateful to my staff for their dedication and to our valued customers and respected stakeholders for the confidence reposed in me and the rest of my management team at BOP.

Naeemuddin Khan

President

ECONOMIC REVIEW

The economy of Pakistan, which remained under stress since year 2008, continued to suffer due to energy crises, high interest rates, increasing inflation rate and devastating floods that heavily affected agriculture based economy of the country. The economy managed a growth rate of 2.40% in FY11. It is estimated that due to devastating floods in the early part of FY11, the 6.60 million labor work force was out of work for 2 to 3 months and a capital stock worth US\$ 2.60 billion was lost.



Although, the flood-hit agriculture sector managed to overcome affects of floods and showed a growth of 1.20%, however, industrial growth was negative 0.1% in FY11. The main reasons behind the decline in industrial growth were interrupted supply chain due to floods, persisting energy crisis, high interest rates and law & order situation. The overall growth in service sector was 4.10% in FY11, although little short from targeted growth of 4.70%, but it accounted for 90% of country's real GDP. Despite good performance of services sector and over growth of 2.40%, Pakistan remained way behind in economic growth when compared to neighboring countries in South Asia.

The better performance of neighboring countries depicts that the domestic factors have badly affected the overall growth of the country's economy. The fixed investment rate of the country was only 13.40% in the FY11 which was lowest since the FY74. Since fixed investment is one of the major indicators for economic growth and employment, the uncertain business climate and the hesitation of banks to lend are the key responsible factors for low investment rate.

The overall fiscal position of the country remained under stress during the FY11. The budget deficit stood at 6.60% of the GDP as compared to targeted figure of 4.0%. The main reasons behind such large scale budget deficit were inability in broadening the tax base of the country & bringing agriculture income in the tax net, delay in re-structuring of loss making public sector organizations and phasing out of subsidies allowed by the Government in different sectors. The realized tax revenue was short from the annual targeted figure of Rs. 1.7 trillion by Rs. 160 billion. However, it was positive to note that the Government was able to curtail spending and government budgetary expenditure in FY11 stood at 18.90% of GDP as compared to a figure of 20.50% in the FY10.

The increase in fiscal deficit badly affected the country's debt burden. Resultantly, public debt and liabilities increased by Rs. 1,763 billion in FY11. Interest payment on public debt accounted for 32.80% of the Government total revenue in FY11. However, the external debt position remained stable and most of the increase, therein, was due to currency revaluation.

In aftermath of decline in external funding following the suspension of the IMF Stand-By Arrangement (SBA), the government's reliance on domestic debt has increased. The Government borrowed Rs. 1.10 trillion from the domestic sources in the FY11, which accounted for 91% of the fiscal deficit of the country.

The Home Remittances stood at US\$ 11,201 million in FY11 as compared to a figure of US\$ 8,906 million in FY10, showing a healthy increase of 26%. Further, the liquid foreign exchange reserves of the country were recorded at US\$ 18,244 million as compared to a figure of US\$ 16,750 million showing an increase of 9%.

In order to encourage investment in the country, the State Bank of Pakistan slashed the discount rate by 2.0% in the year 2011. However, despite this encouraging step, the overall investment in the country has not shown the desired results. The main reasons behind the low response from the business community remained the persisting energy crises, outage of natural gas which has heavily affected the textile industry and prevailing law and order situation in the country.

The banking sector of Pakistan has shown signs of recovery from a spell of global recession and low growth rate of the

country that hit the banking industry in the year 2008 and kept haunting it till major part of year 2010. The main reason behind the low performance of the banking sector has been the non-performing loans. Despite that, the banking sector has shown good performance in the year 2011.

The total deposits of the scheduled banks in Pakistan stood at Rs. 5,563 billion as on 30-06-2011 as compared to Rs. 4,765 billion as on 30-06-2010, showing a growth of 17%. Further, the total loan portfolio of the banking industry stood at Rs. 3,566 billion as on 30-06-2011 as compared to Rs. 3,425 billion as on 30-06-2010, showing an increase of 4% in loan portfolio of the banking industry. The level of non-performing loans touched the level of Rs. 579 billion as on 30-06-2011 as against Rs. 459 billion as on 30-06-2010 showing a rise of 26%. The banking sector investment in securities and shares stood at Rs. 2,654 billion as on 30-06-2011, as compared to Rs. 1,949 billion as on 30-06-2010, showing an increase of 36%.

The above statistics clearly reflect that the banking sector's financing had increased marginally as compared to a healthy increase of 17% in banking sector deposits. The banking sector remained more willing to invest in securities, especially in government securities, and shares. This has been due to banking sector shyness to finance the private and public sector of the country due to their current status of non-performing loans and unwillingness of business community to take investment risk in prevalent environment.

Future Outlook

Although the country's economy grew at a rate of 2.40% in FY11 against very tough odds due to devastating floods, high inflation rate and lower investment, the full pace recovery of the economy seems far away. The Government needs to enhance the tax base of the country and bring the untapped areas, especially agriculture income, into tax net. Further, Government needs to overcome the prevalent energy crises in the country to help boost the confidence of investors. Furthermore, the subsidies allowed by the Government to different sectors of country needs to be eliminated. The law and order situation needs to be improved along with major cut in Government non-productive expenses.

However, it seems very unlikely that Government will be in a position to take bold and hard decisions required to boost the economy. Since the budget for the year 2012 will be the final budget before the general elections in the country, therefore, strict fiscal and monetary decisions are very unlikely. Further, increase in non-development expenditure is expected to increase to win over public opinion during general elections.

The political situation of the country, high rate of inflation, energy crises, law and order situation and increasing trend in petroleum prices in international market are likely to hamper economic growth of the country in year 2012.

The banking sector of the country has shown signs of improvement in the year 2011. However, the NPLs portfolio of the banking industry is hampering the aggressive decision making, which grew by 26% during FY11. The banking sector has a pivotal role in providing much required funds for investment in the country.

Although State Bank of Pakistan has cut the discount rate by 2.0% in the year 2011, however, financing of banking sectors have not increased as expected. The Government needs to improve investment environment in the country, enabling banking sector and business community to work together for improving industrial and agriculture growth in the country.



The banks have been financing in the agriculture sector for decades. However, there seems to be lot of room for enhancing financial presence in this sector. Since country's economy heavily depends on agriculture growth and output, therefore, availability of low rate credit to this sector is the need of hour.

The banking sector is also making headways by introducing branchless banking, e-banking and offering other value-added services. Introduction of branchless banking has enabled the banks to spread their reach in far flung areas of the country and offer their services to consumers. The banking sector has recovered from global recession shock of 2008 and has a very bright growth opportunity in the year 2012, provided Government ensures investment conducive environment in the country.

DIRECTORS' REPORT



On behalf of the Board of Directors, I am pleased to present the 22nd Annual Report of The Bank of Punjab along with the audited Financial Statements and Auditors' Report thereon, for the year ended December 31, 2011.

Performance at a Glance

The year 2011 was another era of efforts to put the bank on the pathway of success. During the year, the Management successfully achieved growth in almost all facets of operations. Despite adverse economic conditions and intense competition, the Bank registered a remarkable growth of Rs. 29.7 billion in Deposit base, which stood at Rs. 237.9 billion as of December 31, 2011. The focus remained on procurement of CASA (Current Account Saving Account) deposits, which touched the level of Rs. 92.5 billion, thereby, showing a growth of Rs. 9.3 billion.

As a result of improvement in CASA Deposits and deployment of incremental funds coupled with regularization of

NPLs, the Net Interest Margin (NIM) of the Bank significantly improved and the Management is quite confident to achieve positive zone for NIM in coming year.

The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs.10.1 billion, as against the minimum regulatory capital requirement of Rs. 8.0 billion. During the year, the Government of the Punjab (GOPb), being the majority shareholder, also deposited Rs.7.0 billion in addition to Rs.10.0 billion deposited as advance subscription money in year 2009 against future issue of shares by the Bank.

As at close of the year, investments of the Bank stood at Rs. 92.6 billion with major concentration in Government Securities which constitutes 91% of total investment to improve risk profile of the Bank.

During 2011, the Management vigorously pursued the regularization of infected loan portfolio and resultantly the

NPLs reduced to Rs.73.7 billion as against Rs 77.4 billion as on December 31, 2010. The management also focused on prudent lending to reputed clients with no NPL out of new exposures. The gross advances of the Bank stood at Rs.153.4 billion as against Rs. 150.1 billion as on December 31, 2010.

As at the close of the year 2011, net advances aggregating to Rs. 33.1 billion, requiring additional provision of Rs. 28.6 billion there-against have not been subjected to provisioning criteria, as prescribed in SBP prudential regulations, in view of the relaxation provided by State Bank of Pakistan. This relaxation will be extended by the SBP for another period of 03 years including year 2012 based on examination of the bank's business plan to be submitted to the SBP by June 30, 2012.

The above relaxation in provisioning requirement is against undertaking of the GOPb, being the majority shareholder, to inject necessary capital to cover the shortfall in regulatory capital, if any, in case these loans require provisioning as explained in Note 1.2 of the financial statements. However, the management is hopeful that additional funding by the GOPb will not be required as due strategies for recovery/regularization of these advances have been framed and implemented.

In addition, in terms of Letters of Comfort (LOCs) issued in this regard, the GOPb, being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

The poor economic conditions adversely affected the operating results of Corporate Sector and due to low payout ratio the Dividend Income of the Bank remained at Rs. 0.3 billion as against Rs. 0.4 billion during 2010. However, the Non-interest/Mark-up Income of the Bank remained at Rs. 2.0 billion as against Rs. 1.9 billion during 2010. The Bank also succeeded in improving the cost-efficiency, which helped to keep the Administrative Expenses within the inflationary parameters. Accordingly, the Administrative Expenses remained at the level of Rs. 4.0 billion.

During the year 2011, the Bank posted an After Tax Profit of Rs. 0.3 billion as against After Tax Loss of Rs. (4.0) billion during 2010.

Financial Highlights

Rs. In thousand

Profit before taxation	522,747
Taxation	174,774
Profit after taxation	347,973
Accumulated Loss b/f	(14,352,989)
Transfer to statutory reserve	(69,595)
Transfer from surplus on revaluation of fixed assets (net of tax)	6,770
Accumulated Loss c/f	(14,067,841)
Earnings per share-Rupees	0.66



Capital Adequacy and Minimum Capital Requirements

As at close of the year, paid-up capital, reserves (net of losses) and advance subscription money of the Bank stood at Rs.10.1 billion, as against the minimum regulatory capital requirement of Rs. 8.0 billion. The Capital Adequacy Ratio (CAR) remained at a level of 7.12% against the prescribed level of 10%.

In order to provide capital support to the Bank, during the year, the Government of Punjab (GOPb), being the majority shareholder, deposited Rs.7.0 billion in addition to Rs.10.0 billion deposited as advance subscription money in year 2009 against future issue of shares by the Bank. Further, the GOPb has also undertaken to inject necessary

capital to cover the shortfall in regulatory capital, if any, in case provisioning against certain loans is required, as explained in Note 1.2 of the financial statements.

Accordingly, the State Bank of Pakistan has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations and exemption from applicable capital adequacy ratio (CAR) and minimum capital requirements for the years 2009, 2010, 2011 and 2012. However, the minimum level of CAR should not fall below 7% for the years 2011 and 2012. Further, the SBP has also agreed to allow above relaxations for the period of another 3 years including year 2012 based on examination of the business plan to be submitted by the Bank to the SBP by June 30, 2012.



Branch Network

During the year, in recognition of consistent improvement and sustained growth in all facets of operation, the State Bank of Pakistan granted additional 11 licenses for opening of new branches. Accordingly, the number of branches has increased from 273 to 284 at close of the year. The Bank has planned to further open 22 branches in year 2012.

Home Remittances

In order to augment the initiatives taken by Government of Pakistan under Pakistan Remittance Initiative (PRI), the Bank was extensively engaged in providing due support to the beneficiaries of the home remittances. Accordingly, the Bank handled home remittance business of Rs. 48.0 billion during 2011.

Special Assets Management (SAM)

While recognizing the importance of early regularization of NPLs, a comprehensive strategy to recover and restructure the NPLs has been implemented.

In order to strengthen Special Asset Management Division (SAMD), following steps have been taken:

- i) Reorganization of SAMD by dividing into Corporate and Commercial Segments.
- ii) Approval of a formal working manual for SAM.
- iii) Setting up a comprehensive MIS for SAM.
- iv) Enrollment of senior lawyers on the panel of the Bank on the basis of their professional standing, experience and high profile names in the field.
- v) Monitoring processes of filing recovery suits by the Internal Law Department.
- vi) Role of recovery agencies is being enhanced in the cases of small defaulters.

Wheat Procurement Program

During the year 2011, the Bank successfully managed the syndicated financing arrangements for wheat procurement program of the Government of the Punjab as "Lead Arranger" to the extent of Rs. 71.0 billion as against Rs.50.0 billion during 2010.

Bancassurance

In order to enhance retail business and fee based income, the Bank entered into an agreement with M/s EFU Life Assurance to introduce Bancassurance services through the branch network of the Bank. Under this agreement, the Bank has launched four different schemes customized to meet the customers' needs.

Technology

The Bank is providing online banking services to its valued clients through the entire branch network along with an ATM network of 106 machines. During 2011, 36 new ATM machines were installed at different locations. The Bank has also introduced Inter Bank Funds Transfer (IBFT) facility through its ATM network.

The Management has initiated process of acquiring a state of the art core banking system and number of other applications for enhancing the Bank's capacity to improve

its customer services and product offerings, backed by improved controls over operations and enhanced MIS. The other applications include Human Resource Management, Consumer Financing, Risk Management and Anti Money Laundering.

Cash Management Services (CMS)

The Bank has set up Cash Management Department to facilitate the corporate customers to have a specialized service towards the receivables & payables management at a high speed, with minimal cost, supported by a customized MIS. The collection of cheques deposited at various locations is made faster and funds credited at a single point. Similarly, CMS helps customers to manage their bulk payments from any single point.

Human Resource

Human Resource strategies have been a key component of the Bank's overall efforts for business transformation and augmenting performance of its operational units. The prime objective of the HR function is to harness the employee potential for serving the customers in a better manner. The Bank is endowed with a competent and highly motivated employee base of 4,674, who are engaged in handling the mammoth business operations of the Bank.

The Bank has created a very comprehensive HR technology platform covering HRM, Training, Payroll & Leave modules enabling automation of various functionalities. Various other modules were also continued to be implemented during the year.

Substantial training and developmental activities were also carried out during the year which included areas of Credit, Forex Dealings, Branch Management, Planning, Risk Management, etc. besides all-round development and grooming of young officers and new recruits.

Credit Rating

The Bank has been assigned long term credit rating of AA- and short term A1+ by M/s Pakistan Credit Rating Agency (PACRA). The assigned short term credit rating of A1+ is the highest in the rating scale.

As per standard rating scale and definition "AA" long term rating denotes a very low expectation of credit risk. It



indicates a very strong capacity for timely payment of financial commitments not significantly vulnerable to foreseeable events. Similarly, "A1+" short term rating denotes obligations supported by the highest capacity for timely repayment.

Statement of Internal Controls

The Board of Directors (the "Board") of the Bank has overall responsibility to supervise maintaining a sound system of internal controls that is designed to manage the Bank's risks within an acceptable risk profile. The Board has delegated certain responsibilities to its subcommittees and these committees have the authority to examine particular issues and revert to the Board with their recommendations. The Management assists the Board in implementation of the policies and procedures on risk and control by identifying and assessing the risks faced in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.



The Management of the Bank is fully conscious of its responsibility for establishing and maintaining an adequate system of internal control, implementing strategies and policies approved by the Board through appropriate organizational structure, processes and procedures designed to provide reasonable assurance as to the integrity and reliability of controls and information generated therefrom and for monitoring and evaluating the adequacy & effectiveness of the system to achieve;

- Efficiency and effectiveness of the operations;
- Reliability, completeness and timeliness of financial and management information;
- Compliance with policies, procedures, regulations and laws.

In 2009, the Bank as its top priority, set to implement State Bank of Pakistan (the "SBP") Guidelines on Internal Controls to place an effective internal control system. The Bank's Internal Control System is being aligned with internationally accepted internal control principles and the framework developed by Committee of Sponsoring Organizations of the Treadway Commission (the "COSO" Framework on Internal Controls) with the assistance of a reputed advisory firm. Within the Bank, Compliance & Internal Control Division (the "C&ICD") was assigned the overall responsibility for managing this activity and implementing SBP internal control regulations in full. So far, the Bank has completed three stages of Guidelines on Internal Controls and accordingly has documented existing processes and controls (AS-IS documentation) and after identification / reviewing the gaps, has developed detailed implementation plan to rectify these gaps. The completed stages have been evaluated by the Bank's External Auditors and their 'Long Form Report' as at December 31, 2010 has already been furnished to SBP.

The C&ICD is also entrusted with the responsibility of expediting rectification of irregularities and control lapses in branches' operations and various controlling offices / Divisions pointed out by Audit & RAR Group (the "Audit Group"), SBP and Bank's External Auditors and to ensure implementation of control design improvements. Vigorous efforts are being made by the C&ICD to improve the Control Environment at grass root level by continuous review and streamlining of procedures to prevent and rectify control lapses as well as imparting training at various levels. The C&ICD is responsible to ensure adherence to the regulatory requirements and Bank's internal policies and procedures, with specific emphasis on KYC/AML. The C&ICD is being further strengthened for remediation of internal control deficiencies, implementing remaining stages of SBP road map and maintaining the system on an ongoing basis. The other stages of the SBP roadmap will be completed during the Year 2012.

The Audit Group, independent from Management, is entrusted with the function to review and assess adequacy and effectiveness of the control activities across the Bank as well as to ensure implementation of and compliance with all the prescribed policies and procedures of internal controls. Audit Group evaluates, validates, monitors and contributes to ongoing effectiveness of control systems as part of its scope. All significant and material findings of Audit Group's reviews are being reported to Central Audit Committee (the "CAC") of the Board regularly. The CAC actively monitors implementations to ensure that identified risks are being mitigated to safeguard interests of the bank.

As system of Internal Control is designed to manage risks within an acceptable level to achieve the Bank's strategies, aims and business objectives rather than to eliminate the risk of failure, it can, therefore, only provide reasonable and not absolute assurance against material misstatement of management and financial information. The system of internal control followed by the Bank is considered to be adequate and sound in design and is being effectively implemented and monitored.

Risk Management Framework

The effective Risk Management function is fundamental to the business of banking and is very essential element for banking operations. This function ideally facilitates the identification, mitigation and management of risks which may impede the Bank's achievement of its strategic objectives.

Accordingly, the Management has introduced a holistic approach towards implementation of effective risk management framework and has been engaged in extensive and detailed evaluation and assessment of risk management framework in all areas of banking operations.

The Board of Directors of the Bank is primarily responsible for laying down risk parameters and establishing an integrated risk management and control system. The Bank's Board approves Risk Management policies and also sets out exposures limits taking into account the risk appetite of the Bank and the skills available for managing the risks. Board of Directors is supported by "Board Risk Management Committee" in this respect.

The credit risk mechanism consists of policies and practices that ensure credit risk is measured and monitored both at account and portfolio levels. The Credit Policy Manual addresses the Credit Risk related to lending. Credit Approving Authority, Prudential Exposure Limits, Risk Rating System, Risk Based Pricing, Portfolio Management are the various instruments for management of Credit Risk.



Bank has standardized and well-defined approval processes for all credit proposals to minimize the credit risk associated with them. Bank has set up Credit Approval Grids at Regional Offices and Head Office. The Bank has also developed credit rating models. Entire credit portfolio of the bank is subject to internal credit rating. The Bank continuously monitors portfolio concentrations by borrower, groups, industry, geography, etc and constantly strives to improve credit quality and maintain a risk profile that is diverse in terms of borrowers, products, industry types and geography.

The overall responsibility of managing the market risk rests with the Market Risk Management Committee (MRMC). The Committee meets regularly and decides on the size, mix, tenor, pricing and composition of various assets and liabilities. It primarily does identification, measurement, monitoring and management of liquidity and interest rate risks. It uses tools such as Ratio analysis, Gap analysis, Interest Rate Sensitivity, Value At Risk etc for management of liquidity and interest rate risks.

Comprehensive systems and procedures, internal control system and audit are used as primary means for managing Operational Risk. All new products introduced by the Bank pass through an Approval Process to identify and address operational risk issues.

Statement of compliance with Corporate and Financial Reporting Framework

The Directors are pleased to give the following statement in respect of Code of Corporate Governance:

- The financial statements, together with notes thereon have been prepared in conformity with the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984. These Statements present fairly state of affairs, the result of its operations, cash flows and changes in equity and comprehensive income. Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting and Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed in the Annual Accounts. The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.
- Value of investment of Staff Provident Fund Scheme (approved), based on latest audited accounts is Rs. 477,754 thousand.

- Statement showing pattern of shareholding as on December 31, 2011 is included in this report.
- Statement showing key operating and financial data for the last six years is disclosed on page 12 of the annual report.
- Statement of compliance with code of corporate governance is presented at page no 28 of the annual report.



- During the year 13 meetings of Board of Directors were held with following attendance:

Name of Directors	No. of Board Meetings	Resigned/ Terminated/ Replaced
Mr. Ghafoor Mirza	13	
Mr. Naeemuddin Khan	11	
Mr. Tariq Mahmood Pasha	10	
Mr. Tariq Bajwa	10	
Mr. Rizwan Ullah Khan	9	
Mr. Junaid Ashraf Khawaja	10	
Mr. Farooq Ahmed Awan	6	
Mr. M. Naveed Masud	9	
Mr. AZK Sherdil	2	Expired
Mr. Shafqat Mahmood	10	Resigned

Subsidiary

Punjab Modaraba Services (Pvt) Limited, Bank's wholly owned subsidiary, is effectively managing First Punjab Modaraba. The net assets of the subsidiary stood at Rs.53.4 million as at the year-end as against Rs.106.4 million on December 31, 2010.

Outlook for the year 2012

It is expected that year 2012 will remain significantly challenging for the banking industry because of slowdown in global economy, political unrest and other adverse macroeconomic circumstances. The major impact of such slowdown is expected to be felt in the area of foreign trade. Accordingly, the primary focus of the management will be on improvement in asset quality, strengthening of internal controls, bringing efficiency to control costs, rebuilding of brand image and strengthening the capital base during year 2012.



Auditors

The current auditors M/s E.Y. Ford Rhodes Sidat Hyder, Chartered Accountants have completed their maximum tenor of 5 years with 01 year extension due to delay in finalization of Bank's financial statements for the years 2009 & 2010. Accordingly, the Board has now suggested the name of M/s M. Yousaf Adil Saleem & Co., Chartered Accountants for appointment as Bank's Statutory Auditors for the year 2012.

The Board of Directors, on the suggestions of Audit Committee, recommended the above named auditors as statutory auditors of the Bank for year 2012.



Acknowledgement

In the end, we wish to acknowledge and appreciate the guidance and support from Government of Punjab and the State Bank of Pakistan. We are grateful to our valued customers and respected shareholders for their support, trust and confidence reposed in us. We also wish to thank to all our employees for their dedicated work and contribution towards growth.

Ghafoor Mirza
Chairman

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan also contained in Listing Regulations of all Stock Exchanges in Pakistan where the shares of the Bank are listed, for the purpose of establishing a framework of good governance, ensuring compliance with the best practices of corporate governance.

The Bank of Punjab (the Bank) has applied the principles contained in the Code in the following manner:

1. The Bank encourages representation of non-executive directors on its Board. As on December 31, 2011, the Board includes 6 non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Bank.
3. All the directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Bank has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Bank.
5.
 - (a) The Board has developed a mission statement and an overall corporate strategy.
 - (b) The Board has developed significant policies of the Bank and a complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board of Directors of the Bank have been duly exercised and decisions on material transactions have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings, except in circumstances where emergent meetings are called or where time frames does not allow to serve notice / agenda to meet seven days requirement. The minutes of the meetings were appropriately recorded and circulated.
8. The Board has appropriate arrangements in place for orientation of its directors to apprise them of their duties and responsibilities.
9. The officer having position of CFO was appointed prior to the implementation of the Code of Corporate Governance.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
12. The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
13. The Audit Committee has 3 members as on December 31, 2011 including 2 non-executive directors.
14. During the year 2011, 8 meetings of the Audit Committee were held.
15. The Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank and are involved in the internal audit function on a full time basis.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions have been duly reviewed and approved by Audit Committee and Board of Directors on March 29, 2012.
19. We confirm that all other material principles contained in the Code have been complied with except for the following, where the corresponding provision(s) of The Bank of Punjab Act 1989 have been complied.

Banking 24/7



BOP
THE BANK OF PUNJAB

Passion Reborn

BOP
THE BANK OF PUNJAB

Apna Cash
ATM CARD

4614 8801 5585 1858
Valid Dates: 02/10 02/14
Kamran Ali

REFERENCE CLAUSES FROM CODE OF CORPORATE GOVERNANCE

vi)

The tenure of office of Directors shall be 3 years. Any casual vacancy in the Board of Directors of a listed company shall be filled up by the Directors within 30 days thereof.

viii(e)

Appointment, remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors of the listed company are determined and approved by the Board of Directors

ix)

The Chairman of a listed Company shall preferably be elected from among the non-executive directors of the listed company. The Board of Directors shall clearly define the respective roles and responsibilities of the Chairman and the Chief Executive, whether or not these offices are held by separate individuals or the same individual.

xv)

The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit shall be determined by the CEO with the approval of the Board.

xxv)

The Company Secretary of a listed company shall furnish a Secretarial Compliance Certificate, in the prescribed form, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies' Ordinance 1984 have been duly complied with.

CORRESPONDING PROVISIONS OF THE BANK OF PUNJAB ACT – 1989

Section 14

A Director appointed by the Government, other than President, shall hold office during the pleasure of Government.

Section 15(1)

Where a vacancy occurs in the office of a Director appointed by the Government, the vacancy shall be filled only by appointment by the Government.

Section 11(1)

The President shall be appointed by the Government for a period of five years and on such salary and terms and conditions of service as the Government may determine.

Further in terms of section 11(3) President shall be the Chief Executive Officer of the Bank.

Section 10(2)

The Chairman of the Board shall be nominated by the Government from amongst the official Directors.

Further, in terms of section 10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.

In terms of clause 25 of the Bye-Laws of The Bank of Punjab, the Board of Directors is authorized/empowered to employ appoint and engage such officers and other employees of different categories as it may deem necessary. The terms and conditions of service of the Bank's staff are to be determined by the Board in consultation with the Government of the Punjab.

Section 1 – A

The Bank of Punjab Act shall have effect notwithstanding anything contained in any other law for the time being in force. Accordingly the Bank is not required to file any return with the Registrar of companies.

For and on behalf of the Board

Naeemuddin Khan
President

AUDITORS' REVIEW REPORT TO MEMBERS ON

Statement of Compliance with best practice of Code of Corporate Governance

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2011 prepared by the Board of Directors of The Bank of Punjab (the Bank) to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges, where the Bank is listed.

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

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

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

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

Lahore:
29 March 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

PATTERN OF SHAREHOLDING AS ON 31.12.2011

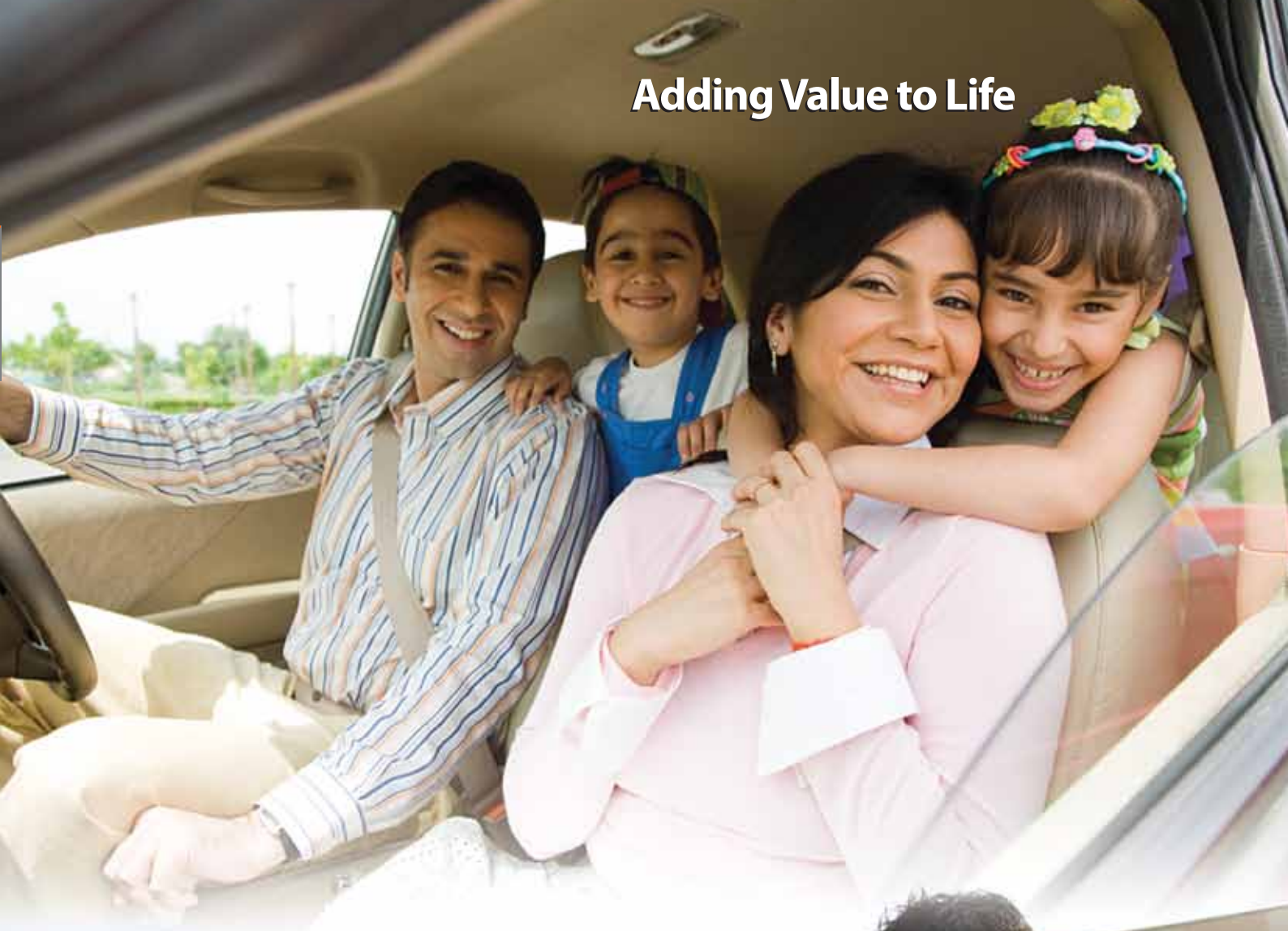
No. of Shareholders			From	To	Total Shares Held			Percentage		
Physical	CDC	Total			Physical	CDC	Total			
1053	1866	2919	FROM	1	TO	100	38,138	82,281	120,419	0.0228
1541	2611	4152	FROM	101	TO	500	405,225	890,762	1,295,987	0.2451
663	2271	2934	FROM	501	TO	1000	493,307	1,972,358	2,465,665	0.4663
971	4895	5866	FROM	1001	TO	5000	1,950,405	12,966,187	14,916,592	2.8209
151	1408	1559	FROM	5001	TO	10000	1,021,876	10,850,376	11,872,252	2.2451
55	536	591	FROM	10001	TO	15000	664,102	6,775,492	7,439,594	1.4069
43	335	378	FROM	15001	TO	20000	758,411	6,163,421	6,921,832	1.3090
19	228	247	FROM	20001	TO	25000	419,777	5,269,594	5,689,371	1.0759
73	146	219	FROM	25001	TO	30000	1,920,023	4,151,050	6,071,073	1.1481
7	88	95	FROM	30001	TO	35000	221,090	2,866,515	3,087,605	0.5839
3	79	82	FROM	35001	TO	40000	112,606	3,027,261	3,139,867	0.5938
4	60	64	FROM	40001	TO	45000	171,037	2,553,742	2,724,779	0.5153
0	92	92	FROM	45001	TO	50000	-	4,504,806	4,504,806	0.8519
3	53	56	FROM	50001	TO	55000	153,750	2,792,400	2,946,150	0.5571
2	36	38	FROM	55001	TO	60000	113,377	2,129,194	2,242,571	0.4241
2	27	29	FROM	60001	TO	65000	127,706	1,697,740	1,825,446	0.3452
0	16	16	FROM	65001	TO	70000	-	1,103,642	1,103,642	0.2087
1	24	25	FROM	70001	TO	75000	74,803	1,763,524	1,838,327	0.3476
1	19	20	FROM	75001	TO	80000	79,262	1,472,785	1,552,047	0.2935
0	14	14	FROM	80001	TO	85000	-	1,161,417	1,161,417	0.2196
0	10	10	FROM	85001	TO	90000	-	881,089	881,089	0.1666
1	14	15	FROM	90001	TO	95000	91,457	1,305,132	1,396,589	0.2641
0	39	39	FROM	95001	TO	100000	-	3,884,817	3,884,817	0.7347
0	8	8	FROM	100001	TO	105000	-	820,642	820,642	0.1552
0	9	9	FROM	105001	TO	110000	-	973,628	973,628	0.1841
1	8	9	FROM	110001	TO	115000	114,528	905,712	1,020,240	0.1929
0	7	7	FROM	115001	TO	120000	-	828,484	828,484	0.1567
0	14	14	FROM	120001	TO	125000	-	1,738,004	1,738,004	0.3287
0	8	8	FROM	125001	TO	130000	-	1,020,020	1,020,020	0.1929
0	6	6	FROM	130001	TO	135000	-	799,016	799,016	0.1511
0	5	5	FROM	135001	TO	140000	-	691,914	691,914	0.1308
0	4	4	FROM	140001	TO	145000	-	573,536	573,536	0.1085
0	9	9	FROM	145001	TO	150000	-	1,337,500	1,337,500	0.2529
0	2	2	FROM	150001	TO	155000	-	306,053	306,053	0.0579
0	5	5	FROM	155001	TO	160000	-	790,322	790,322	0.1495
0	2	2	FROM	160001	TO	165000	-	325,597	325,597	0.0616
0	5	5	FROM	165001	TO	170000	-	838,259	838,259	0.1585
0	4	4	FROM	170001	TO	175000	-	696,199	696,199	0.1317
0	2	2	FROM	175001	TO	180000	-	360,000	360,000	0.0681
0	3	3	FROM	180001	TO	185000	-	553,000	553,000	0.1046
1	4	5	FROM	185001	TO	190000	189,640	752,049	941,689	0.1781
0	5	5	FROM	190001	TO	195000	-	960,680	960,680	0.1817
0	10	10	FROM	195001	TO	200000	-	1,993,878	1,993,878	0.3771
0	6	6	FROM	200001	TO	205000	-	1,213,151	1,213,151	0.2294
0	3	3	FROM	205001	TO	210000	-	623,787	623,787	0.1180
0	3	3	FROM	210001	TO	215000	-	641,281	641,281	0.1213
0	3	3	FROM	215001	TO	220000	-	654,612	654,612	0.1238
0	3	3	FROM	220001	TO	225000	-	673,900	673,900	0.1274
0	4	4	FROM	225001	TO	230000	-	916,213	916,213	0.1733
0	4	4	FROM	230001	TO	235000	-	934,473	934,473	0.1767
0	2	2	FROM	235001	TO	240000	-	477,300	477,300	0.0903
0	4	4	FROM	240001	TO	245000	-	975,065	975,065	0.1844
0	5	5	FROM	245001	TO	250000	-	1,248,000	1,248,000	0.2360
0	2	2	FROM	250001	TO	255000	-	502,631	502,631	0.0951
0	3	3	FROM	255001	TO	260000	-	778,400	778,400	0.1472
0	1	1	FROM	260001	TO	265000	-	264,434	264,434	0.0500
0	2	2	FROM	265001	TO	270000	-	530,363	530,363	0.1003
0	3	3	FROM	270001	TO	275000	-	818,225	818,225	0.1547

No. of Shareholders			From	To	Total Shares Held			Percentage		
Physical	CDC	Total			Physical	CDC	Total			
0	2	2	FROM	275001	TO	280000	-	554,960	554,960	0.1049
0	2	2	FROM	285001	TO	290000	-	575,937	575,937	0.1089
0	7	7	FROM	295001	TO	300000	-	2,100,000	2,100,000	0.3971
0	1	1	FROM	310001	TO	315000	-	310,927	310,927	0.0588
0	1	1	FROM	325001	TO	330000	-	329,065	329,065	0.0622
0	2	2	FROM	335001	TO	340000	-	677,312	677,312	0.1281
0	1	1	FROM	340001	TO	345000	-	345,000	345,000	0.0652
0	3	3	FROM	345001	TO	350000	-	1,046,511	1,046,511	0.1979
0	1	1	FROM	350001	TO	355000	-	353,399	353,399	0.0668
0	2	2	FROM	360001	TO	365000	-	729,917	729,917	0.1380
0	1	1	FROM	375001	TO	380000	-	380,000	380,000	0.0719
0	1	1	FROM	380001	TO	385000	-	384,500	384,500	0.0727
0	2	2	FROM	385001	TO	390000	-	777,105	777,105	0.1470
0	1	1	FROM	390001	TO	395000	-	390,616	390,616	0.0739
0	2	2	FROM	395001	TO	400000	-	800,000	800,000	0.1513
0	1	1	FROM	405001	TO	410000	-	409,027	409,027	0.0774
0	1	1	FROM	420001	TO	425000	-	424,200	424,200	0.0802
0	3	3	FROM	425001	TO	430000	-	1,279,220	1,279,220	0.2419
0	2	2	FROM	435001	TO	440000	-	880,000	880,000	0.1664
0	1	1	FROM	445001	TO	450000	-	450,000	450,000	0.0851
0	1	1	FROM	475001	TO	480000	-	478,222	478,222	0.0904
0	1	1	FROM	480001	TO	485000	-	481,294	481,294	0.0910
0	1	1	FROM	495001	TO	500000	-	500,000	500,000	0.0946
0	1	1	FROM	550001	TO	555000	-	552,097	552,097	0.1044
0	1	1	FROM	575001	TO	580000	-	580,000	580,000	0.1097
0	2	2	FROM	595001	TO	600000	-	1,198,420	1,198,420	0.2266
0	1	1	FROM	600001	TO	605000	-	601,900	601,900	0.1138
0	1	1	FROM	620001	TO	625000	-	620,747	620,747	0.1174
0	1	1	FROM	630001	TO	635000	-	635,000	635,000	0.1201
0	1	1	FROM	700001	TO	705000	-	704,385	704,385	0.1332
0	1	1	FROM	725001	TO	730000	-	727,417	727,417	0.1376
0	1	1	FROM	745001	TO	750000	-	750,000	750,000	0.1418
0	1	1	FROM	825001	TO	830000	-	826,811	826,811	0.1564
0	1	1	FROM	850001	TO	855000	-	854,211	854,211	0.1615
0	1	1	FROM	855001	TO	860000	-	858,305	858,305	0.1623
0	1	1	FROM	880001	TO	885000	-	885,000	885,000	0.1674
0	1	1	FROM	950001	TO	955000	-	952,612	952,612	0.1801
0	1	1	FROM	1110001	TO	1115000	-	1,110,018	1,110,018	0.2099
0	1	1	FROM	1310001	TO	1315000	-	1,313,501	1,313,501	0.2484
0	1	1	FROM	1445001	TO	1450000	-	1,450,000	1,450,000	0.2742
0	1	1	FROM	1570001	TO	1575000	-	1,575,000	1,575,000	0.2978
0	1	1	FROM	1665001	TO	1670000	-	1,666,336	1,666,336	0.3151
0	1	1	FROM	1700001	TO	1705000	-	1,704,500	1,704,500	0.3223
0	1	1	FROM	1820001	TO	1825000	-	1,821,700	1,821,700	0.3445
0	1	1	FROM	1885001	TO	1890000	-	1,886,493	1,886,493	0.3568
0	1	1	FROM	1925001	TO	1930000	-	1,929,107	1,929,107	0.3648
0	1	1	FROM	2145001	TO	2150000	-	2,150,000	2,150,000	0.4066
0	1	1	FROM	2470001	TO	2475000	-	2,473,195	2,473,195	0.4677
0	1	1	FROM	2530001	TO	2535000	-	2,531,000	2,531,000	0.4786
0	1	1	FROM	2820001	TO	2825000	-	2,824,845	2,824,845	0.5342
0	1	1	FROM	4770001	TO	4775000	-	4,772,187	4,772,187	0.9025
0	1	1	FROM	6970001	TO	6975000	-	6,970,434	6,970,434	1.3182
0	1	1	FROM	8925001	TO	8930000	-	8,928,383	8,928,383	1.6884
0	1	1	FROM	70695001	TO	70700000	-	70,697,465	70,697,465	13.3695
1	0	1	FROM	269685001	TO	269690000	269,686,662	-	269,686,662	51.0000
4,596	15,107	19,703					278,807,182	249,990,194	528,797,376	100.0000

CATEGORIES OF SHAREHOLDERS AS ON 31.12.2011

Shareholder Category	No. of Shareholders			Total No. of Shares Held			%Age
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	2	1	3	5,009	2,500	7,509	0.00%
PROVINCIAL GOVERNMENT	1	0	1	269,686,662	0	269,686,662	51.00%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.00%
FOREIGN FUNDS	46	12	58	166,577	1,516,694	1,683,271	0.32%
INDIVIDUALS (FOREIGN)	0	9	9	0	27,567	27,567	0.01%
INDIVIDUALS (LOCAL)	4,509	14,875	19,384	8,719,324	134,183,815	142,903,139	27.02%
BANK/NBFI/FIN.INST./ INSURANCE CO./ MODARABAS/							
MUTUAL FUNDS	20	30	50	98,557	17,937,693	18,036,250	3.41%
LEASING COMPANIES	0	3	3	0	3,981	3,981	0.00%
CHARITABLE TRUSTS	0	5	5	0	185,911	185,911	0.04%
COOPERATIVE SOCIETIES	0	0	0	0	0	0	0.00%
NIT	0	1	1	0	2,473,195	2,473,195	0.47%
ICP	1	1	2	975	7,144	8,119	0.00%
JOINT STOCK COMPANIES	17	156	173	130,078	22,067,656	22,197,734	4.20%
OTHERS	0	14	14	0	71,584,038	71,584,038	13.54%
TOTAL	4,596	15,107	19,703	278,807,182	249,990,194	528,797,376	100.00%

Adding Value to Life



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the members of the Bank will be held at Qasar-e-Noor, Main Boulevard, Gulberg-III, Lahore on **Wednesday, 30th May, 2012 at 9:30 a.m.** to transact the following business:

ORDINARY BUSINESS:

- 01) To confirm the minutes of 20th Annual General Meeting held on September 30, 2010.
- 02) To receive and adopt the audited accounts of the Bank for the years ended on December 31, 2009, December 31, 2010 and December 31, 2011 together with the report of Directors and the Auditors thereon.
- 03) To appoint Auditors for the year ending December 31, 2012 and to fix their remuneration.
- 04) Any other item of business with the permission of the Chair.

By order of the Board

RAZA SAEED
SECRETARY

Lahore: **May 09, 2012**

NOTES:

01. Share Transfer Books of the Bank shall remain closed for transfer from **23-05-2012 to 29-05-2012** (both days inclusive).
02. All members are entitled to attend the meeting, however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per section 17(1) of The Bank of Punjab Act, 1989.
03. Members, whose shares are deposited with Central Depository Company of Pakistan Ltd., are requested to bring their original Computerized National Identity Card (CNIC) along with Participant ID number and their account numbers in CDC to facilitate identification at the time of the Annual General Meeting. In case of proxy, an attested copy of proxy's Identity Card, Participant's ID and account number in CDC be enclosed. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of the meeting.

Proxy, in order to be valid must be deposited at the **Corporate Affairs Department of the Bank at BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore** not less than 48 hours before the meeting. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

04. A member is entitled to appoint another member as proxy to attend the meeting.
05. The members should quote their folio number in all correspondence with the Bank and at the time of attending the Meeting.
06. Members are requested to promptly notify any change in their addresses to our Registrar **M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore** before book closure so that entitlement, if any, be dispatched at the correct addresses.
07. Entry of the member or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.
08. The Form of Proxy is enclosed.



The Bank of Punjab
FINANCIAL STATEMENTS
for the year ended December 31, 2011

Auditors' Report to the Members

We have audited the annexed statement of financial position of **The Bank of Punjab** (the Bank) as at **31 December 2011**, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 14 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control and prepare and present the financial statements in conformity with approved accounting standards and the requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

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

- (a) in our opinion, proper books of account have been kept by the Bank as required by The Bank of Punjab Act, 1989, the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion-
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 (LVII of 1962) and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 (LVII of 1962),

and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2011, and its true balance of profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion we draw attention to Note 1.2 to the financial statements which fully explain relaxations granted by the State Bank of Pakistan from provisioning against certain advances, and regulatory capital requirements, based on the undertaking by the Government of Punjab in respect of the deficiency in capital.

Lahore: - 29 March 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Mohammed Junaid

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011	2010
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	16,698,333	14,069,601
Balances with other banks	8	3,607,107	3,276,234
Lendings to financial institutions	9	7,447,375	7,309,587
Investments	10	92,581,306	56,402,954
Advances	11	127,129,501	120,818,021
Operating fixed assets	12	3,597,483	3,534,660
Deferred tax assets	13	13,886,769	14,063,694
Other assets	14	16,049,657	9,715,522
		280,997,531	229,190,273
LIABILITIES			
Bills payable	16	850,569	581,100
Borrowings	17	24,963,566	11,526,783
Deposits and other accounts	18	237,896,700	208,176,988
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease	19	7,831	13,887
Deferred tax liabilities		-	-
Other liabilities	20	6,506,275	5,223,045
		270,224,941	225,521,803
NET ASSETS		10,772,590	3,668,470
REPRESENTED BY			
Share capital	21	5,287,974	5,287,974
Reserves	22	1,914,956	2,012,492
Accumulated loss		(14,067,841)	(14,352,989)
		(6,864,911)	(7,052,523)
Share deposit money	23	17,000,000	10,000,000
		10,135,089	2,947,477
Surplus on revaluation of assets	24	637,501	720,993
		10,772,590	3,668,470
CONTINGENCIES AND COMMITMENTS		25	

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these financial statements.

