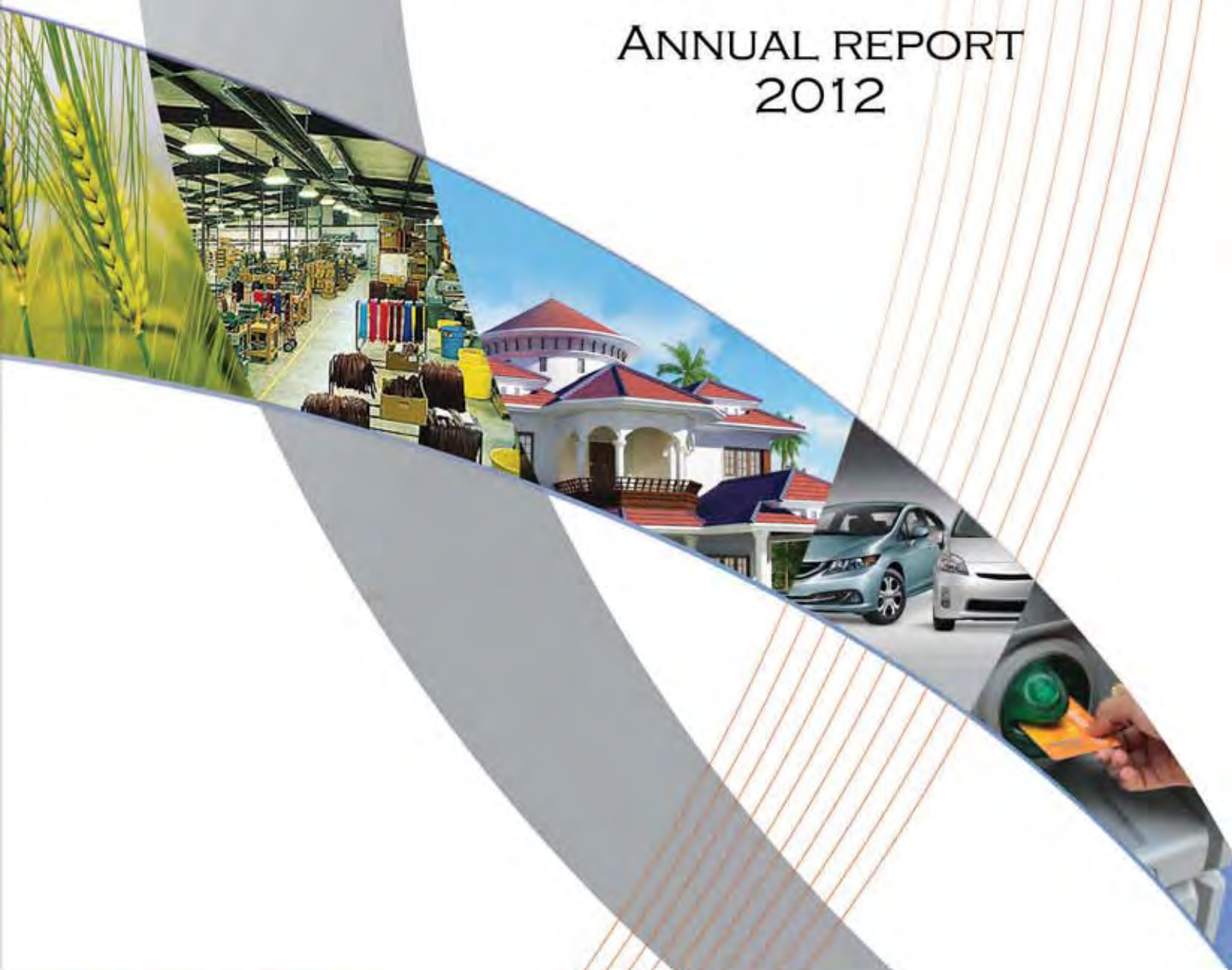


ANNUAL REPORT 2012



BOP
THE BANK OF PUNJAB

Passion Reborn



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.

Art of Banking



Contents

- 04** Corporate Information
- 06** Vision, Mission Statement & Core Values
- 08** Credit Rating
- 09** Management
- 10** Six Years at a Glance
- 14** Corporate Social Responsibility
- 16** Products and Services
- 22** President's Message
- 24** Economic Review
- 26** Directors' Report
- 36** Statement of Compliance with the Code of Corporate Governance
- 38** Auditors' Review Report to the Members on Code of Corporate Governance
- 39** Notice of Annual General Meeting
- 41** Financial Statements of The Bank of Punjab
- 119** Consolidated Financial Statements of The Bank of Punjab and its Subsidiary Punjab Modaraba Services (Pvt.) Limited
- 197** Pattern of Shareholding
- 201** Foreign Correspondents
Form of Proxy

Corporate Information

Board of Directors

Mr. Ghafoor Mirza	Chairman
Mr. Naeemuddin Khan	President/CEO
Mr. Javaid Aslam	Director
Mr. Tariq Bajwa	Director
Mr. Tariq Mahmood Pasha	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Mr. Junaid Ashraf Khawaja	Director
Mr. Raza Saeed	Secretary to the Board

Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Tariq Mahmood Pasha	Member
Mr. Saeed Anwar	Member

Board Risk Management Committee (BRMC)

Mr. Javaid Aslam	Chairman
Mr. Tariq Mahmood Pasha	Member
Mr. Saeed Anwar	Member

Human Resource & Remuneration Committee (HR&RC)

Mr. Tariq Bajwa	Chairman
Khawaja Farooq Saeed	Member
Mr. Naeemuddin Khan	Ex-officio Member

Auditors

M. Yousuf Adil Saleem & Co.,
Chartered Accountants

Registered Office:

BOP Tower, 10-B, Block-E-II,
Main Boulevard,
Gulberg-III, Lahore.
Telephones: +92 - 42-35783700-10
Fax No. +92 - 42 - 35783975
UAN: 111-200-100

Website:

www.bop.com.pk

Registrar:

M/s. Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Telephones: +92 42 35916714, 35916719, 35839182
Fax No. +92 42 35869037

Innovative Banking Solutions



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



BOP



Credit Rating

Entity Ratings by PACRA

Long Term: AA-
Short Term: A1+

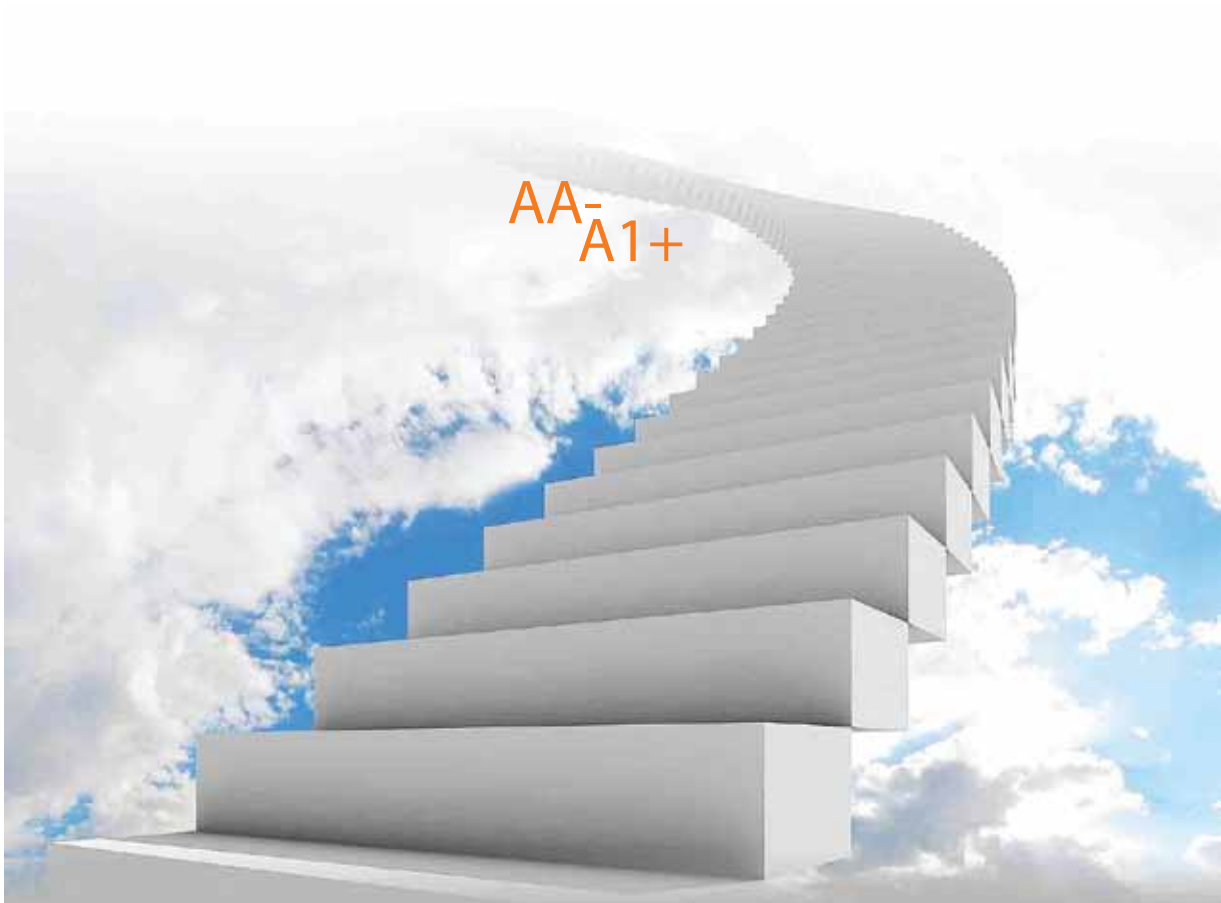
Rating Definition:

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.