Chairman

President

Director

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		Rupees in '000	
Mark-up/return/interest earned	26	20,685,011	18,220,175
Mark-up/return/interest expensed	27	21,073,271	18,801,642
Net mark-up/ interest income		(388,260)	(581,467)
(Reversal of provision) / provision against non-performing loans and advances - net	11.4.4	(3,164,234)	559,604
Provision for diminution in the value of investments - net	10.3	531,654	2,760,724
Bad debts written off directly	11.5	-	-
		(2,632,580)	3,320,328
Net mark-up / interest income / loss after provisions		2,244,320	(3,901,795)
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		724,499	561,688
Dividend income		286,375	402,779
Income from dealing in foreign currencies		160,089	134,488
Gain on sale and redemption of securities	28	330,025	293,303
Unrealized (loss) / gain on revaluation of investments classified as held for trading	10.9	(5,383)	18,020
Other income	29	494,103	473,055
Total non-markup/interest income		1,989,708	1,883,333
		4,234,028	(2,018,462)
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	30	3,954,066	3,426,329
Provision against other assets	14.5	1,121	-
Provision (reversal) / charge against off balance sheet items	20.1	(244,111)	740,000
Other charges	31	205	1,605
Total non-markup/interest expenses		3,711,281	4,167,934
		522,747	(6,186,396)
Extra ordinary/unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		522,747	(6,186,396)
Taxation - Current		-	-
- Prior years		-	-
- Deferred		174,774	(2,157,119)
	32	174,774	(2,157,119)
PROFIT / (LOSS) AFTER TAXATION		347,973	(4,029,277)
Accumulated loss brought forward		(14,352,989)	(10,330,839)
Transfer to statutory reserve		(69,595)	-
Transfer from surplus on revaluation of fixed assets - net of tax		6,770	7,127
		(14,415,814)	(10,323,712)
Accumulated loss carried forward		(14,067,841)	(14,352,989)
Basic earnings / (loss) per share (after tax) - Rupees	33	0.66	(7.62)
Diluted earnings / (loss) per share (after tax) - Rupees	34	0.66	(7.62)

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these financial statements.

Chairman

President

Director

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	Rupees in '000	
Profit / (loss) after taxation	347,973	(4,029,277)
Other comprehensive income	-	-
Total comprehensive income / (loss)	<u>347,973</u>	<u>(4,029,277)</u>

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these financial statements.

Chairman

President

Director

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		522,747	(6,186,396)
Less: Dividend income		(286,375)	(402,779)
		236,372	(6,589,175)
Adjustments for non-cash charges:			
Depreciation	12.2	328,798	323,771
Amortization on premium on Pakistan Investment Bonds		39,077	72,043
Unrealized loss / (gain) on revaluation of investments classified as held for trading	10.9	5,383	(18,020)
Provision against non-performing loans and advances - net	11.4.4	(3,164,234)	559,604
Provision for diminution in the value of investments - net	10.3	531,654	2,760,724
Provision for employees compensated absences	37.1.2	2,826	21,717
Provision for gratuity	37.1.1	53,831	45,507
Provision against other assets	14.5	1,121	-
Provision (reversal) / charge against off balance sheet items	20.1	(244,111)	740,000
Net profit on sale of property and equipment	12.2.1	(1,380)	(10,527)
Gain on sale and redemption of securities	28	(330,025)	(293,303)
Finance charges on leased assets	30	1,475	2,332
		(2,775,585)	4,203,848
		(2,539,213)	(2,385,327)
(Increase)/ Decrease in operating assets:			
Lendings to financial institutions		57,212	(6,256,037)
Net investments in held for trading securities		109,614	(122,821)
Advances		(3,314,376)	1,376,887
Other assets		(6,206,979)	(3,928,558)
		(9,354,529)	(8,930,529)
Increase/ (Decrease) in operating liabilities:			
Bills Payable		269,469	(294,518)
Borrowings		13,432,722	(2,457,154)
Deposits and other accounts		29,719,712	17,318,773
Other liabilities		1,470,683	(284,345)
		44,892,586	14,282,756
		32,998,844	2,966,900
Financial charges paid		(1,475)	(2,332)
Income tax paid		(12,744)	(15,556)
Net cash flow from operating activities		32,984,625	2,949,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(36,858,372)	(1,261,245)
Net investments in held to maturity securities		128,960	517,435
Dividends received		170,842	393,880
Investments in operating fixed assets		(276,075)	(434,911)
Sale proceeds of property and equipment disposed-off	12.2.1	6,620	14,274
Net cash flow used in investing activities		(36,828,025)	(770,567)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations		(6,056)	(6,020)
Share deposit money	23	7,000,000	-
Net cash flow from / (used in) financing activities		6,993,944	(6,020)
Net increase in cash and cash equivalents		3,150,544	2,172,425
Cash and cash equivalents at beginning of the year		17,345,835	15,173,410
Cash and cash equivalents at end of the year	35	20,496,379	17,345,835

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these financial statements.

Chairman

President

Director

Director

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

	Share capital	Statutory reserve	Capital Reserves		Revenue Reserve	Total
			Share premium	Restructuring reserve	Accumulated loss	
		Rupees	in	'000		
Balance as at 01 January 2010	5,287,974	-	37,882	535,897	(10,330,839)	(4,469,086)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	7,127	7,127
Total comprehensive loss for the year ended 31 December 2010	-	-	-	-	(4,029,277)	(4,029,277)
Transfer from provision against NPLs	-	-	-	1,438,713	-	1,438,713
Balance as at 31 December 2010	5,287,974	-	37,882	1,974,610	(14,352,989)	(7,052,523)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	6,770	6,770
Total comprehensive income for the year ended 31 December 2011	-	-	-	-	347,973	347,973
Transfer from provision against NPLs	-	-	-	(167,131)	-	(167,131)
Transfer from accumulated loss	-	69,595	-	-	(69,595)	-
Balance as at 31 December 2011	5,287,974	69,595	37,882	1,807,479	(14,067,841)	(6,864,911)

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these financial statements.

Chairman

President

Director

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1** The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on 19 September 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 284 branches (2010: 273 branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab.
- 1.2** The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs.10,135,089 thousand, as against the minimum regulatory capital requirement of Rs. 8,000,000 thousand and Capital Adequacy Ratio (CAR), as disclosed in note 42.2, remained below the prescribed level of 10%. Further, as at the close of the year 2011, net advances aggregating to Rs. 33,113,789 thousand requiring additional provision of Rs. 28,637,910 thousand there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No. OSED/Div-01/SEU-03/010(1)-2012/568 dated 13 March 2012, on the basis of two Letters of Comfort (LOCs) issued by the Government of the Punjab (GOPb) as explained in para 2 below.

Government of Punjab (GOPb) being the majority shareholder, in order to support the Bank, deposited Rs.7,000,000 thousand before the year-end in addition to Rs.10,000,000 thousand deposited as advance subscription money in year 2009 against future issue of shares by the Bank. Further, the GOPb vide two Letters of Comfort (LOCs) issued on 29 March 2012, has undertaken to inject the necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 5,800,000 thousand (net of tax @ 35%) and Rs.12,940,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending 31 December 2014 and 31 December 2016 respectively in event of the Bank failing to make provision of Rs.28,840,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning.

In addition, in terms of above LOCs, the GOPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

Based on above, the State Bank of Pakistan has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations and exemption from applicable capital adequacy ratio (CAR) and minimum capital requirements for the years 2009, 2010, 2011 and 2012. However, the minimum level of CAR should not fall below 7% for the years 2011 and 2012. Further, the SBP has also agreed to allow above relaxations for the period of another 3 years including year 2012 based on examination of the business plan to be submitted by the Bank to the SBP by 30 June 2012.

On the basis of above enduring support of Government of the Punjab, actions as outlined above and the projections prepared by the Bank's management, which have been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. BASIS OF PREPARATION

- 2.1** In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up 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.

- 2.2** These financial statements are separate financial statements of the Bank in which the investment in subsidiary is stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investees.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

SBP as per BSD Circular No. 10, dated 26 August 2002 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 till further instructions. Further, according to the notification of SECP dated 28 April 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.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

5.1 Classification of investments

In classifying investments as "held for trading" the Bank has determined 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.

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

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

5.2 Provision against non-performing advances

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision. 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 11.4.3.

5.3 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 statement of financial position date, the management has determined an impairment loss on available for sale securities as disclosed in note 10.3.1.

5.4 Depreciation, amortization and revaluation of operating fixed assets

Estimates of useful life of operating fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of free hold land and buildings free hold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

5.5 Income taxes

In making estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are various matters where the Bank's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

5.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lending less over drawn nostro accounts and other overdrawn bank accounts.

6.2 Revenue recognition

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

6.2.1 Mark-up/return/interest income

Mark-up/return/interest on advances and return on investments are recognized in profit and loss account on an accruals basis, except mark-up on non-performing advances which is recognized when received.

6.2.2 Dividend income

Dividend income is recognized when the Bank's right to receive the dividend is established.

6.2.3 Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

6.2.4 Fees and commission income

Fees and commission on letters of credit/guarantee are recognized on a receipt basis.

6.3 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

6.4 Investments

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

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

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified 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 amortized cost.
- Available for sale – These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus/(deficit) on revaluation taken to 'Surplus/(deficit) on revaluation of assets' account below equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

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.

Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted available for sale securities 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.

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

6.5 Lending to/borrowing from financial institutions

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

6.5.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense.

6.5.2 Purchase under resale obligations

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

6.6 Operating fixed assets and depreciation

Owned

Property and equipment, other than free hold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 12.2 to these financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus / Deficit arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus/(Deficit) on Revaluation of Assets" shown below equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of operating fixed assets are included in income currently.

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

Leased

Property and equipment subject to finance lease are accounted for by recording the assets and the related liabilities. These are stated at fair value or present value of minimum lease payments whichever is lower at the inception of the lease less accumulated depreciation. 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. The property and equipment acquired under finance leasing contracts is depreciated over the useful life of the assets as per rates given in note 12.2 to these financial statements.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method. Amortization on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

6.7 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Bank also recognized deferred tax asset/liability on deficit/surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit/surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

6.8 Employee retirement and other benefits

6.8.1 Defined contribution plan – Provident Fund

The Bank operates an approved Provident Fund Scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Bank are charged to income.

6.8.2 Gratuity scheme

The Bank operates an approved funded gratuity scheme for all its employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to income in the year in which they occur. The most recent valuation was carried out at 31 December 2011 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at 31 December 2011 were as follows:

- Discount rate	12.50%
- Expected rate of eligible salary increase in future years	11.50%
- Expected rate of return on plan assets during 2012	12.50%
- Average expected remaining working life time of employees	12 years

6.8.3 Employees' compensated absence

The Bank makes annual provision in the accounts for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The most recent valuation was carried out at 31 December 2011 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at 31 December 2011 were as follows:

- Discount rate	12.50%
- Expected rate of eligible salary increase in future years	11.50%
- Average number of leaves accumulated per annum by the employees	10 days

6.9 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

6.10 Provisions

Provisions are recorded when the Bank has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are 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.

6.11 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

6.12 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the 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 that asset.

6.13 Financial instruments

6.13.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.13.2 Offsetting

Financial assets and financial liabilities are 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 settle the liabilities, simultaneously.

6.14 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.

6.14.1 Business segments

Trading and sales

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

Retail banking

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

Commercial banking

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

Payment and settlement

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

Agency service

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

6.14.2 Geographical segments

The Bank operates only in Pakistan.

6.15 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 period / 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).

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

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

	Standard or Interpretations	Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements – Presentation of items of comprehensive income	01 July 2012
IAS 12	Income Taxes (Amendment) – Recovery of Underlying Assets	01 January 2012
IAS 19	Employee Benefits – (Amendment)	01 January 2013
IAS 27	Separate Financial Statements	01 January 2013
IFRS 10	Consolidated Financial Statements	01 January 2013

The Bank considers that the above standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements provided that such changes do not conflict with the format of financial statements prescribed by the SBP for banks.

	Note	2011	2010
Rupees in '000			
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency	7.1	2,800,754	2,338,182
- Foreign currency		364,176	243,483
		3,164,930	2,581,665
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	9,839,855	7,978,849
- Foreign currency deposit account:	7.3		
- Non remunerative		159,653	166,991
- Remunerative	7.4	486,876	503,068
		10,486,384	8,648,908
With National Bank of Pakistan (NBP) in:			
- Local currency current account		2,984,219	2,771,849
- Local currency deposit account	7.5	62,800	67,179
		3,047,019	2,839,028
		16,698,333	14,069,601

- 7.1** This includes National Prize Bonds of Rs. 29,179 (thousand) {2010: Rs. 24,450 (thousand)}.
- 7.2** This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.
- 7.3** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 7.4** This carries mark-up as announced by the SBP on monthly basis. Mark-up rates during the year were NIL per annum (2010: Nil per annum).
- 7.5** This carries mark-up at the rate of 5% per annum. (2010: 5% per annum).

	Note	2011	2010
Rupees in '000			
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
- On current account	8.1	2,564,790	1,988,901
- On saving account		743,460	728,071
		3,308,250	2,716,972
Outside Pakistan:			
- On current account	8.2	174,766	537,045
- On deposit account		124,091	22,217
		298,857	559,262
		3,607,107	3,276,234
8.1	These carry mark-up at rates ranging from 5.0% to 7.30% per annum (2010: 5% to 8% per annum).		
8.2	These carry mark-up at rates ranging from 0.25% to 1.01% per annum (2010: 0.30% to 0.50% per annum).		

	Note	2011	2010
Rupees in '000			
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		195,000	-
Reverse repo	9.2	5,369,042	6,691,812
Certificate of investments	9.3	1,383,333	143,333
Placements	9.4	500,000	474,442
		7,447,375	7,309,587
9.1 Particulars of lendings			
In local currency		7,447,375	7,135,145
In foreign currencies		-	174,442
		7,447,375	7,309,587

9.2 Securities held as collateral against landings to financial institutions

	2011			2010		
	Rupees in '000			Rupees in '000		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market Treasury Bills	5,171,377	-	5,171,377	6,049,615	-	6,049,615
Pakistan Investment Bonds	197,665	-	197,665	642,197	-	642,197
	5,369,042	-	5,369,042	6,691,812	-	6,691,812

Market value of securities held as collateral as at 31 December 2011 amounted to Rs. 5,378,577 thousand {2010: Rs. 6,688,712 (thousand)}. These carry mark-up at rates ranging from 11.30% to 12.50% per annum (2010: 12.9% to 14% per annum) with maturities up to 07 February 2012.

9.3 These carry profit at the rates ranging from 12.40% to 15.02% per annum (2010: 15.48% per annum) maturing upto 27 January 2012.

9.4 These represent placements carrying profit at rates ranging from 12.0% to 12.75% per annum (2010: 0.26% to 14.40% per annum) with maturities upto 01 March 2012.

10. INVESTMENTS

10.1 Investments by types:

	Note	2011			2010		
		Rupees in '000			Rupees in '000		
		Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Held for trading securities							
Ordinary shares of listed companies	Annex II - 1	-	-	-	191,560	-	191,560
Pakistan Investment Bonds	10.4	99,966	-	99,966	-	-	-
Available for sale securities							
Market Treasury Bills	10.4	54,770,060	18,770,327	73,540,387	30,770,725	4,728,012	35,498,737
Pakistan Investment Bonds	10.4	8,500,711	-	8,500,711	2,152,484	357,233	2,509,717
Government of Pakistan Ijara Sukuk Bonds	10.5	-	-	-	10,000	-	10,000
Ordinary Shares / Certificates of Listed Companies and Modarabas	Annex II - 1	3,114,790	-	3,114,790	3,543,775	-	3,543,775
Preference Shares of Listed Companies	Annex II - 2	195,454	-	195,454	195,454	-	195,454
Ordinary Shares of Unlisted Company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
NIT Units	10.6	-	-	-	860,991	-	860,991
Mutual Funds Units	Annex II - 4	3,804,928	-	3,804,928	4,401,009	-	4,401,009
Listed Term Finance Certificates	Annex II - 5	518,085	-	518,085	671,002	-	671,002
Unlisted Term Finance Certificates	Annex II - 6	4,757,551	-	4,757,551	9,638,344	-	9,638,344

	Note	2011			2010		
		Rupees in '000			Rupees in '000		
		Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Held to maturity securities							
Pakistan Investment Bonds	10.7	1,983,596	-	1,983,596	2,151,633	-	2,151,633
WAPDA Bonds		400	-	400	400	-	400
Subsidiary							
Punjab Modaraba Services (Private) Limited	Annex II - 7	164,945	-	164,945	164,945	-	164,945
Total investments at cost		77,935,486	18,770,327	96,705,813	54,777,322	5,085,245	59,862,567
Provision for diminution in the value of investments	10.3	(3,719,469)	-	(3,719,469)	(3,273,335)	-	(3,273,335)
Investments - net of provisions		74,216,017	18,770,327	92,986,344	51,503,987	5,085,245	56,589,232
Deficit on revaluation of available for sale securities	24.2	(399,655)	-	(399,655)	(204,298)	-	(204,298)
Surplus / (Deficit) on revaluation of held for trading securities	10.9	(5,383)	-	(5,383)	18,020	-	18,020
Total investments at market value		73,810,979	18,770,327	92,581,306	51,317,709	5,085,245	56,402,954

10.2 Investments By Segments:

	Note	2011			2010		
		Rupees in '000			Rupees in '000		
		Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Federal Government Securities:							
Market Treasury Bills	10.4	54,770,060	18,770,327	73,540,387	30,770,725	4,728,012	35,498,737
Pakistan Investment Bonds	10.4	10,584,273	-	10,584,273	4,304,117	357,233	4,661,350
Government of Pakistan Ijara Sukuk Bonds	10.5	-	-	-	10,000	-	10,000
Fully Paid-up Ordinary Shares / Certificates:							
Listed Companies and Modarabas	Annex II - 1	3,114,790	-	3,114,790	3,735,335	-	3,735,335
Unlisted Company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Unlisted Subsidiary Company	Annex II - 7	164,945	-	164,945	164,945	-	164,945
NIT Units	10.6	-	-	-	860,991	-	860,991
Mutual Funds Units	Annex II - 4	3,804,928	-	3,804,928	4,401,009	-	4,401,009
Preference Shares - Listed Companies	Annex II - 2	195,454	-	195,454	195,454	-	195,454
Term Finance Certificates and Bonds:							
Listed Term Finance Certificates	Annex II - 5	518,085	-	518,085	671,002	-	671,002
Unlisted Term Finance Certificates	Annex II - 6	4,757,551	-	4,757,551	9,638,344	-	9,638,344
WAPDA Bonds		400	-	400	400	-	400
Total investments at cost		77,935,486	18,770,327	96,705,813	54,777,322	5,085,245	59,862,567
Provision for diminution in the value of investment	10.3	(3,719,469)	-	(3,719,469)	(3,273,335)	-	(3,273,335)
Investments - net of provisions		74,216,017	18,770,327	92,986,344	51,503,987	5,085,245	56,589,232
Deficit on revaluation of available for sale securities	24.2	(399,655)	-	(399,655)	(204,298)	-	(204,298)
Surplus / (Deficit) on revaluation of held for trading securities	10.9	(5,383)	-	(5,383)	18,020	-	18,020
Total investments at market value		73,810,979	18,770,327	92,581,306	51,317,709	5,085,245	56,402,954

	Note	2011	2010
Rupees in '000			
10.3 Provision for diminution in the value of investments			
Opening balance		3,273,335	1,007,466
Charge for the year		531,654	2,760,724
Reversal during the year		-	-
		531,654	2,760,724
Reversal on disposal		3,804,989 (85,520)	3,768,190 (494,855)
Closing balance	10.3.1	3,719,469	3,273,335
10.3.1 Particulars of provision in respect of type and segment			
Available for sale securities:			
Ordinary shares of unlisted company		11,320	9,496
Ordinary shares of listed companies		730,165	295,376
Term finance certificates		2,317,652	2,283,036
Preference shares		51,750	39,150
NIT units		-	85,520
Other mutual funds units		608,182	560,357
		3,719,069	3,272,935
Held to maturity securities:			
WAPDA Bonds		400	400
		3,719,469	3,273,335

10.4 Market Treasury Bills and Pakistan Investment Bonds are eligible for re-discounting with SBP.

10.5 These represents bonds issued for a period of three years carrying semi-annual rate on the basis of rental rates issued by the SBP at start of each half year. The semi annual profit is benchmarked against the latest weighted average yield of six month market treasury bills determined one day prior to the start of each six month rental period.

10.6 NIT Units

As per the terms agreed amongst the LOC Unit Holders, the entire holding of the Bank of 30,045,272 units have been valued based on the proportionate share of the Bank as per the audited financial statements of the fund. Accordingly, the investment in LOC Holders' Fund has been derecognized and shown as receivable from NITL.

10.7 As per BSD 23/2008 dated 13 October 2008 securities classified as held to maturity cannot be sold. However, these can be used for borrowing under SBP repo facility / discount window. Market value of held to maturity investments is Rs. 1,744,023 (thousand) {2010: Rs. 1,768,014 (thousand)}.

10.8 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

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

	Note	2011	2010
		Rupees in '000	
Ordinary shares of listed companies		-	18,020
Pakistan Investment Bonds		(5,383)	-
		(5,383)	18,020
11. ADVANCES			
Loans, cash credits, running finances etc.			
- In Pakistan		149,043,501	144,103,655
- Outside Pakistan		-	-
		149,043,501	144,103,655
Net investment in finance lease			
- In Pakistan	11.2	2,003,152	2,265,263
- Outside Pakistan		-	-
		2,003,152	2,265,263
Repurchase Agreement Lendings to Non-Financial Institutions	11.7	902,347	1,677,189
Bills discounted and purchased (excluding Market Treasury Bills)			
- Payable in Pakistan		968,419	1,035,597
- Payable outside Pakistan		535,443	1,056,782
		1,503,862	2,092,379
Advances - (gross)	11.1	153,452,862	150,138,486
Less: Provision for non-performing advances			
- Specific	11.3 & 11.4	(26,303,094)	(29,301,458)
- General	11.4	(20,267)	(19,007)
		(26,323,361)	(29,320,465)
Advances - net of provision		127,129,501	120,818,021

	2011	2010
	Rupees in '000	
11.1 Particulars of advances (Gross)		
11.1.1 In local currency	153,452,862	150,138,486
In foreign currencies	-	-
	153,452,862	150,138,486
11.1.2 Short-term advances upto one year	89,973,567	87,489,968
Long-term advances for over one year	63,479,295	62,648,518
	153,452,862	150,138,486

11.2 Net investment in finance lease

	2011				2010			
	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)				(Rupees in '000)			
Lease rentals receivable	839,411	1,281,773	-	2,121,184	599,159	2,013,682	121,454	2,734,295
Guaranteed residual value	-	233,786	-	233,786	-	-	-	-
Minimum lease payments	839,411	1,515,559	-	2,354,970	599,159	2,013,682	121,454	2,734,295
Less: Finance charge for future periods	132,714	219,104	-	351,818	144,384	323,763	885	469,032
Present value of minimum lease payments	706,697	1,296,455	-	2,003,152	454,775	1,689,919	120,569	2,265,263

11.3 Advances include Rs. 73,665,672 (thousand) {2010: Rs. 77,393,928 (thousand)} which have been placed under non-performing status as detailed below:-

	2011								
	Rupees in '000								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Category of Classification									
Other Assets Especially Mentioned	243,838	-	243,838	-	-	-	-	-	-
Substandard	10,809,335	-	10,809,335	2,217,735	-	2,217,735	2,217,735	-	2,217,735
Doubtful	1,964,381	-	1,964,381	236,867	-	236,867	236,867	-	236,867
Loss	60,648,118	-	60,648,118	23,848,492	-	23,848,492	23,848,492	-	23,848,492
	73,665,672	-	73,665,672	26,303,094	-	26,303,094	26,303,094	-	26,303,094

11.3.1 Provision against certain net advances amounting to Rs. 33,113,789 thousand {2010:Rs.31,520,321 (thousand)} requiring additional provisioning of Rs. 28,637,910 {2010: Rs. 25,895,849 (thousand)}has not been considered necessary in these financial statements on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.

11.4 Particulars of provisions against non-performing advances

Note	2011			2010		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
Opening balance	29,301,458	19,007	29,320,465	30,174,305	25,298	30,199,603
Charge for the year	1,469,618	1,260	1,470,878	7,546,589	-	7,546,589
Reversals	(4,465,947)	-	(4,465,947)	(6,980,694)	(6,291)	(6,986,985)
11.4.3	(2,996,329)	1,260	(2,995,069)	565,895	(6,291)	559,604
11.5	-	-	-	(29)	-	(29)
22.2	(2,035)	-	(2,035)	(1,438,713)	-	(1,438,713)
Closing balance	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465

11.4.1 Particulars of provisions against non-performing advances

	2011			2010		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
In local currency	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465
In foreign currencies	-	-	-	-	-	-
	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465

11.4.2 General provision includes provision against consumer loans maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by Prudential Regulations issued by the SBP.

11.4.3 The SBP vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated 20 October 2009 and BSD Circular No. 1 of 2011 dated October 2011 has amended Prudential Regulations for provisioning against non-performing advances in respect of benefit of Forced Sale Value (FSV) and rescheduling / restructuring advances. Had the change not been made, the specific provision against non-performing loans and advances would have been higher and consequently, loss before tax would have been higher and advances lower by Rs. 1,096,495 (thousand).

Note **2011** 2010
Rupees in '000

11.4.4 Provisions against non-performing advances - charge to profit and loss account

Provision against non-performing advances-net	11.4	(2,995,069)	559,604
Transfer from restructuring reserve	22.2	(169,165)	-
		(3,164,234)	559,604

11.5 Particulars of write offs:

11.5.1 Against provisions	11.4	-	29
Directly charged to profit and loss account		-	-
		-	29
11.5.2 Write Offs of Rs. 500,000 and above	11.6	-	-
Write Offs of below Rs. 500,000		-	29
		-	29

11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2011 is given in Annexure-I .

- 11.7** Market value of securities held as collateral as at 31 December 2011 amounted to Rs. 903,516 (thousand) {2010: Rs. 1,680,105 (thousand)}. These are secured against Pakistan Investment Bonds with maturities upto 26 December 2012 at the rate 12.00% per annum (2010: ranging 8.00% to 11.00% per annum).

	Note	2011	2010
Rupees in '000			
11.8 Particulars of loans and advances to directors, associated companies, etc.			
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
Balance at beginning of year		1,327,661	875,814
Loans granted during the year		212,754	611,960
Repayments received during the year		(252,557)	(160,113)
Balance at end of year	11.8.1	1,287,858	1,327,661
Debts due by subsidiary company and managed modarabas			
Balance at beginning of year		962,883	987,415
Loans granted during the year		2,740,183	2,892,024
Repayments received during the year		(2,680,246)	(2,916,556)
Balance at end of year		1,022,820	962,883
		2,310,678	2,290,544

11.8.1 These represent staff loans given to executives and officers in accordance with their terms of employment and advances given under consumer finance schemes of the Bank.

	Note	2011	2010
Rupees in '000			
12. OPERATING FIXED ASSETS			
Capital work-in-progress	12.1	82,797	53,694
Property and equipment	12.2	3,514,686	3,480,966
		3,597,483	3,534,660
12.1 Capital work-in-progress			
Civil works		42,394	16,940
Premises		30,070	30,070
Software		10,333	6,684
		82,797	53,694

12.2 Property and equipment

	COST / REVALUED AMOUNT				DEPRECIATION							
	Opening balance as at 01 January 2011	Additions	(Deletions) / Transfer	Revaluation adjustment	Closing balance as at 31 December 2011	Operating balance as at 01 January 2011	Charge for the year	(Deletions) / Transfer / Adjustment	Revaluation adjustment	Closing balance as at 31 December 2011	Book value as at 31 December 2011	Rate of depreciation %
Owned assets	Rupees in '000'											
Free hold land	1,183,532	-	-	(38,358)	1,145,174	-	-	-	-	-	1,145,174	-
Buildings on free hold land	1,599,033	34,923	-	(59,079)	1,574,877	144,477	73,746	-	(218,223)	-	1,574,877	5
Furniture, fixture and office equipment	1,646,016	185,089	(10,494)	-	1,820,611	951,983	211,244	(7,859)	-	1,155,368	665,243	10-33.33
Vehicles	191,017	26,960	(9,686)	-	214,277	52,849	39,314	(7,125)	-	91,023	123,254	20
			5,986 *				5,985 *					
Assets held under finance lease	4,619,598	246,972	(14,194)	(97,437)	4,754,939	1,149,309	324,304	(8,999)	(218,223)	1,246,391	3,508,548	
Vehicles	41,282	-	(880)	-	34,416	30,605	4,494	(836)	-	28,278	6,138	20
			(5,986) *				(5,985) *					
	41,282	-	(6,866)	-	34,416	30,605	4,494	(6,821)	-	28,278	6,138	
	4,660,880	246,972	(21,060)	(97,437)	4,789,355	1,179,914	328,798	(15,820)	(218,223)	1,274,669	3,514,686	

*These represent leased vehicles and equipment transferred to owned assets on completion of finance lease.

	COST / REVALUED AMOUNT				DEPRECIATION							
	Opening balance as at 01 January 2010	Additions	(Deletions) / Transfer	Revaluation adjustment	Closing balance as at 31 December 2010	Operating balance as at 01 January 2010	Charge for the year	(Deletions) / Transfer / Adjustment	Revaluation adjustment	Closing balance as at 31 December 2010	Book value as at 31 December 2010	Rate of depreciation %
Owned assets	Rupees in '000'											
Free hold land	1,183,532	-	-	-	1,183,532	-	-	-	-	-	1,183,532	-
Buildings on free hold land	1,524,204	74,829	-	-	1,599,033	74,054	70,423	-	-	144,477	1,454,556	5
Furniture, fixture and office equipment	1,346,786	305,266	(6,036)	-	1,646,016	742,060	214,768	(4,845)	-	951,983	694,033	10-33.33
Vehicles	135,127	63,648	(7,758)	-	191,017	28,066	32,202	(7,419)	-	52,849	138,168	20
	4,189,649	443,743	(13,794)	-	4,619,598	844,180	317,393	(12,264)	-	1,149,309	3,470,289	
Assets held under finance lease	47,089	5,710	(11,517)	-	41,282	33,527	6,378	(9,300)	-	30,605	10,677	20
Vehicles	47,089	5,710	(11,517)	-	41,282	33,527	6,378	(9,300)	-	30,605	10,677	
	4,236,738	449,453	(25,311)	-	4,660,880	877,707	323,771	(21,564)	-	1,179,914	3,480,966	

12.2.1 Detail of disposal of operating fixed assets

Particulars	Cost	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
	Rupees in '000					
Honda City	1,322	969	1,160	191	As per policy	Fawazi Khawaja - Ex employee
Toyota	1,269	825	999	174	Insurance Claim	Reliance Insurance Company Limited
Cultus	699	268	375	107	As per policy	Javed Ahmed Khan - Employee
Honda City	984	361	513	152	As per policy	Mrs. Farkhunda wife of deceased employee
Pajero	4,449	-	-	-	As per service agreement	Khalid Siddique Tirmizey Deputy Chief Executive Officer
	8,723	2,423	3,047	624		
Items having book value of less than Rs. 250,000 and cost of less than Rs. 1,000,000	12,337	2,817	3,573	756		
2011	21,060	5,240	6,620	1,380		
2010	25,311	3,747	14,274	10,527		

12.2.2 Freehold land and buildings on freehold land were revalued on 31 December 2011 by M/s Indus Surveyors (Private) Limited, an independent valuer, on the basis of fair market value. This valuation resulted in surplus of Rs.683,161 thousand and Rs.357,047 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars are as follows:

Particulars	Depreciated Cost Rupees in '000	Revalued Amount Rupees in '000
Freehold land	462,013	1,145,174
Buildings on freehold land	1,217,830	1,574,877

12.2.3 Had the freehold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	Note	2011 Rupees in '000	2010 Rupees in '000
Freehold land		462,013	462,013
Buildings on freehold land		1,217,830	1,214,326

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs. 140,210 thousand (2010: Rs. 126,502 thousand).

Note	2011 Rupees in '000	2010 Rupees in '000
------	------------------------	------------------------

13. DEFERRED TAX ASSET**Taxable temporary differences:**

- Accelerated tax depreciation		37,318	(38,929)
- Revaluation surplus on operating fixed assets	24.1	(124,966)	(72,912)

Deductible temporary differences:

- Deficit on available for sale securities	24.2	121,912	68,363
- Loan loss provision	13.2	9,859,804	10,396,889
- Others		3,992,701	3,710,283
		13,886,769	14,063,694

13.1 The management based on the future projections expects that the future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

13.2 This includes deductible temporary difference on business loss amounting to Rs. 3,990,817 thousand (2010: 3,716,590 thousand).

13.3 Reconciliation of deferred tax

Balance as January 01, 2010	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2010	Recognized in profit and loss account	Re-cognized in equity	Balance as at December 31, 2011	
-----Rupees in '000-----							
Taxable temporary differences:							
-Accelerated tax depreciation	(279,591)	240,662	-	(38,929)	76,247	-	37,318
-Revaluation surplus on operating fixed assets	(76,749)	3,837	-	(72,912)	3,646	(55,700)	(124,966)
Deductible temporary differences:							
- Deficit on available for sale securities	82,934	-	(14,571)	68,363	-	53,549	121,912
- Loan loss provision	10,358,528	38,361	-	10,396,889	(537,085)	-	9,859,804
- Others	1,836,024	1,874,259	-	3,710,283	282,418	-	3,992,701
11,921,146	2,157,119	(14,571)	14,063,694	(174,774)	(2,151)	13,886,769	

	Note	2011	2010
Rupees in '000			
14. OTHER ASSETS			
Income/mark-up accrued in local currency		4,034,281	3,718,039
Profit paid in advance on pehlay munafa scheme		130,253	177,095
Advances, deposits, advance rent and other prepayments	14.1	3,254,019	99,841
Advance taxation (payments less provisions)		1,160,655	1,147,911
Non-banking assets acquired in satisfaction of claims	14.2	5,905,860	4,142,920
Receivable from NITL	10.6	846,069	-
Branch adjustment account		334,818	311,964
Stock of stationery		20,284	26,668
Suspense account		7,051	451
Excise duty recoverable		-	702
Recoverable from NIT	14.3	36,790	36,790
Claim for recovery of shares	14.4	18,570	18,570
Unrealized gain on revaluation of foreign contracts		28,266	42
Others	14.5	339,005	100,763
		16,115,921	9,781,756
Less provision against:			
Excise duty recoverable		-	(1,091)
Recoverable from NIT		(36,790)	(36,790)
Fraud and forgeries		(10,904)	(9,783)
Claim for recovery of shares		(18,570)	(18,570)
	14.6	(66,264)	(66,234)
Other assets - net of provision		16,049,657	9,715,522

- 14.1** This includes Rs. 3,138,621 thousand (2010: Nil) paid as advance to M/s Pak Suzuki Motors Limited for purchase of vehicles against Self Employment Scheme for Educated Unemployed Youth.
- 14.2** The market value of the properties acquired in satisfaction of claims approximates their carrying value.
- 14.3** This represents zakat deducted on dividends by NIT. The Bank has filed suit against NIT for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NIT at the court of law, the claim amount has been fully provided for.
- 14.4** This amount represents the cost of 2,785,074 shares of Sui Northern Gas Pipelines Limited (SNGPL) net of subsequent recoveries, fraudulently and unlawfully withdrawn by M/s S. H. Bukhari Securities (Private) Limited (SHB), an ex-member of Lahore Stock Exchange (Guarantee) Limited (LSE). The matter was reported to LSE and also to the Securities and Exchange Commission of Pakistan for recovery of the said shares.

The Bank has also registered an FIR with Federal Investigation Agency (FIA) to initiate criminal proceedings. The case has been transferred to National Accountability Bureau (NAB) and NAB authorities are in the process of recovery. As a matter of prudence though without prejudice to the Bank's claim against M/s S.H. Bukhari Securities (Private) Limited at various forums and the court of law, the balance claim amount has been fully provided for by the Bank.

- 14.5** This includes the amount of Rs. 37,794 (thousand) {2010: Rs. 14,867 (thousand)} relating to fraud and forgeries against which a provision of Rs. 10,904 (thousand) {2010: Rs. 9,783 (thousand)} thereon has been made.

2011 2010
Rupees in '000

14.6 Provision against other assets

Opening balance	66,234	66,553
Charge for the year	4,337	-
Reversal	(3,216)	-
	1,121	-
Amount written off	(1,091)	(319)
Closing balance	66,264	66,234
15. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
16. BILLS PAYABLE		
In Pakistan	850,569	581,100
Outside Pakistan	-	-
	850,569	581,100

	Note	2011	2010
		Rupees in '000	
17. BORROWINGS			
In Pakistan		24,959,505	11,526,783
Outside Pakistan		4,061	-
		<u>24,963,566</u>	<u>11,526,783</u>
17.1 Particulars of borrowings with respect to currencies			
In local currency		24,959,505	11,526,783
In foreign currencies		4,061	-
		<u>24,963,566</u>	<u>11,526,783</u>
17.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	4,550,210	4,798,299
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	582,840	999,119
-Long term financing facility (LTFF)	17.2.2	983,665	644,120
Repurchase agreement borrowings	17.2.3	18,842,790	5,085,245
		<u>24,959,505</u>	<u>11,526,783</u>
Unsecured			
Overdrawn nostro accounts		4,061	-
		<u>24,963,566</u>	<u>11,526,783</u>
17.2.1	These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 11.77% to 11.90% per annum (2010: 8.0% to 9.0% per annum). Maturity of the borrowing is upto 16 January 2012.		
17.2.2	This amount is due to the SBP and have been obtained for providing long term finance to customers for export oriented projects. As per the agreements with the SBP, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP.		
17.2.3	These are secured against Market Treasury Bills and Pakistan Investment Bonds and carry mark-up at rates ranging from 11.77% to 11.90% per annum (2010: 12.6% to 13.22% per annum) maturing on various dates latest by 16 January 2012.		

2011 2010
Rupees in '000

18. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
Savings deposits
Current accounts - non-remunerative
Sundry deposits, margin accounts, etc.

107,046,786	96,752,700
85,967,327	75,625,569
39,229,738	30,231,757
1,702,147	1,467,019

233,945,998 204,077,045

Financial Institutions

Remunerative deposits
Non-remunerative deposits

3,689,326	3,090,511
261,376	1,009,432

3,950,702 4,099,943

237,896,700 208,176,988

18.1 Particulars of deposits

In local currency
In foreign currencies

234,648,265 204,880,523
3,248,435 3,296,465

237,896,700 208,176,988

19. Liabilities Against Assets Subject To Finance Lease

	2011			2010		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	4,915	698	4,217	6,609	1,479	5,130
Later than one year and not later than five years	4,207	593	3,614	9,511	754	8,757
	9,122	1,291	7,831	16,120	2,233	13,887

Financial charges, included in the lease rentals, are determined on the basis of discount factors applied at the rates ranging from 15% to 25% per annum (2010: 14.62% to 15.87% per annum). The Bank has an option to purchase the assets upon completion of lease term and has the intention to exercise the option.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

Years	Note	2011 Rupees in '000	2010
2011		-	6,609
2012		4,915	5,204
2013		1,454	1,494
2014		1,455	1,495
2015		1,298	1,318
		9,122	16,120
Less: Financial charges for future periods		1,291	2,233
		7,831	13,887

20. OTHER LIABILITIES

Mark-up/ return/ interest payable in local currency		4,574,218	3,553,109
Mark-up/ return/ interest payable in foreign currency		15,056	9,279
Compensation payable on share deposit money		328,555	329,498
Accrued expenses		413,370	159,255
Unclaimed dividends		2,674	2,686
Payable to gratuity fund	37.1.1	149,201	95,370
Provision for employees compensated absences	37.1.2	186,799	184,041
Provision against off-balance sheet obligations	20.1	497,377	741,488
Excise duty payable		30	-
Others		338,995	148,319
		6,506,275	5,223,045

20.1 Provision against off-balance sheet obligations

Opening balance		741,488	1,488
Charge for the year		-	740,000
Reversal during the year		(244,111)	-
		(244,111)	740,000
Closing balance		497,377	741,488

21. Share Capital

21.1 Authorized Capital

2011 Number	2010 Number		2011 Rupees in '000	2010 Rupees in '000
<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>

21.2 Issued, subscribed and paid up share capital

2011 Number	2010 Number	Ordinary shares of Rs.10 each		2011 Rupees in '000	2010 Rupees in '000
Balance as at January 01					
19,333,340	19,333,340	Fully paid in cash		193,333	193,333
<u>509,464,036</u>	<u>509,464,036</u>	Issued as bonus shares		<u>5,094,641</u>	<u>5,094,641</u>
<u>528,797,376</u>	<u>528,797,376</u>			<u>5,287,974</u>	<u>5,287,974</u>
-	-	Issued during the year		-	-
-	-			-	-
Closing balance					
19,333,340	19,333,340	Fully paid in cash		193,333	193,333
<u>509,464,036</u>	<u>509,464,036</u>	Issued as bonus shares		<u>5,094,641</u>	<u>5,094,641</u>
<u>528,797,376</u>	<u>528,797,376</u>			<u>5,287,974</u>	<u>5,287,974</u>

21.3 Government of the Punjab (GOPb) held 51% shares in the Bank as at 31 December 2011 (2010: 51 %).

22. RESERVES

	Note	2011 Rupees in '000	2010 Rupees in '000
Statutory reserve	22.1	69,595	-
Share premium reserve		37,882	37,882
Restructuring reserve	22.2	1,807,479	1,974,610
		<u>1,914,956</u>	<u>2,012,492</u>

22.1 In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profits each year to statutory reserve fund until the amount in such fund equals to the paid up share capital of the Bank.

22.2 This represents the effect of the up gradation of category of classification by one category upon rescheduling / restructuring of classified loans and advances in accordance with the BSD Circular No. 10 dated 20 October 2009.

	Note	2011	2010
Rupees in '000			
23. SHARE DEPOSIT MONEY			
Share deposit money - I	23.1	10,000,000	10,000,000
Share deposit money - II	23.2	7,000,000	-
		17,000,000	10,000,000

23.1 This represent Rs. 10,000,000 (thousand) deposited by the Government of the Punjab in 2009 as advance subscription money as explained in Note 1.2. Return on share deposit money is payable at the rate equal to 3 months weighted average T Bill rate applicable during the period.

23.2 During the year the Bank has received share deposit money of Rs. 7,000,000 (thousand) from GOPb as explained in Note 1.2.

	Note	2011	2010
Rupees in '000			
24. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of operating fixed assets	24.1	915,244	856,928
Deficit on revaluation of investments - available for sale securities	24.2	(277,743)	(135,935)
		637,501	720,993

24.1 Surplus on revaluation of operating fixed assets

As on 01 January		984,311	984,311
- Surplus on revaluation during the year		120,786	-
		1,105,097	984,311
Incremental depreciation			
- Opening balance		(54,471)	(43,507)
- Transferred to accumulated loss in respect of incremental depreciation charge during the year - net of tax		(6,770)	(7,127)
- Related deferred tax liability		(3,646)	(3,837)
Accumulated incremental depreciation		(64,887)	(54,471)
As on 31 December		1,040,210	929,840
Less: Related deferred tax liability			
-Opening balance		(72,912)	(76,749)
-Deferred tax on revaluation during the year		(55,700)	-
-Deferred tax recorded during the year		3,646	3,837
-Closing balance	13	(124,966)	(72,912)
		915,244	856,928

	2011	2010
	Rupees in '000	
24.2 Deficit on revaluation of investments - available for sale securities		
Federal Government Securities	(16,353)	(348,549)
Quoted Securities	(304,150)	184,634
NIT Units	-	-
Mutual Funds Units	(101,425)	(43,491)
Term Finance Certificates	22,273	3,108
	(399,655)	(204,298)
Less:		
Related deferred tax asset	121,912	68,363
	(277,743)	(135,935)

25. CONTINGENCIES AND COMMITMENTS

25.1 Direct credit substitutes

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

	2011	2010
	Rupees in '000	
- Financial institutions	-	-
- Others	664,723	853,542
	664,723	853,542

25.2 Transaction-related contingent liabilities

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

	2011	2010
	Rupees in '000	
- Government	84,510	76,136
- Financial institutions	31,705	65,383
- Others	10,135,048	12,835,832
	10,251,263	12,977,351

	2011	2010
	Rupees in '000	
25.3 Trade-related contingent liabilities		
These include letters of credit issued in favour of:		
- Government	1,353,579	727,045
- Financial institutions	-	470
- Others	5,467,269	10,956,683
	6,820,848	11,684,198

25.4 Income tax related contingency

For the tax year 2007, the department has amended the assessment on certain issues against which the Bank filed an appeal before Commissioner of Inland Revenue Appeals {{CIT (A)}}. CIT (A) has deleted addition under the head "provision for compensated absences" while confirmed others. The Bank and the Department has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (A). The expected tax liability which may arise in respect of aforesaid tax year amounts to Rs. 333,727 thousand. The management of the Bank, based on the past case history of the Bank and on advice of its tax consultant, is confident that the appeal filed for the aforementioned tax year will be decided in the Bank's favour.