Management



Asim Jahangir Seth
Head CIBG-II

Mahboob ul Hassan
Group Head SAM

Nadeem Amir
Chief Financial Officer

Shahid Waqar Mahmood
Group Head Retail Banking

Naeemuddin Khan
President / CEO

Taimur Afzal
Head Retail Finance

Salman Saeed
Head Business Planning

Liaquat Ali
Group Head Commercial Banking

Irfanuddin
Head Compliance & Internal Control

Tariq Maqbool
Chief Risk Officer

Khawar S. Ansari
Head Treasury

Sajjad Hussain
Group Head Special Projects

Kamran Khalil
Group Head Operations

Khalid S. Tirmizey
Deputy CEO

Moghis Bokhari
Group Head Human Resource

Muddassar Hussain Naqvi
Head Legal

Ijaz ur Rehman Qureshi
Group Head Audit & RAR

Mustafa Hamdani
Group Head Payment Services

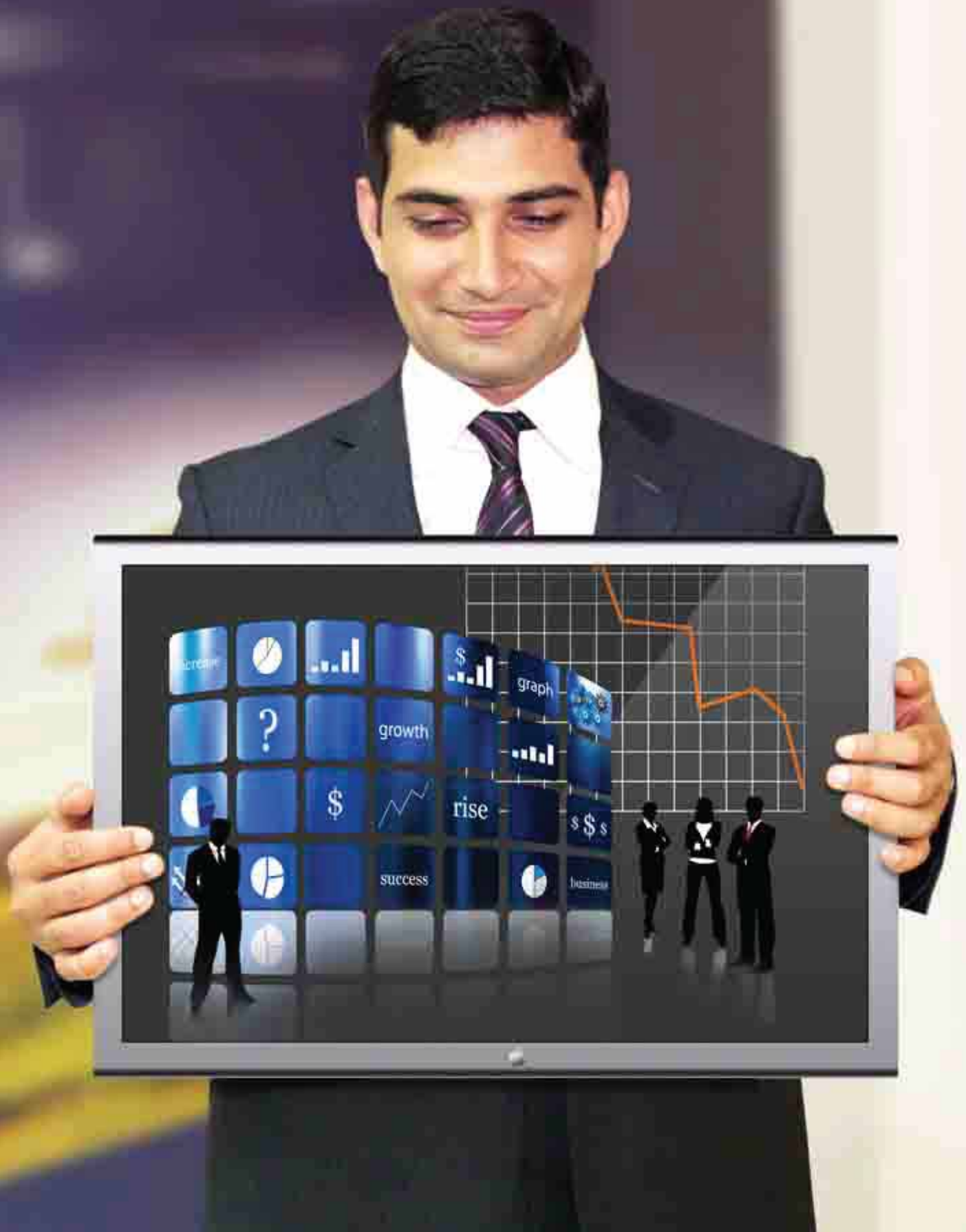
Khalid Qaiyum
Head CIB G-I

Six Years at a Glance

	Criteria	2012	2011	2010	2009	2008	2007
Balance Sheet							
Total Assets	Rs in m	332,111	280,998	229,190	216,670	185,909	234,974
Advances (net)	Rs in m	149,605	127,130	120,818	121,316	131,731	133,894
Investments	Rs in m	129,519	92,581	56,403	57,960	22,712	73,462
Shareholders Equity	Rs in m	10,733	10,135	2,947	5,531	5,057	15,110
Revaluation Reserve	Rs in m	1,638	638	721	645	(1,313)	3,885
Deposits	Rs in m	266,056	237,897	208,177	190,858	164,073	191,969
Borrowings from Fls	Rs in m	44,684	24,964	11,527	14,040	12,279	17,843
Operating Results							
Markup/ return/ interest earned	Rs in m	24,666	20,685	18,220	15,642	17,753	17,539
Markup/ return/ interest expenses	Rs in m	22,523	21,073	18,802	19,023	16,614	13,939
Net markup income	Rs in m	2,143	(388)	(582)	(3,381)	1,139	3,600
Non-markup based income	Rs in m	3,191	1,990	1,883	2,219	4,183	5,423
Non-markup based expenses	Rs in m	4,558	3,711	4,168	3,029	2,925	2,289
Provision against NPLs	Rs in m	(965)	(3,164)	560	9,242	18,864	1,888
Net profit/(Loss) before tax	Rs in m	1,404	523	(6,186)	(14,374)	(16,833)	4,846
Net profit/(Loss) after tax	Rs in m	1,634	348	(4,029)	(10,069)	(10,060)	4,446
Other Information							
EPS (Non dilutive)	Rs. Per share	3.09	0.66	(7.62)	(19.04)	(19.02)	10.51
Dividend - Cash	%	-	-	-	-	-	-
Dividend - Bonus issue-Interim	%	-	-	-	-	-	10.00
- Bonus issue-Final	%	-	-	-	-	-	25.00
No. of branches	No.	306	284	273	272	272	272
Staff Strength	No.	5,491	4,999	4,464	4,279	4,156	3,859

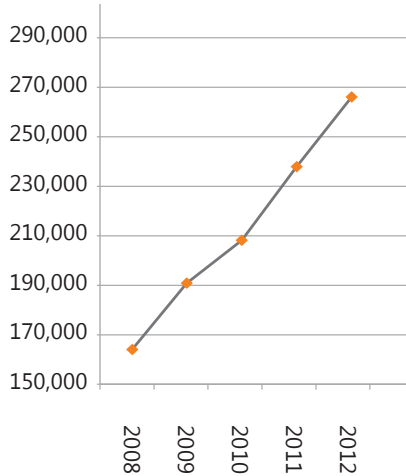


BOP

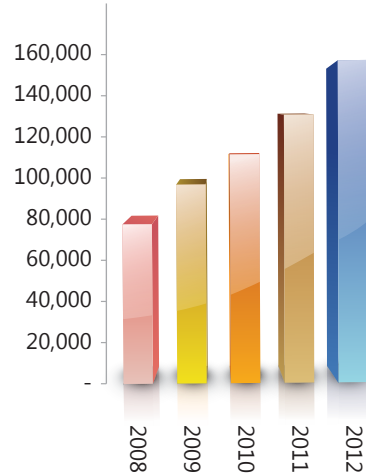


Growth Trends

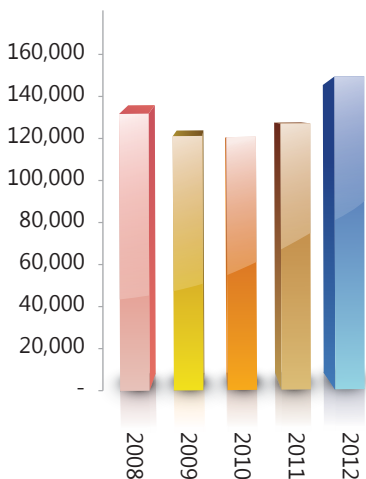
Deposits
Rs. in Million



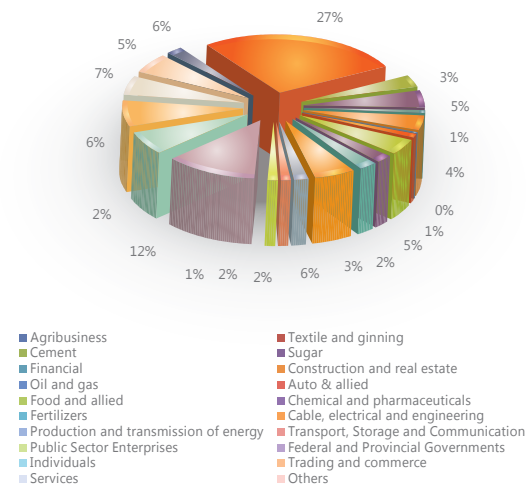
CASA
Rs. in Million



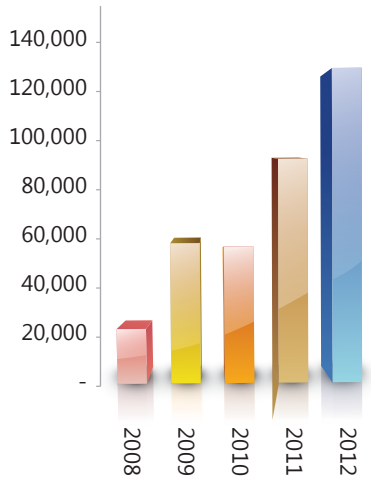
Advances (net)
Rs. in Million



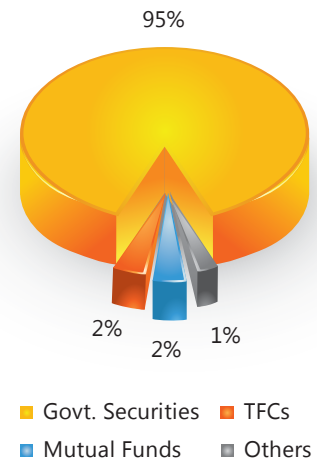
Advances Mix (2012)



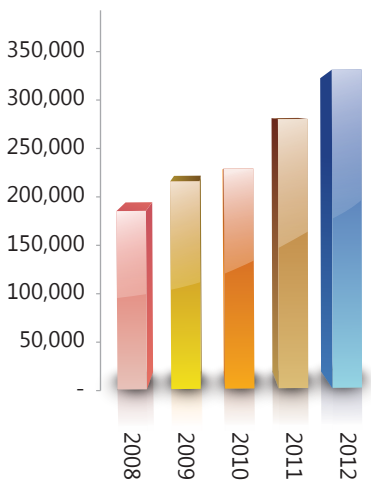
Investments
Rs. in Million



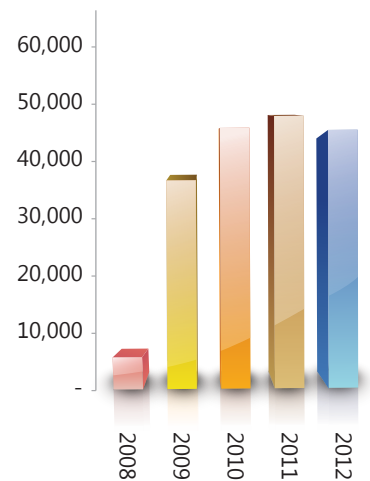
Investment Mix (2012)



Assets
Rs. in Million



Home Remittance Business
Rs. in Million



Corporate Social Responsibility

The Bank has a defined guiding principle for all its social initiatives. An essential element of the Bank's Corporate Responsibility is its community initiatives which aim at empowering individuals at the bottom of the pyramid through developmental initiatives.