	2011	2010
	Rupees in '000	
25.5 Other contingencies		
Claims against the Bank not acknowledged as debts	20,456,767	12,677,637
25.6 Commitments in respect of forward exchange contracts		
Purchase	2,780,846	1,364,614
Sale	1,824,957	1,138,760
	4,605,803	2,503,374
25.7 Commitments for the acquisition of operating fixed assets	14,293	4,707

26. MARK-UP/RETURN/INTEREST EARNED

a) On loans and advances to:		
i) Customers	11,682,856	12,049,435
ii) Financial institutions	27,150	9,221
b) On investments in:		
i) Available for sale securities	8,204,215	5,499,268
ii) Held for trading securities	1,673	-
iii) Held to maturity securities	167,256	250,324
c) On deposits with financial institutions	59,865	64,327
d) On securities purchased under resale agreements	541,996	347,600
	20,685,011	18,220,175

	Note	2011	2010
Rupees in '000			
27. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		18,432,867	16,077,846
Return on share deposit money		1,323,873	1,228,681
Securities sold under repurchase agreements		1,277,284	1,272,743
Other short term borrowings		39,247	222,372
		<u>21,073,271</u>	<u>18,801,642</u>
28. GAIN ON SALE AND REDEMPTION OF SECURITIES			
NIT Units		(11,878)	(31,069)
Federal Government Securities		42,763	4,145
Mutual Funds Units		77,407	97,047
Listed Securities		220,576	219,922
Unlisted Term Finance Certificates		1,157	3,258
		<u>330,025</u>	<u>293,303</u>
29. OTHER INCOME			
Rent on lockers		32,700	26,686
Net profit on sale of property and equipment	12.2.1	1,380	10,527
Service charges		166,038	164,695
Others		293,985	271,147
		<u>494,103</u>	<u>473,055</u>
30. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		1,986,994	1,760,847
Contribution to defined contribution plans		79,277	71,324
Provision for gratuity	37.1.1	53,831	45,507
Provision for compensated absences	37.1.2	2,826	21,717
Non-executive directors' fees	38	2,375	2,175
Taxes, insurance, electricity, etc.		189,460	156,455
Legal and professional charges		29,286	25,290
Communications		77,550	93,452
Repairs and maintenance		97,209	74,409
Rent for bank premises	30.1	218,818	198,649
Finance charge on leased assets		1,475	2,332
Stationery and printing		103,322	77,973
Advertisement and publicity		97,794	18,575
Auditors' remuneration	30.2	8,915	5,355
Depreciation	12.2	328,798	323,771
Travelling		35,829	43,073
Vehicle expenses		216,695	179,854
Cash remittance charges		39,615	35,184
Bank charges		103,803	81,204
Others		280,194	209,183
		<u>3,954,066</u>	<u>3,426,329</u>

30.1 Operating lease

Operating lease rentals are charged in profit and loss account on a time proportion basis over the term of lease agreements.

2011 2010
Rupees in '000

30.2 Auditors' remuneration

Audit fee	1,750	1,750
Special certifications, half yearly review and others	5,465	1,955
Out-of-pocket expenses	1,700	1,650
	8,915	5,355

31. OTHER CHARGES

Penalties imposed by SBP	205	1,605
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32. TAXATION**For the year**

Current	-	-
Deferred	174,774	(2,157,119)
	174,774	(2,157,119)

For the prior year

Current	-	-
Deferred	-	-
	-	-
	174,774	(2,157,119)

32.1 Due to carry forward business losses, numerical reconciliation between tax expense and accounting profit has not been presented.

33. BASIC EARNINGS / (LOSS) PER SHARE**Basic earnings / (loss) per share - after tax**

Profit / (Loss) for the year - Rupees in thousand	347,973	(4,029,277)
Weighted average number of ordinary shares - Number	528,797,376	528,797,376
Basic earnings / (loss) per share - after tax - Rupees	0.66	(7.62)

34. DILUTED EARNINGS / (LOSS) PER SHARE

There is no dilution effect on basic earnings per share.

	Note	2011	2010
Rupees in '000			
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	16,698,333	14,069,601
Balance with other banks	8	3,607,107	3,276,234
Call money lending	9	195,000	-
Overdrawn nostro accounts	17.2	(4,061)	-
		20,496,379	17,345,835
36. STAFF STRENGTH			
Permanent		3,808	3,602
Temporary/on contractual basis		865	861
Deputed staff		1	1
Bank's own staff strength at the end of the year		4,674	4,464
Outsourced		-	-
Total Staff Strength		4,674	4,464
37. EMPLOYEE BENEFITS			
37.1 Defined benefit plans			
37.1.1 Gratuity			

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement which is equal to one month's last drawn basic salary for each year of eligible service or part thereof subject to minimum of five years of service. The Bank makes annual provision in the financial statements for its liabilities on the basis of actuarial valuation.

Principal actuarial assumptions

The principal actuarial assumptions have been given in note 6.8.2 to these financial statements.

	2011	2010
Rupees in '000		
Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	181,818	129,422
Fair value of plan assets	(39,580)	(38,463)
Benefit payments payable	6,963	4,411
	149,201	95,370
Movement in payable to defined benefit plan		
Opening balance	95,370	49,863
Charge for the year	53,831	45,507
Closing balance	149,201	95,370

	2011	2010
	Rupees in '000	
Changes in present value of defined benefit obligations		
Opening balance	129,422	87,196
Current service cost	56,200	51,460
Interest cost	16,825	10,462
Benefits payable	(3,561)	(4,411)
Benefit paid	(2,291)	(2,145)
Actuarial gain	(14,777)	(13,140)
	181,818	129,422
Changes in fair value of plan assets		
Opening balance	38,463	37,333
Expected return on plan assets	5,000	4,480
Contributions made	-	-
Benefits paid	(3,300)	(2,145)
Actuarial loss	(583)	(1,205)
	39,580	38,463
Charge for defined benefit plan		
Current service cost	56,200	51,460
Interest cost	16,825	10,462
Expected return on plan assets	(5,000)	(4,480)
Net actuarial losses recognized	(14,194)	(11,935)
	53,831	45,507
Actual return on plan assets	4,417	3,275
Composition of fair value of plan assets		
NIT Government Bond Fund	31,327	28,009
Cash at bank	8,253	10,454
	39,580	38,463

37.1.2 Compensated absences

The Bank makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The actuary has used "Projected Unit Credit Method" for calculations. The employees of the Bank are entitled to take the leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days gross salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

Principal actuarial assumptions

The principal actuarial assumptions have been given in note 6.8.3 to these financial statements.

	2011	2010
	Rupees in '000	
Present value of defined benefit obligation	186,799	184,041
Movement in payable to defined benefit plan		
Opening balance	184,040	164,352
Charge for the year	2,826	21,717
Benefit paid	(67)	(2,028)
Closing balance	186,799	184,041
Charge for defined benefit plan		
Current service cost	15,936	16,478
Interest cost	23,926	19,668
Actuarial gains recognized	(37,036)	(14,429)
	2,826	21,717

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

	2011	2010	2009	2008	2007
	-----Rupees in '000'-----				
Opening net liability	184,041	164,352	142,518	115,594	93,804
Net charge for the year	2,758	19,689	21,834	26,924	21,790
	186,799	184,041	164,352	142,518	115,594

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including benefits to the Chairman, President/Chief Executive Officer, Directors and Executives of the Bank was as follows:

	Chairman		President/ Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rupees in '000							
Fees	-	-	-	-	2,375	2,175*	-	-
Managerial remuneration	-	321	14,268	14,268	-	-	187,877	179,663
Bonus **	-	-	2,378	2,378	-	-	31,112	28,876
Contribution to defined contribution plan	-	-	-	-	-	-	-	-
Rent and house maintenance	-	-	1,332	1,332	-	-	71,343	68,142
Utilities	-	-	1,200	1,200	-	-	18,436	17,561
Medical	-	-	-	-	-	-	17,536	16,811
Other allowances	1,084	-	3,000	1,000	-	-	40,063	11,759
	<u>1,084</u>	<u>321</u>	<u>22,178</u>	<u>20,178</u>	<u>2,375</u>	<u>2,175</u>	<u>366,367</u>	<u>322,812</u>
Number of persons	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>14</u>	<u>217</u>	<u>206</u>

* This represents the fee paid to non-executive directors for attending the Board meetings.

** This represents regular bonus paid to staff on eve of Eids as per the Bank's policy.

President / Chief Executive Officer and Executives are provided with free use of the Bank's maintained cars. In addition to the above, contribution to defined contribution plan has also been made in accordance with the Bank's policy.

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

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair values.

Underlying the definition of fair value is the presumption that the Bank is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

	2011		2010	
	Book value	Fair value	Book value	Fair value
	Rupees in '000		Rupees in '000	
On balance sheet financial instruments				
Assets				
Cash and balances with treasury banks	16,698,333	16,698,333	14,069,601	14,069,601
Balances with other banks	3,607,107	3,607,107	3,276,234	3,276,234
Lendings to financial institutions	7,447,375	7,447,375	7,309,587	7,309,587
Investments - net	92,581,306	92,341,733	56,402,954	56,019,335
Advances - net	127,129,501	127,129,501	120,818,021	120,818,021
Other assets	5,571,535	5,571,535	4,120,636	4,120,636
	<u>253,035,157</u>	<u>252,795,584</u>	<u>205,997,033</u>	<u>205,613,414</u>
Liabilities				
Bills payable	850,569	850,569	581,100	581,100
Borrowings	24,963,566	24,963,566	11,526,783	11,526,783
Deposits and other accounts	237,896,700	237,896,700	208,176,988	208,176,988
Liabilities against assets subject to finance lease	7,831	7,831	13,887	13,887
Other liabilities	6,506,275	6,506,275	5,223,045	5,223,045
	<u>270,224,941</u>	<u>270,224,941</u>	<u>225,521,803</u>	<u>225,521,803</u>
Off balance sheet financial instruments				
Forward sale of foreign exchange contracts	<u>1,824,957</u>	<u>2,390,358</u>	<u>1,138,760</u>	<u>1,135,062</u>
Forward purchase of foreign exchange contracts	<u>2,780,846</u>	<u>2,283,385</u>	<u>1,364,614</u>	<u>1,350,030</u>

Investments

All quoted investments have been stated at their market values except securities classified as held to maturity, which have been valued at their amortized cost. These held to maturity securities have market value of Rs. 1,744,023 (thousand) {2010: Rs.1,768,014 (thousand)}. All unquoted investments have been stated at cost less provision for impairment if any, being their estimated fair values.

Advances

Fair value of advances can not be determined with reasonable accuracy due to absence of current and active market. Advances are repriced frequently at market rates and are reduced for any impairment against non-performing advances determined in accordance with Prudential Regulations by the SBP.

Deposits and other accounts

The fair value of long term fixed deposits of over one year can not be calculated with sufficient reliability due to non-availability of relevant active market. Carrying values of deposits other than long term fixed deposits approximate their fair values as they are short term in nature or are frequently repriced.

Other financial instruments

The fair value of all other on-balance sheet and off-balance sheet financial instruments are considered to approximate their book value as they are short-term in nature.

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000					
2011						
Total income	9,801,017	1,198,608	11,166,663	428,747	79,684	22,674,719
Total expenses	3,719,304	3,734,748	14,614,849	70,048	13,023	22,151,972
Income taxes	-	-	-	-	-	174,774
Net income / (loss)	6,081,713	(2,536,140)	(3,448,186)	358,699	66,661	347,973
Segment assets (gross)	122,780,719	8,838,574	164,844,946	-	-	296,464,239
Segment non performing loans / investments	3,719,469	2,713,435	70,952,237	-	-	77,385,141
Segment provision required	3,719,469	1,424,690	24,898,671	-	-	30,042,830
Segment liabilities	23,497,658	39,256,382	207,470,901	-	-	270,224,941
Segment return on net assets (ROA) (%)	14.45%	23.58%	15.86%	-	-	-
Segment cost of funds (%)	13.80%	9.76%	10.22%	-	-	-
2010						
Total income	7,024,154	1,103,814	11,543,022	357,426	75,092	20,103,508
Total expenses	6,324,584	2,850,716	17,025,106	73,966	15,532	26,289,904
Income taxes	-	-	-	-	-	(2,157,119)
Net income / (loss)	699,570	(1,746,902)	(5,482,084)	283,460	59,560	(4,029,277)
Segment assets (gross)	82,823,061	8,178,164	155,823,755	-	-	246,824,980
Segment non performing loans / investments	3,273,335	2,512,494	74,881,434	-	-	80,667,263
Segment provision required	3,273,335	1,066,010	28,254,455	-	-	32,593,800
Segment liabilities	13,703,080	33,850,264	177,968,459	-	-	225,521,803
Segment return on net assets (ROA) (%)	11.74%	21.46%	16.93%	-	-	-
Segment cost of funds (%)	12.51%	9.81%	10.61%	-	-	-

41. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders/members. The Bank in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables. Amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in Note 38.

	2011	2010
	Rupees in '000	
Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of the Bank)		
Deposits in current account	<u>8</u>	<u>33</u>
Advances		
Outstanding at beginning of the year	21,258	14,100
Loans granted during the year	1,217	9,138
Repayments received during the year	(475)	(1,980)
Outstanding at the end of the year	<u>22,000</u>	<u>21,258</u>
Mark-up/return earned	<u>3,053</u>	<u>2,512</u>
First Punjab Modaraba (Modaraba floated by the wholly owned subsidiary of the Bank)		
Advances		
Outstanding at beginning of the year	941,625	973,315
Loans granted during the year	2,738,966	2,882,886
Repayments received during the year	(2,679,771)	(2,914,576)
Outstanding at the end of the year	<u>1,000,820</u>	<u>941,625</u>
Provision for doubtful debts		
Mark-up/return earned	<u>128,429</u>	<u>131,840</u>
Deposits in current account	<u>32,365</u>	<u>27,174</u>
Placement		
Outstanding at beginning of the year	300,000	300,000
Made during the year	300,000	300,000
Repaid/matured during the year	(300,000)	(300,000)
Outstanding at the end of the year	<u>300,000</u>	<u>300,000</u>
Mark-up/return earned	<u>31,786</u>	<u>39,284</u>
Lease liability		
Outstanding at beginning of the year	13,887	19,907
Lease contracts entered into during the year	5	6,236
Repaid during the year	(6,061)	(12,256)
Outstanding at the end of the year	<u>7,831</u>	<u>13,887</u>

	2011	2010
	Rupees in '000	
Key Management Personnel		
Deposits		
Opening balances	12,384	12,478
Received during the year	169,698	219,296
Withdrawal during the year	(159,511)	(219,390)
	22,571	12,384
	22,571	12,384
Mark-up / interest expensed	316	343
	316	343
Bankers Avenue Co-operative Housing Society		
(A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	2,536	14,728
	2,536	14,728
Contribution to Employees Provident Fund	60,310	54,012

Although Government of the Punjab (GOPb) holds 51% shares of the Bank (2009: 51%) transactions with GOPb have not been treated as related party transactions for the purpose of this disclosure.

42. CAPITAL ADEQUACY

42.1 Scope of application

The Bank is the only entity in the Group to which Basel II capital adequacy framework applies. The Bank has only one subsidiary; Punjab Modaraba Services (private) Limited, whose financial statements are included in the consolidated financial statements.

42.2 Capital adequacy

The Basel II Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and also on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the 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.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by 31 December 2013 in a phased manner. The Bank plans to increase its paid up share capital, through right issue, to comply with the aforesaid requirement. The paid-up capital requirement (net of losses) as at 31 December 2011 is Rs. 8 billion. The Bank's paid-up capital (net of losses) as at 31 December 2011 is Rs. 8.22 billion, including share deposit money of Rs.17 billion deposited by the GOPb.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% of their risk weighted assets. The Bank's capital adequacy ratio as at 31 December 2011 is 7.12%. The SBP has given relaxation to the Bank for minimum required CAR as explained in Note 1.2.

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

- ③ 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.
- ③ Tier II capital, which includes general reserve for loan losses, revaluation reserves, exchange translation reserves and subordinated debts.
- ③ 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.

The Bank calculates capital requirement as per Basel II regulatory framework, using the following approaches:

Credit risk	Standardised Approach
Market risk	Standardised Approach
Operational risk	Basic Indicator Approach

	2011	2010
	Rupees in '000	
Tier I Capital		
Paid up capital	5,287,974	5,287,974
Share premium account	37,882	37,882
Share deposit money	17,000,000	10,000,000
Statutory reserve	69,595	-
Accumulated loss	(14,067,841)	(14,352,989)
	8,327,610	972,867
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	82,473	82,473
Deficit on account of revaluations	399,655	204,298
	482,128	286,771
Total eligible Tier I capital	7,845,482	686,096
Tier II Capital		
General provisions subject to 1.25% of total Risk Weighted Assets	1,573,372	1,629,930
Revaluation reserve (upto 45%)	286,875	324,447
	1,860,247	1,954,377
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	82,473	82,473
Total eligible Tier II capital	1,777,774	1,871,904
Tier III Capital	-	-
Total Eligible Capital	9,623,256	1,372,192

	2011 Rupees in '000 Capital Requirements	2010	2011 Rupees in '000 Risk Weighted Assets	2010
Credit Risk				
Claim on :				
Public sector entities	101,010	-	1,010,098	-
Claim on banks	64,111	65,329	641,108	653,290
Claims denominated in foreign currency, on banks with original maturity of 3 months or less	11,166	26,518	111,656	265,177
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	131,323	56,781	1,313,226	567,806
Corporates	5,366,866	5,848,044	53,668,655	58,480,444
Retail portfolio	893,273	88,793	8,932,726	887,930
Loans secured by residential property	16,864	22,781	168,639	227,809
Past due loans	2,190,823	2,578,428	21,908,226	25,784,281
Investment in fixed assets	359,748	353,466	3,597,483	3,534,660
Other assets	2,858,281	1,957,863	28,582,814	19,578,628
Off balance sheet - non-market relaed exposure	544,060	237,482	5,440,602	2,374,824
Off balance sheet - market relaed exposure	2,145	503	21,445	5,029
Equity exposure risk held in the Banking book	2,052	2,326	20,520	23,256
	12,541,722	11,238,314	125,417,198	112,383,134
Market Risk				
Interest rate risk	5,732	547	71,650	6,838
Equity position risk	363,611	616,307	4,545,138	7,703,838
Foreign exchange risk	6,436	11,719	80,450	146,488
	375,779	628,573	4,697,238	7,857,164
Operational Risk	411,020	857,456	5,137,749	10,718,198
Total	13,328,521	12,724,343	135,252,185	130,958,496

Capital Adequacy Ratio (CAR)

	2011	2010
	Rupees in '000	
Total eligible regulatory capital held	<u>9,623,256</u>	<u>1,372,192</u>
Total Risk Weighted Assets	<u>135,252,185</u>	<u>130,958,496</u>
CAR	<u>7.12%</u>	<u>1.05%</u>

43. RISK MANAGEMENT

The principal risks associated with the Banking business are credit risk, market risk, liquidity risk and operational risk.

43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Bank manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Bank's credit process currently entails assessment of credit worthiness of potential customers, pre-sanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Bank will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

The Bank uses the ratings issued by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) for its exposures. These External Credit Assessments Institutions (ECAIs) have been approved by the SBP.

The Bank has not transferred public issue ratings, issued by PACRA and JCR-VIS, onto comparable assets in the banking book in its calculations, instead ECAI ratings and ECA scores are aligned with risk buckets as determined by the SBP.

Credit exposures subject to Standardized Approach:

Risk buckets	Amount Outstanding/ credit equivalent (rated and unrated)	Credit Risk Mitigation (CRM) deduction	Net Amount
..... (Rupees in '000)			
0%	117,908,580	1,125,476	116,783,104
20%	13,200,749	2,809,713	10,391,036
35%	481,825	-	481,825
50%	15,067,366	4,627,506	10,439,860
75%	17,180,110	3,003,720	14,176,390
100%	89,531,017	13,912,631	75,618,386
150%	43,294,402	22,161,240	21,133,162
	296,664,049	47,640,286	249,023,763

43.1.1 Segments by class of business

	2011					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agribusiness	4,082,934	2.66	8,355,086	3.51	-	-
Textile and ginning	43,497,514	28.35	1,200,442	0.50	2,035,601	11.48
Cement	5,197,402	3.39	177,022	0.07	261,134	1.47
Sugar	6,433,062	4.19	1,228,470	0.52	116,311	0.66
Financial	1,510,490	0.98	3,950,702	1.66	31,705	0.18
Construction and real estate	9,176,214	5.98	6,104,149	2.57	2,899,727	16.35
Oil and gas	700,006	0.46	2,124,518	0.89	446,084	2.52
Auto & allied	1,980,399	1.29	37,097	0.02	117,911	0.66
Food and allied	6,904,781	4.50	608,610	0.26	394,788	2.23
Chemical and pharmaceuticals	2,979,458	1.94	482,335	0.20	890,189	5.02
Fertilizers	3,159,096	2.06	3,945,895	1.66	484,156	2.73
Cable, electrical and engineering	10,284,136	6.70	654,525	0.28	1,432,766	8.08
Production and transmission of energy	4,455,829	2.90	613,231	0.26	513,163	2.89
Transport, Storage and Communication	3,364,429	2.19	4,423,348	1.86	1,023,666	5.77
Government						
- Public Sector Enterprises	1,195,884	0.78	13,633,090	5.73	2,858,265	16.11
- Federal and Provincial Governments	19,040,538	12.41	123,413,366	51.88	1,438,089	8.11
Individuals	2,715,683	1.77	45,555,615	19.15	-	-
Trading and commerce	13,466,806	8.78	4,503,168	1.89	497,242	2.80
Services	5,078,243	3.31	5,946,530	2.50	169,187	0.95
Others	8,229,958	5.36	10,939,501	4.59	2,126,850	11.99
	153,452,862	100.00	237,896,700	100.00	17,736,834	100.00

43.1.2 Segment by sector

	2011					
	Advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public Sector / Government	20,236,422	13.19	137,046,456	57.61	4,296,354	24.22
Private	133,216,440	86.81	100,850,244	42.39	13,440,480	75.78
	153,452,862	100.00	237,896,700	100.00	17,736,834	100.00

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

	2011		2010	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Agribusiness	2,078,059	1,101,669	1,944,227	710,154
Textile and ginning	29,311,289	10,290,153	28,503,519	11,146,682
Cement	4,308,146	2,129,450	4,337,585	2,303,988
Sugar	744,263	312,231	1,650,864	624,400
Financial	1,402,865	236,126	1,305,920	255,850
Construction and real estate	8,015,606	3,210,455	9,750,324	4,048,372
Oil and gas	194,855	81,854	146,117	81,103
Auto & allied	1,968,460	773,094	2,055,688	771,123
Food and allied	2,829,003	1,473,723	3,052,340	1,532,875
Chemical and pharmaceuticals	376,217	79,149	448,636	269,394
Fertilizers	64,598	12,052	57,838	19,901
Cable, electrical and engineering	4,844,162	257,379	5,733,675	808,953
Production and transmission of energy	1,581,211	454,868	2,353,838	455,174
Transport, Storage and Communication	206,454	177,983	250,052	196,329
Government:				
- Public Sector Enterprises	-	-	-	-
- Federal and Provincial Governments	-	-	-	-
Individuals	439,014	234,754	368,655	265,800
Trading and commerce	9,515,134	3,405,899	9,509,721	3,510,751
Services	2,357,181	666,314	2,374,222	836,843
Others	3,429,155	1,405,941	3,550,707	1,463,766
	73,665,672	26,303,094	77,393,928	29,301,458

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

Public Sector / Government	-	-	-	-
Private	73,665,672	26,303,094	77,393,928	29,301,458
	73,665,672	26,303,094	77,393,928	29,301,458

43.1.5 Geographical segment analysis

A geographical segment analysis has not been presented since the Bank's operations are restricted to Pakistan only.

43.2 Market risk

Market risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. The Bank's market risk can be further classified into interest rate risk, foreign exchange risk and equity position risk.

43.2.1 Interest rate risk management

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Bank is exposed to yield/interest rate risk for its investing and/or financing activities where any major fluctuation in the market interest rate/yield can affect both the value of the financial instrument as well as the profitability of the Bank. To minimize this risk the Bank's Assets and Liabilities Committee (ALCO) keeps a constant watch on the interest rate scenario in the country and on regular intervals reviews pricing mechanism for assets and liabilities of the Bank.

43.2.1.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

2011												
Exposed to Yield / Interest risk												
Effective yield / interest rate	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 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	2.59%	16,698,333	549,676	-	-	-	-	-	-	-	-	16,148,657
Balances with other banks	7.24%	3,607,107	867,551	17,429	-	-	-	-	-	-	-	2,722,127
Lending to financial institutions	13.10%	7,447,375	6,997,710	449,665	-	-	-	-	-	-	-	-
Investments	12.46%	92,581,306	1,560,573	4,887,066	17,023,107	55,743,005	512,808	1,650,000	3,420,340	5,175,000	350,000	2,259,407
Advances	7.85%	127,129,501	44,843,306	80,622,659	1,652,900	-	-	-	-	-	-	10,636
Other assets	-	5,571,535	-	-	-	-	-	-	-	-	-	5,571,535
		253,035,157	54,818,816	85,976,819	18,676,007	55,743,005	512,808	1,650,000	3,420,340	5,175,000	350,000	26,712,362
Liabilities												
Bills payable	-	850,569	-	-	-	-	-	-	-	-	-	850,569
Borrowings	12.57%	24,963,566	19,452,179	2,879,451	1,652,900	67,308	39,386	30,933	796,633	40,715	-	4,061
Deposits and other accounts	8.57%	237,896,700	15,972,576	115,272,980	25,942,357	37,199,481	1,597,133	431,828	53,298	-	-	41,427,047
Liabilities against assets subject to finance lease	19.02%	7,831	7,831	-	-	-	-	-	-	-	-	-
Other liabilities	-	6,506,275	-	-	-	-	-	-	-	-	-	6,506,275
		270,224,941	35,432,586	118,152,431	27,595,257	37,266,789	1,636,519	462,761	849,931	40,715	-	48,787,952
On-balance sheet gap		(17,189,784)	19,386,230	(32,175,612)	(8,919,250)	18,476,216	(1,123,711)	1,187,239	2,570,409	5,134,285	350,000	(22,075,590)
Off-balance sheet financial instruments												
Forward foreign exchange contracts												
- purchase		2,780,846	1,728,052	426,520	599,148	27,126	-	-	-	-	-	-
- sale		1,824,957	1,191,264	534,487	99,206	-	-	-	-	-	-	-
Off-balance sheet gap		4,605,803	2,919,316	961,007	698,354	27,126	-	-	-	-	-	-
Total yield/interest risk sensitivity gap			22,305,546	(31,214,605)	(8,220,896)	18,503,342	(1,123,711)	1,187,239	2,570,409	5,134,285	350,000	(22,075,590)
Cumulative yield/interest risk sensitivity gap			22,305,546	(8,909,059)	(17,129,955)	1,373,387	249,676	1,436,915	4,007,324	9,141,609	9,491,609	(12,583,981)

43.2.2 Foreign exchange risk management

The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities. The net open position and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration.

	2011			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency
	Rupees in '000			
Pakistan Rupee	279,687,969	266,972,445	(955,889)	11,759,635
United States Dollar	883,915	2,307,605	465,695	(957,995)
Great Britain Pound	170,001	532,479	243,337	(119,141)
Japanese Yen	2,240	-	(800)	1,440
Euro	243,096	412,412	247,657	78,341
Others	10,310	-	-	10,310
	<u>280,997,531</u>	<u>270,224,941</u>	<u>-</u>	<u>10,772,590</u>

43.2.3 Equity position risk

Equity position risk arises from exposure to securities that represent an ownership interest in a company in the form of ordinary shares or other equity-linked instruments. The instruments held by the Bank that would lead to this exposure include, but are not limited to, the following:

- Shares of listed and unlisted companies
- Preference shares falling on equity criteria
- Equity-based mutual funds

These investments are carried at fair market value with regular revaluations. The Bank prefers to hold long-term exposures for securities held in 'available for sale' category to avoid seasonal or cyclical downturns in the prices of such securities.

43.3 Liquidity Risk

43.3.1 Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Bank's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Bank manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Bank are given significant importance.

43.3.2 Maturities of Assets and Liabilities

	2011									
	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 month and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	16,698,333	16,698,333	-	-	-	-	-	-	-	-
Balances with other banks	3,607,107	3,607,107	-	-	-	-	-	-	-	-
Lending to financial institutions	7,447,375	6,997,710	449,665	-	-	-	-	-	-	-
Investments	92,581,306	1,467,265	697,217	14,985,142	56,501,308	1,647,675	2,313,070	9,023,353	5,431,330	514,946
Advances	127,129,501	44,843,306	22,720,442	6,999,424	9,660,095	5,127,005	6,628,782	10,912,670	19,190,104	1,047,673
Operating fixed assets	3,597,483	18,322	36,644	54,966	109,932	219,864	219,864	439,728	1,099,320	1,398,843
Deferred tax assets	13,886,769	-	-	-	-	-	-	13,886,769	-	-
Other assets	16,049,657	5,614,798	3,232,033	93,045	7,109,781	-	-	-	-	-
	<u>280,997,531</u>	<u>79,246,841</u>	<u>27,136,001</u>	<u>22,132,577</u>	<u>73,381,116</u>	<u>6,994,544</u>	<u>9,161,716</u>	<u>34,262,520</u>	<u>25,720,754</u>	<u>2,961,462</u>
Liabilities										
Bills payable	850,569	850,569	-	-	-	-	-	-	-	-
Borrowings	24,963,566	19,456,240	2,879,451	1,652,900	67,308	39,386	30,933	796,633	40,715	-
Deposits and other accounts	237,896,700	38,876,481	45,516,576	38,553,721	49,810,845	14,208,497	13,043,192	12,664,662	12,611,364	12,611,362
Liabilities against assets subject to finance lease	7,831	323	660	1,022	2,021	1,084	1,269	1,452	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,506,275	5,439,033	-	-	602,069	-	-	465,173	-	-
	<u>270,224,941</u>	<u>64,622,646</u>	<u>48,396,687</u>	<u>40,207,643</u>	<u>50,482,243</u>	<u>14,248,967</u>	<u>13,075,394</u>	<u>13,927,920</u>	<u>12,652,079</u>	<u>12,611,362</u>
Net assets	<u>10,772,590</u>	<u>14,624,195</u>	<u>(21,260,686)</u>	<u>(18,075,066)</u>	<u>22,898,873</u>	<u>(7,254,423)</u>	<u>(3,913,678)</u>	<u>20,334,600</u>	<u>13,068,675</u>	<u>(9,649,900)</u>
Share capital	5,287,974									
Reserves	1,914,956									
Accumulated loss	(14,067,841)									
	<u>(6,864,911)</u>									
Share deposit money	17,000,000									
	<u>10,135,089</u>									
Surplus on revaluation of assets	637,501									
	<u>10,772,590</u>									

43.3.3 Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

43.4 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 cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Bank has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

44. Date of authorization for issue

These financial statements were authorized for issue on 29 March 2012 by the Board of Directors of the Bank.

45. General

45.1 These financial statements have been prepared in accordance with the revised forms of annual financial statements of commercial banks issued by SBP vide BSD Circular No. 04 dated 17 February 2006.

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

45.3 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison.

Chairman

President

Director

Director

Annexure-I

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2011

Rs in '000

S. No.	Name and address of the borrower	Name of Individuals/Partners/Directors with CNIC No.	Fathers/Husband's name	Branch Name	Region	Outstanding liabilities at beginning of year				Principal written off	Interest /Mark-up /Other capitalized written-off	Interest /Mark-up /Mark-up written-off	Other financial relief provided	Total
						Principal	Interest/Mark-up capitalized	Interest/mark-up	Others					
1	SNM SECURITIES (PVT) LTD Suit # 1, 4th Floor, Al-Latif Centre, Main Boulevard Lahore.	Abad-ur-Rahman (33100-0998397-7) Javid Ahmed Butt (34101-2580923-5)	Ilam Deen M. Nazir Butt	Model Town Branch, Lahore	Lahore	140,000	-	20,283	-	160,283	-	6,316	-	6,316
2 (*)	Annol Company 25 - Waris Road, Lahore.	Faisal Farooq (35202-2895477-1) Ahmer Farooq (35202-5249114-7) Fahad Farooq (35202-7226827-5) Omer Farooq (35202-9015078-3)	Farooq Ahmed Farooq Ahmed Farooq Ahmed Farooq Ahmed	Main Branch, Lahore	Corporate	110,445	-	23,482	-	133,927	-	32,575	-	32,575
3 (*)	Faisal Farooq 161 Shadman, Lahore.	Faisal Farooq (35202-2895477-1)	Farooq Ahmed	Main Branch, Lahore	Corporate	167,725	-	30,914	-	198,639	-	44,717	-	44,717
						418,170	-	74,679	-	492,849	-	83,608	-	83,608

(*) Principal liability settled prior to close of the year. However, adjustment of mark up written-off accounted for subsequent to the year end.

Annexure-II

1. Ordinary shares of listed companies and modarabas

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
Held for Trading				
-	-	Arif Habib Securities Limited	-	-
-	50,000	Engro Corporation Limited	-	9,686
-	-	Jahangir Siddiqui Bank Limited	-	-
-	100,000	Lucky Cement Limited	-	7,526
-	2,100,000	National Bank of Pakistan	-	143,311
-	1,000,000	Nishat Power Limited	-	16,206
-	50,000	Pakistan State Oil	-	14,831
-	-	PTCL-A	-	-
			-	191,560
Available-for-sale				
70,500	70,500	(Colony) Sarhad Textile Mills Limited	16	16
498,346	518,516	Abbot Laboratories (Pakistan) Limited	48,838	50,815
98,000	98,000	Accord Textile Limited	59	59
12,600	12,600	Adamjee Floorings *	-	-
28,500	28,500	Adil Polypropylene Limited	-	-
57,700	57,700	Adamjee Papers *	-	-
13,700	13,700	Afsar Textile Mills	-	-
13,200	13,200	Al-Hussany Industries Limited *	-	-
40,500	40,500	Arag Industries Limited *	-	-
305,287	305,287	Al- Abbas Sugar Mills Limited	27,567	27,567
168,647	168,647	Al-Abbas Cement Ind Limited	1,599	1,599
243,841	243,841	Al-Abid Silk Mills Limited	10,158	10,158
68,500	68,500	Alif Textile Mills Limited *	-	-
250,000	-	Allied Bank Limited	16,037	-
-	126,844	Al-Noor Sugar Mills Limited	-	3,676
77,000	77,000	Al-Qaim Textile Mills Limited	85	85
-	134,866	Altern Energy Limited	-	1,482
4,500	4,500	Amazai Textile Mills Limited *	2	2
60,500	60,500	Apex Fabrics Limited *	-	-
14,504	14,504	Aruj Garment Accessories Limited	112	112
8,500	8,500	Aslo Electronics	-	-
244,000	244,000	Asim Textile Mills Limited	634	634
13,398,640	7,425,000	Askari Bank Limited	224,617	140,695
36,200	36,200	Aswan Tentage Limited *	-	-
-	3,587,638	Atlas Bank Limited	-	9,974
-	5,385	Atlas Engineering Limited *	-	99
-	35,928	Atlas Honda Limited	-	4,452
13,377	13,377	Attock Cement Pak Limited	951	951
-	125,000	Attock Refinery Limited	-	15,384
45,500	45,500	Awan Textile Mills Limited	-	-
44,500	44,500	Ayaz Textile Mills Limited	-	-
-	20,000	Azam Textile Mills Limited	-	32
5,000,000	1,100,000	Azgard Nine Limited	56,524	13,097
-	89,160	B. F. Modaraba	-	356
14,000	14,000	Bahawalpur Textile Mills Limited	-	-
167,500	167,500	Baluchistan Particle Board Limited	184	184
-	340,689	Baluchistan Wheels Limited	-	11,004
1,591,508	8,700,000	Bank Al-Falah Limited	17,485	94,868
2,539,525	9,363,519	Bank Al-Habib Limited	68,868	271,168
72,705	72,705	Bankislami Pak	420	420
-	231,717	Bata Pakistan Limited	-	165,678
57,500	57,500	Bela Engineering Limited	-	-
623,500	623,500	Bankers Equity *	-	-
132,220	132,220	Berger Paints Pakistan Limited	3,082	3,082
16,000	16,000	Balochistan Tower	-	-
212,923	206,845	Boc (Pak) Limited	26,778	26,240
100,000	100,000	Brothers Textile Mills Limited	51	51
-	190,000	Brr Guardian Modaraba	-	378

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
18,100	18,100	Bawany Textile Mills *	-	-
400,751	-	Burshane Lpg (Pakistan) Ltd	19,520	-
37,493	37,493	Buxly Paints Limited	652	652
11,000	11,000	Casspak Industries Limited	-	-
7,500	7,500	Central Cotton *	-	-
2,000	2,000	Charsada Sugar	-	-
50	50	Charsada Sugar Pref Shares	-	-
9,400	9,400	Chilya C. Board *	-	-
2,729,464	2,729,464	Cherat Cement Company Limited	32,208	32,208
17,500	17,500	Crescent Knitwear	-	-
-	332,176	Clariant Pakistan Limited	-	55,194
325,590	325,590	Colony Mills Limited	2,387	2,387
71,829	71,829	Colony Sugar Mills	606	606
182,456	182,456	Crescent Fibres Limited	2,427	2,427
314,853	314,853	Crescent Jute Proudcts Limited	394	394
156,000	156,000	Crescent Spinning Mills Limited	-	-
725,000	801,192	Crescent Steel & Allied	19,585	21,568
-	224,374	Crescent Sugar Mills And Distillery Limited	-	1,571
440,811	440,811	Crescent Textile Mills Limited	12,563	12,563
68,000	68,000	Crown Textile *	-	-
-	65,026	D. M. Textile Mills Limited	-	156
3,468,418	-	D.G.Khan Cement Co.Ltd	84,063	-
190,051	190,051	D.S. Industries Limited	582	582
15,000	15,000	Dadabhoy Construction Technology Limited	26	26
79,500	79,500	Dadabhoy Leasing Company Limited *	-	-
-	41,587	Dar-Es-Salaam Textile Mills Limited	-	104
21,000	21,000	Data Agro Limited	-	-
119,286	119,286	Data Textile Limited	50	50
142,045	142,045	Dawood Capital Management Limited	369	369
353,996	50,206	Dawood Hercules Chemicals	23,259	10,533
56,859	49,443	Dawood Lawrancepur Limited	2,918	2,918
-	111,418	Descon Chemicals	-	407
1,027,047	1,027,047	Dewan Cement Limited	3,174	3,174
59,804	59,804	Dewan Khalid Textile Mills Limited	149	149
-	51,446	Dewan Mushtaq Textile Mills Limited	-	170
-	6,373	Din Textile Mills Limited	-	-
350,000	350,000	Dynea Pakistan	4,176	4,176
100,000	140,000	Ellcot Spinning Mills Limited	2,461	3,445
161,539	161,539	Emco Industries Limited	717	717
151,339	151,339	Engl-English Leasing	168	168
100,000	-	Engro Cororation Limited	20,166	-
-	83,236	Exide Pakistan Limited	-	16,599
-	82,491	Faran Sugar Mills Limited	-	1,362
4,900	4,900	Fateh Industries Limited	29	29
9,700	9,700	Fateh Sports Wear Limited	-	-
4,975	4,975	Fateh Tixtile Mills Limited	1,741	1,741
-	134,500	Fatima Enterprizes Limited	-	-
-	2,000,000	Fauji Fertilizer Co. Limited	-	219,380
-	265,173	Faysal Bank Limited	-	-
14,498	14,498	Fazal Textile Mills Limited	5,799	5,799
9,000	9,000	Fazal Vegetable Ghee Mills Limited	-	-
50,606	50,616	Elite Capital Modarba First	134	134
369,654	369,654	Fecto Cement Limited	3,549	3,549
350,000	350,000	Equity Modarba First	609	609
190,015	199,020	Ferozsons Laboratories Limited	15,400	18,549
219,987	219,987	First Fidelity Leasing Modarba	462	462
-	221,348	First Al-Noor Modaraba	-	600
860,101	860,101	First Capital Sec. Corp Limited	5,825	5,825
-	-	First Credit & Investment Bank	-	-
-	338,958	First Habib Modarba	-	2,440
305,299	305,299	First Ibl Modarba	760	760
978,000	978,000	First National Bank Modarba	9,780	9,780
-	8,200	First Paramount Modaraba	-	78

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
249,935	249,935	First Punjab Modaraba	375	375
62,610	62,610	First Tri-Star Modaraba	85	85
-	8,125	First U.D.L. Modaraba	-	47
12,600	12,600	Greaves Aircondition*	-	-
35,300	35,300	Gypsum Corporation *	-	-
830,839	805,839	General Tyre And Rubber Co. Of Pak. Limited	22,252	21,605
125,000	125,000	Ghandara Nissan Limited	625	625
-	99,724	Ghani Glass Mills Limited	-	5,077
10,000	10,000	Ghulam Dadabhoy *	-	-
2,316,541	1,294,866	Glaxosmithkline (Pak) Limited	188,859	125,602
14,500	14,500	Globe Textile Mills Limited	239	239
67,598	67,598	Grays Of Combridge (Pakistan) Limited	3,651	3,651
9,900	9,900	Ghaffar Textile Mills	-	-
277,500	62,500	Gulistan Spinning Mills Limited	2,067	530
484,500	484,500	Gulistan Textile Mills Limited	12,010	12,010
-	257,480	Gulshan Spinning Mills Limited	-	1,556
12,611,321	10,554,080	Habib Metropolitan Bank Limited	260,180	261,281
-	1,428,258	Habib Sugar Mills Limited	-	34,607
25,467	25,467	Habib-Adm	407	407
1,500	1,500	Hafiz Textile Mills Limited	23	23
105,855	105,855	Hajra Textile Mills Limited	68	68
55,500	55,500	Hakkim Textile Mills Limited	49	49
34,500	34,500	Hashmi Can Company Limited	207	207
92,049	89,731	Highnoon Laboratories Limited	2,594	2,782
108,948	108,948	Hinopak Motors Limited	19,186	19,186
853,595	853,595	Honda Atlas Cars (Pakistan) Limited	13,931	13,931
24,200	24,200	H-Shaikh	-	-
500,000	-	Hub Power Company Limited	20,935	-
291,523	291,523	Huffaz Seamless Pipe Industries Limited	5,329	5,329
21,000	21,000	Hyderabad Electronic *	-	-
-	63,177	Ibl Healthcare Limited	-	589
259,000	389,127	Ibrahim Fibre Limited	11,961	14,047
425	425	Industrial Development Bank	-	-
-	86,759	Indus Dyeing Manufacturing Co. Limited	-	17,257
7,538	7,538	Innovative Invest Bank Limited	-	-
746,256	1,863,299	International Industries Limited	38,649	91,094
25,495	25,495	International Knit Wear	293	293
1,555,914	1,555,914	Invest Capital Invest Bank	2,256	2,256
35,500	35,500	Ittefaq Textile Mills Limited *	34	34
136,935	136,935	J. A. Textile Mills Limited	375	375
72,923	72,923	J. K. Spinning Mills Limited	563	563
361,097	361,097	Javed Omer Vohra And Company Limited	2,820	2,820
122,893	122,893	Johnson And Phillips (Pakistan) Limited	1,634	1,634
4,382,370	4,382,370	Js Bank Limited	17,617	17,617
-	7,378	Js Investments Limited	-	65
8,000	8,000	Junaid Cotton Mills Limited	-	-
8,000	8,000	Kaiser Art And Kraft Mills Limited	-	-
76,654	76,654	Karam Ceramics Limited	767	767
23,600	23,600	Karim Cotton Mills Limited	-	-
4,000	4,000	Karim Silk Mills Limited	-	-
385,267	385,267	Kasb Bank Limited	1,726	1,726
-	147,163	Kasbm-Kasb Modaraba	-	359
34,700	34,700	Saleem Denim Industries Ltd.(Kapoor Tex)*	35	35
100,000	149,892	Khalid Siraj Textile Mills Limited	118	177
-	6,153	Kohat Textile Mills Limited	-	8
13,500	13,500	Kohinoor Cotton *	-	-
71,569	71,569	Kohinoor Industries Limited	152	152
36,500	36,500	Kohinoor Looms Limited	-	-
520,684	520,684	Kohinoor Mills Limited	1,734	1,734
62,088	62,088	Kohinoor Power Company Limited	416	416
128,885	128,885	Kohinoor Spinning Mills Limited	251	251
151,223	151,223	Kohinoor Sugar Mills Limited	752	752