The major measures taken by BOP include:

- Women's Entrepreneur Finance Scheme (WEFS) to assist women to launch or expand their business.
- In order to promote the habit of saving, Gharalyoo Saving Scheme for household ladies and Young Lions Saving Scheme for children have been introduced.
- Financing of 20,000 vehicles to educated unemployed youth.
- Expansion of Branch network in less developed areas.
- Participation in different social events:
 - Punjab Youth Festival
 - Celebrating Women's Day
 - Tennis training camp for Youth & Children
 - Lahore Open Polo Tournament





The car of your
dreams
buy now pay later



Products & Services

The Bank of Punjab is offering a wide range of products and services, customized to the needs of respective target markets, through its nationwide network. The Bank keeps a close eye on its product lines and regular revamping takes place in line with market dynamics.

Retail Finance Division:

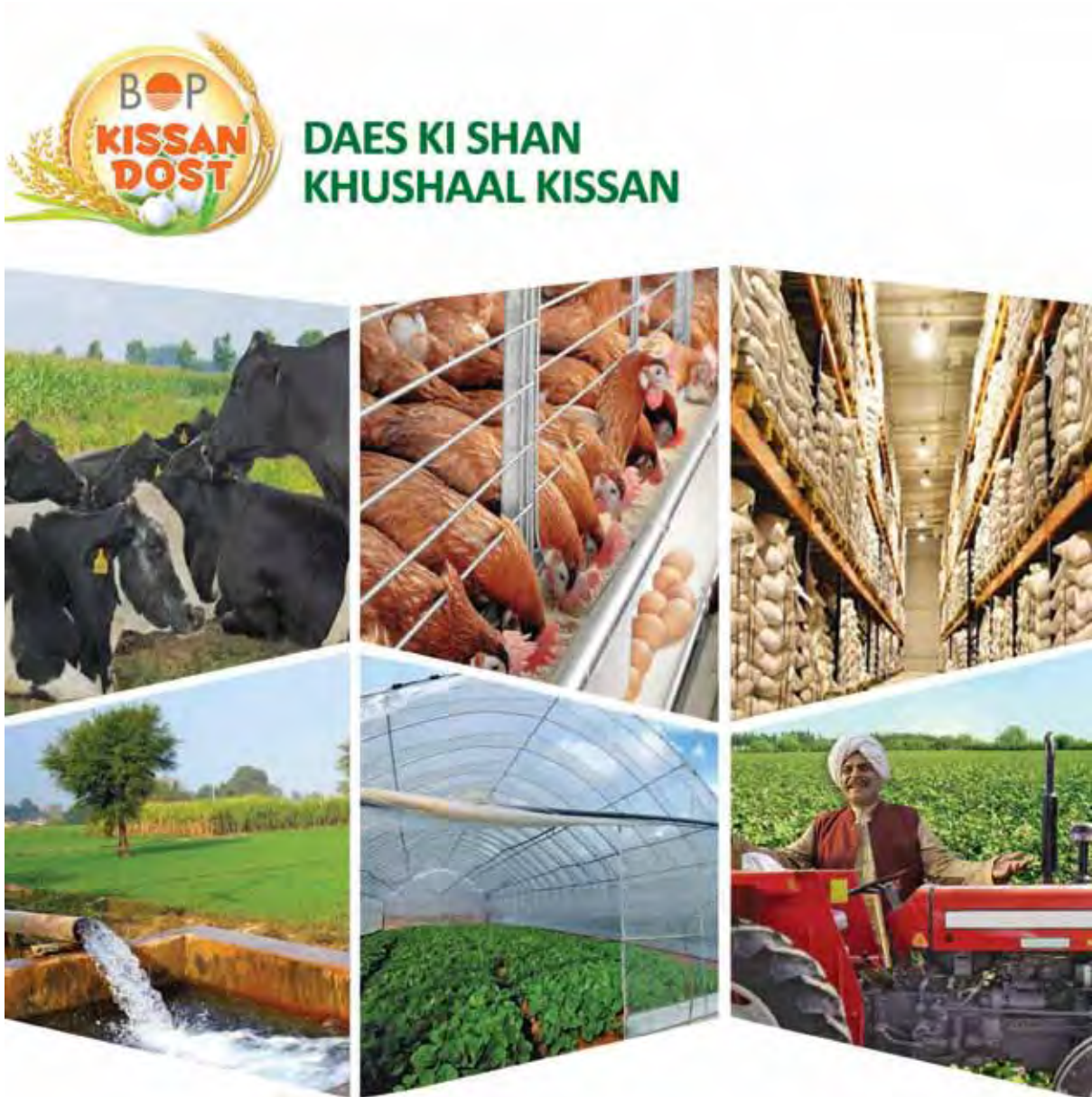
Retail Finance Division is handling consumer financing and other projects such as Self Employment Scheme for Educated Youth (SESEUY), Aashiana etc. Our strategy is to aggressively grow in consumer assets and to enhance share of consumer portfolio in overall RFD portfolio. During 2012, RFD successfully concluded disbursement of 20,000 vehicles, which is a landmark in the leasing history of Pakistan.

Exposure in SESEUY will gradually reduce over years owing to robust recovery procedures, which would be compensated through

aggressive growth in consumer assets. The products being offered by Retail Finance include:

- Aasaish Loan
- Quick Cash
- Car Lease
- House Loan
- Smart Cash Personal Loan
- Motorcycle Lease Scheme
- Carvaan Fleet Financing





Agriculture Credit Department:

Our strategy on agriculture credit is to selectively grow our asset book on one side and focus on recoveries from non performing loans on the other. The Bank is focusing on corporate farmers, commercial entities and individuals dealing in agriculture to provide production loans. Besides, tractor financing and loans for farm mechanization, green houses, cold storage etc are areas of interest for the Bank.

The products being offered by Agriculture Credit Department include:

- Kissan Dost Running Finance Facility
- Kissan Dost Lease Finance Facility
- Kissan Dost Cold Storage Finance Facility
- Kissan Dost Green House Finance Scheme
- Kissan Dost Livestock Development Scheme

Corporate & Investment Banking Group:

During 2012, the Bank followed the strategy of growth in its advances portfolio through booking enhancements in existing credit limits with good repayment track record and fresh limits to tier one customers. This strategy was adopted due to the reason that Bank's portfolio mix primarily consisted of tier 2 and 3 customers and few tier one customers were working with The Bank of Punjab. On the other hand, the competitors had already booked these customers and were in overall consolidation phase.

The Management drove home this advantage to the maximum and started booking tier one, blue chip, corporate customers.

Commercial Banking Group:

Commercial Banking Group caters to the financial needs of SMEs and commercial entities with an aggregate exposure (fund & non-fund based) of above Rs. 20 million upto Rs. 250 million. Our strategy on Commercial Banking Group is to reach untapped Small & Medium Enterprises and Commercial entities and provide them with tailor-made business solutions.





One name. Multiple benefits.

Retail Banking Group

Effective deposit mobilization is considered as one of the most important aspect for growth of any Bank. It involves growth in deposits on one hand and control over the cost of deposit on the other. The Retail Banking Group has developed a wide range of liability products aimed at various segments, which include:

- PLS Saving Bank Account
- PLS Pension Direct Account
- Saving Profit Plus Account
- Corporate Premier Account
- PLS Supreme Saving Account
- Senior Citizen Saving Account

- Gharayloo Saving Account
- Ziada Munafa Saving Account
- BOP Young Lions Savings Account
- Bahtreen Munafa Saving Account
- Short Notice Time Deposits
- PLS Term Deposits
- Corporate Premier Term Deposit
- Munafa Hi Munafa Term Deposit
- BOP Bai Misaal Term Deposit
- BOP Kissan Dost Term Deposit
- BOP Senior Citizen Term Deposit
- Pehlay Munafa Term Deposit
- Foreign Currency Diposits



“Saving is so much fun
with BOP Young Lions
Savings Account”





President's Message

It has been a long journey since we took over from the previous management of the Bank. With consistent economic impediments also witnessed this year, steering the bank towards being a better service provider has been hard to say the least. However, with continued focus on our roadmap to success; we managed to adhere to our stance of providing impeccable service to our customers, which is second to none.

In line with our strategy of growth, our branch network has grown to 306 and we are proud to announce that in the medium tier banks, The Bank of Punjab ranks amongst top banks in terms of branch growth.

Our balance sheet numbers have seen noteworthy improvement this year. The Deposit base has pursued a consistent growth pattern this year and has increased significantly from Rs. 238 Billion to Rs. 266 Billion. Our focus on CASA as part of the deposit mix strategy has resulted in procurement of low cost deposit; showing an increase of good Rs. 25 Billion over December 2011. Similarly, Advances have increased to Rs. 175.9 Billion showing an increase of Rs. 22.4 Billion over the preceding year. Our Investments portfolio has also increased significantly with its concentration towards government securities depicting our strategy of consolidation.

Our core focus on service excellence has allowed us to take great leaps in performance despite prevalent economic conditions. Products tailor-made to all segments have been developed and introduced to ensure that none of the segments remains untapped.

A commendable milestone achieved this year was the wheat procurement consortium led by The Bank of Punjab; to provide credit of Rs. 92.4 billion for disbursement of payment to wheat growers.

Another landmark deal in the leasing history of Pakistan successfully concluded this year for disbursement and delivering of 20,000 vehicles to educated unemployed youth. It is pertinent to mention here that owing to prudent features of the product, coupled with our robust collection and recovery procedures, this scheme has been a success story.