Number of shares		Name of company/modaraba	2011		2010	
2011	2010		Rupees in '000			
691,753	685,753	Kohinoor Textile Mills Limited	5,340		5,294	
56,833	56,833	Koninoor Energy Limited	1,796		1,796	
-	100,000	Kot Addu Power	-		4,208	
33,498	33,498	Karachi Pipe *	-		-	
4,447,965	4,447,965	Lafarge Pakistan Cement Limited	20,461		20,461	
95,846	95,846	Land Mark Spinning Industries Limited	259		259	
5,837	5,837	Leiner Pak Gelatine Limited	146		146	
19,000	19,000	Lafayette Industries Synthetics Limited *	-		-	
3,742,375	1,100,000	Lotte Pak Pta Limited	58,710		14,885	
243,093	243,093	Maple Leaf Cement Factory Limited	1,094		1,094	
356,508	356,508	Maqbool Textile Mills Limited	4,103		4,103	
753,840	895,568	Mari Gas Company Limited	82,814		120,684	
25,300	25,300	Marr Fabrics Limited *	-		-	
433,485	433,485	Masood Textile Mills Limited	10,384		10,384	
158,100	158,100	Mehran Bank Limited	-		-	
63,000	63,000	Medi Glass Limited	43		43	
10,000	10,000	Mehr Dastgir Textile Mills Limited	-		-	
26,500	26,500	Mehran Jute Mills Limited	-		-	
-	110,220	Merit Packaging Limited	-		1,802	
21,081	21,081	Metropolitan Steel Corporation Limited	270		270	
37,500	37,500	Mian Mohammed Sugar Mills Limited	-		-	
42,563	42,563	Mian Textile Industries Limited	17		17	
231,591	192,993	Mirpurkhas Sugar Mills Limited	12,911		12,911	
398,060	398,060	Mohd Farooq Textile Mills Limited	1,035		1,035	
34,300	34,300	Mohib Textile Mills Limited	-		-	
24,494	24,710	Moonlite (Pak) Limited	271		273	
12,000	12,000	Morafco Industries Limited	-		-	
12,000	12,000	Mubarik Dairies Limited	-		-	
60,229	100,000	Mustehkam Cement Limited	-		-	
100,000	550,147	National Bank Of Pakistan	4,486		38,549	
-	20,000	National Refinery Limited	-		3,610	
15,100	15,100	Naveed Textile Mills	-		-	
5,600	5,600	Nowshera Engg	-		-	
2,225,000	2,225,000	Nib Bank Limited	9,189		9,189	
1,900,000	300,000	Nishat (Chunian) Limited	50,281		6,894	
-	190,245	Nishat (Chunian)15% Nvccp	-		-	
316,312		Nishat Chunian Power Ltd	4,808			
200,000	200,000	Nishat Mills Limited	11,905		13,135	
156,065	156,065	Natover Lease & Refinance	-		-	
5,600	5,600	National Match Industries	-		-	
-	4,772	Noon Sugar Mills Limited	-		89	
29,207	29,207	Norrie Textile Mills Limited	-		-	
5,300	5,300	Nover-National Overseas	-		-	
65,600	65,600	Nusrat Textile Mills	-		-	
9,170	9,170	Olympia Spinning And Weaving Mills Limited	25		25	
76,681	76,681	Olympia Textile Mills Limited	173		173	
22,514	22,514	Otsuka Pakistan Limited	889		889	
1,315,789	-	Pak Gen Power Limited	24,988		-	
-	117,853	Packages Limited	-		14,335	
30,625	30,625	Pak Datacom Limited	3,139		3,139	
65,877	65,877	Pak Elektron Convrt Pref Shares	7		-	
324,795	324,795	Pak Elektron Limited	4,453		4,453	
12,500	12,500	Pak Ghee Industries Limited	2		2	
614,122	529,004	Pak Suzuki Motor Co. Limited	49,244		43,779	
197,632	197,632	Elektron-Non Convertible	-		-	
20,769	20,769	Pakistan Gum And Chemiclas Limited	613		613	
-	515,721	Pakistan International Airlines	-		1,516	
93,415	93,415	Pakistan National Shipping Corporation	4,670		4,670	
22,200	66,666	Pakistan Paper Products Limited	-		2,220	
391,700	284,142	Pakistan Refinery Limited	38,335		30,525	
2,350,000		Pakistan Reinsurance Com Ltd	38,621			
175,725	175,725	Pakistan Services Limited	20,553		20,553	
80,200	30,200	Pakistan State Oil Co. Limited	23,688		9,356	

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
3,550,000	1,193,372	Pakistan Telecommunication	66,906	25,073
17,998	17,998	Pakistan Telephone Cables Limited	40	40
300	300	Pakistan Tobacco Co. Limited	33	33
166,865	166,865	Pangrio Sugar Mills Limited	1,001	1,001
-	413,405	Parmount Spinning Mills Limited	-	3,345
95,100	95,100	Punjab Building	-	-
12,000	12,000	Punjab Cotton	-	-
49,200	49,200	Pearl Fabrics	-	-
272,088	272,088	Pioneer Cement Limited	2,860	2,860
-	22,200	Pak Paper Corporation	-	-
99,990	100,000	Premium Textile Mills Limited	2,665	2,665
23,100	23,100	Punjab Lamp	-	-
23,870	-	Punjab Oil Mills Ltd	651	-
15,500	15,500	Qayyum Spinning Mills Limited	-	-
500	500	Quality Steel Works Limited	-	-
74,173	74,173	Ravi Textile Mills Limited	990	990
12,000	12,000	Rex Baren Battery	-	-
4,200	4,200	Rcd Ball	-	-
167,500	167,500	Redco Textiles Limited	159	159
18,500	18,500	Regal Ceramics Limited	-	-
130,669	130,669	Ruby Textile Mills Limited	1,433	1,433
-	340,646	Rupali Polyester Limited	-	11,919
-	69,195	S. G. Power Limited	-	100
77,000	77,000	Saitex Spinning Mills Limited	-	-
-	67,817	Sajjad Textile Mills Limited	-	98
11,021	65,774	Salman Noman Enterprises Limited	17	110
2,584,177	2,584,177	Samba Bank Limited	7,753	7,753
29,945	29,945	Samin Textiles Limited	284	284
227,582	227,582	Sanghar Sugar Mills Limited	2,845	2,845
-	49,100	Sanofi-Aventis Pakistan Limited	-	7,427
31,500	31,500	Sardar Chemical Industries Limited	49	49
70,000	70,000	Saritow Spinning Mills Limited	126	126
664,565	664,565	Saudi Pak Leasing Co. Limited	797	797
55,000	55,000	Schon Textiles Limited	-	-
165,603	165,603	Scil-Standard Chartered Leasing	609	609
392,611	392,611	Security Paper Limited	18,527	18,527
35,000	35,000	Service (Textile) Industries Limited	26	26
289,000	289,000	Service Fabrics Limited	72	72
359,907	359,907	Service Industries (Shoes)	111,852	111,852
756,615	756,615	Shabbir Tiles And Ceramics Limited	8,701	8,701
514,180	514,180	Shahmurad Sugar Mills Limited	5,383	5,383
74,900	74,900	Shahpur Textile Mills Limited	22	22
171,546	171,546	Shahtaj Sugar Mills Limited	13,552	13,552
16,800	16,800	Shahyar Textile Mills	2	-
1,400,000	1,400,000	Shakerganj Mills Limited	9,100	9,100
200,000	200,000	Shams Textile Mills Limited	3,768	3,768
-	328,251	Shell Gas Lpg	-	17,726
293,951	244,187	Shezan International Limited	44,182	29,334
202,871	202,004	Siemens Pakistan Engineering Co. Limited	273,696	272,780
23,500	23,500	Siftaq Internatioanal Limited	24	24
3,717,343	9,792,864	Silkbank Limited	11,786	31,050
151,000	151,000	Sind Alkalis Limited	-	-
16,500	16,500	Sind Fine Textile Mills Limited	148	148
153,248	153,248	Sitara Chemical Industries Limited	22,951	22,951
54,804	54,804	Sitara Energy Limited	1,178	1,178
94,300	94,300	Sunshine Cloth Mills Limited	-	-
3,300	3,300	Sunrise Textile Mills Limited	-	-
16,949,575	14,841,289	Soneri Bank Limited	131,517	130,100
47,500	47,500	Shahyar Textile Mill	-	-
3,040,800	2,896,000	Sui Northern Gas Limited	90,859	90,859
2,000,000	33,237	Summit Bank Limited	11,462	203
-	58,109	Sunrays Textile Mills Limited	-	1,947

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
91,500	91,500	Sunshine Cotton Mills Limited	29	29
11,500	11,500	Suraj Ghee Industries Limited	-	-
3,500	3,500	Syed Match Co. Limited	-	-
20,000	20,000	Taga Pakistan Limited	-	-
301,500	301,500	Taj Textile Mills Limited	139	139
9,000	9,000	Tariq Cotton Mills Limited	-	-
26,500	26,500	Tawakkal Garments Industries Limited	-	-
24,000	24,000	Tawakkal Limited	-	-
101,000	101,000	Tawakkal Modarba 1St.	-	-
1,819,461	1,884,363	Treet Corporation Limited	120,207	124,495
134,695	134,695	Tristar Ployester Limited	154	154
3,881,537	3,881,537	Trust Investment Bank Limited	99,907	99,907
500	500	Trust Modarba	6	6
37,000	37,000	Turbo Tubes Limited	-	-
25	25	Unilever Pakistan	101	101
-	74,500	Unim-Unicap Modaraba	-	15
1,024,570	525,000	United Bank Limited	66,733	35,406
96,797	96,797	United Distributors Pakistan Limited	1,939	1,939
29,500	29,500	Uqab Breeding Farms Limited	-	-
136,224	136,224	Wah-Nobel Chemicals Limited	6,798	6,798
-	66,995	World Call Telecom Limited	-	308
23,875	23,875	Wyeth Pak Limited	26,263	26,263
254,340	254,340	Yousuf Weaving Mills Limited	537	537
-	104,000	Zahur Cotton Mills Limited	-	31
88,000	88,000	Zahur Textile Mills Limited	-	-
104,047	104,047	Zeal Pak Cement Factory Limited	-	-
3,822,698	3,822,698	Zephyr Textiles Limited	38,227	38,227
14,200	14,200	Zaffar Textile	-	-
			3,114,790	3,543,775

* Delisted Companies

2. Preference shares of listed companies - at cost

Number of shares		Name of company	2011	2010
2011	2010		Rupees in '000	
1,545,397	1,545,397	Azgard Nine Limited	15,454	15,454
2,500,000	2,500,000	Fazal Cloth Mills Limited	25,000	25,000
8,000,000	8,000,000	Pak Elektron Limited (PEL)	80,000	80,000
7,500,000	7,500,000	Shakarganj Mills Limited	75,000	75,000
			195,454	195,454

Other particulars of preference shares are as follows:

Particulars	Nominal value per share	Profit rate per annum	Profit payment	Redemption terms
Azgard Nine Limited	10	Fixed dividend at 8.95% per annum to be declared within 3-months of close of financial year on a cumulative basis.	Annually	50% of the issue amount at the end of 5th year of issuance/ allotment and remaining 50% at the end of 6th year subject to the provisions of Section 85 of the Companies Ordinance, 1984.
Fazal cloth mills Limited	10	Fixed dividend at 6 months KIBOR ask side + 250 bps per annum.	Annually	Issuer may redeem at its option the whole or minimum 20% of the outstanding face value at any time after completion of 3 years from the date of issue by giving at least 60 days notice.
Pak Elektron Limited (PEL)	10	Fixed dividend of 9.50% per annum payable if and when declared by the Company on a cumulative basis	Annually	Call option subject to maximum of 75% of the total issue within 90 days from the end of each financial year commencing from 3rd year and ending on 5th year and 100% of the issue size within 90 days of the end of each financial year commencing from 5th year by giving a notice of 30 days. 25% investment convertible at the option of investor exercisable after the 5th year in accordance with the formula mentioned in the prospectus.
Shakarganj Mills Limited	10	Preferred right of dividend at 8.50% per annum on a cumulative basis.	Annually	Principal will be redeemed at the end of 5th year from the issue date. Conversion option is exercisable at the end of every financial year from the date of issue at the option of holder in whole or in part or convertible by the Company in whole or part through tender. Conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at face value of Rs. 10 each.

3. Ordinary shares of unlisted company - at cost

Number of shares		Name of company	2011	2010
2011	2010		Rupees in '000	
2,000,000	2,000,000	Bank Al Baraka (Formerly:Emirates Global Islamic Bank) (Chief Executive Officer: Mr. Shafqaat Ahmed)	25,000	25,000

4. Investment in mutual funds

Number of Units		Name of fund	2011	2010
			Rupees in '000	
2011	2010			
Open ended mutual funds				
29,718,333	29,718,333	ABL Income Fund	300,000	300,000
2,631,771	2,631,771	AMZ Plus Stock Market Fund	246,730	246,730
3,014,323	288,759	Askari Sovereign Cash Fund	300,000	30,000
279,705	279,705	Atlas Income Fund	-	150,000
297,082	297,082	Atlas Stock Market Fund	200,000	200,000
-	100,000	Faysal Islamic Saving Growth Fund	-	10,000
-	1,000,000	Faysal Money Market Fund	-	100,000
-	9,494,505	Faysal Saving Growth	-	1,001,094
-	905,862	First Habib Income Fund	-	96,926
-	86,043	HBL Income Fund	-	8,062
272,903	272,903	IGI Income Fund	27,737	27,737
-	-	IGI Stock Fund	-	-
2,230,513	2,212,705	KASB Asset Allocation Fund (formerly KASB Balanced Fund)	112,028	112,028
-	-	KASB Liquid Fund	-	-
-	-	KASB Stock Market Fund	-	-
2,005,311	1,618,286	MCB Dynamic Stock Fund	200,000	200,000
16,873,263	16,873,263	NAFA Stock Fund	200,000	200,000
-	-	NAMCO Income Fund	-	-
2,003,442	2,073,560	Pakistan International Element Islamic Fund	100,000	100,000
-	-	Pakistan Stock Market Fund	-	-
-	14,370,315	POBOP Advantage Fund	-	-
9,499,407	8,390,906	Reliance Income Fund	450,000	450,000
-	-	Unit Trust of Pakistan	-	-
2,747,393	2,747,393	United Growth & Income Fund (Income)	294,235	294,234
-	-	UTP-Islamic Fund (previously JS Islamic Fund)	-	-
4,983,079	-	UBL LIQUIDITY PLUS FUND	500,000	-
14,370,315	14,370,315	IGI Aggressive Income Fund (formerly POBOP Advantage Fund)	750,000	750,000
Close ended mutual funds				
1,253,700	1,253,700	Atlas Fund of Funds	11,940	11,940
1,814,184	1,814,184	JS Growth Fund	7,710	7,710
7,500,000	7,500,000	NAMCO Balance Fund	75,000	75,000
1,380,758	1,380,758	PICIC Growth Fund	17,674	17,674
2,162,924	2,162,924	PICIC Inv.Fund	11,874	11,874
			3,804,928	4,401,009

5. Listed Term Finance Certificates- at cost

Number of certificates		Nominal value per certificate	Name of company	2011	2010
2011	2010	Rupees in '000'		Rupees in '000'	
10,000	10,000	5	Askari Bank	49,960	49,980
7,369	7,369	5	Azgard Nine Limited	25,969	25,969
35,000	35,000	5	Bank AL Habib Limited	174,650	174,790
2,000	2,000	5	Bank AL Habib Limited - 1st issue	6,649	9,976
10,000	10,000	5	Engro Chemical Pak Ltd	48,796	48,816
1,178	1,178	5	Jahangir Siddiqui & Co Ltd	3,075	6,016
5,000	5,000	5	Jahangir Siddiqui & Co Ltd	12,475	24,958
13,886	13,886	5	JS ABAMCO	28,918	40,485
3,406	3,406		NIB Bank Limited	14,067	14,074
40,000	40,000	5	Orix Leasing Pakistan Limited	33,307	99,921
16,655	16,655	5	Pak Arab Fertilizers Limited	49,587	66,242
-	10,000		Standard Chartered Bank (Pakistan) Limited - 2nd issue	-	12,500
8,782	8,782		United Bank Limited	37,382	37,399
10,000	10,000		United Bank Limited - 1st issue	33,250	49,885
-	6,000	5	World Call Communication	-	9,992
				518,085	671,003

Other particulars of TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank	6 months KIBOR + 250 bps without any floor or cap	Semi-annually	0.32% of principal in the first 96 months and remaining principal in four equal semi-annual installments of 24.92% each starting from the 102nd from issue date.
Azgard Nine Limited	6 months KIBOR + 240 bps without any floor or cap.	Semi-annually	In ten unequal semi-annual installments starting from 30th month.
Bank AL Habib Limited	15.50% for the first five years and 16.00% for the next three years without any floor or cap	Quarterly	0.56% of principal in the first 84 months and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from issue date
Bank AL Habib Limited - 1st issue	Average 6 months KIBOR + 150 bps with a Floor of 3.50% and Cap of 10.00%.	Semi-annually	0.02% of principal in the first 78 months and remaining principal in three equal semi-annual installments of 33.25% each after 84th month from issue date.
Engro Chemical Pak Ltd	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84 months and remaining principal in two equal semi-annual installments of 49.86% starting from 90th month.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 250 bps with a Floor of 6.00% and Cap of 16.00%.	Semi-annually	0.18% of principal in the first 54th month and remaining principal in two equal semi-annual installments of 49.91% each starting from 60th month from the issue date.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 250 bps with a Floor of 6.00% and Cap of 16.00%.	Semi-annually	0.1% of principal in the first 30 months, 24.98% of principal from 36th month till the 54th month and remaining principal of 74.92% in the 60th month from the issue date.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 25 bps with a Floor of 6.00% and Cap of 16.00%.	Semi-annually	0.18% of principal in the first 54th month and remaining principal in two equal semi-annual installments of 49.91% each starting from 60th month from the issue date.
JS ABAMCO	6 months KIBOR + 200 bps with a Floor of 8.00% and Cap of 16.00%	Semi-annually	In 12 equal semi-annual installments starting from 18th month.
NIB Bank Limited	6 months KIBOR + 115 bps without any floor or cap.	Semi-annually	0.02% of principal in the first 60th month and remaining principal in six equal semi-annual installments of 16.66% each starting from 66th month from the issue date.
Orix Leasing Pakistan Limited	6 months KIBOR + 150 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in six equal semi-annual installments of 16.65% each starting from 30th month from the issue date.
Pak Arab Fertilizers Limited	6 months KIBOR + 150 bps without any floor or cap.	Semi-annually	In six stepped - up semi-annual installments starting from the 30th month.
Standard Chartered Bank (Pakistan) Limited - 2nd issue	Last cut-off yield of 5-year PIBs auction + 75 bps with a Floor of 5.00% and Cap of 10.75%.	Semi-annually	0.16% of principal in the first 48 months, 10.00% of principal from 54th month till the 60th month and remaining principal in two equal semi-annual installments of 44.92% starting from 66th month from the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Trust Investment Bank Limited (formerly Trust Leasing and Investment Bank Limited) - 3rd issue	6 months KIBOR + 200 bps without any floor or cap.	Semi-annually	In 10 equal semi-annual installments starting from 6th month.
United Bank Limited	6 months KIBOR + 85 bps for the first five year and 6 months KIBOR + 135 bps for the remaining period without any floor or cap	Semi-annually	Bullet redemption at the end of 10th year.
United Bank Limited - 1st issue	Fixed at 100 bps + trading yield of 8-year PIBs as quoted on Reuters page 'PKRV'	Semi-annually	0.25% of principal in the first 78th month and remaining principal in three equal semi-annual installments of 33.25% each starting from 84th month from the issue date.
World Call Communication	6 months KIBOR + 275 bps without any floor or cap.	Semi-annually	In six equal semi-annual installments starting from 30th month.

6. Unlisted Term Finance Certificates-at cost

Number of certificates	Nominal value per certificate	Name of company	2011		2010	
			2011	2010	2011	2010
	Rupees in '000		Rupees in '000			
33,000	33,000	5	Agri Tech Limited (Pak American Fertilizer Limited)	131,843		131,848
8,516	8,516	5	Agri Tech Limited (Pak American Fertilizer Limited)	38,449		38,455
260,000	260,000	5	Agri Tech Limited (Pak American Fertilizer Limited)	1,298,924		1,298,960
7,000	7,000	5	Al Abbas Sugar Millis	12,456		19,456
32,000	32,000	5	Arzoo Textile	160,000		160,000
100,000	100,000	5	Azgard Nine Limited	499,600		499,600
10,000	10,000	5	Bank Alfalah Limited	49,960		49,980
30,000	50,000	5	Eden House(SUKUK)	264,003		294,183
12,521	12,521	5	Engro Chemical Pak Limited	48,832		48,832
5,000	5,000	5	Jahangir Siddiqui & Co Ltd	21,774		21,784
80,000	80,000	5	JDW Sugar Mills Limited	222,222		311,111
6,114	6,114	5	JS ABAMCO	19,083		26,717
20,000	20,000	5	Kohat Cement(SUKUK)	54,450		72,450
23,951	23,951	5	Maple Leaf Cement Factory Limited	107,575		107,677
2,661	2,661	5	Optimus Limited	7,818		12,249
798	798	100	Orix Leasing Pakistan Limited	39,803		66,403
-	-	5	Pakistan Mobile Communication	-		-
26,000	26,000	5	Pakistan Mobile Company Limited - 3rd issue	64,896		108,160
8,000	8,000	5	PEL(Sukuk)	15,483		21,198
16,000	16,000	5	PEL(Sukuk)	70,743		70,743
50,000	50,000	5	PEL(Sukuk)	202,381		217,262
90,000	90,000	5	PEL(Sukuk)	450,000		450,000
21,000	14,865	5	Pakistan International Airline (PIA)	74,312		74,325
-	500,000	5	Power Holding	-		2,500,000
-	300,000	5	Power Holding - New Issue	-		1,500,000
10,000	5,392	5	Security Leasing(SUKUK)	18,366		26,958
15,000	7,617	5	Security Leasing(SUKUK)	24,080		33,846
-	3,000	5	SME Leasing	-		2,594
300,000	300,000	5	Sui Southren Gas Company	750,000		1,350,000
24,711	24,711	15000	Syed Bhais (Pvt) Limited	110,499		123,553
				4,757,551		9,638,344

Other particulars of unlisted TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Pak American Fertilizer Ltd (Sukuk)	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Agri Tech Limited (Pak American Fertilizer Limited)	6 months KIBOR + 150 bps without any floor or cap	Semi-annually	Up to ten consecutive equal semi-annual installments starting from 30th month from the issue date.
Agri Tech Limited (Pak American Fertilizer Limited)	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In twelve semi-annual installments with stepped - up repayment in the month of January and July.
Al-Abbas Sugar Mills Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In 10 equal semi-annual installments starting from 18th month from the issue date.
Arzoo Textile (Sukuk)	6 months KIBOR + 200 bps for the first two year and 6 months KIBOR + 175 bps for the remaining period without any floor or cap	Quarterly	In ten equal semi-annual installments starting from 18th month from the draw down date.
Azgard Nine Limited - 1st issue (Chief Executive Officer: Mr. Ahmad H. Sheikh)	6 months KIBOR + 225 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Bank Alfalah limited	6 months KIBOR + 250 bps with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	0.56% of principal in the first 84th month and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from the issue date.
Eden House(SUKUK)	6 months KIBOR + 250 bps with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	Not less than 8 consecutive semiannual units, the first such unit falling due not later than 18th months from last drawdown.
Engro Chemical	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84th month and remaining principal in two equal semi-annual installments of 49.86% each starting from 90th month from the issue date.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 170 bps without any floor or cap	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.
JDW Sugar Mills	3 months KIBOR + 125 bps without any floor or cap	Quarterly	In eighteen unequal quarterly installments starting from 21st month of the first drawdown.
JS ABAMCO	6 months KIBOR + 170 bps without any floor or cap	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.
Kohat Cement(SUKUK)	3 months KIBOR + 180 bps without any floor or cap	Quarterly	In quarterly installments with first installment due on 20 September 2011.
Maple Leaf Cement Factory Ltd	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Optimus Ltd	6 months KIBOR + 210 bps without any floor or cap	Semi-annually	0.12% of principal in the first 36th month and remaining principal in four equal semi-annual installments of 24.97% each starting from 42th month from the issue date.
Orix Leasing Pakistan Limited	6 months KIBOR + 150 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in six equal semi-annual installments of 16.65% each starting from 30th month from the issue date.
Pakistan Mobile Company- 3rd issue	6 months KIBOR (ask) + 285 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 54th month.
PEL (Sukuk)	3 months KIBOR (ask) + 125 bps with a Floor of 10.00% and Cap of 25.00%	Quarterly	In quarterly installments with first installment due on 28 June 2013.
PEL (Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Quarterly	In quarterly installments with first installment due on 30 June 2013.
PEL(Sukuk)	3 months KIBOR (ask) + 300 bps without any floor or cap	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
PEL(Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
Pakistan International Airline (PIA)	SBP discount rate + 50 bps with a Floor of 8.00% and Cap of 12.50%	Semi-annually	15.2% of principal in the first 48th month and remaining principal in six equal semi-annual installments of 14.13% each starting from 54th month from the issue date.
Power Holding	6 months KIBOR (ask) + 200 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 30th month from the issue date.
Power Holding (New Issue)	6 months KIBOR (ask) + 200 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 30th month from the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Security Leasing(SUKUK)	6 months KIBOR + 200 bps with a Floor of 2.00% . and Cap of 40.00%	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.
Security Leasing(SUKUK)	6 months KIBOR + 195 bps without any floor or cap	Semi-annually	In eight equal semi-annual installments starting from 18th month.
SME Leasing	3 months KIBOR + 150 bps without any floor or cap.	Quarterly	Up to twelve equal quarterly installments starting from 3rd month from the issue date.
Sui Southren Gas Company	3 months KIBOR (ask) + 24 bps with a Floor of 5.00% and Cap of 20.00%	Quarterly	Not less than eight consecutive quarterly units the first unit falling due not later than 33rd month from the last draw down date.
Syed Bahis (Pvt) Ltd	3 months KIBOR (ask) + 300 bps without any floor or cap	Quarterly	In sixteen equal quarterly installments starting from 27th month from the issue date.

7. Subsidiary

Punjab Modaraba Services (Private) Limited

16,495,100 (2010: 16,495,100) ordinary shares of Rs. 10 each

Holding: 100% (2010: 100%)

Period of financial statements - 31 December 2011

Break up value of investment based on latest audited financial statements is Rs. 53,377 thousand (2010: Rs. 106,426 thousand).

8. Quality of available-for-sale securities

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Federal government securities				
Pakistan Market Treasury Bills	73,761,233	Un-rated	35,387,257	Un-rated
Pakistan Investment Bonds	8,266,352	Un-rated	2,272,648	Un-rated
Government of Pakistan Ijara Sukuk Bonds	-	Un-rated	10,000	Un-rated
	82,027,585		37,669,905	
Ordinary shares of listed companies				
(Colony) Sarhad Textile Mills Limited	53	Un-rated	42	Un-rated
Abbot Laboatories (Pakistan) Limited	49,730	Un-rated	56,902	Un-rated
Accord Textile Limited	39	Un-rated	69	Un-rated
Adamjee Floorings *	-	Un-rated	-	Un-rated
Adil Polyproplene Limited	-	Un-rated	-	Un-rated
Adamjee Papers *	-	Un-rated	-	Un-rated
Afsar Textile Mills	-	Un-rated	-	Un-rated
Al-Hussany Industries Limited *	-	Un-rated	-	Un-rated
Arag Industries Limited *	-	Un-rated	-	Un-rated
Al- Abbas Sugar Mills Limited	27,412	A, A1	28,972	A, A1
Al-Abbas Cement Ind Limited	422	Un-rated	585	Un-rated
Al-Abid Silk Mills Limited	5,974	Un-rated	8,188	Un-rated
Alif Textile Mills Limited *	-	Un-rated	-	Un-rated
Al-Noor Sugar Mills Limited	-	A-, A2	6,415	A-, A-2
Al-Qaim Textile Mills Limited	31	Un-rated	116	Un-rated
Altern Energy Limited	-	Un-rated	1,354	Un-rated
Amazai Textile Mills Limited *	2	Un-rated	2	Un-rated
Apex Fabrics Limited *	-	Un-rated	-	Un-rated
Aruj Garment Accessories Limited	65	Un-rated	76	Un-rated
Aslo Electronics	-	Un-rated	-	Un-rated
Asim Textile Mills Limited	317	Un-rated	610	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Askari Bank Limited	134,388	AA, A1+	131,348	AA, A1+
Aswan Tentage Limited *	-	Un-rated	-	Un-rated
Atlas Bank Limited	-	Un-rated	5,848	Un-rated
Atlas Engineering Limited *	-	Un-rated	93	Un-rated
Atlas Honda Limited	-	Un-rated	4,490	Un-rated
Attock Cement Pak Limited	682	Un-rated	844	Un-rated
Attock Refinery Limited	-	AA, A1+	15,585	Un-rated
Awan Textile Mills Limited	-	Un-rated	-	Un-rated
Ayaz Textile Mills Limited	-	Un-rated	-	Un-rated
Azam Textile Mills Limited	-	Un-rated	53	Un-rated
Azgard Nine Limited	14,250	D	10,626	D
B. F. Modaraba	-	Un-rated	356	Un-rated
Bahawalpur Textile Mills Limited	-	Un-rated	-	Un-rated
Baluchistan Particle Board Limited	117	Un-rated	201	Un-rated
Baluchistan Wheels Limited	-	Un-rated	11,522	Un-rated
Bank Al-Falah Limited	17,904	AA, A1+	97,527	Un-rated
Bank Al-Habib Limited	72,453	AA+, A1+	339,521	AA+, A1+
Bankislami Pak	225	A, A1	264	A, A1
Bata Pakistan Limited	-	Un-rated	159,688	Un-rated
Bela Engineering Limited	-	Un-rated	-	Un-rated
Bankers Equity *	1	Un-rated	-	Un-rated
Berger Paints Pakistan Limited	1,745	Un-rated	3,042	Un-rated
Balochistan Tower	-	Un-rated	-	Un-rated
Boc (Pak) Limited	21,505	Un-rated	18,844	Un-rated
Brothers Textile Mills Limited	43	Un-rated	69	Un-rated
Brr Guardian Modaraba	-	D	344	Un-rated
Bawany Textile Mills *	-	Un-rated	-	Un-rated
Buxly Paints Limited	210	Un-rated	544	Un-rated
Casspak Industries Limited	-	Un-rated	-	Un-rated
Central Cotton *	-	Un-rated	-	Un-rated
Charsada Sugar	14	Un-rated	-	Un-rated
Charsada Sugar Pref Shares	-	Un-rated	-	Un-rated
Chilya C. Board *	-	Un-rated	-	Un-rated
Cherat Cement Company Limited	19,679	Un-rated	29,342	Un-rated
Crescent Knitwear	-	Un-rated	-	Un-rated
Clariant Pakistan Limited	-	Un-rated	60,788	Un-rated
Colony Mills Limited	326	Un-rated	830	Un-rated
Colony Sugar Mills	108	Un-rated	232	Un-rated
Crescent Fibres Limited	1,679	Un-rated	2,392	Un-rated
Crescent Jute Products Limited	129	Un-rated	246	Un-rated
Crescent Spinning Mills Limited	-	Un-rated	-	Un-rated
Crescent Steel & Allied	13,159	Un-rated	22,041	Un-rated
Crescent Sugar Mills And Distillery Limited	-	Un-rated	1,515	Un-rated
Crescent Textile Mills Limited	3,628	Un-rated	10,456	Un-rated
Crown Textile *	-	Un-rated	-	Un-rated
D. M. Textile Mills Limited	-	Un-rated	176	Un-rated
D.S. Industries Limited	146	Un-rated	348	Un-rated
Dadabhoy Leasing Company Limited *	8	Un-rated	8	Un-rated
Dadabhoy Leasing Company Limited	-	Un-rated	-	Un-rated
Dar-Es-Salaam Textile Mills Limited	-	Un-rated	146	Un-rated
Data Agro Limited	-	Un-rated	-	Un-rated
Data Textile Limited	30	Un-rated	60	Un-rated
Dawood Capital Management Limited	92	AM3-	276	Un-rated
Dawood Hercules Chemicals	15,006	Un-rated	9,959	Un-rated
Dawood Lawrancepur Limited	1,789	Un-rated	2,149	Un-rated
Descon Chemicals	-	Un-rated	325	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Dewan Cement Limited	1,284	Un-rated	2,301	Un-rated
Dewan Khalid Textile Mills Limited	60	Un-rated	191	Un-rated
Dewan Mushtaq Textile Mills Limited	-	Un-rated	304	Un-rated
Din Textile Mills Limited	-	Un-rated	171	Un-rated
Dynea Pakistan	2,986	Un-rated	3,920	Un-rated
Ellicot Spinning Mills Limited	1,850	Un-rated	2,807	Un-rated
Emco Industries Limited	312	Un-rated	468	Un-rated
English Leasing	98	Un-rated	168	Un-rated
Exide Pakistan Limited	-	Un-rated	16,335	Un-rated
Faran Sugar Mills Limited	-	Un-rated	1,719	Un-rated
Fateh Industries Limited	27	Un-rated	27	Un-rated
Fateh Sports Wear Limited	-	Un-rated	-	Un-rated
Fateh Tixtile Mills Limited	506	Un-rated	562	Un-rated
Fatima Enterprizes Limited	-	Un-rated	1,789	Un-rated
Fauji Fertilizer Company Limited	-	Un-rated	251,720	Un-rated
Faysal Bank Limited	-	AA, A1+	4,134	AA,A1+
Fazal Textile Mills Limited	3,575	Un-rated	5,799	Un-rated
Fazal Vegetable Ghee Mills Limited	-	Un-rated	-	Un-rated
Elite Capital Modarba First	129	Un-rated	140	Un-rated
Fecto Cement Limited	1,442	Un-rated	2,680	Un-rated
Equity Modarba First	263	Un-rated	525	Un-rated
Ferozsons Laboratories Limited	15,579	Un-rated	17,341	Un-rated
First Fidelity Leasing Modarba	334	BBB+, A2	383	BBB+, A2
First Al-Noor Modaraba	-	BBB, A3	642	BBB, A-3
First Capital Sec. Corp Limited	1,600	Un-rated	3,062	Un-rated
First Credit & Investment Bank	-	Un-rated	-	
First Habib Modarba	-	AA-, A1+	2,271	AA+, A1+
First Ibl Modarba	611	Un-rated	546	Un-rated
First National Bank Mod	6,993	A+, A1	6,435	A+, A-1
First Paramount Modaraba	-	BBB, A3	72	BBB, A-3
First Punjab Modaraba	200	A-, A2	435	A-, A2
First Tri-Star Modaraba	69	Un-rated	87	Un-rated
First U.D.L. Modaraba	-	Un-rated	50	Un-rated
Greaves Aircondition*	-	Un-rated	-	Un-rated
Gypsum Corporation *	-	Un-rated	-	Un-rated
General Tyre And Rubber Company Of Pak. Limited	17,374	Un-rated	18,212	Un-rated
Ghandara Nissan Limited	303	Un-rated	615	Un-rated
Ghani Glass Mills Limited	-	Un-rated	4,916	Un-rated
Ghulam Dadabhoy *	-	Un-rated	-	Un-rated
Glaxosmithkline (Pak) Limited	155,394	Un-rated	114,194	Un-rated
Globe Textile Mills Limited	138	Un-rated	160	Un-rated
Grays Of Combridge (Pakistan) Limited	1,555	Un-rated	3,379	Un-rated
Ghaffar Textile Mills	-	Un-rated	-	Un-rated
Gulistan Spinning Mills Limited	1,138	Un-rated	431	Un-rated
Gulistan Textile Mills Limited	12,088	Un-rated	9,026	Un-rated
Gulshan Spinning Mills Limited	-	Un-rated	1,802	Un-rated
Habib Metropolitan Bank Limited	213,005	AA+, A1+	305,963	AA+, A1+
Habib Sugar Mills Limited	-	Un-rated	47,575	Un-rated
Habib-Adm	348	Un-rated	323	Un-rated
Hafiz Textile Mills Limited	27	Un-rated	29	Un-rated
Hajra Textile Mills Limited	23	Un-rated	100	Un-rated
Hakkim Textile Mills Limited	28	Un-rated	28	Un-rated
Hashmi Can Company Limited	283	Un-rated	228	Un-rated
Highnoon Laboratories Limited	2,610	Un-rated	2,597	Un-rated
Hinopak Motors Limited	7,632	Un-rated	14,370	Un-rated
Honda Atlas Cars (Pakistan) Limited	7,375	Un-rated	9,900	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
H-Shaikh	-	Un-rated	-	Un-rated
Hub Power Company Limited	17,100	AA+, A1+	-	-
Huffaz Seamless Pipe Industries Limited	2,358	Un-rated	4,551	Un-rated
Hyderabad Electronic *	-	Un-rated	-	Un-rated
Ibl Healthcare Limited	-	Un-rated	519	Un-rated
Ibrahim Fibre Limited	7,003	AA, A1+	16,398	AA-, A1+
Industrial Development Bank	-	Un-rated	-	Un-rated
Indus Dyeing Manufacturing Company Limited	-	A, A2	28,474	A, A-2
Innovative Invest Bank Limited	1	Un-rated	-	Un-rated
International Industries Limited	28,365	Un-rated	111,518	Un-rated
International Knit Wear	104	Un-rated	227	Un-rated
Invest Capital Invest Bank	311	Un-rated	1,214	D
Itti Textile Mills Limited *	32	Un-rated	32	Un-rated
J. A. Textile Mills Limited	274	Un-rated	397	Un-rated
J. K. Spinning Mills Limited	402	Un-rated	452	Un-rated
Javed Omer Vohra And Company Limited	412	Un-rated	1,444	Un-rated
Johnson And Phillips (Pakistan) Limited	860	Un-rated	1,159	Un-rated
Js Bank Limited	7,231	A, A1	11,307	Un-rated
Js Investments Limited	-	Un-rated	49	Un-rated
Junaid Cotton Mills Limited	-	Un-rated	-	Un-rated
Kaiser Art And Kraft Mills Limited	-	Un-rated	-	Un-rated
Karam Ceramices Limited	391	Un-rated	598	Un-rated
Karim Cotton Mills Limited	-	Un-rated	-	Un-rated
Karim Silk Mills Limited	-	Un-rated	-	Un-rated
Kasb Bank Limited	424	BBB, A3	967	BBB, A3
Kasbm-Kasb Modaraba	-	BBB+, A3	243	BBB+, A-3
Kaytex Mills (Saleem Denim) *	35	Un-rated	35	Un-rated
Khalid Siraj Textile Mills Limited	101	Un-rated	118	Un-rated
Kohat Textile Mills Limited	-	Un-rated	9	Un-rated
Kohinoor Cotton *	-	Un-rated	-	Un-rated
Kohinoor Industries Limited	64	Un-rated	114	Un-rated
Kohinoor Looms Limited	-	Un-rated	-	Un-rated
Kohinoor Mills Limited	838	Un-rated	1,531	Un-rated
Kohinoor Power Company Limited	94	Un-rated	287	Un-rated
Kohinoor Spinning Mills Limited	135	Un-rated	153	Un-rated
Kohinoor Sugar Mills Limited	543	Un-rated	768	Un-rated
Kohinoor Textile Mills Limited	2,338	Un-rated	3,442	Un-rated
Koninoor Energy Limited	896	AA, A1+	1,238	Un-rated
Kot Addu Power	-	AA+, A1+	4,068	AA+, A-1+
Karachi Pipe *	-	Un-rated	-	Un-rated
Lafarge Pakistan Cement Limited	8,362	Un-rated	14,278	Un-rated
Land Mark Spinning Industries Limited	105	Un-rated	144	Un-rated
Leiner Pak Gelatine Limited	128	Un-rated	87	Un-rated
Lafayette Industries Synthetics Limited *	-	Un-rated	-	Un-rated
Lotte Pak Pta Limited	34,692	Un-rated	15,070	Un-rated
Maple Leaf Cement Factory Limited	450	D	698	D, D
Maqbool Textile Mills Limited	2,720	Un-rated	3,066	Un-rated
Mari Gas Company Limited	61,061	Un-rated	111,919	Un-rated
Marr Fabrics Limited *	-	Un-rated	-	Un-rated
Masood Textile Mills Limited	6,762	Un-rated	8,670	Un-rated
Mehran Bank Limited	-	Un-rated	-	Un-rated
Medi Glass Limited	28	Un-rated	28	Un-rated
Mehr Dastgir Textile Mills Limited	20	Un-rated	20	Un-rated
Mehran Jute Mills Limited	-	Un-rated	-	Un-rated
Merit Packaging Limited	-	Un-rated	2,699	Un-rated
Metropolitan Steel Corporation Limited	202	Un-rated	158	Un-rated
Mian Mohammed Sugar Mills Limited	-	Un-rated	-	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Mian Textile Industries Limited	15	Un-rated	26	Un-rated
Mirpurkhas Sugar Mills Limited	9,410	Un-rated	9,958	Un-rated
Mohd Farooq Textile Mills Limited	219	Un-rated	549	Un-rated
Mohib Textile Mills Limited	-	Un-rated	-	Un-rated
Moonlite (Pak) Limited	114	Un-rated	136	Un-rated
Morafco Industries Limited	123	Un-rated	112	Un-rated
Mubarik Dairies Limited	6	Un-rated	48	Un-rated
Mustehkam Cement Limited	662	Un-rated	1,440	Un-rated
National Bank Of Pakistan	4,105	AAA, A1+	42,262	AAA, A-1+
National Refinery Limited	-	AAA, A1+	5,476	AAA, A1+
Naveed Textile Mills	-	Un-rated	-	Un-rated
Nowshera Engg	-	Un-rated	-	Un-rated
Nib Bank Limited	3,849	AA-, A1+	6,564	AA-, A1+
Nishat (Chunian) Limited	33,934	A-, A2	6,816	AA, A1+
Nishat (Chunian)15% Nvccp	-	Un-rated	3,995	Un-rated
Nishat Mills Limited	8,090	AA-, A1+	12,834	AA-, A1+
Natover Lease & Refinance	-	Un-rated	-	Un-rated
National Match Industries	-	Un-rated	-	Un-rated
Noon Sugar Mills Limited	-	Un-rated	57	Un-rated
Norrie Textile Mills Limited	-	Un-rated	-	Un-rated
National Overseas	-	Un-rated	-	Un-rated
Nusrat Textile Mills	-	Un-rated	-	Un-rated
Olympia Spinning And Weaving Mills Limited	16	Un-rated	14	Un-rated
Olympia Textile Mills Limited	16	Un-rated	153	Un-rated
Otsuka Pakistan Limited	738	Un-rated	739	Un-rated
Packages Limited	-	AA, A1+	15,157	AA, A1+
Pak Datacom Limited	1,057	Un-rated	2,444	Un-rated
Pak Elektron Convrt Pref Shares	7	Un-rated	-	Un-rated
Pak Elektron Limited	1,134	D	4,560	BBB, A3
Pak Ghee Industries Limited	6	Un-rated	6	Un-rated
Pak Suzuki Motor Company Limited	36,252	Un-rated	36,935	Un-rated
Pak-Elektron-Non Convertible	-	Un-rated	-	Un-rated
Pakistan Gum And Chemiclas Limited	847	Un-rated	458	Un-rated
Pakistan International Airlines	-	Un-rated	1,166	Un-rated
Pakistan National Shipping Corporation	1,187	AA-, A1+	3,545	AA-, A1+
Pakistan Paper Products Limited	-	Un-rated	3,142	Un-rated
Pakistan Refinery Limited	26,522	Un-rated	30,608	Un-rated
Pakistan Services Limited	24,364	Un-rated	29,566	Un-rated
Pakistan State Oil Company Limited	18,222	AA+, A1+	8,914	AA+, A1+
Pakistan Telecommunication	36,885	Un-rated	23,175	Un-rated
Pakistan Telephone Cables Limited	39	Un-rated	42	Un-rated
Pakistan Tobacco Company Limited	17	Un-rated	33	Un-rated
Pangrio Sugar Mills Limited	462	Un-rated	1,018	Un-rated
Parmount Spinning Mills Limited	-	Un-rated	4,299	Un-rated
Punjab Building	-	Un-rated	-	Un-rated
Punjab Cotton	-	Un-rated	-	Un-rated
Pearl Fabrics	-	Un-rated	-	Un-rated
Pioneer Cement Limited	898	Un-rated	1,842	Un-rated
Pak Paper Corporation	-	Un-rated	-	Un-rated
Premium Textile Mills Limited	2,276	Un-rated	2,830	Un-rated
Punjab Lamp	-	Un-rated	-	Un-rated
Qayyum Spinning Mills Limited	6	Un-rated	6	Un-rated
Quality Steel Works Limited	6	Un-rated	6	Un-rated
Ravi Textile Mills Limited	41	Un-rated	112	Un-rated
Rex Baren Battery	-	Un-rated	-	Un-rated
Rcd Ball	-	Un-rated	-	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Redco Textiles Limited	50	Un-rated	149	Un-rated
Regal Ceramics Limited	-	Un-rated	-	Un-rated
Ruby Textile Mills Limited	849	Un-rated	653	Un-rated
Rupali Polyester Limited	-	Un-rated	12,263	Un-rated
S. G. Power Limited	-	Un-rated	86	Un-rated
Saitex Spinning Mills Limited	-	Un-rated	-	Un-rated
Sajjad Textile Mills Limited	-	Un-rated	100	Un-rated
Salman Noman Enterprises Limited	17	Un-rated	329	Un-rated
Samba Bank Limited	3,747	A+, A1	5,065	Un-rated
Samin Textiles Limited	121	Un-rated	183	Un-rated
Sanghar Sugar Mills Limited	2,390	Un-rated	3,277	Un-rated
Sanofi-Aventis Pakistan Limited	-	Un-rated	6,972	Un-rated
Sardar Chemical Industries Limited	38	Un-rated	28	Un-rated
Saritow Spinning Mills Limited	70	Un-rated	140	Un-rated
Saudi Pak Leasing Company Limited	319	D	366	Un-rated
Schon Textiles Limited	-	Un-rated	-	Un-rated
Standard Chartered Leasing	497	AA, A1+	470	Un-rated
Security Paper Limited	13,898	AAA, A1+	17,613	Un-rated
Service (Textile) Industries Limited	18	Un-rated	14	Un-rated
Service Fabrics Limited	69	Un-rated	87	Un-rated
Service Industries (Shoes)	70,178	Un-rated	86,392	Un-rated
Shabbir Tiles And Ceramics Limited	6,091	Un-rated	6,416	Un-rated
Shahmurad Sugar Mills Limited	5,044	BBB+, A2	5,635	BBB+, A-2
Shahpur Textile Mills Limited	12	Un-rated	25	Un-rated
Shahtaj Sugar Mills Limited	15,298	Un-rated	13,749	Un-rated
Shahyar Textile Mills	2	Un-rated	-	Un-rated
Shakerganj Mills Limited	6,748	Un-rated	7,742	D, D
Shams Textile Mills Limited	1,398	Un-rated	5,000	Un-rated
Shell Gas Lpg	-	Un-rated	11,105	Un-rated
Shezan International Limited	32,355	Un-rated	28,401	Un-rated
Siemens Pakistan Engineering Company Limited	214,384	Un-rated	253,214	Un-rated
Siftaq International Limited	23	Un-rated	23	Un-rated
Silkbank Limited	6,580	A-, A2	25,657	A-, A-2
Sind Alkalis Limited	-	Un-rated	-	Un-rated
Sind Fine Textile Mills Limited	116	Un-rated	116	Un-rated
Sitara Chemical Industries Limited	11,065	A+, A1	19,577	A+, A-1
Sitara Energy Limited	929	Un-rated	1,015	Un-rated
Sunshine Cloth Mills Limited	-	Un-rated	-	Un-rated
Sunrise Textile Mills Limited	-	Un-rated	-	Un-rated
Soneri Bank Limited	66,103	AA-, A1+	123,331	AA-, A1+
Shahyar Textile Mill	-	Un-rated	-	Un-rated
Sui Northern Gas Limited	47,771	AA, A1+	77,439	AA, A1+
Summit Bank Limited	3,440	A, A2	127	A, A-2
Sunrays Textile Mills Limited	-	Un-rated	2,098	Un-rated
Sunshine Cotton Mills Limited	30	Un-rated	30	Un-rated
Suraj Ghee Industries Limited	115	Un-rated	115	Un-rated
Syed Match Company Limited	49	Un-rated	46	Un-rated
Taga Pakistan Limited	-	Un-rated	-	Un-rated
Taj Textile Mills Limited	75	Un-rated	112	Un-rated
Tariq Cotton Mills Limited	-	Un-rated	-	Un-rated
Tawakkal Garments Industries Limited	-	Un-rated	-	Un-rated
Tawakkal Limited	-	Un-rated	-	Un-rated
Tawakkal Modarba 1St.	-	Un-rated	-	Un-rated
Treet Corporation Limited	70,868	AA-, A1	113,156	AA-, A-1
Tristar Polyester Limited	133	Un-rated	85	Un-rated
Trust Investment Bank Limited	2,717	BBB-, A3	6,831	BBB, A3

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Trust Modaraba	1	Un-rated	1	Un-rated
Turbo Tubes Limited	-	Un-rated	-	Un-rated
Unilever Pakistan	139	Un-rated	109	Un-rated
Unim-Unicap Modaraba	-	Un-rated	6	Un-rated
United Bank Limited	53,677	AA+, A1+	35,821	AA+, A-1+
United Distributors Pakistan Limited	973	Un-rated	977	Un-rated
Uqab Breeding Farms Limited	-	Un-rated	-	Un-rated
Wah-Nobel Chemicals Limited	4,768	Un-rated	4,922	Un-rated
Worldcall Telecom Limited	-	BBB-, A3	194	BBB-, A3
Wyeth Pak Limited	19,576	Un-rated	25,109	Un-rated
Yousuf Weaving Mills Limited	254	Un-rated	382	Un-rated
Zahur Cotton Mills Limited	-	Un-rated	55	Un-rated
Zahur Textile Mills Limited	-	Un-rated	-	Un-rated
Zeal Pak Cement Factory Limited	-	Un-rated	-	Un-rated
Zephyre Textile	6,919	Un-rated	14,984	Un-rated
Zaffar Textile	-	Un-rated	-	Un-rated
Allied Bank Limited	13,468	AA, A1+	-	-
Burshane Lpg (Pakistan) Ltd	9,025	Un-rated	-	-
D.G.Khan Cement Co.Ltd	66,004	Un-rated	-	-
Engro Chemical (Pak) Ltd.	9,270	Un-rated	-	-
Nishat Chunian Power Ltd	4,033	Un-rated	-	-
Pakistan Reinsurance Com Ltd	36,425	AA	-	-
Punjab Oil Mills Ltd	955	Un-rated	-	-
Pak Gen Power Limited	14,727	Un-rated	-	-
	2,080,784		3,433,345	

*** Delisted Companies**

Preference shares of listed companies

Azgard Nine Limited	15,145	D	15,145	D
Fazal Cloth Mills Limited	25,000	A-, A2	25,000	A-, A2
Pak Elektron Limited	80,000	D, D	80,000	BBB, A3
Shakarganj Mills Limited	23,250	Un-rated	35,850	D
	143,395		155,995	

Listed Term Finance Certificates

Askari Bank Limited	51,148	AA, A1+	50,730	AA-
Azgard Nine Limited	-	D	-	-
Bank AL Habib Limited	187,292	AA+, AA1+	175,114	AA
Bank AL Habib Limited - 1st issue	6,036	AA+, AA1+	9,460	AA
Engro Chemical	48,926	Un-rated	48,951	Un-rated
Jahangir Siddiqui & Co Ltd	2,958	AA, A1+	5,908	AA
Jahangir Siddiqui & Co Ltd	-	AA, A1+	-	-
Jahangir Siddiqui & Co Ltd	12,555	AA, A1+	25,074	AA
JS ABAMCO	28,768	Un-rated	40,043	Un-rated
NIB Bank Ltd	13,787	AA-, A1+	13,699	A+
Orix Leasing Pakistan Limited	32,245	AA, A1+	99,127	AA+
Pak Arab Fertilizers Ltd	61,900	AA-, A1	75,930	AA
Standard Chartered Bank (Pakistan) Limited - 2nd issue	-	AAA	12,482	AAA
United Bank Limited	31,504	AA+, A1+	35,582	AA
United Bank Limited - 1st issue	37,270	AA+, A1+	46,105	AA
World Call Communication	-	BBB-, A3	9,936	BBB-
	514,389		648,141	

	2011		2010	
	Carrying value Rupees in '000	Rating	Carrying value Rupees in '000	Rating
Un-Listed Term Finance Certificates				
Agri Tech Limited (Pak American Fertilizer Limited)	-	D	-	D
Agri Tech Limited (Pak American Fertilizer Limited)	-	D	-	D
Agri Tech Limited (Pak American Fertilizer Limited)	-	D	-	D
Al Abbas Sugar Millis	12,456	A, A1	19,456	A+
Arzoo Textile	-	Un-rated	-	Un-rated
Azgard Nine Limited	-	D	-	D
Bank Alfalah Limited	49,960	AA, A1+	49,980	AA-
Eden House(SUKUK)	198,002	D	220,684	D
Engro Chemical Pak Limited	48,832	Un-rated	48,832	Un-rated
Jahangir Siddiqui & Co Ltd	21,774	AA, A1+	21,784	AA
JDW Sugar Mills Limited	222,222	A, A1	311,111	A+
JS ABAMCO	19,083	Un-rated	26,717	Un-rated
Kohat Cement(SUKUK)	27,225	Un-rated	36,225	Un-rated
Maple Leaf Cement Factory Limited	107,575	D	107,677	D
Optimus Limited	7,818	BBB+, A2	12,249	A
Orix Leasing Pakistan Limited	39,803	AA, A1+	66,403	AA+
Pakistan Mobile Communication	-	A+, A1	-	-
Pakistan Mobile Company Limited - 3rd issue	64,896	A+, A1	108,160	A+
PEL(Sukuk)	15,483	Un-rated	21,198	BBB+
PEL(Sukuk)	70,743	Un-rated	70,743	BBB+
PEL(Sukuk)	202,381	Un-rated	217,262	BBB+
PEL(Sukuk)	450,000	Un-rated	450,000	BBB+
PIA	74,311	Un-rated	74,325	Un-rated
Power Holding	-	Un-rated	2,500,000	Un-rated
Power Holding - New Issue	-	Un-rated	1,500,000	Un-rated
Security Leasing(SUKUK)	13,773	Un-rated	20,218	Un-rated
Security Leasing(SUKUK)	18,060	Un-rated	25,384	Un-rated
SME Leasing	-	BBB, A3	2,594	Un-rated
Sui Southren Gas Company	750,000	AA-, A1	1,350,000	AA
Syed Bhais (Pvt) Limited	51,471	Un-rated	120,275	Un-rated
	2,465,868		7,381,277	

Mutual Funds

NIT Units	-	Un-rated	775,471	3-Star
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Open ended mutual funds

ABL Income Fund	297,650	A+(f)	297,468	A+(f)
AMZ Plus Stock Market Fund	166,433	Un-rated	173,606	Un-rated
Askari Sovereign Cash Fund	302,927	Un-rated	30,163	Un-rated
Atlas Income Fund	-	Un-rated	144,940	Un-rated
Atlas Stock Market Fund	91,837	Un-rated	120,291	4-Star
Faysal Islamic Saving Growth Fund	-	A+(f)	10,496	A+(f)
Faysal Money Market Fund	-	AA+(f)	100,530	AA+(f)
Faysal Saving Growth	-	A+(f)	998,347	A+(f)
First Habib Income Fund	-	Un-rated	92,996	Un-rated
HBL Income Fund	-	A(f)	8,652	A(f)
IGI Income Fund	27,455	A+(f)	27,520	A+(f)
IGI Stock Fund	-	Un-rated	-	-
KASB Asset Allocation Fund (formerly KASB Balanced Fund)	74,945	Un-rated	97,168	1-Star
KASB Liquid Fund	-	AA+(f)	-	-
MCB Dynamic Stock Fund	156,815	Un-rated	195,279	4-Star

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
NAFA Stock Fund	102,252	Un-rated	128,286	4-Star
NAMCO Income Fund	-	A(f)	-	
Pakistan International Element Islamic Fund	71,443	Un-rated	91,714	3-Star
Pakistan Stock Market Fund	-	Un-rated	-	
IGI Aggressive Income Fund (formerly POBOP advantage fund)	660,872	Un-rated	625,866	Un-rated
Reliance Income Fund	356,253	Un-rated	311,080	Un-rated
Unit Trust of Pakistan	-	Un-rated	-	
United Growth & Income Fund (Income)	200,397	BBB-(f)	263,813	BBB-(f)
UTP-Islamic Fund (previously JS Islamic Fund)	-	Un-rated	-	
UBL LIQUIDITY PLUS FUND	500,722	AA+(f)	-	
Close ended mutual funds				
Atlas Fund of Funds	6,895	Un-rated	5,742	Un-rated
JS Growth Fund	8,527	Un-rated	10,069	Un-rated
JS-Large Capital Fund (ABAMCO Composite Fund)	-	A+, A1	-	
NAMCO Balance Fund	40,905	Un-rated	30,975	Un-rated
Pakistan Capital Protected Fund	-	Un-rated	-	
Pakistan Strategic Allocation Fund	-	Un-rated	-	
PICIC Growth Fund	17,204	Un-rated	18,295	Un-rated
PICIC Inv.Fund	11,789	Un-rated	13,865	Un-rated
	3,095,321		4,572,632	

The above ratings represent instrument ratings for the respective securities. Wherever instrument ratings are not available, un-rated have been disclosed. Two ratings in one column represent long-term and short-term ratings of the entity respectively. The ratings have been obtained from Pakistan Credit Rating Agency (PACRA) and JCR-VIS.



The Bank of Punjab
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended December 31, 2011

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of **The Bank of Punjab** (the Bank) and its subsidiary company (together referred to as the Group) as at **31 December 2011** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity, together with the notes forming part thereof, for the year then ended. These financial statements include unaudited certified returns from the branches, except for 14 branches, which have been audited by us. We have also expressed a separate opinion on the financial statements of The Bank of Punjab. Its subsidiary company Punjab Modaraba Services (Private) Limited (the Company), however, was audited by another firm of Chartered Accountants, whose report has been furnished to us which explains that the company is operating continuously in losses and its current liabilities exceeded its current assets, consequently highlighting the existence of uncertainty which may cast doubt on the company's ability to continue as going concern and our opinion in so far as it relates to the amounts included for such company is based, solely on the report of such auditors.

These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the International Standards on auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the financial position of the Group as at 31 December 2011 and the results of its operations, its comprehensive income, cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion we draw attention to Note 1.2 to the consolidated financial statements which fully explain relaxations granted by the State Bank of Pakistan from provisioning against certain advances, and regulatory capital requirements, based on the undertaking by the Government of Punjab in respect of the deficiency in capital.

Lahore: - 29 March 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Mohammed Junaid

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011	2010
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	16,698,333	14,069,601
Balances with other banks	8	3,607,107	3,276,234
Lendings to financial institutions	9	7,447,375	7,309,587
Investments	10	92,492,813	56,359,404
Advances	11	127,107,501	120,796,694
Operating fixed assets	12	3,597,483	3,534,660
Deferred tax assets	13	13,886,769	14,063,694
Other assets	14	16,052,311	9,721,900
		280,889,692	229,131,774
LIABILITIES			
Bills payable	16	850,569	581,100
Borrowings	17	24,963,566	11,526,783
Deposits and other accounts	18	237,896,692	208,176,902
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease	19	7,831	13,887
Deferred tax liabilities		-	-
Other liabilities	20	6,510,013	5,223,152
		270,228,671	225,521,824
NET ASSETS		10,661,021	3,609,950
REPRESENTED BY			
Share capital	21	5,287,974	5,287,974
Reserves	22	1,914,956	2,012,492
Accumulated loss		(14,179,410)	(14,411,509)
		(6,976,480)	(7,111,043)
Share deposit money	23	17,000,000	10,000,000
		10,023,520	2,888,957
Surplus on revaluation of assets	24	637,501	720,993
		10,661,021	3,609,950
CONTINGENCIES AND COMMITMENTS		25	

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		Rupees in '000	
Mark-up/return/interest earned	26	20,682,061	18,217,583
Mark-up/return/interest expensed	27	21,073,271	18,801,642
Net mark-up/ interest income		(391,210)	(584,059)
(Reversal of provision) / provision against non-performing loans and advances - net	11.4.4	(3,164,234)	559,604
Provision for diminution in the value of investments - net	10.3	576,597	2,767,341
Bad debts written off directly	11.5	-	-
		(2,587,637)	3,326,945
Net mark-up/ interest income / loss after provisions		2,196,427	(3,911,004)
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		724,499	562,469
Dividend income		286,375	404,111
Income from dealing in foreign currencies		160,089	134,488
Gain on sale and redemption of securities	28	330,025	293,303
Unrealized (loss) / gain on revaluation of investments classified as held for trading	10.9	(5,383)	18,020
Other income	29	494,103	473,055
Total non-markup/interest income		1,989,708	1,885,446
		4,186,135	(2,025,558)
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	30	3,959,217	3,435,049
Provision against other assets	14.6	1,121	-
Provision (reversal) / charge against off balance sheet items	20.1	(244,111)	740,000
Other charges	31	205	1,605
Total non-markup/interest expenses		3,716,432	4,176,654
		469,703	(6,202,212)
Extra ordinary/unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		469,703	(6,202,212)
Taxation - Current		-	-
- Prior years		5	1,461
- Deferred		174,774	(2,157,119)
	32	174,779	(2,155,658)
PROFIT / (LOSS) AFTER TAXATION		294,924	(4,046,554)
Accumulated loss brought forward		(14,411,509)	(10,372,082)
Transfer to statutory reserve		(69,595)	-
Transfer from surplus on revaluation of fixed assets - net of tax		6,770	7,127
		(14,474,334)	(10,364,955)
Accumulated loss carried forward		(14,179,410)	(14,411,509)
Basic earnings / (loss) per share (after tax) - Rupees	33	0.56	(7.65)
Diluted earnings / (loss) per share (after tax) - Rupees	34	0.56	(7.65)

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	Rupees in '000	
Profit / (loss) after taxation	294,924	(4,046,554)
Other comprehensive income	-	-
Total comprehensive income / (loss)	294,924	(4,046,554)

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		469,703	(6,202,212)
Less: Dividend income		(286,375)	(404,111)
		183,328	(6,606,323)
Adjustments for non-cash charges:			
Depreciation	12.2	328,798	323,771
Amortization on premium on Pakistan Investment Bonds		39,077	72,043
Unrealized loss / (gain) on revaluation of investments classified as held for trading	10.9	5,383	(18,020)
Provision against non-performing loans and advances - net	11.4.4	(3,164,234)	559,604
Provision for diminution in the value of investments - net	10.3	576,597	2,767,341
Provision for employees compensated absences	37.1.2	2,826	21,717
Provision for gratuity	37.1.1	53,831	45,507
Provision against other assets	14.6	1,121	-
Provision (reversal) / charge against off balance sheet items	20.1	(244,111)	740,000
Net profit on sale of property and equipment	12.2.1	(1,380)	(10,527)
Gain on sale and redemption of securities	28	(330,025)	(293,303)
Finance charges on leased assets	30	1,475	2,332
		(2,730,642)	4,210,465
		(2,547,314)	(2,395,858)
(Increase)/ Decrease in operating assets:			
Lendings to financial institutions		57,212	(6,256,037)
Net investments in held for trading securities		109,614	(122,821)
Advances		(3,313,703)	1,385,783
Others assets		(6,203,260)	3,927,867
		(9,350,137)	(1,065,208)
Increase/ (Decrease) in operating liabilities:			
Bills Payable		269,469	(294,518)
Borrowings		13,432,722	(2,457,154)
Deposits and other accounts		29,719,790	17,318,815
Other liabilities		1,474,314	(284,641)
		44,896,295	14,282,502
		32,998,844	10,821,436
Financial charges paid		(1,475)	(2,332)
Income tax paid		(12,744)	(15,690)
		32,984,625	10,803,414
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(36,858,372)	(1,261,245)
Net investments in held to maturity securities		128,960	517,435
Dividends received		170,842	395,212
Investments in operating fixed assets		(276,075)	(434,911)
Sale proceeds of property and equipment disposed-off	12.2.1	6,620	14,274
		(36,828,025)	(769,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations		(6,056)	(6,020)
Share deposit money	23	7,000,000	-
		6,993,944	(6,020)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		3,150,544	2,172,425
		17,345,835	15,173,410
Cash and cash equivalents at end of the year	35	20,496,379	17,345,835

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

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

	Share capital	Statutory reserve	Capital Reserves		Revenue Reserve	Total
			Share premium	Restructuring reserve	Accumulated loss	
		Rupees	in		'000	
Balance as at 01 January 2010	5,287,974	-	37,882	535,897	(10,372,082)	(4,510,329)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	7,127	7,127
Total comprehensive loss for the year ended 31 December 2010	-	-	-	-	(4,046,554)	(4,046,554)
Transfer from provision against NPLs	-	-	-	1,438,713	-	1,438,713
Balance as at 31 December 2010	5,287,974	-	37,882	1,974,610	(14,411,509)	(7,111,043)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	6,770	6,770
Total comprehensive income for the year ended 31 December 2011	-	-	-	-	294,924	294,924
Transfer from provision against NPLs	-	-	-	(167,131)	-	(167,131)
Transfer from accumulated loss	-	69,595	-	-	(69,595)	-
Balance as at 31 December 2011	5,287,974	69,595	37,882	1,807,479	(14,179,410)	(6,976,480)

The annexed notes from 1 to 45 and annexure - I and II form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Status and nature of business

- 1.1** The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) Limited. The Bank was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on 19 September 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 284 branches (2010: 273 branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab.

Punjab Modaraba Services (Private) Limited is a wholly owned subsidiary of The Bank of Punjab and is primarily engaged in the business of floating and managing modarabas.

- 1.2** The paid-up capital, reserves (net of losses) and advance subscription money of the Group amounts to Rs. 10,023,520 thousand, as against the minimum regulatory capital requirement of Rs. 8,000,000 thousand and Capital Adequacy Ratio (CAR), as disclosed in note 42.2, remained below the prescribed level of 10%. Further, as at the close of the year 2011, net advances aggregating to Rs. 33,091,789 thousand requiring additional provision of Rs. 28,615,910 thousand there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No. OSED/Div-01/SEU-03/010(1)-2012/568 dated 13 March 2012, on the basis of two Letters of Comfort (LOCs) issued by the Government of the Punjab (GOPb) as explained in para 2 below.

Government of Punjab (GOPb) being the majority shareholder, in order to support the Bank, deposited Rs. 7,000,000 thousand before the year-end in addition to Rs. 10,000,000 thousand deposited as advance subscription money in year 2009 against future issue of shares by the Bank. Further, the GOPb vide two Letters of Comfort (LOCs) issued on 29 March 2012, has undertaken to inject the necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 5,800,000 thousand (net of tax @ 35%) and Rs. 12,940,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending 31 December 2014 and 31 December 2016 respectively in event of the Bank failing to make provision of Rs. 28,840,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning.

In addition, in terms of above LOCs, the GOPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

Based on above, the State Bank of Pakistan has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations and exemption from applicable capital adequacy ratio (CAR) and minimum capital requirements for the years 2009, 2010, 2011 and 2012. However, the minimum level of CAR should not fall below 7% for the years 2011 and 2012. Further, the SBP has also agreed to allow above relaxations for the period of another 3 years including year 2012 based on examination of the business plan to be submitted by the Bank to the SBP by 30 June 2012.

On the basis of above enduring support of Government of the Punjab, actions as outlined above and the projections prepared by the Bank's management, which have been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

2. Basis of preparation

- 2.1** Subsidiaries are those companies in which the Bank directly or indirectly controls, beneficially owns or hold more than 50% of the shares or otherwise have the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the Bank and subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.
- 2.2** These consolidated financial statements of The Bank of Punjab Group include The Bank of Punjab and its wholly owned subsidiary, Punjab Modaraba Services (Private) Limited. The consolidated financial statements have been prepared in accordance with the purchase method.
- 2.3** In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up 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.

3. Statement of compliance

These consolidated financial statements have been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

SBP as per BSD Circular No. 10, dated 26 August 2002 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 till further instructions. Further, according to the notification of SECP dated 28 April 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.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations

of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of accounting policies are as follows:

5.1 Classification of investments

In classifying investments as "held for trading" the Group has determined 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.

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

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

5.2 Provision against non-performing advances

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision. 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 11.4.3.

5.3 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 consolidated statement of financial position date, the management has determined an impairment loss on available for sale securities as disclosed in note 10.3.1.

5.4 Depreciation, amortization and revaluation of operating fixed assets

Estimates of useful life of operating fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the 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 is changed to reflect the change in pattern. Further, the Group estimates the revalued amount of free hold land and buildings free hold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

5.5 Income taxes

In making estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are various matters where the Group's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

5.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

6. Summary of significant accounting policies

6.1 Basis of consolidation

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lending less over drawn nostro accounts and other overdrawn bank accounts.

6.2 Revenue recognition

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

6.2.1 Mark-up/return/interest income

Mark-up/return/interest on advances and return on investments are recognized in profit and loss account on an accruals basis, except mark-up on non-performing advances which is recognized when received.

6.2.2 Dividend income

Dividend income is recognized when the Group's right to receive the dividend is established.

6.2.3 Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

6.2.4 Fees and commission income

Fees and commission on letters of credit/guarantee are recognized on a receipt basis.

6.3 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

6.4 Investments

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

All regular way purchase/sale of investment are recognized on the trade date, i.e., the date the Group commits to purchase/sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified 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 amortized cost.
- Available for sale – These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus/(deficit) on revaluation taken to 'Surplus/(deficit) on revaluation of assets' account below equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

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.

Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted available for sale securities 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.

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

6.5 Lending to/borrowing from financial institutions

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

6.5.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense.

6.5.2 Purchase under resale obligations

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

6.6 Operating fixed assets and depreciation

Owned

Property and equipment, other than free hold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 12.2 to these financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus / Deficit arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus/(Deficit) on Revaluation of Assets" shown below equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of operating fixed assets are included in income currently.

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

Leased

Property and equipment subject to finance lease are accounted for by recording the assets and the related liabilities. These are stated at fair value or present value of minimum lease payments

whichever is lower at the inception of the lease less accumulated depreciation. 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. The property and equipment acquired under finance leasing contracts is depreciated over the useful life of the assets as per rates given in note 12.2 to these consolidated financial statements.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method. Amortization on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

6.7 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity

The Group also recognized deferred tax asset/liability on deficit/surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit/surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

6.8 Employee retirement and other benefits

6.8.1 Defined contribution plan – Provident Fund

The Group operates an approved Provident Fund Scheme, covering all permanent employees. Contributions are made monthly by the Group and the employees at the rate of 8.33% of basic salary. Contributions by the Group are charged to income.

6.8.2 Gratuity scheme

The Group operates an approved funded gratuity scheme for all its employees of the Bank. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to income in the year in which they occur. The most recent valuation was carried out at 31 December 2011 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at 31 December 2011 were as follows:

- Discount rate	12.50%
- Expected rate of eligible salary increase in future years	11.50%
- Expected rate of return on plan assets during 2012	12.50%
- Average expected remaining working life time of employees	12 years

6.8.3 Employees' compensated absences

The Bank makes annual provision in the accounts for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The most recent valuation was carried out at 31 December 2011 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at 31 December 2011 were as follows:

- Discount rate	12.50%
- Expected rate of eligible salary increase in future years	11.50%
- Average number of leaves accumulated per annum by the employees	10 days

6.9 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

6.10 Provisions

Provisions are recorded when the Group has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are 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 profit and loss account is stated net of expected recoveries.

6.11 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

6.12 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the 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 that asset.

6.13 Financial instruments

6.13.1 Financial assets and liabilities

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.13.2 Offsetting

Financial assets and financial liabilities are 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 settle the liabilities, simultaneously.

6.14 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.

6.14.1 Business segments

Trading and sales

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

Retail banking

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

Commercial banking

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

Payment and settlement

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

Agency service

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

6.14.2 Geographical segments

The Group operates only in Pakistan.

6.15 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 period / 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).

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

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

Standard or Interpretations		Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements – Presentation of items of comprehensive income	01 July 2012
IAS 12	Income Taxes (Amendment) – Recovery of Underlying Assets	01 January 2012
IAS 19	Employee Benefits – (Amendment)	01 January 2013
IAS 27	Separate Financial Statements	01 January 2013
IFRS 10	Consolidated Financial Statements	01 January 2013

The Group considers that the above standards and interpretations are either not relevant or will not have any material impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements provided that such changes do not conflict with the format of financial statements prescribed by the SBP for banks.

	Note	2011	2010
		Rupees in '000	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency	7.1	2,800,754	2,338,182
- Foreign currency		364,176	243,483
		3,164,930	2,581,665
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	9,839,855	7,978,849
- Foreign currency deposit account:	7.3		
- Non remunerative		159,653	166,991
- Remunerative	7.4	486,876	503,068
		10,486,384	8,648,908
With National Bank of Pakistan (NBP) in:			
- Local currency current account		2,984,219	2,771,849
- Local currency deposit account	7.5	62,800	67,179
		3,047,019	2,839,028
		16,698,333	14,069,601

- 7.1** This includes National Prize Bonds of Rs. 29,179 (thousand) {2010: Rs. 24,450 (thousand)}.
- 7.2** This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.
- 7.3** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 7.4** This carries mark-up as announced by the SBP on monthly basis. Mark-up rates during the year were NIL per annum (2010: Nil per annum).
- 7.5** This carries mark-up at the rate of 5% per annum (2010: 5% per annum).

	Note	2011	2010
Rupees in '000			
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
- On current account	8.1	2,564,790	1,988,901
- On saving account		743,460	728,071
		3,308,250	2,716,972
Outside Pakistan:			
- On current account	8.2	174,766	537,045
- On deposit account		124,091	22,217
		298,857	559,262
		3,607,107	3,276,234
8.1	These carry mark-up at rates ranging from 5.0% to 7.30% per annum (2010: 5% to 8% per annum).		
8.2	These carry mark-up at rates ranging from 0.25% to 1.01% per annum (2010: 0.30% to 0.50% per annum).		

	Note	2011	2010
Rupees in '000			
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		195,000	-
Reverse repo	9.2	5,369,042	6,691,812
Certificate of investments	9.3	1,383,333	143,333
Placements	9.4	500,000	474,442
		7,447,375	7,309,587
9.1 Particulars of lendings			
In local currency		7,447,375	7,135,145
In foreign currencies		-	174,442
		7,447,375	7,309,587

9.2 Securities held as collateral against landings to financial institutions

	2011			2010		
	Rupees in '000			Rupees in '000		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market Treasury Bills	5,171,377	-	5,171,377	6,049,615	-	6,049,615
Pakistan Investment Bonds	197,665	-	197,665	642,197	-	642,197
	5,369,042	-	5,369,042	6,691,812	-	6,691,812

Market value of securities held as collateral as at 31 December 2011 amounted to Rs. 5,378,577 thousand {2010: Rs. 6,688,712 (thousand)}. These carry mark-up at rates ranging from 11.30% to 12.50% per annum (2010: 12.9% to 14% per annum) with maturities up to 07 February 2012.

9.3 These carry profit at the rates ranging from 12.40% to 15.02% per annum (2010: 15.48% per annum) maturing upto 27 January 2012.

9.4 These represent placements carrying profit at rates ranging from 12.0% to 12.75% per annum (2010: 0.26% to 14.40% per annum) with maturities upto 01 March 2012.

10. Investments

10.1 Investments by types:

Note	2011			2010			
	Rupees in '000			Rupees in '000			
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total	
Held for trading securities							
Ordinary shares of listed companies	Annex II - 1	-	-	191,560	-	191,560	
Pakistan Investment Bonds	10.4	99,966	99,966	-	-	-	
Available for sale securities							
Market Treasury Bills	10.4	54,770,060	18,770,327	73,540,387	30,770,725	4,728,012	35,498,737
Pakistan Investment Bonds	10.4	8,500,711	-	8,500,711	2,152,484	357,233	2,509,717
Government of Pakistan Ijara Sukuk Bonds	10.5	-	-	-	10,000	-	10,000
Ordinary Shares / Certificates of Listed Companies and Modarabas	Annex II - 1	3,279,733	-	3,279,733	3,708,718	-	3,708,718
Preference Shares of Listed Companies	Annex II - 2	195,454	-	195,454	195,454	-	195,454
Ordinary Shares of Unlisted Company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
NIT Units	10.6	-	-	-	860,991	-	860,991
Mutual Funds Units	Annex II - 4	3,804,928	-	3,804,928	4,401,009	-	4,401,009
Listed Term Finance Certificates	Annex II - 5	518,085	-	518,085	671,002	-	671,002
Unlisted Term Finance Certificates	Annex II - 6	4,757,551	-	4,757,551	9,638,344	-	9,638,344

Note	2011			2010			
	Rupees in '000			Rupees in '000			
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total	
Held to maturity securities							
Pakistan Investment Bonds	10.7	1,983,596	-	1,983,596	2,151,633	-	2,151,633
WAPDA Bonds		400	-	400	400	-	400
Total investments at cost		77,935,484	18,770,327	96,705,811	54,777,320	5,085,245	59,862,565
Provision for diminution in the value of investments	10.3	(3,807,960)	-	(3,807,960)	(3,316,883)	-	(3,316,883)
Investments - net of provisions		74,127,524	18,770,327	92,897,851	51,460,437	5,085,245	56,545,682
Deficit on revaluation of available for sale securities	24.2	(399,655)	-	(399,655)	(204,298)	-	(204,298)
Surplus / (Deficit) on revaluation of held for trading securities	10.9	(5,383)	-	(5,383)	18,020	-	18,020
Total investments at market value		73,722,486	18,770,327	92,492,813	51,274,159	5,085,245	56,359,404

10.2 Investments By Segments:

Note	2011			2010			
	Rupees in '000			Rupees in '000			
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total	
Federal Government Securities:							
Market Treasury Bills	10.4	54,770,060	18,770,327	73,540,387	30,770,725	4,728,012	35,498,737
Pakistan Investment Bonds	10.4	10,584,273	-	10,584,273	4,304,117	357,233	4,661,350
Government of Pakistan Ijara Sukuk Bonds	10.5	-	-	-	10,000	-	10,000
Fully Paid-up Ordinary Shares/Certificates:							
Listed Companies and Modarabas	Annex II - 1	3,279,733	-	3,279,733	3,900,278	-	3,900,278
Unlisted Company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
NIT Units	10.6	-	-	-	860,991	-	860,991
Mutual Funds Units	Annex II - 4	3,804,928	-	3,804,928	4,401,009	-	4,401,009
Preference Shares - Listed Companies	Annex II - 2	195,454	-	195,454	195,454	-	195,454
Term Finance Certificates and Bonds:							
Listed Term Finance Certificates	Annex II - 5	518,085	-	518,085	671,002	-	671,002
Unlisted Term Finance Certificates	Annex II - 6	4,757,551	-	4,757,551	9,638,344	-	9,638,344
WAPDA Bonds		400	-	400	400	-	400
Total investments at cost		77,935,484	18,770,327	96,705,811	54,777,320	5,085,245	59,862,565
Provision for diminution in the value of investment	10.3	(3,807,960)	-	(3,807,960)	(3,316,883)	-	(3,316,883)
Investments - net of provisions		74,127,524	18,770,327	92,897,851	51,460,437	5,085,245	56,545,682
Deficit on revaluation of available for sale securities	24.2	(399,655)	-	(399,655)	(204,298)	-	(204,298)
Surplus / (Deficit) on revaluation of held for trading securities	10.9	(5,383)	-	(5,383)	18,020	-	18,020
Total investments at market value		73,722,486	18,770,327	92,492,813	51,274,159	5,085,245	56,359,404

	Note	2011	2010
Rupees in '000			
10.3 Provision for diminution in the value of investments			
Opening balance		3,316,883	1,044,397
Charge for the year		576,597	2,767,341
Reversal during the year		-	-
		576,597	2,767,341
Reversal on disposal		3,893,480 (85,520)	3,811,738 (494,855)
Closing balance	10.3.1	3,807,960	3,316,883
10.3.1 Particulars of provision in respect of type and segment			
Available for sale securities:			
Ordinary shares of unlisted company		11,320	9,496
Ordinary shares of listed companies / modaraba certificates		818,656	338,924
Term finance certificates		2,317,652	2,283,036
Preference shares		51,750	39,150
NIT units		-	85,520
Other mutual funds units		608,182	560,357
		3,807,560	3,316,483
Held to maturity securities:			
WAPDA Bonds		400	400
		3,807,960	3,316,883

10.4 Market Treasury Bills and Pakistan Investment Bonds are eligible for re-discounting with SBP.

10.5 These represents bonds issued for a period of three years carrying semi-annual rate on the basis of rental rates issued by the SBP at start of each half year. The semi annual profit is benchmarked against the latest weighted average yield of six month market treasury bills determined one day prior to the start of each six month rental period.

10.6 NIT Units

As per the terms agreed amongst the LOC Unit Holders, the entire holding of the Bank of 30,045,272 units have been valued based on the proportionate share of the Bank as per the audited financial statements of the fund. Accordingly, the investment in LOC Holders' Fund has been derecognized and shown as receivable from NITL.

10.7 As per BSD 23/2008 dated 13 October 2008 securities classified as held to maturity cannot be sold. However, these can be used for borrowing under SBP repo facility / discount window. Market value of held to maturity investments is Rs. 1,744,023 (thousand) {2010: Rs. 1,768,014 (thousand)}.

10.8 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

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

	Note	2011	2010
		Rupees in '000	
Ordinary shares of listed companies		-	18,020
Pakistan Investment Bonds		(5,383)	-
		<u>(5,383)</u>	<u>18,020</u>
11. ADVANCES			
Loans, cash credits, running finances etc.			
- In Pakistan		149,021,501	144,082,328
- Outside Pakistan		-	-
		149,021,501	144,082,328
Net investment in finance lease			
- In Pakistan	11.2	2,003,152	2,265,263
- Outside Pakistan		-	-
		2,003,152	2,265,263
Repurchase Agreement Lendings to Non-Financial Institutions	11.7	902,347	1,677,189
Bills discounted and purchased (excluding Market Treasury Bills)			
- Payable in Pakistan		968,419	1,035,597
- Payable outside Pakistan		535,443	1,056,782
		1,503,862	2,092,379
Advances - (gross)	11.1	153,430,862	150,117,159
Less: Provision for non-performing advances			
- Specific	11.3 & 11.4	(26,303,094)	(29,301,458)
- General	11.4	(20,267)	(19,007)
		(26,323,361)	(29,320,465)
Advances - net of provision		<u>127,107,501</u>	<u>120,796,694</u>

	2011	2010
	Rupees in '000	
11.1 Particulars of advances (Gross)		
11.1.1 In local currency	153,430,862	150,117,159
In foreign currencies	-	-
	153,430,862	150,117,159
11.1.2 Short-term advances upto one year	89,951,567	87,468,641
Long-term advances for over one year	63,479,295	62,648,518
	153,430,862	150,117,159

11.2 Net investment in finance lease

	2011				2010			
	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)				(Rupees in '000)			
Lease rentals receivable	839,411	1,281,773	-	2,121,184	599,159	2,013,682	121,454	2,734,295
Guaranteed residual value	-	233,786	-	233,786	-	-	-	-
Minimum lease payments	839,411	1,515,559	-	2,354,970	599,159	2,013,682	121,454	2,734,295
Less: Finance charge for future periods	132,714	219,104	-	351,818	144,384	323,763	885	469,032
Present value of minimum lease payments	706,697	1,296,455	-	2,003,152	454,775	1,689,919	120,569	2,265,263

11.3 Advances include Rs. 73,643,672 (thousand) {2010: Rs. 77,393,928 (thousand)} which have been placed under non-performing status as detailed below:-

	2011								
	Rupees in '000								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Category of Classification									
Other Assets Especially Mentioned	243,838	-	243,838	-	-	-	-	-	-
Substandard	10,809,335	-	10,809,335	2,217,735	-	2,217,735	2,217,735	-	2,217,735
Doubtful	1,964,381	-	1,964,381	236,867	-	236,867	236,867	-	236,867
Loss	60,626,118	-	60,626,118	23,848,492	-	23,848,492	23,848,492	-	23,848,492
	73,643,672	-	73,643,672	26,303,094	-	26,303,094	26,303,094	-	26,303,094

11.3.1 Provision against certain net advances amounting to Rs. 33,091,789 thousand {2010:Rs.31,520,321 (thousand)} requiring additional provisioning of Rs. 28,615,910 {2010: Rs. 25,895,849 (thousand)}has not been considered necessary in these consolidated financial statements on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.

11.4 Particulars of provisions against non-performing advances

Note	2011			2010		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
Opening balance	29,301,458	19,007	29,320,465	30,174,305	25,298	30,199,603
Charge for the year	1,469,618	1,260	1,470,878	7,546,589	-	7,546,589
Reversals	(4,465,947)	-	(4,465,947)	(6,980,694)	(6,291)	(6,986,985)
11.4.3	(2,996,329)	1,260	(2,995,069)	565,895	(6,291)	559,604
11.5	-	-	-	(29)	-	(29)
22.2	(2,035)	-	(2,035)	(1,438,713)	-	(1,438,713)
Closing balance	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465

11.4.1 Particulars of provisions against non-performing advances

	2011			2010		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
In local currency	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465
In foreign currencies	-	-	-	-	-	-
	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465

11.4.2 General provision includes provision against consumer loans maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by Prudential Regulations issued by the SBP.

11.4.3 The SBP vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated 20 October 2009 and BSD Circular No. 1 of 2011 dated October 2011 has amended Prudential Regulations for provisioning against non-performing advances in respect of benefit of Forced Sale Value (FSV) and rescheduling / restructuring advances. Had the change not been made, the specific provision against non-performing loans and advances would have been higher and consequently, loss before tax would have been higher and advances lower by Rs. 1,096,495 (thousand).

	Note	2011	2010
		Rupees in '000	
11.4.4 Provisions against non-performing advances - charge to profit and loss account			
Provision against non-performing advances-net	11.4	(2,995,069)	559,604
Transfer from restructuring reserve	22.2	(169,165)	-
		<u>(3,164,234)</u>	<u>559,604</u>

11.5 Particulars of write offs:

11.5.1 Against provisions	11.4	-	29
Directly charged to profit and loss account		-	-
		<u>-</u>	<u>29</u>
11.5.2 Write Offs of Rs. 500,000 and above	11.6	-	-
Write Offs of below Rs. 500,000		-	29
		<u>-</u>	<u>29</u>

11.6 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2011 is given in Annexure-I .

- 11.7** Market value of securities held as collateral as at 31 December 2011 amounted to Rs. 903,516 (thousand) {2010: Rs. 1,680,105 (thousand)}. These are secured against Pakistan Investment Bonds with maturities upto 26 December 2012 at the rate 12.00% per annum (2010: ranging 8.00% to 11.00% per annum).

	Note	2011	2010
Rupees in '000			
11.8 Particulars of loans and advances to directors, associated companies, etc.			
Debts due by directors, executives or officers of the Group or any of them either severally or jointly with any other persons			
Balance at beginning of year		1,330,692	880,483
Loans granted during the year		212,754	612,035
Repayments received during the year		(252,587)	(161,826)
Balance at end of year	11.8.1	1,290,859	1,330,692
Debts due by managed modarabas			
Balance at beginning of year		941,625	973,315
Loans granted during the year		2,738,966	2,882,886
Repayments received during the year		(2,679,771)	(2,914,576)
Balance at end of year		1,000,820	941,625
		2,291,679	2,272,317

- 11.8.1** These represent staff loans given to executives and officers in accordance with their terms of employment and advances given under consumer finance schemes of the Group.

	Note	2011	2010
Rupees in '000			
12. OPERATING FIXED ASSETS			
Capital work-in-progress	12.1	82,797	53,694
Property and equipment	12.2	3,514,686	3,480,966
		3,597,483	3,534,660
12.1 Capital work-in-progress			
Civil works		42,394	16,940
Premises		30,070	30,070
Software		10,333	6,684
		82,797	53,694

12.2.1 Detail of disposal of operating fixed assets

Particulars	Cost	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
	Rupees in '000					
Honda City	1,322	969	1,160	191	As per policy	Fawazi Khawaja - Ex employee
Toyota	1,269	825	999	174	Insurance Claim	Reliance Insurance Company Limited
Cultus	699	268	375	107	As per policy	Javed Ahmed Khan - Employee
Honda City	984	361	513	152	As per policy	Mrs. Farkhunda wife of deceased employee
Pajero	4,449	-	-	-	As per service agreement	Khalid Siddique Tirmizey Deputy Chief Executive Officer
	8,723	2,423	3,047	624		
Items having book value of less than Rs. 250,000 and cost of less than Rs. 1,000,000	12,337	2,817	3,573	756		
2011	21,060	5,240	6,620	1,380		
2010	25,311	3,747	14,274	10,527		

12.2.2 Freehold land and buildings on freehold land were revalued on 31 December 2011 by M/s Indus Surveyors (Private) Limited, an independent valuer, on the basis of fair market value. This valuation resulted in surplus of Rs.683,161 thousand and Rs.357,047 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars are as follows:

Particulars	Depreciated Cost Rupees in '000	Revalued Amount Rupees in '000
Freehold land	462,013	1,145,174
Buildings on freehold land	1,217,830	1,574,877

12.2.3 Had the freehold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2011 Rupees in '000	2010 Rupees in '000
Freehold land	462,013	462,013
Buildings on freehold land	1,217,830	1,214,326

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs. 140,210 thousand (2010: Rs. 126,502 thousand).

Note	2011 Rupees in '000	2010 Rupees in '000
------	------------------------	------------------------

13. DEFERRED TAX ASSET**Taxable temporary differences:**

- Accelerated tax depreciation		37,318	(38,929)
- Revaluation surplus on operating fixed assets	24.1	(124,966)	(72,912)

Deductible temporary differences:

- Deficit on available for sale securities	24.2	121,912	68,363
- Loan loss provision	13.2	9,859,804	10,396,889
- Others		3,992,701	3,710,283
		13,886,769	14,063,694

13.1 The management based on the future projections expects that the future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

13.2 This includes deductible temporary difference on business loss amounting to Rs. 3,990,817 thousand (2010: Rs. 3,716,590 thousand).

13.3 Reconciliation of deferred tax

Balance as January 01, 2010	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2010	Recognized in profit and loss account	Re-cognized in equity	Balance as at December 31, 2011
-----Rupees in '000-----						
Taxable temporary differences:						
-Accelerated tax depreciation	(279,591)	240,662	-	(38,929)	76,247	-
-Revaluation surplus on operating fixed assets	(76,749)	3,837	-	(72,912)	3,646	(55,700)
						37,318
						(124,966)
Deductible temporary differences:						
-Deficit on available for sale securities	82,934	-	(14,571)	68,363	-	53,549
-Loan loss provision	10,358,528	38,361	-	10,396,889	(537,085)	-
-Others	1,836,024	1,874,259	-	3,710,283	282,418	-
						121,912
						9,859,804
						3,992,701
11,921,146	2,157,119	(14,571)	14,063,694	(174,774)	(2,151)	13,886,769

	Note	2011	2010
Rupees in '000			
14. OTHER ASSETS			
Income/mark-up accrued in local currency		4,030,468	3,717,178
Profit paid in advance on pehlay munafa scheme		130,253	177,095
Advances, deposits, advance rent and other prepayments	14.1	3,254,019	100,608
Advance taxation (payments less provisions)		1,167,122	1,154,383
Non-banking assets acquired in satisfaction of claims	14.2	5,905,860	4,142,920
Receivable from NITL	10.6	846,069	-
Branch adjustment account		334,818	311,964
Stock of stationery		20,284	26,668
Suspense account		7,051	451
Excise duty recoverable		-	702
Recoverable from NIT	14.3	36,790	36,790
Claim for recovery of shares	14.4	18,570	18,570
Unrealized gain on revaluation of foreign contracts		28,266	42
Others	14.5	339,005	100,763
		16,118,575	9,788,134
Less provision against:			
Excise duty recoverable		-	(1,091)
Recoverable from NIT		(36,790)	(36,790)
Fraud and forgeries		(10,904)	(9,783)
Claim for recovery of shares		(18,570)	(18,570)
	14.6	(66,264)	(66,234)
Other assets - net of provision		16,052,311	9,721,900

- 14.1** This includes Rs. 3,138,621 thousand (2010: Nil) paid as advance to M/s Pak Suzuki Motors Limited for purchase of vehicles against Self Employment Scheme for Educated Unemployed Youth.
- 14.2** The market value of properties acquired in satisfaction of claims approximates their carrying value.
- 14.3** This represents zakat deducted on dividends by NIT. The Bank has filed suit against NIT for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NIT at the court of law, the claim amount has been fully provided for.
- 14.4** This amount represents the cost of 2,785,074 shares of Sui Northern Gas Pipelines Limited (SNGPL) net of subsequent recoveries, fraudulently and unlawfully withdrawn by M/s S. H. Bukhari Securities (Private) Limited (SHB), an ex-member of Lahore Stock Exchange (Guarantee) Limited (LSE). The matter was reported to LSE and also to the Securities and Exchange Commission of Pakistan for recovery of the said shares.