Investing in human capital and capacity building has always been our priority. During the year, we have carried out numerous training workshops to equip our staff with latest tools of trade.

Recognizing the importance of good Corporate Governance, effective measures have been implemented to ensure meticulous compliance with guidelines of the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan. Besides, implementation of best international practices of Internal Control is being emphasized to further strengthen Internal Control function.

Information Technology Division has improved on its online connectivity throughout the network of branches. We have, hence, been able to carry out our core banking transactions in a secure, faster and more cost effective manner. Backup facility is now available for all IT related transactions, and the bandwidth for regular transactions has been increased by two folds as a result of this up-gradation.

Islamic banking initiative has also been taken to the next level this year. With experienced professionals being hired this year, we plan to further fortify this area as one of our core operations.

A clear cut direction has already been embarked upon, sticking to this path with unfaltering hard work is all we need now for BOP to emerge successful in this plan.

I would like to thank the Government of the Punjab and the State Bank of Pakistan for their support and co-operation through difficult times. Also, the support of our Board of Directors and the effort put in by our staff is worth much appreciation.

Naeemuddin Khan
President

Economic Review



The Pakistan's economy in 2012 was marred by political unrest, security issues, low investment and a persisting electricity and gas shortage. Although GDP growth was recorded at 3.7 percent in 2012 as opposed to the previous year's 3.0 percent, there is a lot that the nation still has to overcome.

Total investment followed a steep declining trend over the past few years and is now down to 12.5%. Monetary expansion was largely made on the back of fiscal borrowings from the banking sector which only increased the total maturing scheduled bank debt as a repercussion. The aim of this was palpably to finance large budgetary spending and excessive deficits. Foreign investment, however, did pick up during the latter half of the year. Another major characteristic seen this year was the fiscal deficit reaching 8.5% of GDP. With a generalized unwillingness to pay out taxes, tax revenue is doing little to help the situation. IMF has proposed measures to help inflate revenues and

control expenditures and year 2013 shall see how effective implementation of these measures ultimately remains.

However, despite deteriorating economic conditions, inflation was contained significantly during 2012. This was primarily why SBP slashed its discount rates by 250 basis points after August 2012 so as to ease monetary flow. With a lenient policy rate, a slight stimulation in private investment was also seen. Further reduction in inflation could prove to be a stepping stone for accelerated economic expansion in 2013 and onwards.

The industrial sector is still suffering from adverse effects of the gas shortfall and energy crisis. Hence if the energy crisis is resolved to some extent, a major chunk of the economy could benefit and facilitate achievement of economic development targets. If not dealt with, this crisis will continue to be a binding constraint through the whole of next year. However, the agriculture sector did recover with cotton, wheat, rice and other major crops benefiting from post flood recovery.

A volatile political environment coupled with deteriorating law & order was also seen towards the close of the year. With political uncertainty and a volatile security situation, the economy was bound to suffer. However, on a brighter note, upcoming political restructuring might be able to bring back economic stability and allow a faster pace of growth.

Pakistan's economy has now been put to a test of structural changes, which might be the only solution to more prosperous 2013. Broadening of the tax base, elimination of elements draining public finances and stability in the power sector are key in allowing this to happen.



Banking for everyone



AGRICULTURE

SMART CASH

ATM

HOUSE LOAN

AUTO FINANCE

E-BANKING

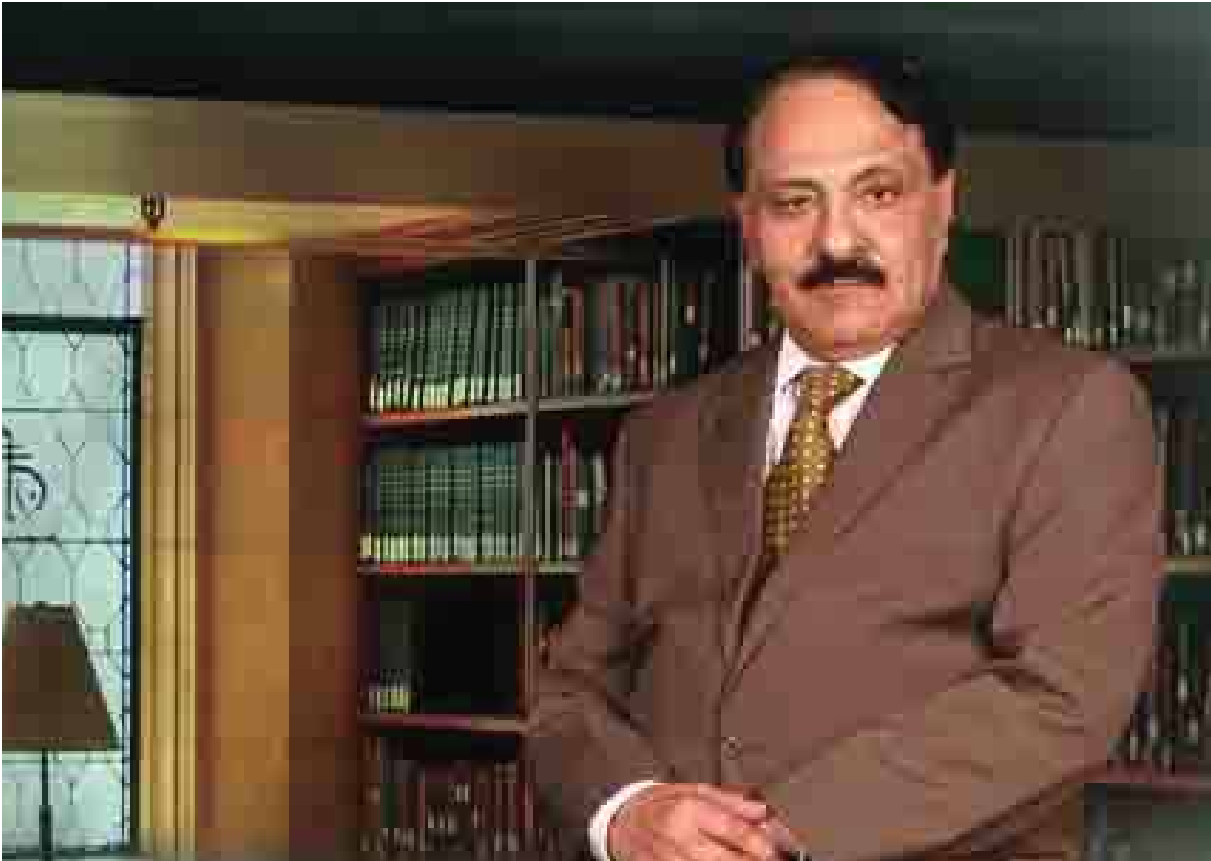
SME LOAN

CALL CENTER

TIJARAT ACCOUNT

PAHLAY MUNAFA

BAHTREEN MUNAFA



Directors' Report

On behalf of the Board of Directors, I am pleased to present the 23rd Annual Report of The Bank of Punjab along with the audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2012.

Performance at a Glance

During the year 2012, the Management continued its endeavors to ensure sustained improvement in financial position of the Bank. Accordingly, the Bank was able to post an after tax profit of Rs.1,634 million as against Rs.348 million in the preceding year. Vigorous recovery efforts coupled with attempts to lower down cost of funds, through special focus on CASA Deposits, resulted in substantial rise of Rs. 2,531 million in Net Interest Margin (NIM), which stood at Rs. 2,143 million for the year 2012 as against Rs.(388) million during the last year. Similarly, efforts to enhance non-mark up income, including fee based

income, also resulted in successful achievement of desired profitability objectives. Strategies implemented to achieve optimal operational efficiency with effective cost controls also proved successful and despite high inflation, administrative cost registered a rise of 12% with absorbed cost of enhanced branch network, which increased to 306 branches (including 4 sub-branches) as against 284 branches as at close of last year.

During the year, despite intense competition, deposits grew to Rs.266,056 million with a growth of 19% in CASA Deposit, thereby contributing towards achievement of a healthy deposit mix at close of the year. The opportunities in inter-bank money market were optimally managed by the Bank's Treasury through safe arbitrages and low cost borrowings.

During the year, economic conditions remained volatile with energy crisis taking their toll on

businesses; however, these were managed by prudent business strategies adopted by the Bank. Expansion in product range and revamping of core functions has been one of the main directions taken up by the Bank. The Advances portfolio stood at 175.9 billion at the year-end, showing a fair increase as opposed to previous trends; primarily because of an adaptation of a slightly more aggressive lending strategy to good corporate customers. Accordingly, advances to deposits ratio of 66% was attained as a result, ensuring a perfect balance between secured loans and income generated thereon. The NPLs reduction also remained priority during the year and despite adverse economic conditions the Management has been able to reduce the NPLs by Rs. (4,298) million, which stood at Rs. 69,368 million as at close of the year, against Rs.73,666 million last year.

As at the close of the year 2012, net advances aggregating to Rs. 30,080 million requiring additional provision of Rs. 27,056 million have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP on the basis of two Letters of Comfort (LOCs) issued by the GOPb, as explained in Note 1.2 of the financial statements. The Management believes that the Bank would be able to achieve the projections as per Business Plan prepared on the basis of arrangements as disclosed in said Note.

During the year under review, as a part of the investment strategy the Bank opted to remain secured and liquid with return maximization, it also invested incremental funds in Government Securities thus improving the liquidity and credit risk profile of its Assets. As at close of the year, the Investments stood at Rs. 129,519 million as against Rs. 92,581 million as at close of the last year with high concentration in government securities. The interest rate fluctuations during the year were well exploited by the Bank's Treasury and attracted substantial capital gains through effective market risk management strategies.

During the year 2012, total assets increased to Rs. 332,111 million as against Rs. 280,998 million as at close of the last year, thereby depicting a rise of 18%.



Financial Highlights

Rs. in Million

Profit after taxation	1,634
Accumulated Loss b/f	(14,068)
Transfer to statutory reserve	(327)
Transfer from surplus on revaluation of fixed assets on disposal	7
Transfer from surplus on revaluation of fixed assets (net of tax)	12
Accumulated Loss c/f	(12,742)
Earnings per share-Rupees	3.09

Capital Adequacy and Minimum Capital Requirements

As at close of the year 2012, the paid-up capital, reserves (net of losses) and advance subscription money of the Bank stood at Rs. 10,733 million and the Capital Adequacy Ratio (CAR), as disclosed in note 42.2, remained below the prescribed level of 10%.

During the year 2011, Government of the Punjab (GOPb), being majority shareholder, in order to support capital structure of the Bank, deposited Rs. 7,000 million as advance subscription money, in addition to Rs.10,000 million deposited in year 2009 against future issue of shares by the Bank. Accordingly, during the year 2012, in the first phase, the Board of Directors has recommended a right issue of Rs. 5,000 million (99.53%) at a discount of Rs 0.5 per share, as stated in note 21.4.

Based on the arrangements as disclosed in Note 1.2, the SBP has granted the Bank exemption from minimum paid up capital (net of losses) and applicable capital adequacy ratio (CAR), which should not fall below 7% upto December 31, 2013.

Nevertheless, 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.

Human Resource Management

Effective and transparent human resource management strategies have played a pivotal role in overall business growth thereby augmenting performance of its operational units. The prime objective of human resource function is to harness the employee's potential to provide improved customer service, which in turn results in building the brand image. The Bank is endowed with a competent and highly motivated employee base of 5,491.



Inline with the overall Business Plan of the Bank, the Human Resource Division has already developed a comprehensive strategic vision, which includes revamping of human resource policy framework having enhanced focus on capacity building.

With a view to improve the Human Resource Information System, several initiatives involving automation such as centralized HR database, Payroll & leave record modules etc. have already been introduced. Substantial training and capacity building

programs were also conducted during the year, in areas of Credit, Risk Management, Branch Operations, Foreign Trade, Forex Dealings, etc, besides development and grooming programs for young officers and new recruits throughout the year.

Risk Management Framework

Effective Risk Management is fundamental to the business of banking and is an extremely critical element of banking operations. This function ideally facilitates identification, measurement, management and mitigation of risks which may confront achievement of Bank's 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 exposure limits taking into account the risk appetite of the Bank and the skills available for managing the risks. The Board of Directors is supported by "Board Risk Management Committee" in this respect.

The credit risk mechanism consists of policies and procedures that ensure credit risk is measured and monitored both at account and portfolio levels. The Bank has standardized and well-defined approval processes for all credit proposals to minimize the credit risk associated with them. The Bank has also developed credit rating models and the entire credit portfolio of the bank is subject to internal credit rating. The Bank continuously monitors portfolio concentrations by borrower, groups, industry, geographic locations, etc and constantly strives to improve credit quality and maintain a risk profile that is diverse in terms of borrowers, products, industry type and geographic location.

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 is primarily involved in identification, measurement, monitoring and management of liquidity and interest rate risks. It uses tools such as Ratio analysis, Gap analysis, Interest Rate Sensitivity etc for management of liquidity and interest rate risks.

Comprehensive systems and procedures have been put in place for managing Operational Risk. All new products introduced by the Bank pass through an approval process to identify and address operational risk issues.

Information Technology

The Bank is providing online banking services to its valued clients through a nationwide network of 302 branches and 4 sub branches, along with a network of

108 ATMs installed at different locations. The Bank is also offering Inter Bank Funds Transfer (IBFT) facility through its ATM network.

The Management has initiated process of acquiring a state of the art core banking solution which will operate in centralized environment and will be customer centric, along with other applications for enhancing the Bank's capacity to improve its customer services and product offerings, backed by improved controls over operations and robust MIS.

Special Assets Management (SAM)

While recognizing the importance of early regularization of NPLs, a comprehensive strategy has been implemented to recover and restructure the NPLs by ensuring adherence to the following principles:



- a) Bank's Approved Credit Policy Manual.
- b) SBP guidelines and Prudential Regulations.
- c) Where applicable, prior due diligence to ensure acceptable NPV/IRR.

In order to further strengthen Special Asset Management, following steps have also been taken:

- i) Setting up a comprehensive MIS.
- ii) Enrollment of senior lawyers on the panel of the Bank.
- iii) Monitoring of litigation through internal legal cell.
- iv) Enhancement in role of recovery agencies.

With a view to make the recovery exercise result oriented, the Management, apart from conventional actions of resolution in and outside the Court, has also initiated search and attachment of defaulters' hidden assets to hound them to come to table of negotiations resulting into settlement.

Further, apart from placement of defaulters names on ECL, the Bank has also initiated hard hitting legal action under National Accountability Ordinance, 1999 against the defaulters and in certain cases, NAB has taken cognizance for inquiry and investigation against the defaulters.

Branch Network

During the year, in recognition of consistent improvement and sustained growth in all facets of operation, the State Bank of Pakistan granted licenses for opening of 18 new branches and 4 sub-branches. Accordingly, the number of branches has increased

from 284 to 306, including 4 sub-branches, at close of the year. The Bank has planned to open 43 new branches, including 3 sub-branches, in year 2013.

Payment Services Division

In order to strengthen revenue stream through enhanced services, Payment Services Division has been established at the Bank. The prime objective of establishing this division is to bring all types of payments, the Bank makes on behalf of its clients, under one platform.

Payment Services Division is divided into two departments:

- 1) Transaction Banking, which includes Financial Institutions, Cash Management and Remittance Business.
- 2) Alternate Distribution Channel (ADC), which includes Branchless Banking, Card Services, Internet Banking, Mobile Banking, Customer Relationship Management Solution and ATM Services.

Initiatives taken under ADC are under various stages of implementation. The Bank has also scheduled to launch Customer Relationship Management Solution, Card Services and Branchless Banking in the year 2013.

Home Remittances

In order to augment the initiatives taken by Government of Pakistan under Pakistan Remittance Initiative (PRI), the Bank is aggressively engaged in providing payment services to the beneficiaries of the home remittances. During the year 2012, the Bank handled 1.43 million home remittance transactions and disbursed PKR 45.59 billion to the beneficiaries.

Wheat Procurement Program

During the year 2012, the Bank successfully managed syndicated financing arrangement to the tune of Rs 92.4 billion for wheat procurement program of the Government of the Punjab as "Lead Arranger", as against consortium of Rs.71.3 billion led by the Bank, in the preceding year.



Statement of Internal Controls

The Board of Directors (the "Board") of The Bank of Punjab (the "Bank") has overall responsibility for ensuring existence of an adequate and effective system of internal control that is designed to manage the Bank's risks within an acceptable risk profile. 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 there-from and for monitoring 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.

Implementing State Bank of Pakistan (the "SBP") Guidelines on Internal Controls to place an effective internal control system has been the Bank's top priority. The Bank's Internal Control System is 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. Within the Bank, Compliance & Internal Control Division (the "C&ICD") is assigned the overall responsibility for managing this activity and implementing SBP internal control guidelines. During

the year ended 2012, Management Testing Plans were developed, control gaps were remediated and validation of new initiatives was carried out. Audit Group performs its activity according to the scope defined in its Audit Policy while C&ICD ensures that all key controls are put to test during such reviews and derive results from such reports for escalation and follow up for remedial action. The Bank has now put in place all stages of SBP roadmap on Internal Control over Financial Reporting (ICFR). During the year under review, the Bank's external auditors also evaluated the Bank's progress in implementation of ICFR and their Long Form Report was submitted 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 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 by continuous review and streamlining of procedures to prevent and rectify control lapses. The C&ICD has been organized for monitoring the system on an ongoing basis under Internal Control Policy approved by the Board.

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. Significant findings are being reported to Central Audit Committee (the "CAC") of the Board periodically as per terms of Charter of Audit Committee. The CAC actively monitors implementations to ensure that identified risks are being mitigated to safeguard interests of the Bank.

Internal Controls System evolves continuously and hence its evaluation is an ongoing process; and this statement of internal controls is based on the management's assessment towards various aspects of the Internal Controls System of the Bank. The Internal Controls System of the Bank is designed to minimize the inherent risks; and the Bank's control functions can only provide reasonable assurance against any

material misstatement or loss. 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.

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 fair 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 there-from 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.
- Dividend has not been declared for the year in order to strengthen the equity base and to comply with regulatory requirements.

- Value of investment of Staff Provident Fund Scheme (approved), based on latest audited accounts is Rs. 1,336,136 thousand.
- Statement showing pattern of shareholding as on December 31, 2012 is included in this report.
- Statement showing key operating and financial data for the last six years is disclosed on page No. 10 of the Annual Report.
- Statement of compliance with code of corporate governance is presented at page No.36 of the Annual Report.
- During the year, 14 meetings of Board of Directors were held with following attendance:

Name of Directors	No. of Board Meetings	Resigned/ Retired
Mr. Ghafoor Mirza	14	
Mr. Naeemuddin Khan	11	
Mr. Javaid Aslam	07	
Mr. Tariq Bajwa	12	
Mr. Tariq Mahmood Pasha	13	
Khawaja Farooq Saeed	07	
Mr. Saeed Anwar	05	
Mr. Junaid Ashraf Khawaja	06	
Mr. Farooq Ahmed Awan	01	Retired
Mr. Rizwan Ullah Khan	01	Resigned



Credit Rating

The signs of improvement in Bank's financial health have also been acknowledged by Pakistan Credit Rating Agency (PACRA), who has withdrawn negative outlook earlier assigned to Bank's credit ratings and has now assigned stable outlook to long term and short term ratings of AA- and A1+, respectively.



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.

Subsidiary

Punjab Modaraba Services (Pvt) Limited, Bank's wholly owned subsidiary, is managing First Punjab Modaraba. The net assets of the subsidiary stood at Rs. (0.854) million as at the year-end as against Rs. 53.377 million on December 31, 2011. Accordingly, necessary adjustment in carrying value of investment in subsidiary has been accounted for in the financial statements.

Outlook for the year 2013

It is expected that year 2013 will be more challenging for the banking industry due to anticipated slowdown in economy, political unrest and other adverse macroeconomic conditions. However, concomitant to targets for sustained growth, 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 2013.

Auditors

The retiring auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, a member firm of M/s Deloitte Touche Thomatsu Ltd., being eligible, have offered themselves for reappointment for the year ending December 31, 2013.

The Board of Directors, on the suggestions of Audit Committee, recommended the above firm as statutory auditors of the Bank for year 2013.

Acknowledgement

In the end, we wish to acknowledge and appreciate the guidance and support from Government of the 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 all our employees for their dedicated work and contribution towards our growth.

Ghafoor Mirza
Chairman

THE BANK OF PUNJAB



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 & 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 CCG in the following manner:

1. The Bank encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes three independent and four non-executive directors. The independent directors meet the criteria of independence under clause i (b) of the Code.