The Bank has also registered an FIR with Federal Investigation Agency (FIA) to initiate criminal proceedings. The case has been transferred to National Accountability Bureau (NAB) and NAB authorities are in the process of recovery. As a matter of prudence though without prejudice to the Bank's claim against M/s S.H. Bukhari Securities (Private) Limited at various forums and the court of law, the balance claim amount has been fully provided for by the Bank.

- 14.5** This includes the amount of Rs. 37,794 (thousand) {2010: Rs. 14,867 (thousand)} relating to fraud and forgeries against which a provision of Rs. 10,904 (thousand) {2010: Rs. 9,783 (thousand)} thereon has been made.

2011 2010
Rupees in '000

14.6 Provision against other assets

Opening balance	66,234	66,553
Charge for the year	4,337	-
Reversal	(3,216)	-
	1,121	-
Amount written off	(1,091)	(319)
Closing balance	66,264	66,234
15. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
16. BILLS PAYABLE		
In Pakistan	850,569	581,100
Outside Pakistan	-	-
	850,569	581,100

	Note	2011	2010
		Rupees in '000	
17. BORROWINGS			
In Pakistan		24,959,505	11,526,783
Outside Pakistan		4,061	-
		<u>24,963,566</u>	<u>11,526,783</u>
17.1 Particulars of borrowings with respect to currencies			
In local currency		24,959,505	11,526,783
In foreign currencies		4,061	-
		<u>24,963,566</u>	<u>11,526,783</u>
17.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	4,550,210	4,798,299
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	582,840	999,119
-Long term financing facility (LTFF)	17.2.2	983,665	644,120
Repurchase agreement borrowings	17.2.3	18,842,790	5,085,245
		<u>24,959,505</u>	<u>11,526,783</u>
Unsecured			
Overdrawn nostro accounts		4,061	-
		<u>24,963,566</u>	<u>11,526,783</u>
17.2.1	These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 11.77% to 11.90% per annum (2010: 8.0% to 9.0% per annum). Maturity of the borrowing is upto 16 January 2012.		
17.2.2	This amount is due to the SBP and have been obtained for providing long term finance to customers for export oriented projects. As per the agreements with the SBP, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP.		
17.2.3	These are secured against Market Treasury Bills and Pakistan Investment Bonds and carry mark-up at rates ranging from 11.77% to 11.90% per annum (2010: 12.6% to 13.22% per annum) maturing on various dates latest by 16 January 2012.		

2011 2010
Rupees in '000

18. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
Savings deposits
Current accounts - non-remunerative
Sundry deposits, margin accounts, etc.

107,046,786	96,752,700
85,967,327	75,625,569
39,229,730	30,231,671
1,702,147	1,467,019

233,945,990 204,076,959

Financial Institutions

Remunerative deposits
Non-remunerative deposits

3,689,326	3,090,511
261,376	1,009,432

3,950,702 4,099,943

237,896,692 208,176,902

18.1 Particulars of deposits

In local currency
In foreign currencies

234,648,257 204,880,437
3,248,435 3,296,465

237,896,692 208,176,902

19. Liabilities Against Assets Subject To Finance Lease

	2011			2010		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	4,915	698	4,217	6,609	1,479	5,130
Later than one year and not later than five years	4,207	593	3,614	9,511	754	8,757
	9,122	1,291	7,831	16,120	2,233	13,887

Financial charges, included in the lease rentals, are determined on the basis of discount factors applied at the rates ranging from 15% to 25% per annum (2010: 14.62% to 15.87% per annum). The Bank has an option to purchase the assets upon completion of lease term and has the intention to exercise the option.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

Years	Note	2011 Rupees in '000	2010
2011		-	6,609
2012		4,915	5,204
2013		1,454	1,494
2014		1,455	1,495
2015		1,298	1,318
		9,122	16,120
Less: Financial charges for future periods		1,291	2,233
		7,831	13,887

20. OTHER LIABILITIES

Mark-up/ return/ interest payable in local currency		4,574,218	3,553,109
Mark-up/ return/ interest payable in foreign currency		15,056	9,279
Compensation payable on share deposit money		328,555	329,498
Accrued expenses		417,108	159,362
Unclaimed dividends		2,674	2,686
Payable to gratuity fund	37.1.1	149,201	95,370
Provision for employees compensated absences	37.1.2	186,799	184,041
Provision against off-balance sheet obligations	20.1	497,377	741,488
Excise duty payable		30	-
Others		338,995	148,319
		6,510,013	5,223,152

20.1 Provision against off-balance sheet obligations

Opening balance		741,488	1,488
Charge for the year		-	740,000
Reversal during the year		(244,111)	-
		(244,111)	740,000
Closing balance		497,377	741,488

21. Share Capital

21.1 Authorized Capital

2011 Number	2010 Number		2011 Rupees in '000	2010 Rupees in '000
<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>

21.2 Issued, subscribed and paid up share capital

2011 Number	2010 Number	Ordinary shares of Rs.10 each		2011 Rupees in '000	2010 Rupees in '000
Balance as at January 01					
19,333,340	19,333,340	Fully paid in cash		193,333	193,333
<u>509,464,036</u>	<u>509,464,036</u>	Issued as bonus shares		<u>5,094,641</u>	<u>5,094,641</u>
<u>528,797,376</u>	<u>528,797,376</u>			<u>5,287,974</u>	<u>5,287,974</u>
-	-	Issued during the year		-	-
-	-			-	-
Closing balance					
19,333,340	19,333,340	Fully paid in cash		193,333	193,333
<u>509,464,036</u>	<u>509,464,036</u>	Issued as bonus shares		<u>5,094,641</u>	<u>5,094,641</u>
<u>528,797,376</u>	<u>528,797,376</u>			<u>5,287,974</u>	<u>5,287,974</u>

21.3 Government of the Punjab (GOPb) held 51% shares in the Bank as at 31 December 2011 (2010: 51%).

22. RESERVES

	Note	2011 Rupees in '000	2010 Rupees in '000
Statutory reserve	22.1	69,595	-
Share premium reserve		37,882	37,882
Restructuring reserve	22.2	1,807,479	1,974,610
		<u>1,914,956</u>	<u>2,012,492</u>

22.1 In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profits each year to statutory reserve fund until the amount in such fund equals to the paid up share capital of the Bank.

22.2 This represents the effect of the up gradation of category of classification by one category upon rescheduling / restructuring of classified loans and advances in accordance with the BSD Circular No. 10 dated 20 October 2009.

	Note	2011	2010
		Rupees in '000	
23. SHARE DEPOSIT MONEY			
Share deposit money - I	23.1	10,000,000	10,000,000
Share deposit money - II	23.2	7,000,000	-
		17,000,000	10,000,000

23.1 This represent Rs. 10,000,000 (thousand) deposited by the Government of the Punjab in 2009 as advance subscription money as explained in Note 1.2. Return on share deposit money is payable at the rate equal to 3 months weighted average T Bill rate applicable during the period.

23.2 During the year the Bank has received share deposit money of Rs. 7,000,000 (thousand) from GOPb as explained in Note 1.2.

	Note	2011	2010
		Rupees in '000	
24. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of operating fixed assets	24.1	915,244	856,928
Deficit on revaluation of investments - available for sale securities	24.2	(277,743)	(135,935)
		637,501	720,993

24.1 Surplus on revaluation of operating fixed assets

As on 01 January		984,311	984,311
- Surplus on revaluation during the year		120,786	-
		1,105,097	984,311
Incremental depreciation			
- Opening balance		(54,471)	(43,507)
- Transferred to accumulated loss in respect of incremental depreciation charge during the year - net of tax		(6,770)	(7,127)
- Related deferred tax liability		(3,646)	(3,837)
Accumulated incremental depreciation		(64,887)	(54,471)
As on 31 December		1,040,210	929,840
Less: Related deferred tax liability			
-Opening balance		(72,912)	(76,749)
-Deferred tax on revaluation during the year		(55,700)	-
-Deferred tax recorded during the year		3,646	3,837
-Closing balance	13	(124,966)	(72,912)
		915,244	856,928

	2011	2010
	Rupees in '000	
24.2 Deficit on revaluation of investments - available for sale securities		
Federal Government Securities	(16,353)	(348,549)
Quoted Securities	(304,150)	184,634
NIT Units	-	-
Mutual Funds Units	(101,425)	(43,491)
Term Finance Certificates	22,273	3,108
	(399,655)	(204,298)
Less:		
Related deferred tax asset	121,912	68,363
	(277,743)	(135,935)

25. CONTINGENCIES AND COMMITMENTS

25.1 Direct credit substitutes

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

	2011	2010
	Rupees in '000	
- Financial institutions	-	-
- Others	664,723	853,542
	664,723	853,542

25.2 Transaction-related contingent liabilities

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

	2011	2010
	Rupees in '000	
- Government	84,510	76,136
- Financial institutions	31,705	65,383
- Others	10,135,048	12,835,832
	10,251,263	12,977,351

	2011	2010
	Rupees in '000	
25.3 Trade-related contingent liabilities		
These include letters of credit issued in favour of:		
- Government	1,353,579	727,045
- Financial institutions	-	470
- Others	5,467,269	10,956,683
	6,820,848	11,684,198
25.4 Income tax related contingency		
For the tax year 2007, the department has amended the assessment on certain issues against which the Bank filed an appeal before Commissioner of Inland Revenue Appeals {(CIT (A))}. CIT (A) has deleted addition under the head "provision for compensated absences" while confirmed others. The Bank and the Department has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order of CIT (A). The expected tax liability which may arise in respect of aforesaid tax year amounts to Rs. 333,727 thousand. The management of the Bank, based on the past case history of the Bank and on advice of its tax consultant, is confident that the appeal filed for the aforementioned tax year will be decided in the Bank's favor.		
The Company's assessments, except for the assessment year 1995-96 and 1996-97, have been finalised upto assessment year 2002-03. The Taxation Officer issued notices for finalisation of the set-aside assessment for the assessment years 1995-96 and 1996-97, which were complied with but the orders have not yet been received.		
Returns filed by the Company for tax years 2003 to 2009 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2011.		
25.5 Corporate compliance		
The Registrar Modaraba Companies and Modarabas (the Registrar), vide order dated 27 August 2009, has imposed penalty of Rs. 150 (thousand) each on the Ex-Chief Executive, one Ex-Director, one existing Director and the Company through its Chief Executive due to violation of certain provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. The Company has filed an appeal before the Appellate Bench Securities and Exchange Commission of Pakistan, which is pending adjudication.		
	2011	2010
	Rupees in '000	
25.6 Other contingencies		
Claims against the Group not acknowledged as debts	20,456,767	12,677,637
25.7 Commitments in respect of forward exchange contracts		
Purchase	2,780,846	1,364,614
Sale	1,824,957	1,138,760
	4,605,803	2,503,374
25.8 Commitments for the acquisition of operating fixed assets	14,293	4,707
26. MARK-UP/RETURN/INTEREST EARNED		
a) On loans and advances to:		
i) Customers	11,679,906	12,046,843
ii) Financial institutions	27,150	9,221
b) On investments in:		
i) Available for sale securities	8,204,215	5,499,268
ii) Held for trading securities	1,673	-
iii) Held to maturity securities	167,256	250,324
c) On deposits with financial institutions	59,865	64,327
d) On securities purchased under resale agreements	541,996	347,600
	20,682,061	18,217,583

	Note	2011	2010
Rupees in '000			
27. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		18,432,867	16,077,846
Return on share deposit money		1,323,873	1,228,681
Securities sold under repurchase agreements		1,277,284	1,272,743
Other short term borrowings		39,247	222,372
		21,073,271	18,801,642
28. GAIN ON SALE AND REDEMPTION OF SECURITIES			
NIT Units		(11,878)	(31,069)
Federal Government Securities		42,763	4,145
Mutual Funds Units		77,407	97,047
Listed Securities		220,576	219,922
Unlisted Term Finance Certificates		1,157	3,258
		330,025	293,303
29. OTHER INCOME			
Rent on lockers		32,700	26,686
Net profit on sale of property and equipment	12.2.1	1,380	10,527
Service charges		166,038	164,695
Others		293,985	271,147
		494,103	473,055
30. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		1,990,226	1,766,095
Contribution to defined contribution plans		79,277	71,324
Provision for gratuity	37.1.1	53,831	45,507
Provision for compensated absences	37.1.2	2,826	21,717
Non-executive directors' fees	38	2,375	2,175
Taxes, insurance, electricity, etc.		191,275	159,699
Legal and professional charges		29,286	25,290
Communications		77,550	93,452
Repairs and maintenance		97,209	74,409
Rent for bank premises	30.1	218,818	198,649
Finance charge on leased assets		1,475	2,332
Stationery and printing		103,322	77,973
Advertisement and publicity		97,794	18,575
Auditors' remuneration	30.2	8,989	5,423
Depreciation	12.2	328,798	323,771
Traveling		35,829	43,073
Vehicle expenses		216,695	179,854
Cash remittance charges		39,615	35,184
Bank charges		103,803	81,204
Others		280,224	209,343
		3,959,217	3,435,049

30.1 Operating lease

Operating lease rentals are charged in profit and loss account on a time proportion basis over the term of lease agreements.

30.2 Auditors' remuneration

2011 2010
Rupees in '000

Audit fee	1,750	1,750
Fee for audit of subsidiary - Hameed Chaudhary & Co.	53	58
Special certifications, half yearly review and others	5,475	1,955
Out-of-pocket expenses	1,711	1,660
	8,989	5,423
31. OTHER CHARGES		
Penalties imposed by SBP	205	1,605
32. TAXATION		
For the year		
Current	-	-
Deferred	174,774	(2,157,119)
	174,774	(2,157,119)
For the prior year		
Current	5	1,461
Deferred	-	-
	5	1,461
	174,779	(2,155,658)
32.1	Due to carry forward business losses, numerical reconciliation between tax expense and accounting profit has not been presented.	
33. BASIC EARNINGS / (LOSS) PER SHARE		
Basic earnings / (loss) per share - after tax		
Profit / (Loss) for the year - Rupees in thousand	294,924	(4,046,554)
Weighted average number of ordinary shares - Number	528,797,376	528,797,376
Basic earnings / (loss) per share - after tax - Rupees	0.56	(7.65)
34. DILUTED EARNINGS / (LOSS) PER SHARE		
There is no dilution effect on basic earnings per share.		

	Note	2011	2010
Rupees in '000			
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	16,698,333	14,069,601
Balance with other banks	8	3,607,107	3,276,234
Call money lending	9	195,000	-
Overdrawn nostro accounts	17.2	(4,061)	-
		20,496,379	17,345,835
36. STAFF STRENGTH			
Permanent		3,809	3,604
Temporary/on contractual basis		865	861
Deputed staff		1	1
Bank's own staff strength at the end of the year		4,675	4,466
Outsourced		-	-
Total Staff Strength		4,675	4,466

37. EMPLOYEE BENEFITS**37.1 Defined benefit plans****37.1.1 Gratuity**

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement which is equal to one month's last drawn basic salary for each year of eligible service or part thereof subject to minimum of five years of service. The Bank makes annual provision in the consolidated financial statements for its liabilities on the basis of actuarial valuation.

Principal actuarial assumptions

The principal actuarial assumptions have been given in note 6.8.2 to these consolidated financial statements.

	2011	2010
Rupees in '000		
Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	181,818	129,422
Fair value of plan assets	(39,580)	(38,463)
Benefit payments payable	6,963	4,411
	149,201	95,370
Movement in payable to defined benefit plan		
Opening balance	95,370	49,863
Charge for the year	53,831	45,507
Closing balance	149,201	95,370

	2011	2010
	Rupees in '000	
Changes in present value of defined benefit obligations		
Opening balance	129,422	87,196
Current service cost	56,200	51,460
Interest cost	16,825	10,462
Benefits payable	(3,561)	(4,411)
Benefit paid	(2,291)	(2,145)
Actuarial gain	(14,777)	(13,140)
	181,818	129,422
Changes in fair value of plan assets		
Opening balance	38,463	37,333
Expected return on plan assets	5,000	4,480
Contributions made	-	-
Benefits paid	(3,300)	(2,145)
Actuarial loss	(583)	(1,205)
	39,580	38,463
Charge for defined benefit plan		
Current service cost	56,200	51,460
Interest cost	16,825	10,462
Expected return on plan assets	(5,000)	(4,480)
Net actuarial losses recognized	(14,194)	(11,935)
	53,831	45,507
Actual return on plan assets	4,417	3,275
Composition of fair value of plan assets		
NIT Government Bond Fund	31,327	28,009
Cash at bank	8,253	10,454
	39,580	38,463

37.1.2 Compensated absences

The Bank makes annual provision in the consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The actuary has used "Projected Unit Credit Method" for calculations. The employees of the Bank are entitled to take the leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days gross salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

Principal actuarial assumptions

The principal actuarial assumptions have been given in note 6.9.3 to these financial statements.

	2011	2010
	Rupees in '000	
Present value of defined benefit obligation	186,799	184,041
Movement in payable to defined benefit plan		
Opening balance	184,040	164,352
Charge for the year	2,826	21,717
Benefit paid	(67)	(2,028)
Closing balance	186,799	184,041
Charge for defined benefit plan		
Current service cost	15,936	16,478
Interest cost	23,926	19,668
Actuarial gains recognized	(37,036)	(14,429)
	2,826	21,717

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

	2011	2010	2009	2008	2007
	-----Rupees in '000'-----				
Opening net liability	184,041	164,352	142,518	115,594	93,804
Net charge for the year	2,758	19,689	21,834	26,924	21,790
	186,799	184,041	164,352	142,518	115,594

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including benefits to the Chairman, President/Chief Executive Officer, Directors and Executives of the Group was as follows:

	Chairman		President/ Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rupees in '000							
Fees	-	-	-	-	2,375	2,175*	-	-
Managerial remuneration	-	321	14,268	14,268	-	-	190,352	182,543
Bonus **	-	-	2,378	2,378	-	-	31,579	29,356
Contribution to defined contribution plan	-	-	-	-	-	-	-	82
Rent and house maintenance	-	-	1,332	1,332	-	-	72,257	69,294
Utilities	-	-	1,200	1,200	-	-	18,436	17,561
Medical	-	-	-	-	-	-	17,993	17,387
Other allowances	1,084	-	3,000	1,000	-	-	40,063	11,759
	<u>1,084</u>	<u>321</u>	<u>22,178</u>	<u>20,178</u>	<u>2,375</u>	<u>2,175</u>	<u>370,680</u>	<u>327,982</u>
Number of persons	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>14</u>	<u>218</u>	<u>208</u>

* This represents the fee paid to non-executive directors for attending the Board meetings.

** This represents regular bonus paid to staff on eve of Eids as per the Group's policy.

President / Chief Executive Officer and Executives are provided with free use of the Group's maintained cars. In addition to the above, contribution to defined contribution plan has also been made in accordance with the Group's policy.

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

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair values.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

	2011		2010	
	Book value	Fair value	Book value	Fair value
	Rupees in '000		Rupees in '000	
On balance sheet financial instruments				
Assets				
Cash and balances with treasury banks	16,698,333	16,698,333	14,069,601	14,069,601
Balances with other banks	3,607,107	3,607,107	3,276,234	3,276,234
Lendings to financial institutions	7,447,375	7,447,375	7,309,587	7,309,587
Investments - net	92,492,813	92,253,240	56,359,404	55,975,785
Advances - net	127,107,501	127,107,501	120,769,694	120,796,694
Other assets	5,567,722	5,567,722	4,119,775	4,119,775
	<u>252,920,851</u>	<u>252,681,278</u>	<u>205,904,295</u>	<u>205,547,676</u>
Liabilities				
Bills payable	850,569	850,569	581,100	581,100
Borrowings	24,963,566	24,963,566	11,526,783	11,526,783
Deposits and other accounts	237,896,692	237,896,692	208,176,902	208,176,902
Liabilities against assets subject to finance lease	7,831	7,831	13,887	13,887
Other liabilities	6,510,013	6,510,013	5,223,152	5,223,152
	<u>270,228,671</u>	<u>270,228,671</u>	<u>225,521,824</u>	<u>225,521,824</u>
Off balance sheet financial instruments				
Forward sale of foreign exchange contracts	1,824,957	2,390,358	1,138,760	1,135,062
Forward purchase of foreign exchange contracts	2,780,846	2,283,385	1,364,614	1,350,030

Investments

All quoted investments have been stated at their market values except securities classified as held to maturity, which have been valued at their amortized cost. These held to maturity securities have market value of Rs. 1,744,023 (thousand) {2010: Rs.1,768,014 (thousand)}. All unquoted investments have been stated at cost less provision for impairment if any, being their estimated fair values.

Advances

Fair value of advances can not be determined with reasonable accuracy due to absence of current and active market. Advances are repriced frequently at market rates and are reduced for any impairment against non-performing advances determined in accordance with Prudential Regulations by the SBP.

Deposits and other accounts

The fair value of long term fixed deposits of over one year can not be calculated with sufficient reliability due to non-availability of relevant active market. Carrying values of deposits other than long term fixed deposits approximate their fair values as they are short term in nature or are frequently repriced.

Other financial instruments

The fair value of all other on-balance sheet and off-balance sheet financial instruments are considered to approximate their book value as they are short-term in nature.

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000					
2011						
Total income	9,801,017	1,198,608	11,163,713	428,747	79,684	22,671,769
Total expenses	3,766,668	3,735,045	14,617,125	70,154	13,038	22,202,030
Income taxes	-	-	-	-	-	174,779
Net income / (loss)	6,034,349	(2,536,437)	(3,453,412)	358,593	66,646	294,960
Segment assets (gross)	122,780,738	8,838,480	164,819,206	-	-	296,438,424
Segment non performing loans / investments	3,807,960	2,713,435	70,930,237	-	-	77,451,632
Segment provision required	3,807,960	1,424,690	24,898,671	-	-	30,131,321
Segment liabilities	23,497,723	39,256,981	207,473,967	-	-	270,228,671
Segment return on net assets (ROA) (%)	14.47%	23.57%	15.86%	-	-	-
Segment cost of funds (%)	13.81%	9.76%	10.22%	-	-	-
2010						
Total income	7,025,486	1,103,814	11,541,211	357,434	75,084	20,103,029
Total expenses	6,334,556	2,851,201	17,029,789	74,124	15,571	26,305,241
Income taxes	-	-	-	-	-	(2,155,658)
Net income / (loss)	690,930	(1,747,387)	(5,488,578)	283,310	59,513	(4,046,554)
Segment assets (gross)	82,823,069	8,178,226	155,802,262	-	-	246,803,557
Segment non performing loans / investments	3,316,883	2,512,493	74,881,435	-	-	80,710,811
Segment provision required	3,316,883	1,066,010	28,254,455	-	-	32,637,348
Segment liabilities	13,703,087	33,850,281	177,968,456	-	-	225,521,824
Segment return on net assets (ROA) (%)	11.75%	21.46%	16.93%	-	-	-
Segment cost of funds (%)	12.52%	9.81%	10.61%	-	-	-

41. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders/members. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables. Amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in Note 38.

	2011	2010
	Rupees in '000	
First Punjab Modaraba (Modaraba floated by the wholly owned subsidiary of the Bank)		
Advances		
Outstanding at beginning of the year	941,625	973,315
Loans granted during the year	2,738,966	2,882,886
Repayments received during the year	(2,679,771)	(2,914,576)
Outstanding at the end of the year	<u>1,000,820</u>	<u>941,625</u>
Provision for doubtful debts		
Mark-up/return earned	<u>128,429</u>	<u>131,840</u>
Deposits in current account	<u>32,365</u>	<u>27,174</u>
Placement		
Outstanding at beginning of the year	300,000	300,000
Made during the year	300,000	300,000
Repaid/matured during the year	(300,000)	(300,000)
Outstanding at the end of the year	<u>300,000</u>	<u>300,000</u>
Mark-up/return earned	<u>31,786</u>	<u>39,284</u>
Lease liability		
Outstanding at beginning of the year	13,887	19,907
Lease contracts entered into during the year	5	6,236
Repaid during the year	(6,061)	(12,256)
Outstanding at the end of the year	<u>7,831</u>	<u>13,887</u>
Key Management Personnel		
Deposits		
Opening balances	12,623	13,006
Received during the year	177,144	228,748
Withdrawal during the year	(167,039)	(229,131)
Closing Balances	<u>22,728</u>	<u>12,623</u>

	2011	2010
	Rupees in '000	
Mark-up / interest expensed	<u>319</u>	<u>343</u>
Bankers Avenue Co-operative Housing Society		
(A co-operative society managed by key management personnel of the Bank)		
Deposits in saving account	<u>2,536</u>	<u>14,728</u>
Contribution to Employees Provident Fund	<u>60,310</u>	<u>54,012</u>

Although Government of the Punjab (GOPb) holds 51% shares of the Bank (2010: 51%) transactions with GOPb have not been treated as related party transactions for the purpose of this disclosure.

42. CAPITAL ADEQUACY

42.1 Scope of application

The Bank is the only entity in the Group to which Basel II capital adequacy framework applies. The Bank has only one subsidiary; Punjab Modaraba Services (Private) Limited, whose financial statements are included in the consolidated financial statements.

42.2 Capital adequacy

The Basel II Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and also on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the 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.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by 31 December 2013 in a phased manner. The Bank plans to increase its paid up share capital, through right issue, to comply with the aforesaid requirement. The paid-up capital requirement (net of losses) as at 31 December 2011 is Rs. 8 billion. The Bank's paid-up capital (net of losses) as at 31 December 2011 is Rs. 8.22 billion, including share deposit money of Rs.17 billion deposited by the GOPb.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% of their risk weighted assets. The Group's capital adequacy ratio as at 31 December 2011 is 7.23%. The SBP has given relaxation to the Bank for minimum required CAR as explained in Note 1.2.

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

- ③ 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.
- ③ Tier II capital, which includes general reserve for loan losses, revaluation reserves, exchange translation reserves and subordinated debts.
- ③ 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.

The Bank calculates capital requirement as per Basel II regulatory framework, using the following approaches:

Credit risk	Standardised Approach
Market risk	Standardised Approach
Operational risk	Basic Indicator Approach

	2011	2010
	Rupees in '000	
Tier I Capital		
Paid up capital	5,287,974	5,287,974
Share premium account	37,882	37,882
Share deposit money	17,000,000	10,000,000
Statutory reserve	69,595	-
Accumulated loss	(14,179,410)	(14,411,509)
	8,216,041	914,347
Deductions:		
Deficit on account of revaluations	399,655	204,298
	7,816,386	710,049
Tier II Capital		
General provisions subject to 1.25% of total Risk Weighted Assets	1,690,715	1,638,380
Revaluation reserve (upto 45%)	286,875	324,447
	1,977,590	1,962,827
	1,977,590	1,962,827
Tier III Capital		
	-	-
Total Eligible Capital	9,793,976	1,420,098

	2011 Rupees in '000 Capital Requirements	2010	2011 Rupees in '000 Risk Weighted Assets	2010
Credit Risk				
Claim on :				
Public sector entities	101,010	-	1,010,098	-
Claim on banks	64,111	65,329	641,108	653,290
Claims denominated in foreign currency, on banks with original maturity of 3 months or less	11,166	26,518	111,656	265,177
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	131,323	56,781	1,313,226	567,806
Corporates	5,366,866	5,848,044	53,668,655	58,480,444
Retail portfolio	893,273	88,793	8,932,726	887,930
Loans secured by residential property	16,864	22,781	168,639	227,809
Past due loans	2,190,823	2,578,428	21,908,226	25,784,281
Investment in fixed assets	359,748	353,466	3,597,483	3,534,660
Other assets	2,874,776	1,968,508	28,747,755	19,685,076
Off balance sheet - non-market related exposure	544,060	237,482	5,440,602	2,374,824
Off balance sheet - market related exposure	2,145	503	21,445	5,029
Equity exposure risk held in the Banking book	2,052	2,326	20,520	23,256
	12,558,217	11,248,959	125,582,139	112,489,582
Market Risk				
Interest rate risk	5,732	547	71,650	6,838
Equity position risk	363,611	616,307	4,545,138	7,703,838
Foreign exchange risk	6,436	11,719	80,450	146,488
	375,779	628,573	4,697,238	7,857,163
Operational Risk	411,422	857,894	5,142,773	10,723,671
Total	13,345,418	12,735,426	135,422,150	131,070,416

Capital Adequacy Ratio (CAR)

	2011 Rupees in '000	2010
Total eligible regulatory capital held	9,793,976	1,420,098
Total Risk Weighted Assets	135,422,150	131,070,417
CAR	7.23%	1.08%

43. RISK MANAGEMENT

The principal risks associated with the Banking business are credit risk, market risk, liquidity risk and operational risk.

43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Bank manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Bank's credit process currently entails assessment of credit worthiness of potential customers, pre-sanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Bank will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

The Bank uses the ratings issued by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) for its exposures. These External Credit Assessments Institutions (ECAIs) have been approved by the SBP.

The Bank has not transferred public issue ratings, issued by PACRA and JCR-VIS, onto comparable assets in the banking book in its calculations, instead ECAI ratings and ECA scores are aligned with risk buckets as determined by the SBP.

Credit exposures subject to Standardized Approach:

Risk buckets	Amount Outstanding/ credit equivalent (rated and unrated)	Credit Risk Mitigation (CRM) deduction	Net Amount
..... (Rupees in '000)			
0%	117,908,580	1,125,476	116,783,104
20%	13,200,749	2,809,713	10,391,036
35%	481,825	-	481,825
50%	15,067,366	4,627,506	10,439,860
75%	17,180,110	3,003,720	14,176,390
100%	89,695,962	13,912,635	75,783,327
150%	43,294,402	22,161,240	21,133,162
	296,828,994	47,640,290	249,188,704

43.1.1 Segments by class of business

	2011					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agribusiness	4,082,934	2.66	8,355,086	3.51	-	-
Textile and ginning	43,497,514	28.35	1,200,442	0.50	2,035,601	11.48
Cement	5,197,402	3.39	177,022	0.07	261,134	1.47
Sugar	6,433,062	4.19	1,228,470	0.52	116,311	0.66
Financial	1,488,490	0.98	3,950,694	1.66	31,705	0.18
Construction and real estate	9,176,214	5.98	6,104,149	2.57	2,899,727	16.35
Oil and gas	700,006	0.46	2,124,518	0.89	446,084	2.52
Auto & allied	1,980,399	1.29	37,097	0.02	117,911	0.66
Food and allied	6,904,781	4.50	608,610	0.26	394,788	2.23
Chemical and pharmaceuticals	2,979,458	1.94	482,335	0.20	890,189	5.02
Fertilizers	3,159,096	2.06	3,945,895	1.66	484,156	2.73
Cable, electrical and engineering	10,284,136	6.70	654,525	0.28	1,432,766	8.08
Production and transmission of energy	4,455,829	2.90	613,231	0.26	513,163	2.89
Transport, Storage and Communication	3,364,429	2.19	4,423,348	1.86	1,023,666	5.77
Government						
- Public Sector Enterprises	1,195,884	0.78	13,633,090	5.73	2,858,265	16.11
- Federal and Provincial Governments	19,040,538	12.41	123,413,366	51.88	1,438,089	8.11
Individuals	2,715,683	1.77	45,555,615	19.15	-	-
Trading and commerce	13,466,806	8.78	4,503,168	1.89	497,242	2.80
Services	5,078,243	3.31	5,946,530	2.50	169,187	0.95
Others	8,229,958	5.36	10,939,501	4.59	2,126,850	11.99
	<u>153,430,862</u>	<u>100.00</u>	<u>237,896,692</u>	<u>100.00</u>	<u>17,736,834</u>	<u>100.00</u>

43.1.2 Segment by sector

	2011					
	Advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public Sector / Government	20,236,422	13.19	137,046,456	57.61	4,296,354	24.22
Private	133,194,440	86.81	100,850,236	42.39	13,440,480	75.78
	<u>153,430,862</u>	<u>100.00</u>	<u>237,896,692</u>	<u>100.00</u>	<u>17,736,834</u>	<u>100.00</u>

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

	2011		2010	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Agribusiness	2,078,059	1,101,669	1,944,227	710,154
Textile and ginning	29,311,289	10,290,153	28,503,519	11,146,682
Cement	4,308,146	2,129,450	4,337,585	2,303,988
Sugar	744,263	312,231	1,650,864	624,400
Financial	1,380,865	236,126	1,305,920	255,850
Construction and real estate	8,015,606	3,210,455	9,750,324	4,048,372
Oil and gas	194,855	81,854	146,117	81,103
Auto & allied	1,968,460	773,094	2,055,688	771,123
Food and allied	2,829,003	1,473,723	3,052,340	1,532,875
Chemical and pharmaceuticals	376,217	79,149	448,636	269,394
Fertilizers	64,598	12,052	57,838	19,901
Cable, electrical and engineering	4,844,162	257,379	5,733,675	808,953
Production and transmission of energy	1,581,211	454,868	2,353,838	455,174
Transport, Storage and Communication	206,454	177,983	250,052	196,329
Government:				
- Public Sector Enterprises	-	-	-	-
- Federal and Provincial Governments	-	-	-	-
Individuals	439,014	234,754	368,655	265,800
Trading and commerce	9,515,134	3,405,899	9,509,721	3,510,751
Services	2,357,181	666,314	2,374,222	836,843
Others	3,429,155	1,405,941	3,550,707	1,463,766
	73,643,672	26,303,094	77,393,928	29,301,458

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

Public Sector / Government	-	-	-	-
Private	73,643,672	26,303,094	77,393,928	29,301,458
	73,643,672	26,303,094	77,393,928	29,301,458

43.1.5 Geographical segment analysis

A geographical segment analysis has not been presented since the Group's operations are restricted to Pakistan only.

43.2 Market risk

Market risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. The Group's market risk can be further classified into interest rate risk, foreign exchange risk and equity position risk.

43.2.1 Interest rate risk management

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to yield/interest rate risk for its investing and/or financing activities where any major fluctuation in the market interest rate/yield can affect both the value of the financial instrument as well as the profitability of the Group. To minimize this risk the Group's Assets and Liabilities Committee (ALCO) keeps a constant watch on the interest rate scenario in the country and on regular intervals reviews pricing mechanism for assets and liabilities of the Group.

43.2.1.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

2011												
Exposed to Yield / Interest risk												
Effective yield / interest rate	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 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	2.59%	16,698,333	549,676	-	-	-	-	-	-	-	-	16,148,657
Balances with other banks	7.24%	3,607,107	867,551	17,429	-	-	-	-	-	-	-	2,722,127
Lending to financial institutions	13.10%	7,447,375	6,997,710	449,665	-	-	-	-	-	-	-	-
Investments	12.46%	92,492,813	1,560,573	4,887,066	17,023,107	55,743,005	512,808	1,650,000	3,420,340	5,175,000	350,000	2,170,914
Advances	7.85%	127,107,501	44,843,306	80,600,659	1,652,900	-	-	-	-	-	-	10,636
Other assets	-	5,567,722	-	-	-	-	-	-	-	-	-	5,567,722
		<u>252,920,851</u>	<u>54,818,816</u>	<u>85,954,819</u>	<u>18,676,007</u>	<u>55,743,005</u>	<u>512,808</u>	<u>1,650,000</u>	<u>3,420,340</u>	<u>5,175,000</u>	<u>350,000</u>	<u>26,620,056</u>
Liabilities												
Bills payable	-	850,569	-	-	-	-	-	-	-	-	-	850,569
Borrowings	12.57%	24,963,566	19,452,179	2,879,451	1,652,900	67,308	39,386	30,933	796,633	40,715	-	4,061
Deposits and other accounts	8.57%	237,896,692	15,972,568	115,272,980	25,942,357	37,199,481	1,597,133	431,828	53,298	-	-	41,427,047
Liabilities against assets subject to finance lease	19.02%	7,831	7,831	-	-	-	-	-	-	-	-	-
Other liabilities	-	6,510,013	-	-	-	-	-	-	-	-	-	6,510,013
		<u>270,228,671</u>	<u>35,432,578</u>	<u>118,152,431</u>	<u>27,595,257</u>	<u>37,266,789</u>	<u>1,636,519</u>	<u>462,761</u>	<u>849,931</u>	<u>40,715</u>	<u>-</u>	<u>48,791,690</u>
On-balance sheet gap		<u>(17,307,820)</u>	<u>19,386,238</u>	<u>(32,197,612)</u>	<u>(8,919,250)</u>	<u>18,476,216</u>	<u>(1,123,711)</u>	<u>1,187,239</u>	<u>2,570,409</u>	<u>5,134,285</u>	<u>350,000</u>	<u>(22,171,634)</u>
Off-balance sheet financial instruments												
Forward foreign exchange contracts												
- purchase		2,780,846	1,728,052	426,520	599,148	27,126	-	-	-	-	-	-
- sale		1,824,957	1,191,264	534,487	99,206	-	-	-	-	-	-	-
Off-balance sheet gap		<u>4,605,803</u>	<u>2,919,316</u>	<u>961,007</u>	<u>698,354</u>	<u>27,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total yield/interest risk sensitivity gap			<u>22,305,554</u>	<u>(31,236,605)</u>	<u>(8,220,896)</u>	<u>18,503,342</u>	<u>(1,123,711)</u>	<u>1,187,239</u>	<u>2,570,409</u>	<u>5,134,285</u>	<u>350,000</u>	<u>(22,171,634)</u>
Cumulative yield/interest risk sensitivity gap			<u>22,305,554</u>	<u>(8,931,051)</u>	<u>(17,151,947)</u>	<u>1,351,395</u>	<u>227,684</u>	<u>1,414,923</u>	<u>3,985,332</u>	<u>9,119,617</u>	<u>9,469,617</u>	<u>(12,702,017)</u>

43.2.2 Foreign exchange risk management

The Group's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Group manages its foreign exchange exposure by matching foreign currency assets and liabilities. The net open position and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration.

	2011			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency
	Rupees in '000			
Pakistan Rupee	279,580,130	266,976,175	(955,889)	11,648,066
United States Dollar	883,915	2,307,605	465,695	(957,995)
Great Britain Pound	170,001	532,479	243,337	(119,141)
Japanese Yen	2,240	-	(800)	1,440
Euro	243,096	412,412	247,657	78,341
Others	10,310	-	-	10,310
	280,889,692	270,228,671	-	10,661,021

43.2.3 Equity position risk

Equity position risk arises from exposure to securities that represent an ownership interest in a company in the form of ordinary shares or other equity-linked instruments. The instruments held by the Group that would lead to this exposure include, but are not limited to, the following:

- Shares of listed and unlisted companies
- Preference shares falling on equity criteria
- Equity-based mutual funds

These investments are carried at fair market value with regular revaluations. The Group prefers to hold long-term exposures for securities held in 'available for sale' category to avoid seasonal or cyclical downfalls in the prices of such securities.

43.3 Liquidity Risk

43.3.1 Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Group's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Group manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Group are given significant importance.

43.3.2 Maturities of Assets and Liabilities

	2011									
	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	16,698,333	16,698,333	-	-	-	-	-	-	-	-
Balances with other banks	3,607,107	3,607,107	-	-	-	-	-	-	-	-
Lending to financial institutions	7,447,375	6,997,710	449,665	-	-	-	-	-	-	-
Investments	92,492,813	1,467,265	697,217	14,985,142	56,501,308	1,647,675	2,313,070	9,023,353	5,431,330	426,453
Advances	127,107,501	44,843,306	22,720,442	6,999,424	9,638,095	5,127,005	6,628,782	10,912,670	19,190,104	1,047,673
Operating fixed assets	3,597,483	18,322	36,644	54,966	109,932	219,864	219,864	439,728	1,099,320	1,398,843
Deferred tax assets	13,886,769	-	-	-	-	-	-	13,886,769	-	-
Other assets	16,052,311	5,617,452	3,232,033	93,045	7,109,781	-	-	-	-	-
	280,889,692	79,249,495	27,136,001	22,132,577	73,359,116	6,994,544	9,161,716	34,262,520	25,720,754	2,872,969
Liabilities										
Bills payable	850,569	850,569	-	-	-	-	-	-	-	-
Borrowings	24,963,566	19,456,240	2,879,451	1,652,900	67,308	39,386	30,933	796,633	40,715	-
Deposits and other accounts	237,896,692	38,876,473	45,516,576	38,553,721	49,810,845	14,208,497	13,043,192	12,664,662	12,611,364	12,611,362
Liabilities against assets subject to finance lease	7,831	323	660	1,022	2,021	1,084	1,269	1,452	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,510,013	5,442,771	-	-	602,069	-	-	465,173	-	-
	270,228,671	64,626,376	48,396,687	40,207,643	50,482,243	14,248,967	13,075,394	13,927,920	12,652,079	12,611,362
Net assets	10,661,021	14,623,119	(21,260,686)	(18,075,066)	22,876,873	(7,254,423)	(3,913,678)	20,334,600	13,068,675	(9,738,393)
Share capital	5,287,974									
Reserves	1,914,956									
Accumulated loss	(14,179,410)									
Share deposit money	(6,976,480)									
	17,000,000									
	10,023,520									
Surplus on revaluation of assets	637,501									
	10,661,021									

43.3.3 Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Bank has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

44. Date of authorization for issue

These consolidated financial statements were authorized for issue on 29 March 2012 by the Board of Directors of the Bank.

45. General

45.1 These consolidated financial statements have been prepared in accordance with the revised forms of annual financial statements of commercial banks issued by SBP vide BSD Circular No. 04 dated 17 February 2006.

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

45.3 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison.

Chairman

President

Director

Director

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2011

Annexure-I

Rs in '000

S. No.	Name and address of the borrower	Name of Individuals/Partners/Directors with CNIC No.	Father's/Husband's name	Branch Name	Region	Outstanding liabilities at beginning of year				Principal written off	Interest /Mark-up /Other Charges capitalized written-off	Interest /Mark-up written-off	Other financial relief provided	Total
						Principal	Interest/Mark-up /Other charges capitalized	Interest/ mark-up	Others					
1	SMM SECURITIES (PVT) LTD Suit # 1, 4th Floor, Al-Latif Centre, Main Boulevard Lahore.	Abad-ur-Rahman (33100-0998397-7) Jawad Ahmad Butt (34101-2580923-5)	Ilam Deen M. Nazir Butt	Model Town Branch, Lahore	Lahore	140,000	-	20,283	-	160,283	-	6,316	-	6,316
2 (*)	Anmol Company 25 - Warris Road, Lahore.	Faisal Farooq (35202-2895477-1) Ahmer Farooq (35202-5249114-7) Fahad Farooq (35202-7226827-5) Omer Farooq (35202-9015078-3)	Farooq Ahmed Farooq Ahmed Farooq Ahmed Farooq Ahmed	Main Branch, Lahore	Corporate	110,445	-	23,482	-	133,927	-	32,575	-	32,575
3 (*)	Faisal Farooq 161 Shadman, Lahore.	Faisal Farooq (35202-2895477-1)	Farooq Ahmed	Main Branch, Lahore	Corporate	167,725	-	30,914	-	198,639	-	44,717	-	44,717
						418,170	-	74,679	-	492,849	-	83,608	-	83,608

(*) Principal liability settled prior to close of the year. However, adjustment of mark up written-off accounted for subsequent to the year end.