Category	Names
Independent Directors	Mr. Javaid Aslam Mr. Khawaja Farooq Saeed Mr. Saeed Anwar Mr. Junaid Ashraf Khawaja
Executive Directors	Mr. Naeemuddin Khan
Non-Executive Directors	Mr. Ghafoor Mirza Mr. Tariq Bajwa Mr. Tariq Mahmood Pasha

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this 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 NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Three casual vacancies occurring on the board were filled by an election of Directors, held on June 30, 2012. The period to fill casual vacancy, in case of two directors was 115 days and 496 days.
5. Bank has prepared a Code of Conduct and appropriate steps have been taken to disseminate it throughout the Bank along with its placement on Bank's website.
6. The Board has developed a mission statement and overall corporate strategy. The Board has also 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.
7. All the powers of the board have been duly exercised and decisions on material transactions have been taken by the board.
8. 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 frame does not allow to serve notice/agenda to meet seven days requirement. The minutes of the meetings were appropriately recorded and circulated.
9. The bank arranged certification under "The Board Development Series" program offered by the Pakistan Institute of Corporate Governance (PICG) for one director in October 2011 who resigned in January 2012. The Bank is making arrangements to comply with the requirement of Directors Training Programme and accordingly two directors have been nominated in first phase training programme being arranged by Institute of Chartered Accountants of Pakistan.
10. The Board approves the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However, no new appointment has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the board.
13. 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.
14. The Bank has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members, of whom one is non-executive director and the Chairman and other member of the Committee are independent directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Bank and as required by the CCG. The Terms of Reference of the Committee have been formed and approved by the Board.
17. The board has formed an HR and Remuneration Committee. It comprises of three members, of whom one is Independent director and the Chairman of the committee is non-executive director. President/CEO in his Ex-Officio capacity is an Executive Director/Member.
18. The board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank and are involved in internal audit function on full time basis.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, where the corresponding provision(s) of The Bank of Punjab Act, 1989 have been complied.

Reference Clauses from Code of Corporate Governance

Corresponding Provisions of The Bank of Punjab Act – 1989

(iii)

Any casual vacancy in the Board of Directors of a listed company shall be filled up by the Directors within 90 days thereof.

Section 14

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

Section 15(1)

Any vacancy occurring on the Board by the death, resignation, removal or disqualification of any Director shall be filled by the remaining Directors, who shall co-opt a duly qualified person to fill the vacancy.

Provided that 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.

(vi)

The Chairman shall be elected from among the non-executive directors of the listed company.

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.

(xxii)

The Company Secretary of a listed company shall furnish a Secretarial Compliance Certificate, on the prescribed form (Appendix A); along with annual return filed with the registrar concerned certifying that the secretarial and corporate requirements of the Ordinance have been complied with.

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

Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of The Bank of Punjab (the Bank) to comply with the Regulation G - 1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan and Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges Limited, where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Bank's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Bank 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, Sub Regulation (X) of Listing Regulation 35 notified by the Karachi, Lahore and Islamabad Stock Exchanges Limited requires the Bank to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 of Corporate Governance as applicable to the Bank for the year ended December 31, 2012.

We draw attention to the following matter;

- Two of the casual vacancies occurring on the board were not filled during the stipulated time (point reference 4 of the statement);

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Place: Karachi

Date: March 29, 2013

Notice of Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the members of the Bank of Punjab will be held at Qasar-e-Noor, Main Boulevard, Gulberg-III, Lahore on Tuesday, 30th April, 2013 at 9:30 a.m. to transact the following business:

ORDINARY BUSINESS:

- 01) To confirm the minutes of Extra Ordinary General Meeting held on February 08, 2013.
- 02) To receive, consider and adopt the Annual Audited Financial Statements of the Bank of Punjab for the year ended December 31, 2012 together with the Directors' and the Auditors' reports thereon.
- 03) To appoint Auditors for the year ending December 31, 2013 and to fix their remuneration.
- 04) Any other item of business with the permission of the Chair.

SPECIAL BUSINESS:

- 01) To approve remuneration as meeting fee to Chairman, BOD for attending Board and Sub-Committee Meetings and other facilities.

By order of the Board

RAZA SAEED
SECRETARY

Lahore: **April 09, 2013**

NOTES:

01. Share Transfer Books of the Bank shall remain closed for transfer from 23-04-2013 to 29-04-2013 (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.

Statement Under Bank's Bye-Laws # 18-IV(ii)

This statement set out material facts concerning the special business to be transacted at 22nd Annual General Meeting of the Bank.

Payment of Fee to Chairman for Attending Board & Sub-committee Meetings and other facilities to the Chairman, Board of Directors.

To approve remuneration paid/payable to Chairman Board as meeting fee of Rs.25,000/- (Rupees twenty five thousand only) for attending meetings of the Board or its committees as Director/Chairman, BOD w.e.f. June 09, 2011 in line with the meeting fee being paid to other directors and other facilities/benefits paid/payable to Chairman Board pursuant to Government of Punjab's Notification # FD(W&M) 7-7/2011 dated June 09, 2011 and disclosed in Note 38 to the financial statements of the Bank, since the date of said Notification.

The Bank of Punjab
Financial Statements
for the year ended December 31, 2012



Auditors' Report to the Members

We have audited the annexed unconsolidated statement of financial position of The Bank of Punjab (the Bank) as at December 31, 2012 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 12 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 the amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of loans and advances covered more than 60% 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 unconsolidated statement of financial position and unconsolidated 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 unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of

changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by The 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 December 31, 2012 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

We draw attention to Note 1.2 to the financial statements in which the matters related to equity injection by the Government of Punjab (GoPb), relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances and regulatory capital requirements based on the undertaking by GoPb in respect of the deficiency in capital and enduring support of GoPb have been fully discussed, and also to note 13.1 wherein basis for recognizing deferred tax asset have been explained. The preparation of projections involves certain key assumptions by the management and any significant change therein may have an effect on the realisability of deferred tax asset. Our opinion is not qualified in respect of these matters.

The financial statements of the Bank for the year ended December 31, 2011 were audited by another firm of chartered accountants who through their report dated March 29, 2012 expressed an unqualified opinion thereon. However, the report contained an emphasis of matter paragraph regarding relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances and regulatory capital requirements based on the undertaking by the GoPb in respect of the deficiency in capital. Since matter is relevant to the current year, we have reported this in paragraph above.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Place: Karachi

Date: March 29, 2013

Unconsolidated Statement of Financial Position

as at December 31, 2012

	Note	2012	2011
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	17,298,251	16,698,333
Balances with other banks	8	3,101,170	3,607,107
Lendings to financial institutions	9	1,562,946	7,447,375
Investments - net	10	129,518,999	92,581,306
Advances - net	11	149,605,002	127,129,501
Operating fixed assets	12	3,473,491	3,597,483
Deferred tax assets	13	13,070,614	13,886,769
Other assets	14	14,480,581	16,049,657
		332,111,054	280,997,531
LIABILITIES			
Bills payable	16	1,500,709	850,569
Borrowings	17	44,683,826	24,963,566
Deposits and other accounts	18	266,055,781	237,896,700
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease	19	3,601	7,831
Deferred tax liabilities		-	-
Other liabilities	20	7,495,634	6,506,275
		319,739,551	270,224,941
NET ASSETS		12,371,503	10,772,590
REPRESENTED BY			
Share capital	21	5,287,974	5,287,974
Reserves	22	1,187,433	1,914,956
Accumulated loss		(12,742,364)	(14,067,841)
Share deposit money	23	(6,266,957) 17,000,000	(6,864,911) 17,000,000
Surplus on revaluation of assets - net of tax	24	10,733,043 1,638,460	10,135,089 637,501
		12,371,503	10,772,590
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

Unconsolidated Profit and Loss Account

for the year ended December 31, 2012

	Note	2012	2011
		Rupees in '000	
Mark-up/return/interest earned	26	24,666,024	20,685,011
Mark-up/return/interest expensed	27	22,522,918	21,073,271
		2,143,106	(388,260)
Net mark-up/ interest income			
Reversal of provision against non-performing loans and advances - net	11.4.5	(965,430)	(3,164,234)
Provision for diminution in the value of investments - net	10.3	337,040	531,654
Bad debts written off directly	11.5	-	-
		(628,390)	(2,632,580)
Net mark-up / interest income after provisions		2,771,496	2,244,320
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		762,490	724,499
Dividend income		220,985	286,375
Income from dealing in foreign currencies		162,980	160,089
Gain on sale and redemption of securities	28	1,449,814	330,025
Unrealized gain /(loss) on revaluation of investments classified as held for trading	10.7	8,620	(5,383)
Other income	29	585,856	494,103
Total non-markup/interest income		3,190,745	1,989,708
		5,962,241	4,234,028
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	30	4,430,520	3,954,066
Provision against other assets	14.6	168,419	1,121
Reversal of provision against off balance sheet items	20.1	-	(244,111)
Other charges	31	(40,590)	205
Total non-markup/interest expenses		4,558,349	3,711,281
		1,403,892	522,747
Extra ordinary/unusual items		-	-
PROFIT BEFORE TAXATION		1,403,892	522,747
Taxation - Current		139,284	-
- Prior years		(722,971)	-
- Deferred		353,738	174,774
	32	(229,949)	174,774
PROFIT AFTER TAXATION		1,633,841	347,973
Accumulated losses brought forward		(14,067,841)	(14,352,989)
Transfer to statutory reserve		(326,769)	(69,595)
Transfer from surplus on revaluation of fixed assets on disposal		6,801	-
Transfer from surplus on revaluation of fixed assets - net of tax		11,604	6,770
		(14,376,205)	(14,415,814)
Accumulated loss carried forward		(12,742,364)	(14,067,841)
Basic earnings per share - Rupees	33	3.09	0.66
Diluted earnings per share - Rupees	34	3.09	0.66

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

Chairman

President

Director

Director

Unconsolidated Statement of Comprehensive Income

for the year ended December 31, 2012

	2012	2011
	Rupees in '000	
Profit after taxation	1,633,841	347,973
Other comprehensive income	-	-
Total comprehensive income	<u>1,633,841</u>	<u>347,973</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

Unconsolidated Cash Flow Statement

for the year ended December 31, 2012

	Note	2012	2011
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,403,892	522,747
Less: Dividend income		(220,985)	(286,375)
		1,182,907	236,372
Adjustments for:			
Depreciation	12.2	330,911	328,798
Amortization of (discount) / premium on Pakistan Investment Bonds		(44)	39,077
Unrealized (gain) / loss on revaluation of investments classified as held for trading	10.7	(8,620)	5,383
Reversal of provision against non-performing loans and advances - net	11.4.5	(965,430)	(3,164,234)
Provision for diminution in the value of investments - net	10.3	337,040	531,654
Provision for employees' compensated absences	37.1.3	7,342	2,826
Provision for gratuity	37.1.1	87,331	53,831
Provision against other assets	14.5	168,419	1,121
Reversal of provision for workers welfare fund	31	(40,720)	-
Reversal of provision against off balance sheet items	20.1	-	(244,111)
Net profit on sale of property and equipment	12.2.1	(32,313)	(1,380)
Net profit on sale of non-banking assets acquired in satisfaction of claims	29	(82,545)	-
Gain on sale and redemption of securities	28	(1,449,814)	(330,025)
Finance charges on leased assets	30	660	1,475
		(1,647,783)	(2,775,585)
		(464,876)	(2,539,213)
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		5,689,429	57,212
Net investments in held for trading securities		(13,117,709)	109,614
Advances		(22,564,363)	(3,314,376)
Others assets		1,999,828	(6,206,979)
		(27,992,815)	(9,354,529)
Increase / (Decrease) in operating liabilities:			
Bills Payable		650,140	269,469
Borrowings		19,723,152	13,432,722
Deposits and other accounts		28,159,081	29,719,712
Other liabilities		935,406	1,470,683
		49,467,779	44,892,586
		21,010,088	32,998,844
Financial charges paid		(660)	(1,475)
Income tax paid		(462,885)	(12,744)
		20,546,543	32,984,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(21,415,113)	(36,858,372)
Net investments in held to maturity securities		94,982	128,960
Dividends received		343,885	170,842
Investments in operating fixed assets		(261,088)	(276,075)
Sale proceeds of property and equipment disposed-off	12.2.1	86,482	6,620
Sale proceeds of non-banking assets disposed-off		510,412	-
		(20,640,440)	(36,828,025)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations		(4,230)	(6,056)
Share deposit money received	23	-	7,000,000
		(4,230)	6,993,944
Net cash (used in) / flow from financing activities			
Net (decrease) / increase in cash and cash equivalents		(98,127)	3,150,544
Cash and cash equivalents at beginning of the year		20,496,379	17,345,835
Cash and cash equivalents at end of the year	35	20,398,252	20,496,379

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

Chairman

President

Director

Director

Unconsolidated Statement of Changes in Equity

for the year ended December 31, 2012

	Share capital	Statutory reserve	Capital Reserves		Revenue Reserve	Total
			Share premium	Restructuring reserve	Accumulated loss	
		Rupees	in		'000	
Balance as at January 01, 2011	5,287,974	-	37,882	1,974,610	(14,352,989)	(7,052,523)
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	6,770	6,770
Total comprehensive income for the year ended December 31, 2011	-	-	-	-	347,973	347,973
Transfer from restructuring reserve against NPLs (Note 11.4.5)	-	-	-	(167,131)	-	(167,131)
Transfer to statutory reserve	-	69,595	-	-	(69,595)	-
Balance as at December 31, 2011	<u>5,287,974</u>	<u>69,595</u>	<u>37,882</u>	<u>1,807,479</u>	<u>(14,067,841)</u>	<u>(6,864,911)</u>
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	11,604	11,604
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	6,801	6,801
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	1,633,841	1,633,841
Transfer from restructuring reserve against NPLs (Note 11.4.5)	-	-	-	(1,054,292)	-	(1,054,292)
Transfer to statutory reserve	-	326,769	-	-	(326,769)	-
Balance as at December 31, 2012	<u>5,287,974</u>	<u>396,364</u>	<u>37,882</u>	<u>753,187</u>	<u>(12,742,364)</u>	<u>(6,266,957)</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

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2012

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 September 19, 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 306 branches including 04 sub branches (2011: 284 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 (GOPb).

During the year, the SBP has granted permission to the Bank for commencement of Islamic Banking Operations. However, the formal approval for conversion of license of 03 conventional branches to Islamic Banking Branches is in process.

1.2 The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 10,733,043 thousand. The 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 2012, net advances aggregating to Rs. 30,080,298 thousand (2011: Rs. 33,113,789 thousand) requiring additional provision of Rs. 27,055,529 thousand (2011: Rs. 28,637,910) 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)-2013/3254 dated March 18, 2013, on the basis of two Letters of Comfort (LOC) issued by the GOPb as explained in para 2 below.

GOPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand and Rs. 7,000,000 thousand as advance subscription money in the year 2009 and 2011 respectively against future issue of shares by the Bank. During the year, the Board of Directors has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs 0.5 per share as stated in note 21.4. Further, the GOPb vide two Letters of Comfort (LOCs) issued on March 29, 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 December 31, 2014 and December 31, 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 SBP has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations and exemption from minimum paid up capital net of losses and applicable capital adequacy ratio (CAR) which should not fall below 7% upto December 31, 2013. During the year 2013, the Bank will be required to record provisioning in staggered manner against outstanding amounts of borrowers covered under above LOCs to at least 4% by June 30, 2013, further 3% during quarter ending September 30, 2013 and another 3% during quarter ending December 31, 2013. However, any account adjustment following the cash recovery/settlement/restructuring against these borrowers will reduce the said required provisioning covered under the LOCs. Going forward, further extension in these relaxations beyond 2013 would be considered upon satisfactory compliance of the conditions / requirements of SBP.

On the basis of enduring support of Government of the Punjab, the arrangements as outlined above and the business plan prepared by the Management which has 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 unconsolidated financial statements (hereinafter referred to as the "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 investee.

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 August 26, 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 April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements.

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.

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 on 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

Commission income is recognized on time proportion 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. 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.

Provision for diminution in the value of investments 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 over the term of the related repo agreement.

6.5.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is 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 recognizes 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 Assets acquired in satisfaction of claims

The Bank acquires assets in settlement of claims. These are acquired at average value obtained from three independent approved valuers at the time of acquisition.

6.9 Employee retirement and other benefits

6.9.1 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.

6.9.2 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.

6.9.3 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.

6.10 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 exchange rates 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.

6.11 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.

6.12 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.

6.13 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.

6.14 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date 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.

6.15 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

6.16 Share Capital

Ordinary Shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

6.17 Financial instruments

6.17.1 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.

6.17.2 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.

6.18 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.

6.18.1 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.

6.18.2 Geographical segments

The Bank operates only in Pakistan.

6.19 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2012

Amendments to IAS 12	Effective from accounting
- Income Taxes	period beginning on or after
- Deferred Tax: Recovery of Underlying Assets	January 1, 2012

New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following 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.

Standard or Interpretations	Effective date (accounting periods beginning on or after)
IAS 1 Presentation of Financial Statements – Presentation of items of Other Comprehensive Income	July 01, 2012
IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information.	January 01, 2013
IAS 16 Property, Plant and Equipment – Classification of servicing equipment	January 01, 2013
IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	January 01, 2013
IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 34 Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	January 01, 2013
IAS 19 Employee benefits (effective for annual periods beginning on or after January 1, 2013): The amendments require actuarial gains and losses to be recognized immediately in other comprehensive income; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19. As a result of adoption of this amendment, the Bank will recognize the actuarial gains and losses in other comprehensive income, which are currently being recognized in the profit and loss account. However, there would not be any impact on Bank's equity.	

	Note	2012	2011
		Rupees in '000	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency	7.1	3,283,341	2,800,754
- Foreign currency		536,956	364,176
		3,820,297	3,164,930
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	8,297,588	9,839,855
- Foreign currency deposit account:			
- Non remunerative	7.3	264,733	159,653
- Remunerative	7.4	841,543	486,876
		9,403,864	10,486,384
With National Bank of Pakistan (NBP) in:			
- Local currency current account		4,074,090	2,984,219
- Local currency deposit account		-	62,800
		4,074,090	3,047,019
		17,298,251	16,698,333

7.1 This includes National Prize Bonds of Rs. 42,091 (thousand) {2011: Rs 29,179 (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.

	Note	2012	2011
		Rupees in '000	
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
- On current account	8.1	2,013,045	2,564,790
- On saving account		593,709	743,460
		2,606,754	3,308,250
Outside Pakistan:			
- On current account	8.2	250,530	174,766
- On deposit account		243,886	124,091
		494,416	298,857
		3,101,170	3,607,107

8.1 These carry mark-up at rates ranging from 6.0% to 8.00% per annum (2011: 5.00% to 7.30% per annum).

8.2 This carries mark-up rate of 0.05% per annum (2011: 0.25% to 1.01% per annum).

	Note	2012	2011
		Rupees in '000	
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	195,000
Reverse repurchase agreement lendings	9.2	-	5,369,042
Certificate of investments	9.3	-	1,383,333
Placements	9.4	1,562,946	500,000
		1,562,946	7,447,375
9.1 Particulars of lendings			
In local currency		300,000	7,447,375
In foreign currencies		1,262,946	-
		1,562,946	7,447,375

9.2 Securities held as collateral against landings to financial institutions

	2012			2011		
	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
Pakistan Investment Bonds	-	-	-	197,665	-	197,665
	-	-	-	5,369,042	-	5,369,042

Market value of securities held as collateral as at December 31, 2012 amounted to Rs. NIL (2011: Rs. 5,378,577 (thousand)). These carry mark-up at rate of NIL per annum (2011: 11.30% to 12.50% per annum).

9.3 This carries profit at the rate of NIL per annum. (2011: 12.40% to 15.02% per annum)

9.4 These represent placements carrying profit at rate ranging from 0.31% to 10.30% per annum (2011: 12.0% to 12.75% per annum) with maturities upto March 12, 2013.