Annexure-II

1. Ordinary shares / certificates of listed companies and modarabas - at cost

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
Held for Trading				
-	-	Arif Habib Securities Limited	-	-
-	50,000	Engro Corporation Limited	-	9,686
-	-	Jahangir Siddiqui Bank Limited	-	-
-	100,000	Lucky Cement Limited	-	7,526
-	2,100,000	National Bank of Pakistan	-	143,311
-	1,000,000	Nishat Power Limited	-	16,206
-	50,000	Pakistan State Oil	-	14,831
-	-	PTCL-A	-	-
			-	191,560
Available-for-sale				
70,500	70,500	(Colony) Sarhad Textile Mills Limited	16	16
498,346	518,516	Abbot Laboratories (Pakistan) Limited	48,838	50,815
98,000	98,000	Accord Textile Limited	59	59
12,600	12,600	Adamjee Floorings *	-	-
28,500	28,500	Adil Polypropylene Limited	-	-
57,700	57,700	Adamjee Papers *	-	-
13,700	13,700	Afsar Textile Mills	-	-
13,200	13,200	Al-Hussany Industries Limited *	-	-
40,500	40,500	Arag Industries Limited *	-	-
305,287	305,287	Al- Abbas Sugar Mills Limited	27,567	27,567
168,647	168,647	Al-Abbas Cement Ind Limited	1,599	1,599
243,841	243,841	Al-Abid Silk Mills Limited	10,158	10,158
68,500	68,500	Alif Textile Mills Limited *	-	-
250,000	-	Allied Bank Limited	16,037	-
-	126,844	Al-Noor Sugar Mills Limited	-	3,676
77,000	77,000	Al-Qaim Textile Mills Limited	85	85
-	134,866	Altern Energy Limited	-	1,482
4,500	4,500	Amazai Textile Mills Limited *	2	2
60,500	60,500	Apex Fabrics Limited *	-	-
14,504	14,504	Aruj Garment Accessories Limited	112	112
8,500	8,500	Aslo Electronics	-	-
244,000	244,000	Asim Textile Mills Limited	634	634
13,398,640	7,425,000	Askari Bank Limited	224,617	140,695
36,200	36,200	Aswan Tentage Limited *	-	-
-	3,587,638	Atlas Bank Limited	-	9,974
-	5,385	Atlas Engineering Limited *	-	99
-	35,928	Atlas Honda Limited	-	4,452
13,377	13,377	Attock Cement Pak Limited	951	951
-	125,000	Attock Refinery Limited	-	15,384
45,500	45,500	Awan Textile Mills Limited	-	-
44,500	44,500	Ayaz Textile Mills Limited	-	-
-	20,000	Azam Textile Mills Limited	-	32
5,000,000	1,100,000	Azgard Nine Limited	56,524	13,097
-	89,160	B. F. Modaraba	-	356
14,000	14,000	Bahawalpur Textile Mills Limited	-	-
167,500	167,500	Baluchistan Particle Board Limited	184	184
-	340,689	Baluchistan Wheels Limited	-	11,004
1,591,508	8,700,000	Bank Al-Falah Limited	17,485	94,868
2,539,525	9,363,519	Bank Al-Habib Limited	68,868	271,168
72,705	72,705	Bankislami Pak	420	420
-	231,717	Bata Pakistan Limited	-	165,678
57,500	57,500	Bela Engineering Limited	-	-
623,500	623,500	Bankers Equity *	-	-
132,220	132,220	Berger Paints Pakistan Limited	3,082	3,082
16,000	16,000	Balochistan Tower	-	-
212,923	206,845	Boc (Pak) Limited	26,778	26,240
100,000	100,000	Brothers Textile Mills Limited	51	51
-	190,000	Brr Guardian Modaraba	-	378

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
18,100	18,100	Bawany Textile Mills *	-	-
400,751	-	Burshane Lpg (Pakistan) Ltd	19,520	-
37,493	37,493	Buxly Paints Limited	652	652
11,000	11,000	Casspak Industries Limited	-	-
7,500	7,500	Central Cotton *	-	-
2,000	2,000	Charsada Sugar	-	-
50	50	Charsada Sugar Pref Shares	-	-
9,400	9,400	Chilya C. Board *	-	-
2,729,464	2,729,464	Cherat Cement Company Limited	32,208	32,208
17,500	17,500	Crescent Knitwear	-	-
-	332,176	Clariant Pakistan Limited	-	55,194
325,590	325,590	Colony Mills Limited	2,387	2,387
71,829	71,829	Colony Sugar Mills	606	606
182,456	182,456	Crescent Fibres Limited	2,427	2,427
314,853	314,853	Crescent Jute Proudcts Limited	394	394
156,000	156,000	Crescent Spinning Mills Limited	-	-
725,000	801,192	Crescent Steel & Allied	19,585	21,568
-	224,374	Crescent Sugar Mills And Distillery Limited	-	1,571
440,811	440,811	Crescent Textile Mills Limited	12,563	12,563
68,000	68,000	Crown Textile *	-	-
-	65,026	D. M. Textile Mills Limited	-	156
3,468,418	-	D.G.Khan Cement Co.Ltd	84,063	-
190,051	190,051	D.S. Industries Limited	582	582
15,000	15,000	Dadabhoy Construction Technology Limited	26	26
79,500	79,500	Dadabhoy Leasing Company Limited *	-	-
-	41,587	Dar-Es-Salaam Textile Mills Limited	-	104
21,000	21,000	Data Agro Limited	-	-
119,286	119,286	Data Textile Limited	50	50
142,045	142,045	Dawood Capital Management Limited	369	369
353,996	50,206	Dawood Hercules Chemicals	23,259	10,533
56,859	49,443	Dawood Lawrancepur Limited	2,918	2,918
-	111,418	Descon Chemicals	-	407
1,027,047	1,027,047	Dewan Cement Limited	3,174	3,174
59,804	59,804	Dewan Khalid Textile Mills Limited	149	149
-	51,446	Dewan Mushtaq Textile Mills Limited	-	170
-	6,373	Din Textile Mills Limited	-	-
350,000	350,000	Dynea Pakistan	4,176	4,176
100,000	140,000	Ellcot Spinning Mills Limited	2,461	3,445
161,539	161,539	Emco Industries Limited	717	717
151,339	151,339	Engl-English Leasing	168	168
100,000	-	Engro Cororation Limited	20,166	-
-	83,236	Exide Pakistan Limited	-	16,599
-	82,491	Faran Sugar Mills Limited	-	1,362
4,900	4,900	Fateh Industries Limited	29	29
9,700	9,700	Fateh Sports Wear Limited	-	-
4,975	4,975	Fateh Tixtile Mills Limited	1,741	1,741
-	134,500	Fatima Enterprizes Limited	-	-
-	2,000,000	Fauji Fertilizer Co. Limited	-	219,380
-	265,173	Faysal Bank Limited	-	-
14,498	14,498	Fazal Textile Mills Limited	5,799	5,799
9,000	9,000	Fazal Vegetable Ghee Mills Limited	-	-
50,606	50,616	Elite Capital Modarba First	134	134
369,654	369,654	Fecto Cement Limited	3,549	3,549
350,000	350,000	Equity Modarba First	609	609
190,015	199,020	Ferozsons Laboratories Limited	15,400	18,549
219,987	219,987	First Fidelity Leasing Modarba	462	462
-	221,348	First Al-Noor Modaraba	-	600
860,101	860,101	First Capital Sec. Corp Limited	5,825	5,825
-	-	First Credit & Investment Bank	-	-
-	338,958	First Habib Modarba	-	2,440
305,299	305,299	First Ibl Modarba	760	760
978,000	978,000	First National Bank Modarba	9,780	9,780
-	8,200	First Paramount Modaraba	-	78

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
13,570,629	13,570,629	First Punjab Modaraba	165,318	165,318
62,610	62,610	First Tri-Star Modaraba	85	85
-	8,125	First U.D.L. Modaraba	-	47
12,600	12,600	Greaves Aircondition*	-	-
35,300	35,300	Gypsum Corporation *	-	-
830,839	805,839	General Tyre And Rubber Co. Of Pak. Limited	22,252	21,605
125,000	125,000	Ghandara Nissan Limited	625	625
-	99,724	Ghani Glass Mills Limited	-	5,077
10,000	10,000	Ghulam Dadabhoy *	-	-
2,316,541	1,294,866	Glaxosmithkline (Pak) Limited	188,859	125,602
14,500	14,500	Globe Textile Mills Limited	239	239
67,598	67,598	Grays Of Combridge (Pakistan) Limited	3,651	3,651
9,900	9,900	Ghaffar Textile Mills	-	-
277,500	62,500	Gulistan Spinning Mills Limited	2,067	530
484,500	484,500	Gulistan Textile Mills Limited	12,010	12,010
-	257,480	Gulshan Spinning Mills Limited	-	1,556
12,611,321	10,554,080	Habib Metropolitan Bank Limited	260,180	261,281
-	1,428,258	Habib Sugar Mills Limited	-	34,607
25,467	25,467	Habib-Adm	407	407
1,500	1,500	Hafiz Textile Mills Limited	23	23
105,855	105,855	Hajra Textile Mills Limited	68	68
55,500	55,500	Hakkim Textile Mills Limited	49	49
34,500	34,500	Hashmi Can Company Limited	207	207
92,049	89,731	Highnoon Laboratories Limited	2,594	2,782
108,948	108,948	Hinopak Motors Limited	19,186	19,186
853,595	853,595	Honda Atlas Cars (Pakistan) Limited	13,931	13,931
24,200	24,200	H-Shaikh	-	-
500,000	-	Hub Power Company Limited	20,935	-
291,523	291,523	Huffaz Seamless Pipe Industries Limited	5,329	5,329
21,000	21,000	Hyderabad Electronic *	-	-
-	63,177	Ibl Healthcare Limited	-	589
259,000	389,127	Ibrahim Fibre Limited	11,961	14,047
425	425	Industrial Development Bank	-	-
-	86,759	Indus Dyeing Manufacturing Co. Limited	-	17,257
7,538	7,538	Innovative Invest Bank Limited	-	-
746,256	1,863,299	International Industries Limited	38,649	91,094
25,495	25,495	International Knit Wear	293	293
1,555,914	1,555,914	Invest Capital Invest Bank	2,256	2,256
35,500	35,500	Ittefaq Textile Mills Limited *	34	34
136,935	136,935	J. A. Textile Mills Limited	375	375
72,923	72,923	J. K. Spinning Mills Limited	563	563
361,097	361,097	Javed Omer Vohra And Company Limited	2,820	2,820
122,893	122,893	Johnson And Phillips (Pakistan) Limited	1,634	1,634
4,382,370	4,382,370	Js Bank Limited	17,617	17,617
-	7,378	Js Investments Limited	-	65
8,000	8,000	Junaid Cotton Mills Limited	-	-
8,000	8,000	Kaiser Art And Kraft Mills Limited	-	-
76,654	76,654	Karam Ceramices Limited	767	767
23,600	23,600	Karim Cotton Mills Limited	-	-
4,000	4,000	Karim Silk Mills Limited	-	-
385,267	385,267	Kasb Bank Limited	1,726	1,726
-	147,163	Kasbm-Kasb Modaraba	-	359
34,700	34,700	Saleem Denim Industries Ltd.(Kapoor Tex)*	35	35
100,000	149,892	Khalid Siraj Textile Mills Limited	118	177
-	6,153	Kohat Textile Mills Limited	-	8
13,500	13,500	Kohinoor Cotton *	-	-
71,569	71,569	Kohinoor Industries Limited	152	152
36,500	36,500	Kohinoor Looms Limited	-	-
520,684	520,684	Kohinoor Mills Limited	1,734	1,734
62,088	62,088	Kohinoor Power Company Limited	416	416
128,885	128,885	Kohinoor Spinning Mills Limited	251	251
151,223	151,223	Kohinoor Sugar Mills Limited	752	752

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
691,753	685,753	Kohinoor Textile Mills Limited	5,340	5,294
56,833	56,833	Koninoor Energy Limited	1,796	1,796
-	100,000	Kot Addu Power	-	4,208
33,498	33,498	Karachi Pipe *	-	-
4,447,965	4,447,965	Lafarge Pakistan Cement Limited	20,461	20,461
95,846	95,846	Land Mark Spinning Industries Limited	259	259
5,837	5,837	Leiner Pak Gelatine Limited	146	146
19,000	19,000	Lafayette Industries Synthetics Limited *	-	-
3,742,375	1,100,000	Lotte Pak Pta Limited	58,710	14,885
243,093	243,093	Maple Leaf Cement Factory Limited	1,094	1,094
356,508	356,508	Maqbool Textile Mills Limited	4,103	4,103
753,840	895,568	Mari Gas Company Limited	82,814	120,684
25,300	25,300	Marr Fabrics Limited *	-	-
433,485	433,485	Masood Textile Mills Limited	10,384	10,384
158,100	158,100	Mehran Bank Limited	-	-
63,000	63,000	Medi Glass Limited	43	43
10,000	10,000	Mehr Dastgir Textile Mills Limited	-	-
26,500	26,500	Mehran Jute Mills Limited	-	-
-	110,220	Merit Packaging Limited	-	1,802
21,081	21,081	Metropolitan Steel Corporation Limited	270	270
37,500	37,500	Mian Mohammed Sugar Mills Limited	-	-
42,563	42,563	Mian Textile Industries Limited	17	17
231,591	192,993	Mirpurkhas Sugar Mills Limited	12,911	12,911
398,060	398,060	Mohd Farooq Textile Mills Limited	1,035	1,035
34,300	34,300	Mohib Textile Mills Limited	-	-
24,494	24,710	Moonlite (Pak) Limited	271	273
12,000	12,000	Morafco Industries Limited	-	-
12,000	12,000	Mubarik Dairies Limited	-	-
60,229	100,000	Mustehkam Cement Limited	-	-
100,000	550,147	National Bank Of Pakistan	4,486	38,549
-	20,000	National Refinery Limited	-	3,610
15,100	15,100	Naveed Textile Mills	-	-
5,600	5,600	Nowshera Engg	-	-
2,225,000	2,225,000	Nib Bank Limited	9,189	9,189
1,900,000	300,000	Nishat (Chunian) Limited	50,281	6,894
-	190,245	Nishat (Chunian)15% Nvccp	-	-
316,312	-	Nishat Chunian Power Ltd	4,808	-
200,000	200,000	Nishat Mills Limited	11,905	13,135
156,065	156,065	Natover Lease & Refinance	-	-
5,600	5,600	National Match Industries	-	-
-	4,772	Noon Sugar Mills Limited	-	89
29,207	29,207	Norrie Textile Mills Limited	-	-
5,300	5,300	Nover-National Overseas	-	-
65,600	65,600	Nusrat Textile Mills	-	-
9,170	9,170	Olympia Spinning And Weaving Mills Limited	25	25
76,681	76,681	Olympia Textile Mills Limited	173	173
22,514	22,514	Otsuka Pakistan Limited	889	889
1,315,789	-	Pak Gen Power Limited	24,988	-
-	117,853	Packages Limited	-	14,335
30,625	30,625	Pak Datacom Limited	3,139	3,139
65,877	65,877	Pak Elektron Convrt Pref Shares	7	-
324,795	324,795	Pak Elektron Limited	4,453	4,453
12,500	12,500	Pak Ghee Industries Limited	2	2
614,122	529,004	Pak Suzuki Motor Co. Limited	49,244	43,779
197,632	197,632	Elektron-Non Convertible	-	-
20,769	20,769	Pakistan Gum And Chemiclas Limited	613	613
-	515,721	Pakistan International Airlines	-	1,516
93,415	93,415	Pakistan National Shipping Corporation	4,670	4,670
22,200	66,666	Pakistan Paper Prouducts Limited	-	2,220
391,700	284,142	Pakistan Refinery Limited	38,335	30,525
2,350,000	-	Pakistan Reinsurance Com Ltd	38,621	-
175,725	175,725	Pakistan Services Limited	20,553	20,553
80,200	30,200	Pakistan State Oil Co. Limited	23,688	9,356

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
3,550,000	1,193,372	Pakistan Telecommunication	66,906	25,073
17,998	17,998	Pakistan Telephone Cables Limited	40	40
300	300	Pakistan Tobacco Co. Limited	33	33
166,865	166,865	Pangrio Sugar Mills Limited	1,001	1,001
-	413,405	Parmount Spinning Mills Limited	-	3,345
95,100	95,100	Punjab Building	-	-
12,000	12,000	Punjab Cotton	-	-
49,200	49,200	Pearl Fabrics	-	-
272,088	272,088	Pioneer Cement Limited	2,860	2,860
-	22,200	Pak Paper Corporation	-	-
99,990	100,000	Premium Textile Mills Limited	2,665	2,665
23,100	23,100	Punjab Lamp	-	-
23,870	-	Punjab Oil Mills Ltd	651	-
15,500	15,500	Qayyum Spinning Mills Limited	-	-
500	500	Quality Steel Works Limited	-	-
74,173	74,173	Ravi Textile Mills Limited	990	990
12,000	12,000	Rex Baren Battery	-	-
4,200	4,200	Rcd Ball	-	-
167,500	167,500	Redco Textiles Limited	159	159
18,500	18,500	Regal Ceramics Limited	-	-
130,669	130,669	Ruby Textile Mills Limited	1,433	1,433
-	340,646	Rupali Polyester Limited	-	11,919
-	69,195	S. G. Power Limited	-	100
77,000	77,000	Saitex Spinning Mills Limited	-	-
-	67,817	Sajjad Textile Mills Limited	-	98
11,021	65,774	Salman Noman Enterprises Limited	17	110
2,584,177	2,584,177	Samba Bank Limited	7,753	7,753
29,945	29,945	Samin Textiles Limited	284	284
227,582	227,582	Sanghar Sugar Mills Limited	2,845	2,845
-	49,100	Sanofi-Aventis Pakistan Limited	-	7,427
31,500	31,500	Sardar Chemical Industries Limited	49	49
70,000	70,000	Saritow Spinning Mills Limited	126	126
664,565	664,565	Saudi Pak Leasing Co. Limited	797	797
55,000	55,000	Schon Textiles Limited	-	-
165,603	165,603	Scll-Standard Chartered Leasing	609	609
392,611	392,611	Security Paper Limited	18,527	18,527
35,000	35,000	Service (Textile) Industries Limited	26	26
289,000	289,000	Service Fabrics Limited	72	72
359,907	359,907	Service Industries (Shoes)	111,852	111,852
756,615	756,615	Shabbir Tiles And Ceramics Limited	8,701	8,701
514,180	514,180	Shahmurad Sugar Mills Limited	5,383	5,383
74,900	74,900	Shahpur Textile Mills Limited	22	22
171,546	171,546	Shahtaj Sugar Mills Limited	13,552	13,552
16,800	16,800	Shahyar Textile Mills	2	-
1,400,000	1,400,000	Shakerganj Mills Limited	9,100	9,100
200,000	200,000	Shams Textile Mills Limited	3,768	3,768
-	328,251	Shell Gas Lpg	-	17,726
293,951	244,187	Shezan International Limited	44,182	29,334
202,871	202,004	Siemens Pakistan Engineering Co. Limited	273,696	272,780
23,500	23,500	Siftaq Internatioanal Limited	24	24
3,717,343	9,792,864	Silkbank Limited	11,786	31,050
151,000	151,000	Sind Alkalis Limited	-	-
16,500	16,500	Sind Fine Textile Mills Limited	148	148
153,248	153,248	Sitara Chemical Industries Limited	22,951	22,951
54,804	54,804	Sitara Energy Limited	1,178	1,178
94,300	94,300	Sunshine Cloth Mills Limited	-	-
3,300	3,300	Sunrise Textile Mills Limited	-	-
16,949,575	14,841,289	Soneri Bank Limited	131,517	130,100
47,500	47,500	Shahyar Textile Mill	-	-
3,040,800	2,896,000	Sui Northern Gas Limited	90,859	90,859
2,000,000	33,237	Summit Bank Limited	11,462	203
-	58,109	Sunrays Textile Mills Limited	-	1,947

Number of shares		Name of company/modaraba	2011	2010
2011	2010		Rupees in '000	
91,500	91,500	Sunshine Cotton Mills Limited	29	29
11,500	11,500	Suraj Ghee Industries Limited	-	-
3,500	3,500	Syed Match Co. Limited	-	-
20,000	20,000	Taga Pakistan Limited	-	-
301,500	301,500	Taj Textile Mills Limited	139	139
9,000	9,000	Tariq Cotton Mills Limited	-	-
26,500	26,500	Tawakkal Garments Industries Limited	-	-
24,000	24,000	Tawakkal Limited	-	-
101,000	101,000	Tawakkal Modarba 1St.	-	-
1,819,461	1,884,363	Treet Corporation Limited	120,207	124,495
134,695	134,695	Tristar Poyester Limited	154	154
3,881,537	3,881,537	Trust Investment Bank Limited	99,907	99,907
500	500	Trust Modarba	6	6
37,000	37,000	Turbo Tubes Limited	-	-
25	25	Unilever Pakistan	101	101
-	74,500	Unim-Unicap Modaraba	-	15
1,024,570	525,000	United Bank Limited	66,733	35,406
96,797	96,797	United Distributors Pakistan Limited	1,939	1,939
29,500	29,500	Uqab Breeding Farms Limited	-	-
136,224	136,224	Wah-Nobel Chemicals Limited	6,798	6,798
-	66,995	World Call Telecom Limited	-	308
23,875	23,875	Wyeth Pak Limited	26,263	26,263
254,340	254,340	Yousuf Weaving Mills Limited	537	537
-	104,000	Zahur Cotton Mills Limited	-	31
88,000	88,000	Zahur Textile Mills Limited	-	-
104,047	104,047	Zeal Pak Cement Factory Limited	-	-
3,822,698	3,822,698	Zephyr Textiles Limited	38,227	38,227
14,200	14,200	Zaffar Textile	-	-
			3,279,733	3,708,718

* Delisted Companies

2. Preference shares of listed companies - at cost

Number of shares		Name of company	2011	2010
2011	2010		Rupees in '000	
1,545,397	1,545,397	Azgard Nine Limited	15,454	15,454
2,500,000	2,500,000	Fazal Cloth Mills Limited	25,000	25,000
8,000,000	8,000,000	Pak Elektron Limited (PEL)	80,000	80,000
7,500,000	7,500,000	Shakarganj Mills Limited	75,000	75,000
			195,454	195,454

Other particulars of preference shares are as follows:

Particulars	Nominal value per share	Profit rate per annum	Profit payment	Redemption terms
Azgard Nine Limited	10	Fixed dividend at 8.95% per annum to be declared within 3-months of close of financial year on a cumulative basis.	Annually	50% of the issue amount at the end of 5th year of issuance/ allotment and remaining 50% at the end of 6th year subject to the provisions of Section 85 of the Companies Ordinance, 1984.
Fazal cloth mills Limited	10	Fixed dividend at 6 months KIBOR ask side + 250 bps per annum.	Annually	Issuer may redeem at its option the whole or minimum 20% of the outstanding face value at any time after completion of 3 years from the date of issue by giving at least 60 days notice.
Pak Elektron Limited (PEL)	10	Fixed dividend of 9.50% per annum payable if and when declared by the Company on a cumulative basis	Annually	Call option subject to maximum of 75% of the total issue within 90 days from the end of each financial year commencing from 3rd year and ending on 5th year and 100% of the issue size within 90 days of the end of each financial year commencing from 5th year by giving a notice of 30 days. 25% investment convertible at the option of investor exercisable after the 5th year in accordance with the formula mentioned in the prospectus.
Shakarganj Mills Limited	10	Preferred right of dividend at 8.50% per annum on a cumulative basis.	Annually	Principal will be redeemed at the end of 5th year from the issue date. Conversion option is exercisable at the end of every financial year from the date of issue at the option of holder in whole or in part or convertible by the Company in whole or part through tender. Conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at face value of Rs. 10 each.

3. Ordinary shares of unlisted company - at cost

Number of shares		Name of company	2011	2010
2011	2010		Rupees in '000	
2,000,000	2,000,000	Bank Al Baraka (Formerly:Emirates Global Islamic Bank) (Chief Executive Officer: Mr. Shafqaat Ahmed)	25,000	25,000

4. Mutual fund Units - at cost

Number of shares		Name of fund	2011	2010
2011	2010		Rupees in '000	
Open ended mutual funds				
29,718,333	29,718,333	ABL Income Fund	300,000	300,000
2,631,771	2,631,771	AMZ Plus Stock Market Fund	246,730	246,730
3,014,323	288,759	Askari Sovereign Cash Fund	300,000	30,000
279,705	279,705	Atlas Income Fund	-	150,000
297,082	297,082	Atlas Stock Market Fund	200,000	200,000
-	100,000	Faysal Islamic Saving Growth Fund	-	10,000
-	1,000,000	Faysal Money Market Fund	-	100,000
-	9,494,505	Faysal Saving Growth	-	1,001,094
-	905,862	First Habib Income Fund	-	96,926
-	86,043	HLB Income Fund	-	8,062
272,903	272,903	IGI Income Fund	27,737	27,737
2,230,513	2,212,705	KASB Asset Allocation Fund (formerly KASB Balanced Fund)	112,028	112,028
2,005,311	1,618,286	MCB Dynamic Stock Fund	200,000	200,000
16,873,263	16,873,263	NAFA Stock Fund	200,000	200,000
2,003,442	2,073,560	Pakistan International Element Islamic Fund	100,000	100,000
9,499,407	8,390,906	Reliance Income Fund	450,000	450,000
2,747,393	2,747,393	United Growth & Income Fund (Income)	294,235	294,234
4,983,079	-	UBL LIQUIDITY PLUS FUND	500,000	-
14,370,315	14,370,315	IGI Aggressive Income Fund (formerly POBOP Advantage Fund)	750,000	750,000
Close ended mutual funds				
1,253,700	1,253,700	Atlas Fund of Funds	11,940	11,940
1,814,184	1,814,184	JS Growth Fund	7,710	7,710
7,500,000	7,500,000	NAMCO Balance Fund	75,000	75,000
1,380,758	1,380,758	PICIC Growth Fund	17,674	17,674
2,162,924	2,162,924	PICIC Inv.Fund	11,874	11,874
			3,804,928	4,401,009

5. Listed Term Finance Certificates- at cost

Number of certificates		Nominal value per certificate	Name of company	2011	2010
2011	2010	Rupees in '000'		Rupees in '000'	
10,000	10,000	5	Askari Bank	49,960	49,980
7,369	7,369	5	Azgard Nine Limited	25,969	25,969
35,000	35,000	5	Bank AL Habib Limited	174,650	174,790
2,000	2,000	5	Bank AL Habib Limited - 1st issue	6,649	9,976
10,000	10,000	5	Engro Chemical Pak Ltd	48,796	48,816
1,178	1,178	5	Jahangir Siddiqui & Co Ltd	3,075	6,016
5,000	5,000	5	Jahangir Siddiqui & Co Ltd	12,475	24,958
13,886	13,886	5	JS ABAMCO	28,918	40,485
3,406	3,406	5	NIB Bank Limited	14,067	14,074
40,000	40,000	5	Orix Leasing Pakistan Limited	33,307	99,921
16,655	16,655	5	Pak Arab Fertilizers Limited	49,587	66,242
-	10,000	5	Standard Chartered Bank (Pakistan) Limited - 2nd issue	-	12,500
8,782	8,782	5	United Bank Limited	37,382	37,399
10,000	10,000	5	United Bank Limited - 1st issue	33,250	49,885
-	6,000	5	World Call Communication	-	9,991
				518,085	671,002

Other particulars of TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank	6 months KIBOR + 250 bps without any floor or cap	Semi-annually	0.32% of principal in the first 96 months and remaining principal in four equal semi-annual installments of 24.92% each starting from the 102nd from issue date.
Azgard Nine Limited	6 months KIBOR + 240 bps without any floor or cap.	Semi-annually	In ten unequal semi-annual installments starting from 30th month.
Bank AL Habib Limited	15.50% for the first five years and 16.00% for the next three years without any floor or cap	Quarterly	0.56% of principal in the first 84 months and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from issue date
Bank AL Habib Limited - 1st issue	Average 6 months KIBOR + 150 bps with a Floor of 3.50% and Cap of 10.00%.	Semi-annually	0.02% of principal in the first 78 months and remaining principal in three equal semi-annual installments of 33.25% each after 84th month from issue date.
Engro Chemical Pak Ltd	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84 months and remaining principal in two equal semi-annual installments of 49.86% starting from 90th month.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 250 bps with a Floor of 6.00% and Cap of 16.00%.	Semi-annually	0.18% of principal in the first 54th month and remaining principal in two equal semi-annual installments of 49.91% each starting from 60th month from the issue date.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 250 bps with a Floor of 6.00% and Cap of 16.00%.	Semi-annually	0.1% of principal in the first 30 months, 24.98% of principal from 36th month till the 54th month and remaining principal of 74.92% in the 60th month from the issue date.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 25 bps with a Floor of 6.00% and Cap of 16.00%.	Semi-annually	0.18% of principal in the first 54th month and remaining principal in two equal semi-annual installments of 49.91% each starting from 60th month from the issue date.
JS ABAMCO	6 months KIBOR + 200 bps with a Floor of 8.00% . and Cap of 16.00%	Semi-annually	In 12 equal semi-annual installments starting from 18th month.
NIB Bank Limited	6 months KIBOR + 115 bps without any floor or cap.	Semi-annually	0.02% of principal in the first 60th month and remaining principal in six equal semi-annual installments of 16.66% each starting from 66th month from the issue date.
Orix Leasing Pakistan Limited	6 months KIBOR + 150 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in six equal semi-annual installments of 16.65% each starting from 30th month from the issue date.
Pak Arab Fertilizers Limited	6 months KIBOR + 150 bps without any floor or cap.	Semi-annually	In six stepped - up semi-annual installments starting from the 30th month.
Standard Chartered Bank (Pakistan) Limited - 2nd issue	Last cut-off yield of 5-year PIBs auction + 75 bps with a Floor of 5.00% and Cap of 10.75%.	Semi-annually	0.16% of principal in the first 48 months, 10.00% of principal from 54th month till the 60th month and remaining principal in two equal semi-annual installments of 44.92% starting from 66th month from the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Trust Investment Bank Limited (formerly Trust Leasing and Investment Bank Limited) - 3rd issue	6 months KIBOR + 200 bps without any floor or cap.	Semi-annually	In 10 equal semi-annual installments starting from 6th month.
United Bank Limited	6 months KIBOR + 85 bps for the first five year and 6 months KIBOR + 135 bps for the remaining period without any floor or cap	Semi-annually	Bullet redemption at the end of 10th year.
United Bank Limited - 1st issue	Fixed at 100 bps + trading yield of 8-year PIBs as quoted on Reuters page 'PKRV'	Semi-annually	0.25% of principal in the first 78th month and remaining principal in three equal semi-annual installments of 33.25% each starting from 84th month from the issue date.
World Call Communication	6 months KIBOR + 275 bps without any floor or cap.	Semi-annually	In six equal semi-annual installments starting from 30th month.

6. Unlisted Term Finance Certificates-at cost

Number of certificates		Nominal value per certificate	Name of company	2011	2010
2011	2010	Rupees in '000		Rupees in '000	
33,000	33,000	5	Agri Tech Limited (Pak American Fertilizer Limited)	131,843	131,848
8,516	8,516	5	Agri Tech Limited (Pak American Fertilizer Limited)	38,449	38,455
260,000	260,000	5	Agri Tech Limited (Pak American Fertilizer Limited)	1,298,924	1,298,960
7,000	7,000	5	Al Abbas Sugar Millis	12,456	19,456
32,000	32,000	5	Arzoo Textile	160,000	160,000
100,000	100,000	5	Azgard Nine Limited	499,600	499,600
10,000	10,000	5	Bank Alfalah Limited	49,960	49,980
30,000	50,000	5	Eden House(SUKUK)	264,003	294,183
12,521	12,521	5	Engro Chemical Pak Limited	48,832	48,832
5,000	5,000	5	Jahangir Siddiqui & Co Ltd	21,774	21,784
80,000	80,000	5	JDW Sugar Mills Limited	222,222	311,111
6,114	6,114	5	JS ABAMCO	19,083	26,717
20,000	20,000	5	Kohat Cement(SUKUK)	54,450	72,450
23,951	23,951	5	Maple Leaf Cement Factory Limited	107,575	107,677
2,661	2,661	5	Optimus Limited	7,818	12,249
798	798	100	Orix Leasing Pakistan Limited	39,803	66,403
26,000	26,000	5	Pakistan Mobile Company Limited - 3rd issue	64,896	108,160
8,000	8,000	5	PEL(Sukuk)	15,483	21,198
16,000	16,000	5	PEL(Sukuk)	70,743	70,743
50,000	50,000	5	PEL(Sukuk)	202,381	217,262
90,000	90,000	5	PEL(Sukuk)	450,000	450,000
21,000	14,865	5	Pakistan International Airline (PIA)	74,312	74,325
-	500,000	5	Power Holding	-	2,500,000
-	300,000	5	Power Holding - New Issue	-	1,500,000
10,000	5,392	5	Security Leasing(SUKUK)	18,366	26,958
15,000	7,617	5	Security Leasing(SUKUK)	24,080	33,846
-	3,000	5	SME Leasing	-	2,594
300,000	300,000	5	Sui Southren Gas Company	750,000	1,350,000
24,711	24,711	15000	Syed Bhai (Pvt) Limited	110,499	123,553
				4,757,551	9,638,344

Other particulars of unlisted TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Pak American Fertilizer Ltd (Sukuk)	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Agri Tech Limited (Pak American Fertilizer Limited)	6 months KIBOR + 150 bps without any floor or cap	Semi-annually	Up to ten consecutive equal semi-annual installments starting from 30th month from the issue date.
Agri Tech Limited (Pak American Fertilizer Limited)	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In twelve semi-annual installments with stepped - up repayment in the month of January and July.
Al-Abbas Sugar Mills Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In 10 equal semi-annual installments starting from 18th month from the issue date.
Arzoo Textile (Sukuk)	6 months KIBOR + 200 bps for the first two year and 6 months KIBOR + 175 bps for the remaining period without any floor or cap	Quarterly	In ten equal semi-annual installments starting from 18th month from the draw down date.
Azgard Nine Limited - 1st issue (Chief Executive Officer: Mr. Ahmad H. Sheikh)	6 months KIBOR + 225 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Bank Alfalah limited	6 months KIBOR + 250 bps with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	0.56% of principal in the first 84th month and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from the issue date.
Eden House(SUKUK)	6 months KIBOR + 250 bps with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	Not less than 8 consecutive semiannual units, the first such unit falling due not later than 18th months from last drawdown.
Engro Chemical	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84th month and remaining principal in two equal semi-annual installments of 49.86% each starting from 90th month from the issue date.
Jahangir Siddiqui & Co Ltd	6 months KIBOR + 170 bps without any floor or cap	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.
JDW Sugar Mills	3 months KIBOR + 125 bps without any floor or cap	Quarterly	In eighteen unequal quarterly installments starting from 21st month of the first drawdown.
JS ABAMCO	6 months KIBOR + 170 bps without any floor or cap	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.
Kohat Cement(SUKUK)	3 months KIBOR + 180 bps without any floor or cap	Quarterly	In quarterly installments with first installment due on 20 September 2011.
Maple Leaf Cement Factory Ltd	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Optimus Ltd	6 months KIBOR + 210 bps without any floor or cap	Semi-annually	0.12% of principal in the first 36th month and remaining principal in four equal semi-annual installments of 24.97% each starting from 42th month from the issue date.
Orix Leasing Pakistan Limited	6 months KIBOR + 150 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in six equal semi-annual installments of 16.65% each starting from 30th month from the issue date.
Pakistan Mobile Company- 3rd issue	6 months KIBOR (ask) + 285 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 54th month.
PEL (Sukuk)	3 months KIBOR (ask) + 125 bps with a Floor of 10.00% and Cap of 25.00%	Quarterly	In quarterly installments with first installment due on 28 June 2013.
PEL (Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Quarterly	In quarterly installments with first installment due on 30 June 2013.
PEL(Sukuk)	3 months KIBOR (ask) + 300 bps without any floor or cap	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
PEL(Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
Pakistan International Airline (PIA)	SBP discount rate + 50 bps with a Floor of 8.00% and Cap of 12.50%	Semi-annually	15.2% of principal in the first 48th month and remaining principal in six equal semi-annual installments of 14.13% each starting from 54th month from the issue date.
Power Holding	6 months KIBOR (ask) + 200 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 30th month from the issue date.
Power Holding (New Issue)	6 months KIBOR (ask) + 200 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 30th month from the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Security Leasing(SUKUK)	6 months KIBOR + 200 bps with a Floor of 2.00% . and Cap of 40.00%	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.
Security Leasing(SUKUK)	6 months KIBOR + 195 bps without any floor or cap	Semi-annually	In eight equal semi-annual installments starting from 18th month.
SME Leasing	3 months KIBOR + 150 bps without any floor or cap.	Quarterly	Up to twelve equal quarterly installments starting from 3rd month from the issue date.
Sui Southren Gas Company	3 months KIBOR (ask) + 24 bps with a Floor of 5.00% and Cap of 20.00%	Quarterly	Not less than eight consecutive quarterly units the first unit falling due not later than 33rd month from the last draw down date.
Syed Bahis (Pvt) Ltd	3 months KIBOR (ask) + 300 bps without any floor or cap	Quarterly	In sixteen equal quarterly installments starting from 27th month from the issue date.

7. Quality of available-for-sale securities

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Federal government securities				
Pakistan Market Treasury Bills	73,761,233	Un-rated	35,387,257	Un-rated
Pakistan Investment Bonds	8,266,352	Un-rated	2,272,648	Un-rated
Government of Pakistan Ijara Sukuk Bonds	-	Un-rated	10,000	Un-rated
	82,027,585		37,669,905	
Ordinary shares of listed companies				
(Colony) Sarhad Textile Mills Limited	53	Un-rated	42	Un-rated
Abbot Laboatories (Pakistan) Limited	49,730	Un-rated	56,902	Un-rated
Accord Textile Limited	39	Un-rated	69	Un-rated
Adamjee Floorings *	-	Un-rated	-	Un-rated
Adil Polyproplene Limited	-	Un-rated	-	Un-rated
Adamjee Papers *	-	Un-rated	-	Un-rated
Afsar Textile Mills	-	Un-rated	-	Un-rated
Al-Hussany Industries Limited *	-	Un-rated	-	Un-rated
Arag Industries Limited *	-	Un-rated	-	Un-rated
Al- Abbas Sugar Mills Limited	27,412	A, A1	28,972	A, A1
Al-Abbas Cement Ind Limited	422	Un-rated	585	Un-rated
Al-Abid Silk Mills Limited	5,974	Un-rated	8,188	Un-rated
Alif Textile Mills Limited *	-	Un-rated	-	Un-rated
Al-Noor Sugar Mills Limited	-	A-, A2	6,415	A-, A-2
Al-Qaim Textile Mills Limited	31	Un-rated	116	Un-rated
Altern Energy Limited	-	Un-rated	1,354	Un-rated
Amazai Textile Mills Limited *	2	Un-rated	2	Un-rated
Apex Fabrics Limited *	-	Un-rated	-	Un-rated
Aruj Garment Accessories Limited	65	Un-rated	76	Un-rated
Aslo Electronics	-	Un-rated	-	Un-rated
Asim Textile Mills Limited	317	Un-rated	610	Un-rated
Askari Bank Limited	134,388	AA, A1+	131,348	AA, A1+
Aswan Tentage Limited *	-	Un-rated	-	Un-rated
Atlas Bank Limited	-	Un-rated	5,848	Un-rated
Atlas Engineering Limited *	-	Un-rated	93	Un-rated
Atlas Honda Limited	-	Un-rated	4,490	Un-rated
Attock Cement Pak Limited	682	Un-rated	844	Un-rated
Attock Refinery Limited	-	AA, A1+	15,585	Un-rated
Awan Textile Mills Limited	-	Un-rated	-	Un-rated
Ayaz Textile Mills Limited	-	Un-rated	-	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Azam Textile Mills Limited	-	Un-rated	53	Un-rated
Azgard Nine Limited	14,250	D	10,626	D
B. F. Modaraba	-	Un-rated	356	Un-rated
Bahawalpur Textile Mills Limited	-	Un-rated	-	Un-rated
Baluchistan Particle Board Limited	117	Un-rated	201	Un-rated
Baluchistan Wheels Limited	-	Un-rated	11,522	Un-rated
Bank Al-Falah Limited	17,904	AA, A1+	97,527	Un-rated
Bank Al-Habib Limited	72,453	AA+, A1+	339,521	AA+, A1+
Bankislami Pak	225	A, A1	264	A, A1
Bata Pakistan Limited	-	Un-rated	159,688	Un-rated
Bela Engineering Limited	-	Un-rated	-	Un-rated
Bankers Equity *	1	Un-rated	-	Un-rated
Berger Paints Pakistan Limited	1,745	Un-rated	3,042	Un-rated
Balochistan Tower	-	Un-rated	-	Un-rated
Boc (Pak) Limited	21,505	Un-rated	18,844	Un-rated
Brothers Textile Mills Limited	43	Un-rated	69	Un-rated
Brr Guardian Modaraba	-	D	344	Un-rated
Bawany Textile Mills *	-	Un-rated	-	Un-rated
Buxly Paints Limited	210	Un-rated	544	Un-rated
Casspak Industries Limited	-	Un-rated	-	Un-rated
Central Cotton *	-	Un-rated	-	Un-rated
Charsada Sugar	14	Un-rated	-	Un-rated
Charsada Sugar Pref Shares	-	Un-rated	-	Un-rated
Chilya C. Board *	-	Un-rated	-	Un-rated
Cherat Cement Company Limited	19,679	Un-rated	29,342	Un-rated
Crescent Knitwear	-	Un-rated	-	Un-rated
Clariant Pakistan Limited	-	Un-rated	60,788	Un-rated
Colony Mills Limited	326	Un-rated	830	Un-rated
Colony Sugar Mills	108	Un-rated	232	Un-rated
Crescent Fibres Limited	1,679	Un-rated	2,392	Un-rated
Crescent Jute Products Limited	129	Un-rated	246	Un-rated
Crescent Spinning Mills Limited	-	Un-rated	-	Un-rated
Crescent Steel & Allied	13,159	Un-rated	22,041	Un-rated
Crescent Sugar Mills And Distillery Limited	-	Un-rated	1,515	Un-rated
Crescent Textile Mills Limited	3,628	Un-rated	10,456	Un-rated
Crown Textile *	-	Un-rated	-	Un-rated
D. M. Textile Mills Limited	-	Un-rated	176	Un-rated
D.S. Industries Limited	146	Un-rated	348	Un-rated
Dadabhoy Leasing Company Limited *	8	Un-rated	8	Un-rated
Dadabhoy Leasing Company Limited	-	Un-rated	-	Un-rated
Dar-Es-Salaam Textile Mills Limited	-	Un-rated	146	Un-rated
Data Agro Limited	-	Un-rated	-	Un-rated
Data Textile Limited	30	Un-rated	60	Un-rated
Dawood Capital Management Limited	92	AM3-	276	Un-rated
Dawood Hercules Chemicals	15,006	Un-rated	9,959	Un-rated
Dawood Lawrancepur Limited	1,789	Un-rated	2,149	Un-rated
Descon Chemicals	-	Un-rated	325	Un-rated
Dewan Cement Limited	1,284	Un-rated	2,301	Un-rated
Dewan Khalid Textile Mills Limited	60	Un-rated	191	Un-rated
Dewan Mushtaq Textile Mills Limited	-	Un-rated	304	Un-rated
Din Textile Mills Limited	-	Un-rated	171	Un-rated
Dynea Pakistan	2,986	Un-rated	3,920	Un-rated
Ellicot Spinning Mills Limited	1,850	Un-rated	2,807	Un-rated
Emco Industries Limited	312	Un-rated	468	Un-rated
English Leasing	98	Un-rated	168	Un-rated
Exide Pakistan Limited	-	Un-rated	16,335	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Faran Sugar Mills Limited	-	Un-rated	1,719	Un-rated
Fateh Industries Limited	27	Un-rated	27	Un-rated
Fateh Sports Wear Limited	-	Un-rated	-	Un-rated
Fateh Tixtile Mills Limited	506	Un-rated	562	Un-rated
Fatima Enterprizes Limited	-	Un-rated	1,789	Un-rated
Fauji Fertilizer Company Limited	-	Un-rated	251,720	Un-rated
Faysal Bank Limited	-	AA, A1+	4,134	AA,A1+
Fazal Textile Mills Limited	3,575	Un-rated	5,799	Un-rated
Fazal Vegetable Ghee Mills Limited	-	Un-rated	-	Un-rated
Elite Capital Modarba First	129	Un-rated	140	Un-rated
Fecto Cement Limited	1,442	Un-rated	2,680	Un-rated
Equity Modarba First	263	Un-rated	525	Un-rated
Ferozsons Laboratories Limited	15,579	Un-rated	17,341	Un-rated
First Fidelity Leasing Modarba	334	BBB+, A2	383	BBB+, A2
First Al-Noor Modaraba	-	BBB, A3	642	BBB, A-3
First Capital Sec. Corp Limited	1,600	Un-rated	3,062	Un-rated
First Credit & Investment Bank	-	Un-rated	-	
First Habib Modarba	-	AA-, A1+	2,271	AA+, A1+
First Ibl Modarba	611	Un-rated	546	Un-rated
First National Bank Mod	6,993	A+, A1	6,435	A+, A-1
First Paramount Modaraba	-	BBB, A3	72	BBB, A-3
First Punjab Modaraba	76,652	A-, A2	121,830	A-, A2
First Tri-Star Modaraba	69	Un-rated	87	Un-rated
First U.D.L. Modaraba	-	Un-rated	50	Un-rated
Greaves Aircondition*	-	Un-rated	-	Un-rated
Gypsum Corporation *	-	Un-rated	-	Un-rated
General Tyre And Rubber Company Of Pak. Limited	17,374	Un-rated	18,212	Un-rated
Ghandara Nissan Limited	303	Un-rated	615	Un-rated
Ghani Glass Mills Limited	-	Un-rated	4,916	Un-rated
Ghulam Dadabhoy *	-	Un-rated	-	Un-rated
Glaxosmithkline (Pak) Limited	155,394	Un-rated	114,194	Un-rated
Globe Textile Mills Limited	138	Un-rated	160	Un-rated
Grays Of Combridge (Pakistan) Limited	1,555	Un-rated	3,379	Un-rated
Ghaffar Textile Mills	-	Un-rated	-	Un-rated
Gulistan Spinning Mills Limited	1,138	Un-rated	431	Un-rated
Gulistan Textile Mills Limited	12,088	Un-rated	9,026	Un-rated
Gulshan Spinning Mills Limited	-	Un-rated	1,802	Un-rated
Habib Metropolitan Bank Limited	213,005	AA+, A1+	305,963	AA+, A1+
Habib Sugar Mills Limited	-	Un-rated	47,575	Un-rated
Habib-Adm	348	Un-rated	323	Un-rated
Hafiz Textile Mills Limited	27	Un-rated	29	Un-rated
Hajra Textile Mills Limited	23	Un-rated	100	Un-rated
Hakkim Textile Mills Limited	28	Un-rated	28	Un-rated
Hashmi Can Company Limited	283	Un-rated	228	Un-rated
Highnoon Laboratories Limited	2,610	Un-rated	2,597	Un-rated
Hinopak Motors Limited	7,632	Un-rated	14,370	Un-rated
Honda Atlas Cars (Pakistan) Limited	7,375	Un-rated	9,900	Un-rated
H-Shaikh	-	Un-rated	-	Un-rated
Hub Power Company Limited	17,100	AA+, A1+	-	
Huffaz Seamless Pipe Industries Limited	2,358	Un-rated	4,551	Un-rated
Hyderabad Electronic *	-	Un-rated	-	Un-rated
Ibl Healthcare Limited	-	Un-rated	519	Un-rated
Ibrahim Fibre Limited	7,003	AA, A1+	16,398	AA-, A1+
Industrial Development Bank	-	Un-rated	-	Un-rated
Indus Dyeing Manufacturing Company Limited	-	A, A2	28,474	A, A-2
Innovative Invest Bank Limited	1	Un-rated	-	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
International Industries Limited	28,365	Un-rated	111,518	Un-rated
International Knit Wear	104	Un-rated	227	Un-rated
Invest Capital Invest Bank	311	Un-rated	1,214	D
Itti Textile Mills Limited *	32	Un-rated	32	Un-rated
J. A. Textile Mills Limited	274	Un-rated	397	Un-rated
J. K. Spinning Mills Limited	402	Un-rated	452	Un-rated
Javed Omer Vohra And Company Limited	412	Un-rated	1,444	Un-rated
Johnson And Phillips (Pakistan) Limited	860	Un-rated	1,159	Un-rated
Js Bank Limited	7,231	A, A1	11,307	Un-rated
Js Investments Limited	-	Un-rated	49	Un-rated
Junaid Cotton Mills Limited	-	Un-rated	-	Un-rated
Kaiser Art And Kraft Mills Limited	-	Un-rated	-	Un-rated
Karam Ceramices Limited	391	Un-rated	598	Un-rated
Karim Cotton Mills Limited	-	Un-rated	-	Un-rated
Karim Silk Mills Limited	-	Un-rated	-	Un-rated
Kasb Bank Limited	424	BBB, A3	967	BBB, A3
Kasbm-Kasb Modaraba	-	BBB+, A3	243	BBB+, A-3
Kaytex Mills (Saleem Denim) *	35	Un-rated	35	Un-rated
Khalid Siraj Textile Mills Limited	101	Un-rated	118	Un-rated
Kohat Textile Mills Limited	-	Un-rated	9	Un-rated
Kohinoor Cotton *	-	Un-rated	-	Un-rated
Kohinoor Industries Limited	64	Un-rated	114	Un-rated
Kohinoor Looms Limited	-	Un-rated	-	Un-rated
Kohinoor Mills Limited	838	Un-rated	1,531	Un-rated
Kohinoor Power Company Limited	94	Un-rated	287	Un-rated
Kohinoor Spinning Mills Limited	135	Un-rated	153	Un-rated
Kohinoor Sugar Mills Limited	543	Un-rated	768	Un-rated
Kohinoor Textile Mills Limited	2,338	Un-rated	3,442	Un-rated
Koninoor Energy Limited	896	AA, A1+	1,238	Un-rated
Kot Addu Power	-	AA+, A1+	4,068	AA+, A-1+
Karachi Pipe *	-	Un-rated	-	Un-rated
Lafarge Pakistan Cement Limited	8,362	Un-rated	14,278	Un-rated
Land Mark Spinning Industries Limited	105	Un-rated	144	Un-rated
Leiner Pak Gelatine Limited	128	Un-rated	87	Un-rated
Lafayette Industries Synthetics Limited *	-	Un-rated	-	Un-rated
Lotte Pak Pta Limited	34,692	Un-rated	15,070	Un-rated
Maple Leaf Cement Factory Limited	450	D	698	D, D
Maqbool Textile Mills Limited	2,720	Un-rated	3,066	Un-rated
Mari Gas Company Limited	61,061	Un-rated	111,919	Un-rated
Marr Fabrics Limited *	-	Un-rated	-	Un-rated
Masood Textile Mills Limited	6,762	Un-rated	8,670	Un-rated
Mehran Bank Limited	-	Un-rated	-	Un-rated
Medi Glass Limited	28	Un-rated	28	Un-rated
Mehr Dastgir Textile Mills Limited	20	Un-rated	20	Un-rated
Mehran Jute Mills Limited	-	Un-rated	-	Un-rated
Merit Packaging Limited	-	Un-rated	2,699	Un-rated
Metropolitan Steel Corporation Limited	202	Un-rated	158	Un-rated
Mian Mohammed Sugar Mills Limited	-	Un-rated	-	Un-rated
Mian Textile Industries Limited	15	Un-rated	26	Un-rated
Mirpurkhas Sugar Mills Limited	9,410	Un-rated	9,958	Un-rated
Mohd Farooq Textile Mills Limited	219	Un-rated	549	Un-rated
Mohib Textile Mills Limited	-	Un-rated	-	Un-rated
Moonlite (Pak) Limited	114	Un-rated	136	Un-rated
Morafco Industries Limited	123	Un-rated	112	Un-rated
Mubarik Dairies Limited	6	Un-rated	48	Un-rated
Mustehkam Cement Limited	662	Un-rated	1,440	Un-rated
National Bank Of Pakistan	4,105	AAA, A1+	42,262	AAA, A-1+

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
National Refinery Limited	-	AAA, A1+	5,476	AAA, A1+
Naveed Textile Mills	-	Un-rated	-	Un-rated
Nowshera Engg	-	Un-rated	-	Un-rated
Nib Bank Limited	3,849	AA-, A1+	6,564	AA-, A1+
Nishat (Chunian) Limited	33,934	A-, A2	6,816	AA, A1+
Nishat (Chunian)15% Nvccp	-	Un-rated	3,995	Un-rated
Nishat Mills Limited	8,090	AA-, A1+	12,834	AA-, A1+
Natover Lease & Refinance	-	Un-rated	-	Un-rated
National Match Industries	-	Un-rated	-	Un-rated
Noon Sugar Mills Limited	-	Un-rated	57	Un-rated
Norrie Textile Mills Limited	-	Un-rated	-	Un-rated
National Overseas	-	Un-rated	-	Un-rated
Nusrat Textile Mills	-	Un-rated	-	Un-rated
Olympia Spinning And Weaving Mills Limited	16	Un-rated	14	Un-rated
Olympia Textile Mills Limited	16	Un-rated	153	Un-rated
Otsuka Pakistan Limited	738	Un-rated	739	Un-rated
Packages Limited	-	AA, A1+	15,157	AA, A1+
Pak Datacom Limited	1,057	Un-rated	2,444	Un-rated
Pak Elektron Convrt Pref Shares	7	Un-rated	-	Un-rated
Pak Elektron Limited	1,134	D	4,560	BBB, A3
Pak Ghee Industries Limited	6	Un-rated	6	Un-rated
Pak Suzuki Motor Company Limited	36,252	Un-rated	36,935	Un-rated
Pak-Elektron-Non Convertible	-	Un-rated	-	Un-rated
Pakistan Gum And Chemiclas Limited	847	Un-rated	458	Un-rated
Pakistan International Airlines	-	Un-rated	1,166	Un-rated
Pakistan National Shipping Corporation	1,187	AA-, A1+	3,545	AA-, A1+
Pakistan Paper Proudcts Limited	-	Un-rated	3,142	Un-rated
Pakistan Refinery Limited	26,522	Un-rated	30,608	Un-rated
Pakistan Services Limited	24,364	Un-rated	29,566	Un-rated
Pakistan State Oil Company Limited	18,222	AA+, A1+	8,914	AA+, A1+
Pakistan Telecommunication	36,885	Un-rated	23,175	Un-rated
Pakistan Telephone Cables Limited	39	Un-rated	42	Un-rated
Pakistan Tobacco Company Limited	17	Un-rated	33	Un-rated
Pangrio Sugar Mills Limited	462	Un-rated	1,018	Un-rated
Parmount Spinning Mills Limited	-	Un-rated	4,299	Un-rated
Punjab Building	-	Un-rated	-	Un-rated
Punjab Cotton	-	Un-rated	-	Un-rated
Pearl Fabrics	-	Un-rated	-	Un-rated
Pioneer Cement Limited	898	Un-rated	1,842	Un-rated
Pak Paper Corporation	-	Un-rated	-	Un-rated
Premium Textile Mills Limited	2,276	Un-rated	2,830	Un-rated
Punjab Lamp	-	Un-rated	-	Un-rated
Qayyum Spinning Mills Limited	6	Un-rated	6	Un-rated
Quality Steel Works Limited	6	Un-rated	6	Un-rated
Ravi Textile Mills Limited	41	Un-rated	112	Un-rated
Rex Baren Battery	-	Un-rated	-	Un-rated
Rcd Ball	-	Un-rated	-	Un-rated
Redco Textiles Limited	50	Un-rated	149	Un-rated
Regal Ceramics Limited	-	Un-rated	-	Un-rated
Ruby Textile Mills Limited	849	Un-rated	653	Un-rated
Rupali Polyester Limited	-	Un-rated	12,263	Un-rated
S. G. Power Limited	-	Un-rated	86	Un-rated
Saitex Spinning Mills Limited	-	Un-rated	-	Un-rated
Sajjad Textile Mills Limited	-	Un-rated	100	Un-rated
Salman Noman Enterpriess Limited	17	Un-rated	329	Un-rated
Samba Bank Limited	3,747	A+, A1	5,065	Un-rated

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Samin Textiles Limited	121	Un-rated	183	Un-rated
Sanghar Sugar Mills Limited	2,390	Un-rated	3,277	Un-rated
Sanofi-Aventis Pakistan Limited	-	Un-rated	6,972	Un-rated
Sardar Chemical Industries Limited	38	Un-rated	28	Un-rated
Saritow Spinning Mills Limited	70	Un-rated	140	Un-rated
Saudi Pak Leasing Company Limited	319	D	366	Un-rated
Schon Textiles Limited	-	Un-rated	-	Un-rated
Standard Chartered Leasing	497	AA, A1+	470	Un-rated
Security Paper Limited	13,898	AAA, A1+	17,613	Un-rated
Service (Textile) Industries Limited	18	Un-rated	14	Un-rated
Service Fabircs Limited	69	Un-rated	87	Un-rated
Service Industries (Shoes)	70,178	Un-rated	86,392	Un-rated
Shabbir Tiles And Ceramics Limited	6,091	Un-rated	6,416	Un-rated
Shahmurad Sugar Mills Limited	5,044	BBB+, A2	5,635	BBB+, A-2
Shahpur Textile Mills Limited	12	Un-rated	25	Un-rated
Shahtaj Sugar Mills Limited	15,298	Un-rated	13,749	Un-rated
Shahyar Textile Mills	2	Un-rated	-	Un-rated
Shakerganj Mills Limited	6,748	Un-rated	7,742	D, D
Shams Textile Mills Limited	1,398	Un-rated	5,000	Un-rated
Shell Gas Lpg	-	Un-rated	11,105	Un-rated
Shezan International Limited	32,355	Un-rated	28,401	Un-rated
Siemens Pakistan Engineering Company Limited	214,384	Un-rated	253,214	Un-rated
Siftaq Internatioanal Limited	23	Un-rated	23	Un-rated
Silkbank Limited	6,580	A-, A2	25,657	A-, A-2
Sind Alkalis Limited	-	Un-rated	-	Un-rated
Sind Fine Textile Mills Limited	116	Un-rated	116	Un-rated
Sitara Chemical Industries Limited	11,065	A+, A1	19,577	A+, A-1
Sitara Energy Limited	929	Un-rated	1,015	Un-rated
Sunshine Cloth Mills Limited	-	Un-rated	-	Un-rated
Sunrise Textile Mills Limited	-	Un-rated	-	Un-rated
Soneri Bank Limited	66,103	AA-, A1+	123,331	AA-, A1+
Shahyar Textile Mill	-	Un-rated	-	Un-rated
Sui Northern Gas Limited	47,771	AA, A1+	77,439	AA, A1+
Summit Bank Limited	3,440	A, A2	127	A, A-2
Sunrays Textile Mills Limited	-	Un-rated	2,098	Un-rated
Sunshine Cotton Mills Limited	30	Un-rated	30	Un-rated
Suraj Ghee Industries Limited	115	Un-rated	115	Un-rated
Syed Match Company Limited	49	Un-rated	46	Un-rated
Taga Pakistan Limited	-	Un-rated	-	Un-rated
Taj Textile Mills Limited	75	Un-rated	112	Un-rated
Tariq Cotton Mills Limited	-	Un-rated	-	Un-rated
Tawakkal Garments Industries Limited	-	Un-rated	-	Un-rated
Tawakkal Limited	-	Un-rated	-	Un-rated
Tawakkal Modarba 1St.	-	Un-rated	-	Un-rated
Treet Corporation Limited	70,868	AA-, A1	113,156	AA-, A-1
Tristar Ployester Limited	133	Un-rated	85	Un-rated
Trust Investment Bank Limited	2,717	BBB-, A3	6,831	BBB, A3
Trust Modaraba	1	Un-rated	1	Un-rated
Turbo Tubes Limited	-	Un-rated	-	Un-rated
Unilever Pakistan	139	Un-rated	109	Un-rated
Unim-Unicap Modaraba	-	Un-rated	6	Un-rated
United Bank Limited	53,677	AA+, A1+	35,821	AA+, A-1+
United Distributors Pakistan Limited	973	Un-rated	977	Un-rated
Uqab Breeding Farms Limited	-	Un-rated	-	Un-rated
Wah-Nobel Chemicals Limited	4,768	Un-rated	4,922	Un-rated
Worldcall Telecom Limited	-	BBB-, A3	194	BBB-, A3

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Wyeth Pak Limited	19,576	Un-rated	25,109	Un-rated
Yousuf Weaving Mills Limited	254	Un-rated	382	Un-rated
Zahur Cotton Mills Limited	-	Un-rated	55	Un-rated
Zahur Textile Mills Limited	-	Un-rated	-	Un-rated
Zeal Pak Cement Factory Limited	-	Un-rated	-	Un-rated
Zephyre Textile	6,919	Un-rated	14,984	Un-rated
Zaffar Textile	-	Un-rated	-	Un-rated
Allied Bank Limited	13,468	AA, A1+	-	
Burshane Lpg (Pakistan) Ltd	9,025	Un-rated	-	
D.G.Khan Cement Co.Ltd	66,004	Un-rated	-	
Engro Chemical (Pak) Ltd.	9,270	Un-rated	-	
Nishat Chunian Power Ltd	4,033	Un-rated	-	
Pakistan Reinsurance Com Ltd	36,425	AA	-	
Punjab Oil Mills Ltd	955	Un-rated	-	
Pak Gen Power Limited	14,727	Un-rated	-	
	2,157,236		3,554,740	
* Delisted Companies				
Preference shares of listed companies				
Azgard Nine Limited	15,145	D	15,145	D
Fazal Cloth Mills Limited	25,000	A-, A2	25,000	A-, A2
Pak Elektron Limited	80,000	D, D	80,000	BBB, A3
Shakarganj Mills Limited	23,250	Un-rated	35,850	D
	143,395		155,995	
Listed Term Finance Certificates				
Askari Bank Limited	51,148	AA, A1+	50,730	AA-
Azgard Nine Limited	-	D	-	
Bank AL Habib Limited	187,292	AA+, AA1+	175,114	AA
Bank AL Habib Limited - 1st issue	6,036	AA+, AA1+	9,460	AA
Engro Chemical	48,926	Un-rated	48,951	Un-rated
Jahangir Siddiqui & Co Ltd	2,958	AA, A1+	5,908	AA
Jahangir Siddiqui & Co Ltd	-	AA, A1+	-	
Jahangir Siddiqui & Co Ltd	12,555	AA, A1+	25,074	AA
JS ABAMCO	28,768	Un-rated	40,043	Un-rated
NIB Bank Ltd	13,787	AA-, A1+	13,699	A+
Orix Leasing Pakistan Limited	32,245	AA, A1+	99,127	AA+
Pak Arab Fertilizers Ltd	61,900	AA-, A1	75,930	AA
Standard Chartered Bank (Pakistan) Limited - 2nd issue	-	AAA	12,482	AAA
United Bank Limited	31,504	AA+, A1+	35,582	AA
United Bank Limited - 1st issue	37,270	AA+, A1+	46,105	AA
World Call Communication	-	BBB-, A3	9,936	BBB-
	514,389		648,141	

	2011		2010	
	Carrying value Rupees in '000	Rating	Carrying value Rupees in '000	Rating
Un-Listed Term Finance Certificates				
Agri Tech Limited (Pak American Fertilizer Limited)	-	D	-	D
Agri Tech Limited (Pak American Fertilizer Limited)	-	D	-	D
Agri Tech Limited (Pak American Fertilizer Limited)	-	D	-	D
Al Abbas Sugar Millis	12,456	A, A1	19,456	A+
Arzoo Textile	-	Un-rated	-	Un-rated
Azgard Nine Limited	-	D	-	D
Bank Alfalah Limited	49,960	AA, A1+	49,980	AA-
Eden House(SUKUK)	198,002	D	220,684	D
Engro Chemical Pak Limited	48,832	Un-rated	48,832	Un-rated
Jahangir Siddiqui & Co Ltd	21,774	AA, A1+	21,784	AA
JDW Sugar Mills Limited	222,222	A, A1	311,111	A+
JS ABAMCO	19,083	Un-rated	26,717	Un-rated
Kohat Cement(SUKUK)	27,225	Un-rated	36,225	Un-rated
Maple Leaf Cement Factory Limited	107,575	D	107,677	D
Optimus Limited	7,818	BBB+, A2	12,249	A
Orix Leasing Pakistan Limited	39,803	AA, A1+	66,403	AA+
Pakistan Mobile Communication	-	A+, A1	-	-
Pakistan Mobile Company Limited - 3rd issue	64,896	A+, A1	108,160	A+
PEL(Sukuk)	15,483	Un-rated	21,198	BBB+
PEL(Sukuk)	70,743	Un-rated	70,743	BBB+
PEL(Sukuk)	202,381	Un-rated	217,262	BBB+
PEL(Sukuk)	450,000	Un-rated	450,000	BBB+
PIA	74,311	Un-rated	74,325	Un-rated
Power Holding	-	Un-rated	2,500,000	Un-rated
Power Holding - New Issue	-	Un-rated	1,500,000	Un-rated
Security Leasing(SUKUK)	13,773	Un-rated	20,218	Un-rated
Security Leasing(SUKUK)	18,060	Un-rated	25,384	Un-rated
SME Leasing	-	BBB, A3	2,594	Un-rated
Sui Southren Gas Company	750,000	AA-, A1	1,350,000	AA
Syed Bhai (Pvt) Limited	51,471	Un-rated	120,275	Un-rated
	2,465,868		7,381,277	

Mutual Funds

NIT Units	-	Un-rated	775,471	3-Star
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Open ended mutual funds

ABL Income Fund	297,650	A+(f)	297,468	A+(f)
AMZ Plus Stock Market Fund	166,433	Un-rated	173,606	Un-rated
Askari Sovereign Cash Fund	302,927	Un-rated	30,163	Un-rated
Atlas Income Fund	-	Un-rated	144,940	Un-rated
Atlas Stock Market Fund	91,837	Un-rated	120,291	4-Star
Faysal Islamic Saving Growth Fund	-	A+(f)	10,496	A+(f)
Faysal Money Market Fund	-	AA+(f)	100,530	AA+(f)
Faysal Saving Growth	-	A+(f)	998,347	A+(f)
First Habib Income Fund	-	Un-rated	92,996	Un-rated
HBL Income Fund	-	A(f)	8,652	A(f)
IGI Income Fund	27,455	A+(f)	27,520	A+(f)
IGI Stock Fund	-	Un-rated	-	-
KASB Asset Allocation Fund (formerly KASB Balanced Fund)	74,945	Un-rated	97,168	1-Star
KASB Liquid Fund	-	AA+(f)	-	-
MCB Dynamic Stock Fund	156,815	Un-rated	195,279	4-Star

	2011		2010	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
NAFA Stock Fund	102,252	Un-rated	128,286	4-Star
NAMCO Income Fund	-	A(f)	-	
Pakistan International Element Islamic Fund	71,443	Un-rated	91,714	3-Star
Pakistan Stock Market Fund	-	Un-rated	-	
IGI Aggressive Income Fund (formerly POBOP advantage fund)	660,872	Un-rated	625,866	Un-rated
Reliance Income Fund	356,253	Un-rated	311,080	Un-rated
Unit Trust of Pakistan	-	Un-rated	-	
United Growth & Income Fund (Income)	200,397	BBB-(f)	263,813	BBB-(f)
UTP-Islamic Fund (previously JS Islamic Fund)	-	Un-rated	-	
UBL LIQUIDITY PLUS FUND	500,722	AA+(f)	-	
Close ended mutual funds				
Atlas Fund of Funds	6,895	Un-rated	5,742	Un-rated
JS Growth Fund	8,527	Un-rated	10,069	Un-rated
JS-Large Capital Fund (ABAMCO Composite Fund)	-	A+, A1	-	
NAMCO Balance Fund	40,905	Un-rated	30,975	Un-rated
Pakistan Capital Protected Fund	-	Un-rated	-	
Pakistan Strategic Allocation Fund	-	Un-rated	-	
PICIC Growth Fund	17,204	Un-rated	18,295	Un-rated
PICIC Inv.Fund	11,789	Un-rated	13,865	Un-rated
	3,095,321		4,572,632	

The above ratings represent instrument ratings for the respective securities. Wherever instrument ratings are not available, un-rated have been disclosed. Two ratings in one column represent long-term and short-term ratings of the entity respectively. The ratings have been obtained from Pakistan Credit Rating Agency (PACRA) and JCR-VIS.

List of Foreign Correspondent Banks

(1) Australia

Australia & New Zealand Banking Group Ltd Melbourne
Australia & New Zealand Banking Group Ltd Sydney
Australia & New Zealand Banking Group Ltd Brisbane
Australia & New Zealand Banking Group Ltd Adelaide
Australia & New Zealand Banking Group Ltd Perth
JP Morgan Chase Bank N.A Sydney

(2) Austria

Bank Austria AG Vienna
Bank Austria Creditans Anstalt AG Vienna
Citi Bank Vienna
Raiffisenland Bank Niederoesterreich Vienna
Raiffeisen Central Bank Oesterreich Vienna
Raiffeisenland Bank Oberoesterreich Linz

(3) Bahrain

United Bank Limited Manama
Bank Al Habib Limited Manama
BNP Paribas Manama, Full Commercial Br (Fcb) Manama
Mashreq Bank Manama

(4) Bangladesh

Habib Bank Limited Dhaka
Social Investment Bank Limited Dhaka
Woori Bank, Dhaka Dhaka

(5) Belgium

BNP Paribas S.A. Belgium - Belgium Branch Brussels
Citi Bank Belgium NV/SA Brussels
Commerzbank AG, The, Brussels Branch Brussels
Credit Europe Bank N.V. Antwerp Branch Antwerpen
Dexia Bank SA Brussels
Fortis Banque Brussels
Habib Bank Limited Brussels
ING Belgium NV/SA Brussels
KBC Bank NV Brussels
KBC Bank NV Kortrijk
KBC Bank NV Antwerpen
The Royal Bank of Scotland n.v. (belgium) Brussels

(6) Brazil

Banco Santander Central Hispano S.A. Sao Paulo
Deutsche Bank S.A. - Banco Alemao Sao Paulo

(7) Bulgaria

United Bulgarian Bank Sofia

(8) Canada

HSBC Bank PLC Toronto
National Bank of Canada Montreal
Royal Bank Of Canada Toronto

(9) China

The Royal Bank Of Scotland N.V.,
(Hong Kong) Branch Hongkong
Abn Amro Bank (China)Co., Ltd Shanghai
Agricultural Bank of china Beijing
Bank Of China (Head Office) Beijing
Bank of China HongKong Limited Hongkong
Bank of Communications Shanghai
Bank Of Jiangsu Co Ltd Nanjing
Bank Of New York Shanghai Branch Shanghai
Bank of Tokyo Mitsubishi Limited Beijing
Bank of Tokyo Mitsubishi Limited Dalian
Bank of Tokyo Mitsubishi Limited Shanghai
Bank of Tokyo Mitsubishi Limited Shenzhen
Bank of Tokyo Mitsubishi Limited Tianjin

China Construction Bank Corporation Beijing
China Merchants Bank Shenzhen
Citi Bank, N.A Hong Kong
Citibank N.A. Shanghai
DBS Bank (Hong Kong) Limited Hong Kong
Deutsche Bank AG Hong Kong
Guangdong Development Bank Guangzhou
HBZ Finance Limited Hong Kong
Hong Kong & Shanghai Banking Corp. Hong Kong
Industrial and Commercial Bank of China Beijing
JP Morgan Chase Bank N.A Beijing
JP Morgan Chase Bank N.A Hong Kong
JP Morgan Chase Bank N.A Shanghai
JP Morgan Chase Bank N.A Tianjin
Laiwu City Commercial Bank Laiwu
Mashreq Bank Hongkong
Nanjing City Commercial Bank Nanjing
National Bank of Pakistan Hongkong
Standard Chartered Bank Hongkong
Standard Chartered Bank Shanghai
The Bank of Nova Scotia Hong Kong
Toronto Dominion Bank Hong Kong
Union De Banques Et Francaises Hong Kong
Habib Bank Limited Hong Kong
Wing Hang Bank Limited Hong Kong
Yinzhou Bank Ningbo

(10) Cyprus

Bank of Cyprus Limited Nicosia
Marfin Popular Bank Public Co Ltd Nicosia
Hellenic Bank Public Company Ltd Nicosia

(11) Croatia

Zagrebacka Banka DD Zagreb

(12) Czech Republic

Citi Bank Prague
HVB Bank Czech Republic A.S. Prague
Commerzbank AG Prague
Raiffeisenbank A.S. Prague

(13) Denmark

Amagerbanken A/S Copenhagen
Danske Bank Copenhagen
Nordea Bank Denmark A/S Copenhagen
SYD Bank A/S Aabenraa

(14) Egypt

Citi Bank Cairo
Mashreq Bank Cairo
National Bank of Egypt Cairo

(15) Ethiopia

Dashen Bank Addis Abeba

(16) Eritrea

Commercial Bank of Eritrea Asmara

(17) Finland

Danske Bank Helsinki
Nordea Bank Finland PLC Helsinki
OKO Osuuspankkien Keskuspankki OYJ Helsinki
Skandinaviska Enskilda Bank Helsinki

(18) Fiji

Bank of South Pacific Limited Fiji

(19) France

BNP-Paribas SA Bank Paris
Citi Bank Paris

Commerz Bank AG Paris
 Credit Industriel ET Commercial Paris
 Habib Bank Limited UK-PLC Paris
 National Bank of Pakistan Paris
 Union De Banques Et Francaises Paris

(20) Germany

The Royal Bank Of Scotland N.V. (Germany) Frankfurt
 American Express Bank Frankfurt
 Bank Of America, N.A. Frankfurt
 Bank of Tokyo Mitsubishi Limited Duesseldorf
 Bayerische Hypovereins Bank Muenchen
 Commerz Bank AG Frankfurt
 Commerzbank Ag Hamburg
 Deutsche Bank AG Frankfurt
 Deutsche Bank AG Hannover
 Deutsche Bank AG Bielefeld
 Deutsche Bank AG Mainz
 Deutsche Bank AG Freiburg Im Breisgau
 Deutsche Bank AG Chemnitz
 Deutsche Bank AG Erfurt
 Deutsche Bank AG Leipzig
 Deutsche Bank AG Berlin
 Deutsche Bank AG Rostock
 Deutsche Bank AG Duesseldorf
 Deutsche Bank AG Essen
 Deutsche Bank AG Koeln
 Deutsche Bank AG Bremen
 Deutsche Bank AG Hamburg
 Deutsche Bank AG Muenchen
 Deutsche Bank AG Mannheim
 Deutsche Bank AG Stuttgart
 Deutsche Bank Privat-Und Geschaeftskunden Ag Frankfurt
 Commerzbank AG (formerly Dresdner Bank AG) Frankfurt
 HSBC Trinkaus UND Burkhardt AG Duesseldorf
 HSH Nordbank AG Hamburg
 Kreissparkasse Koeln Koeln
 Landesbank Baden-Wuerttemberg Stuttgart
 M.M.warburg Hamburg
 National Bank AG Essen
 National Bank of Pakistan Frankfurt
 SEB AG (Skandinaviska Enskilda Bank) Frankfurt
 Shinhan Bank Europe GMBH Frankfurt
 Sparkasse Pforzheim Calw Pforzheim
 Sparkasse Westmunsterland Ahaus
 Standard Chartered Bank Limited Frankfurt
 Suedwest Bank Stuttgart
 Westlb AG Duesseldorf

(21) Greece

Alpha Bank Athens
 National Bank of Greece Athens
 Bank Of Cyprus Public Company Limited Athens

(22) Hungary

Citi Bank Budapest
 Unicredit Bank Hungary Zrt. Budapest
 Raiffisen Bank ZRT. Budapest
 Central-European International Bank Ltd. Budapest

(23) Ice Land

Landsbanki Islands Reykjavik

(24) India

The Royal Bank Of Scotland N.V. (India) Mumbai
 Bank of Tokyo Mitsubishi Limited New Delhi
 Canara Bank Mumbai
 Central Bank of India Mumbai
 Citibank N.A Mumbai
 Deutshe Bank AG Mumbai
 JP Morgan Chase Bank N.A Mumbai
 Mashreq Bank Mumbai
 Punjab National Bank Mumbai
 Shinan Bank Mumbai
 Standard Chartered Bank Mumbai
 BNP Paribas India Mumbai

(25) Indonesia

Abn Amro Bank Jakarta
 Bank Mandiri Jakarta
 JP Morgan Chase Bank N.A Jakarta
 NISP Bank Jakarta
 Standard Chartered Bank Jakarta
 Woori Bank, Indonesia P.T Jakarta
 Bank Sinarmas Jakarta

(26) Iran

Bank Saderat Iran Tehran
 Bank Melli Iran Tehran

(27) Ireland

Citi Bank Dublin
 Bank of Scotland Dublin

(28) Italy

Veneto Banca Holding Montebellun
 Banca Agricola Mantovana SPA Mantova
 Banca Antonveneta Spa Padova
 Banca Di Roma S.P.A. Roma
 Banca Intesa SPA Milano
 Banca Monte Dei Paschi Di Siena S.P.A. Milano
 Banca Popolare Di Milano S.C.A.R.L. Milano
 Banca Popolare Di Vicenza Vicenza
 Banca Popolare Friuladria SPA Pordenone
 Banca Toscana S.P.A Firenze
 Banca Ubae Spa Roma
 Banco Popolare Di Verona E Novera Verona
 Banco Popolare Verona
 Bayerische Hypo Und Vereinsbank Milano
 Bipop-Carire SPA Brescia
 Capitalia SPA (Banca De Roma S.P.A) Roma
 Cassa Di Risparmio Di Firenze S.P.A. Firenze
 Commerzbank AG Milano
 Credito bergamasco S.P.A Bergamo
 Iccrea Banca, Milano Branch Milano
 Iccrea Banca-Istituto Centrale Del Credito Roma
 Intesa Sanpaolo SPA (Formerly Banca Intesa SPA) Milano
 Sanpaolo Banco Di Napoli Spa Napoli
 UBI Banca
 Unicredit Banca D'impresa Spa Verona
 Unicredit Private Banking Spa Torino
 Unicredito Italiano Roma
 Unicredito Italiano SPA Milano
 Veneto Banca S.C.A.R.L. Montebellun

(29) Jordan

Standard Chartered Bank Amman

(30) Japan

The Royal Bank Of Scotland Plc (Former ABN Amro Bank N.V.) Tokyo
 American Express Bank Tokyo
 Bank of Tokyo Mitsubishi Limited Nagoya
 Bank of Tokyo Mitsubishi Limited Osaka
 Bank of Tokyo Mitsubishi Limited Tokyo
 Calyon Tokyo
 Bayerische Hypo-Und Vereinsbank AG Tokyo
 JP Morgan Chase Bank N.A Tokyo
 Hong Kong and Shanghai Banking Corp. Tokyo
 National Bank of Pakistan Tokyo
 Standard Chartered Bank Tokyo
 Sumitomo Mitsui Banking Tokyo
 Union De Banques Et Francaises Tokyo

(31) Kenya

Standard Chartered Bank Nairobi

(32) Kazakhstan

Citi Bank Alma-ata
 Bank Turanalem Almaty

(33) Kuwait

Alahli Bank Of Kuwait K.S.C. Kuwait
 Commercial Bank of Kuwait SAK Kuwait
 National Bank of Kuwait Kuwait

(34) Korea

The Royal Bank Of Scotland N.V. (Seoul), Formerly Known As Abn Amro Bank N.V., Seoul Branch Seoul
 Bank of Tokyo Mitsubishi Limited Seoul
 JP Morgan Chase Bank N.A Seoul
 Kookmin Bank Seoul
 Korea Development Bank Seoul
 Korea Exchange Bank Seoul
 National Bank of Pakistan Seoul
 Pusan Bank Pusan
 Shinhan Bank Seoul
 Standard Chartered Bank Seoul
 (U.B.A.F)Union De Banques Et Francaises Seoul
 Woori Bank Seoul
 Bank Of Tokyo-Mitsubishi UFJ, Ltd., Seoul
 Daegu Bank, Ltd.,The Daegu

(35) Lebanon

Citi Bank Beirut
 Credit Libanais S.A.L. Beirut
 Habib Bank Limited Beirut

(36) Malaysia

The Royal Bank Of Scotland Berhad Kuala Lumpur
 Alliance Bank Malaysia Berhad Kuala Lumpur
 JP Morgan Chase Bank N.A Kuala Lumpur
 Standard Chartered Bank Kuala Lumpur
 Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad Kuala Lumpur

(37) Morocco

Attijariwafa Bank(Formerly Banque Comm. DU Maroc) Casablanca
 Citi Bank Casablanca

(38) Mauritius

Mauritius Commercial Bank Port Louis
 Mauritius Post&Co-operative Bank Port Louis

(39) Myanmar

Mayanma Investment & Comm. Bank Yangon

(40) Macao

Hongkong and Shanghai Banking Corp Macau
 Bnp Paribas Macau Branch Macau

(41) Norway

Den Norske Bank Oslo
 Nordea Bank Norge Oslo
 Fokus Bank, Part Of Danske Bank Group Trondheim

(42) Netherlands

Abn Amro Bank Amsterdam
 BNP Paribas S.A. - The Netherlands Branch Amsterdam
 Citi Bank Amsterdam
 Commerz Bank AG Amsterdam
 Credit Europe Bank NV Amsterdam
 Fortis Bank (Nederland) N.V. Rotterdam
 Fortis Bank (Nederland)N.V. Rotterdam
 Habib Bank Limited UK PLC Rotterdam
 Hollandsche Bank Rotterdam
 ING Bank N.V. Amsterdam
 Korea Exchange Bank, Amsterdam Branch Amstelveen

(43) Newzealand

Australia and New Zealand Bank Wellington

(44) Nigeria

Citi Bank Lagos

(45) Oman

Bank Muscat SAOG Muscat

(46) Romania

HVB Bank Romania SA Bucharest

(47) Pakistan

The Royal Bank Of Scotland Limited Karachi
 Allied Bank Limited Karachi
 Arif Habib Rupali Bank Limited Karachi
 Askari Commercial Bank Ltd Rawalpindi
 Atlas Bank Limited Karachi
 Bank Al Falah Limited Karachi
 Bank Al Habib Limited Karachi
 Bank Islami Pakistan Limited Karachi
 Bank of Tokyo-Mitsubishi UFJ Ltd. Karachi
 Citi Bank Karachi
 Crescent Commercial Bank Limited Karachi
 Deutsche Bank AG Karachi
 Dubai Islamic Bank Pakistan Limited Karachi
 Emirates Global Islamic Bank Limited Karachi
 Faysal Bank Limited Karachi
 First Dawood Islamic Bank Karachi
 Habib Bank Limited Karachi
 Habib Metropolitan Bank Ltd. Karachi
 Hongkong And Shanghai Banking Corp Ltd Karachi
 JS Bank Limited Karachi
 KASB Bank Limited Karachi
 Meezan Bank Limited Karachi
 MCB Bank Limited Karachi
 My Bank Ltd. Karachi
 National Bank of Pakistan Karachi
 NIB Bank Limited Karachi
 PICIC Commercial Bank Limited. Karachi
 Silk Bank Limited Karachi
 Soneri Bank Limited Karachi
 Standard Chartered Bank Karachi
 The Bank Of Khyber Peshawar
 United Bank Limited Karachi
 Albaraka Islamic Bank B.S.C. (E.C.) Karachi

(48) Philippines

Banco De Oro Universal Bank Mandaluyong
 Development Bank of Philippines Manila
 Equitable PCI Bank, INC. Manila
 Asian Development Bank Manila

(49) Portugal

Banco BPI SA Lisbon
 Fortis Bank Lisbon

(50) Poland

Bank Handlowy w Warszawie SA Warszawa
 ING Bank Slaski I SA Katowice
 Nordea Bank Polska S.A. Gdynia

(51) Papua New Guinea

Bank Of South Pacific Limited Port Moresby

(52) Qatar

United Bank Limited Doha
 Doha Bank Doha
 Mashreq Bank Doha
 BNP Paribas, Doha Doha

(53) Russia

Citi Bank Moscow
 MDM Bank (Open Joint-Stock Company) Moscow

(54) Saudi Arabia

Alinma Bank Riyadh
 Bank Al-Jazira Jeddah
 Banque Saudi Fransi Riyadh
 Islamic Development Bank Jeddah
 Samba Financial Group Riyadh
 JP Morgan Chase Riyadh
 Saudi Hollandi Bank Riyadh
 Bank Al Bilad Riyadh
 National Bank of Pakistan Riyadh

(55) Singapore

The Royal Bank Of Scotland N.V. (Singapore) Singapore
 Bank Mandiri(Persero) PT Singapore
 Bank of America Singapore
 Bank of Tokyo Mitsubishi Limited Singapore
 Bayerische Hypo-Und Vereinsbank Singapore
 Citi Bank Singapore
 Commerz Bank AG Singapore
 Deutsche Bank AG Singapore
 Fortis Bank Singapore
 Habib Bank Limited Singapore
 HSBC Bank USA,N.A., Singapore
 JP Morgan Chase Bank N.A Singapore
 KBC Bank Singapore Branch Singapore
 Shinan Bank Singapore
 Skandinaviska Enskilda Singapore
 Standard Chartered Bank Singapore
 Sumitomo Mitsui Banking Corporation Singapore
 The Hongkong And Shanghai Banking Corporation Limited, Singapore
 Union De Banques Et Francaises Singapore

(56) Slovenia

Bank Austria Creditans Anstalt Ljubljana

(57) Sudan

Blue Nile Mashreg Bank Khartoum

(58) Spain

Banco De Sabadell S.A. Sabadell
 Bankinter,S.A Madrid

BNP Paribas S.A. Sucursal En Espana Madrid
 Caixa D'Estalvis De Catalunya Barcelona
 Caixa D'Estalvis I Pensions De Barcelona Barcelona
 Caja Espana De Inversiones Leon
 Caja de Ahorros de Galicia Madrid
 Caja De Ahorros Del Mediterraneo Alicante
 Citi Bank International PLC Madrid
 Citibank Espana S.A Madrid
 Commerz Bank AG Madrid
 Fortis Bank Madrid

(59) Sri Lanka

NDB Bank Limited Colombo
 Hatton National Bank Limited Colombo
 Habib Bank Limited Colombo
 Bank of Ceylon Colombo

(60) South Africa

First Rand Bank Durban
 HBZ Bank Limited Durban

(61) Sweden

The Royal Bank Of Scotland N.V. (Nordic) Stockholm
 Citi Bank Stockholm
 Nordea Bank Sweden Stockholm
 Skandinaviska Enskilda Stockholm
 Svenska Handelsbanken Stockholm
 Svenska Handelsbanken Malmo

(62) Switzerland

The Royal Bank Of Scotland N.V., Amsterdam, Zurich
 Branch Zurich
 Abn Amro Bank (Switzerland) A.G. Zurich
 Banque Cantonale Vaudoise Lausanne
 Banque De Commerce Et De Placements S.A. Geneva
 BNP Paribas (Suisse) SA Geneva
 Commerz Bank AG Zurich
 Credit Agricole (Suisse)SA Geneva
 Credit Suisse Zurich
 HSBC Guyerzeller Bank AG Zurich
 United Bank Limited Zurich
 Zuercher Kantonal Bank Zurich
 Habibsons Bank Limited Zurich
 Habib Bank AG Zurich Zurich

(63) Scotland

Bank of Scotland Dublin
 Citibank Europe PLC Dublin

(64) Slovakia

Unibanka, A.S.,(Unicredito Italiano Group) Bratislava
 Commerzbank AG Bratislava

(65) Taiwan

Australia And New Zealand Banking Group Limited,
 Taiwan Branch (Formerly Known As ABN Amro Bank N.V)
 Taipei
 Bank Of New York Taipei
 Bank of Tokyo Mitsubishi Limited Taipei
 Citibank N.A., Taipei Branch Taipei
 HSBC Bank (Taiwan) Limited Taipei
 JP Morgan Chase Bank N.A Taipei
 The Hongkong And Shanghai Banking Corporation Ltd.
 Taipei
 Standard Chartered Bank Taipei
 Sumitomo Mitsui Banking Corporation Taipei

(66) Tunisia

Arab Banking Corporation Tunis
Banque Internationale Arabe De Tunisie Tunis

(67) Thailand

Bank of Tokyo Mitsubishi Limited Bangkok
Export-Import Bank of Thailand Bangkok
JP Morgan Chase Bank N.A Bangkok
Standard Chartered Bank Bangkok
Sumitomo Mitsui Banking Corporation Bangkok

(68) Turkey

Habib Bank UK-PLC Istanbul
Oyak Bank A.S. Istanbul
Tekstil Bankasi A.S. Istanbul
Turkiye Garanti Bankasi Istanbul
Turkiye IS Bankasi Istanbul
Yapi Ve kredi bankasi Istanbul
Oyak Bank A.S.(Head Office) Istanbul
T Bank-Turk land Bank A.S. Istanbul
Fortis Bank A.S. Istanbul

(69) United Arab Emirates

BNP Paribas Dubai
BNP Paribas Abu-Dhabi
Citi Bank Dubai
Commercial Bank of Dubai Dubai
Doha Bank Dubai
Emirates Bank International PJSC Dubai
Emirates Islamic Bank Dubai
First Gulf Bank Abu-Dhabi
Habib Bank A.G. Zurich Dubai
HSBC Bank Middle East Limited Dubai
HSBC Bank Middle East Ltd Dubai
Mashreq Bank Dubai
National Bank of Fujairah Fujairah
Standard Chartered Bank Dubai
Union National Bank Abu-Dhabi
United Bank Limited Sharjah
Habib Bank Limited Dubai

(70) United Kingdom

Bank Leumi UK-PLC London
Bank Of America, N.A. London
Bank Of Cyprus UK London
Bank of Tokyo Mitsubishi Limited London
Citi Bank London
Commerz Bank AG London
EFG Private Bank Limited London
Habib Bank AG Zurich London
Habib Bank UK-PLC London
HSBC Private Bank (UK) Ltd. London
JP Morgan Chase Bank London
KBC Bank NV London
Landsbanki Islands Hf, London Branch London
Mashreq Bank London

National Westminster Bank London
Nordea Bank Finland Plc London Branch London
Northern Bank (Part Of Danske Bank Group) Belfast
Shinhan Bank London Branch London
Standard Chartered Bank London
United National Bank London
Habibsons Bank Ltd London

(71) United States

The Royal Bank Of Scotland N.V. (New York) Newyork
The Royal Bank Of Scotland N.V. (New York) Chicago
American Express Bank Newyork
Bank Of America, N.A. Newyork
Bank of Newyork Newyork
Bank of Tokyo Mitsubishi Limited Newyork
Bank of Tokyo Mitsubishi Limited Los Angeles
BNP Paribas U.S.A Newyork
Citi Bank Newyork
Commerce Bank N.A Kansas
Commerz Bank AG Newyork
Credit Suisse Bank Newyork
Deutsche Bank Trust Company Americas Newyork
Doha Bank Newyork
First Commercial Bank Birmingham
Habib American Bank Newyork
Habib Bank Limited Newyork
HSBC Bank USA,N.A Newyork
JP Morgan Chase Bank Newyork
Keybank National Association Cleveland,OH
Mashreq Bank Newyork
National Bank of Pakistan Newyork
National City Bank Cleveland Cleveland
Regions Bank Birmingham
Standard Chartered Bank Newyork
State Bank of India(California) Artesia
Sumitomo Mitsui Banking Corporation Newyork
Srterling National Bank Newyork
U.S Bank Minneapolis
UMB Bank, N.A. Kansas City
United Bank Limited Newyork
Washington Mutual Bank Seattle
Wells Fargo Bank Newyork
Wells Fargo Bank San Francisco
Woori Bank Los Angeles
China Construction Bank New York Branch Newyork

(72) Vietnam

Standard Chartered Bank Hanoi
Shinanvina Bank Ho Chi Minh

(73) Zambia

Standard Chartered Bank Lusaka

Form of Proxy

I/We _____
(Name and Folio No./Participant Account No. & Sub-Account No.)

of _____
(Place)
being a member(s) of THE BANK OF PUNJAB hereby appoint

(Name and Folio No./Participant Account No. & Sub-Account No.)

of _____
(Place)

another member of the Bank as my / our proxy to attend, speak and vote on my / our behalf at the 21st Annual General Meeting of the Bank to be held on Wednesday, 30th May, 2012 at 9:30 a.m. at Qasar-e-Noor, Main Boulevard, Gulberg-III, Lahore and at any adjournment thereof.

Signed this _____ Day _____ 2012.

WITNESSES:

1. Signature: _____

Name: _____

Address: _____

CNIC or
Passport No. _____

Five Rupees
Revenue Stamp

Signature of Member(s)

2. Signature: _____

Name: _____

Address: _____

CNIC or
Passport No. _____

NOTE:

This form of proxy duly completed must be deposited at Corporate Affairs Department of the Bank at BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore by not less than 48 hours before the time fixed for the Meeting.

The Company Secretary

THE BANK OF PUNJAB

BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III,
Lahore.

Ph: 35783700-10

AFFIX
CORRECT
POSTAGE