10. INVESTMENTS

10.1 Investments by types:

	Note	2012			2011		
		Rupees in '000			Rupees in '000		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities							
Ordinary Shares of Listed Companies	Annex II - 1	22,447	-	22,447	-	-	-
Pakistan Investment Bonds	10.4	102,487	-	102,487	99,966	-	99,966
Market Treasury Bills	10.4	10,303,206	2,784,152	13,087,358	-	-	-
		10,428,140	2,784,152	13,212,292	99,966	-	99,966
Available for sale securities							
Market Treasury Bills	10.4	53,284,273	34,852,255	88,136,528	54,770,060	18,770,327	73,540,387
Pakistan Investment Bonds	10.4	19,096,422	-	19,096,422	8,500,711	-	8,500,711
Ordinary Shares / Certificates of Listed Companies and Modarabas	Annex II - 1	2,315,182	-	2,315,182	3,114,790	-	3,114,790
Preference Shares of Listed Companies	Annex II - 2	520,451	-	520,451	195,454	-	195,454
Ordinary Shares of Unlisted Company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Mutual Funds Units	Annex II - 4	2,642,873	-	2,642,873	3,804,928	-	3,804,928
Listed Term Finance Certificates	Annex II - 5	365,308	-	365,308	518,085	-	518,085
Unlisted Term Finance Certificates	Annex II - 6	3,823,583	-	3,823,583	4,757,551	-	4,757,551
		82,073,092	34,852,255	116,925,347	75,686,579	18,770,327	94,456,906

	Note	2012			2011		
		Rupees in '000			Rupees in '000		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held to maturity securities							
Pakistan Investment Bonds	10.5	1,888,658	-	1,888,658	1,983,596	-	1,983,596
WAPDA Bonds		400	-	400	400	-	400
		<u>1,889,058</u>	<u>-</u>	<u>1,889,058</u>	<u>1,983,996</u>	<u>-</u>	<u>1,983,996</u>
Subsidiary							
Punjab Modaraba Services (Private) Limited	Annex II - 7	164,945	-	164,945	164,945	-	164,945
Total investments at cost		<u>94,555,235</u>	<u>37,636,407</u>	<u>132,191,642</u>	<u>77,935,486</u>	<u>18,770,327</u>	<u>96,705,813</u>
Provision for diminution in the value of investments	10.3	(3,660,023)	-	(3,660,023)	(3,719,469)	-	(3,719,469)
Investments - net of provisions		<u>90,895,212</u>	<u>37,636,407</u>	<u>128,531,619</u>	<u>74,216,017</u>	<u>18,770,327</u>	<u>92,986,344</u>
Surplus / (Deficit) on revaluation of available for sale securities	24.2	978,760	-	978,760	(399,655)	-	(399,655)
Surplus / (Deficit) on revaluation of held for trading securities	10.7	8,620	-	8,620	(5,383)	-	(5,383)
Total investments at market value		<u>91,882,592</u>	<u>37,636,407</u>	<u>129,518,999</u>	<u>73,810,979</u>	<u>18,770,327</u>	<u>92,581,306</u>

10.2 Investments By Segments:

	Note	2012			2011		
		Rupees in '000			Rupees in '000		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Federal Government Securities							
Market Treasury Bills	10.4	63,587,479	37,636,407	101,223,886	54,770,060	18,770,327	73,540,387
Pakistan Investment Bonds	10.4	21,087,567	-	21,087,567	10,584,273	-	10,584,273
Ordinary Shares/Certificates:							
Listed Companies and Modarabas	Annex II - 1	2,337,629	-	2,337,629	3,114,790	-	3,114,790
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
Mutual Funds Units	Annex II - 4	2,642,873	-	2,642,873	3,804,928	-	3,804,928
Preference Shares - Listed Companies	Annex II - 2	520,451	-	520,451	195,454	-	195,454
Term Finance Certificates and Bonds:							
Listed Term Finance Certificates	Annex II - 5	365,308	-	365,308	518,085	-	518,085
Unlisted Term Finance Certificates	Annex II - 6	3,823,583	-	3,823,583	4,757,551	-	4,757,551
WAPDA Bonds		400	-	400	400	-	400
Total investments at cost		<u>94,555,235</u>	<u>37,636,407</u>	<u>132,191,642</u>	<u>77,935,486</u>	<u>18,770,327</u>	<u>96,705,813</u>
Provision for diminution in the value of investments	10.3	(3,660,023)	-	(3,660,023)	(3,719,469)	-	(3,719,469)
Investments - net of provisions		<u>90,895,212</u>	<u>37,636,407</u>	<u>128,531,619</u>	<u>74,216,017</u>	<u>18,770,327</u>	<u>92,986,344</u>
Surplus / (Deficit) on revaluation of available for sale securities	24.2	978,760	-	978,760	(399,655)	-	(399,655)
Surplus / (Deficit) on revaluation of held for trading securities	10.7	8,620	-	8,620	(5,383)	-	(5,383)
Total investments at market value		<u>91,882,592</u>	<u>37,636,407</u>	<u>129,518,999</u>	<u>73,810,979</u>	<u>18,770,327</u>	<u>92,581,306</u>

	Note	2012	2011
		Rupees in '000	
10.3 Provision for diminution in the value of investments - net			
Opening balance		3,719,469	3,273,335
Charge for the year		689,622	531,654
Reversal during the year		(352,582)	-
		337,040	531,654
Reversal on disposal		4,056,509	3,804,989
		(396,486)	(85,520)
Closing balance	10.3.1	3,660,023	3,719,469
10.3.1 Particulars of provision in respect of type and segment			
Available for sale securities:			
Ordinary shares of unlisted company		11,320	11,320
Ordinary shares of listed companies		735,047	730,165
Term finance certificates		1,965,071	2,317,652
Preference shares		107,804	51,750
Mutual funds units		675,436	608,182
Subsidiary company		164,945	-
		3,659,623	3,719,069
Held to maturity securities:			
WAPDA Bonds		400	400
		3,660,023	3,719,469

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

10.5 Market value of held to maturity investments is Rs. 1,804,468 (thousand) {2011: Rs. 1,744,023 (thousand)}.

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

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

	Note	2012	2011
		Rupees in '000	
Ordinary shares of listed companies		(557)	-
Pakistan Investment Bonds		(774)	(5,383)
Market Treasury Bills		9,951	-
		<u>8,620</u>	<u>(5,383)</u>
11. ADVANCES - NET			
Loans, cash credits, running finances etc.			
- In Pakistan		158,099,476	149,043,501
- Outside Pakistan		-	-
		<u>158,099,476</u>	<u>149,043,501</u>
Net investment in finance lease			
- In Pakistan	11.2	12,145,701	2,003,152
- Outside Pakistan		-	-
		<u>12,145,701</u>	<u>2,003,152</u>
Repurchase Agreement Lendings to Non-Financial Institutions	11.7	-	902,347
Bills discounted and purchased (excluding Market Treasury Bills)			
- Payable in Pakistan		4,374,559	968,419
- Payable outside Pakistan		1,299,427	535,443
		<u>5,673,986</u>	<u>1,503,862</u>
Advances - (gross)	11.1	175,919,163	153,452,862
Less: Provision for non-performing advances			
- Specific	11.3 & 11.4	(26,299,268)	(26,303,094)
- General	11.4	(14,893)	(20,267)
		<u>(26,314,161)</u>	<u>(26,323,361)</u>
Advances - net of provision		<u>149,605,002</u>	<u>127,129,501</u>

	2012	2011
	Rupees in '000	
11.1 Particulars of advances (Gross)		
11.1.1 In local currency	175,399,131	152,938,610
In foreign currencies	520,032	514,252
	175,919,163	153,452,862
11.1.2 Short-term advances upto one year	101,037,234	89,973,567
Long-term advances for over one year	74,881,929	63,479,295
	175,919,163	153,452,862

11.2 Net investment in finance lease

	2012				2011			
	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	4,146,784	7,725,965	-	11,872,749	839,411	1,281,773	-	2,121,184
Add: Guaranteed residual value	-	1,912,790	-	1,912,790	-	233,786	-	233,786
Minimum lease payments	4,146,784	9,638,755	-	13,785,539	839,411	1,515,559	-	2,354,970
Less: Finance charge for future periods	740,676	899,162	-	1,639,838	132,714	219,104	-	351,818
Present value of minimum lease payments	3,406,108	8,739,593	-	12,145,701	706,697	1,296,455	-	2,003,152

11.3 Advances include Rs. 69,367,815 (thousand) {2011: Rs. 73,665,672 (thousand)} which have been placed under non-performing status as detailed below :-

	2012								
	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	60,226	-	60,226	-	-	-	-	-	-
Substandard	9,172,405	-	9,172,405	2,193,856	-	2,193,856	2,193,856	-	2,193,856
Doubtful	1,682,456	-	1,682,456	526,074	-	526,074	526,074	-	526,074
Loss	58,452,728	-	58,452,728	23,579,338	-	23,579,338	23,579,338	-	23,579,338
	69,367,815	-	69,367,815	26,299,268	-	26,299,268	26,299,268	-	26,299,268

11.3.1 Provision against certain net advances amounting to Rs. 30,080,298 thousand {2011: Rs.33,113,789 (thousand)} requiring additional provision of Rs. 27,055,529 thousand {2011: Rs. 28,637,910 (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	2012			2011		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
Opening balance	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465
Charge for the year	3,300,774	-	3,300,774	1,469,618	1,260	1,470,878
Reversals for the year	(3,206,538)	(5,374)	(3,211,912)	(4,465,947)	-	(4,465,947)
11.4.5 Amounts written off	94,236	(5,374)	88,862	(2,996,329)	1,260	(2,995,069)
11.5 Amount transferred to restructuring reserve	(98,062)	-	(98,062)	-	-	-
22.2	-	-	-	(2,035)	-	(2,035)
Closing balance	26,299,268	14,893	26,314,161	26,303,094	20,267	26,323,361

11.4.1 Particulars of provisions against non-performing advances

	2012			2011		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
In local currency	26,299,268	14,893	26,314,161	26,303,094	20,267	26,323,361
In foreign currencies	-	-	-	-	-	-
	26,299,268	14,893	26,314,161	26,303,094	20,267	26,323,361

11.4.2 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

11.4.3 This includes classified advances of Rs. 1,168,464 thousand disbursed to Gulistan Group as at December 31, 2012. In accordance with the requirements of the Prudential Regulations issued by the SBP, the Bank was required to maintain a provision of Rs. 513,269 thousand against this customer. The SBP through its letter no. BPRD/BRD-04/FAYSAL/2013/1695 dated February 13, 2013 has provided relaxation to Banks to create provision against classified exposure of Gulistan Group companies (including Gulistan Textile Mills Limited) in a phased manner and maintain atleast 25%, 50%, 75% and 100% of the required provision as at December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013 respectively. In view of this relaxation, the Bank has recorded provision amounting to Rs. 280,968 thousand after taking the impact of the aforementioned relaxation. Had the SBP not provided this relaxation, profit before taxation would have been lower and provision against advances would have been higher by Rs 232,301 thousand.

11.4.4 The SBP amended the Prudential Regulations vide BSD Circular No. 1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; thereby allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years has been reduced by Rs. 2,241,578 thousand (net of FSV benefit availed during the year), which has resulted in increased charge for specific provision for the year ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the year ended would have been higher by Rs. 2,241,578 thousand (2011: higher by Rs. 867,830 thousand) and Rs. 1,457,026 thousand (2011: higher by Rs. 564,089 thousand) respectively.

	Note	2012	2011
		Rupees in '000	
11.4.5 Provisions against non-performing advances - charge to profit and loss account			
Charge/ (Reversal) of provision against non-performing advances-net	11.4	88,862	(2,995,069)
Transfer from restructuring	22.2	(1,054,292)	(169,165)
		(965,430)	(3,164,234)
11.5 Particulars of write offs:			
11.5.1 Against provisions	11.4	98,062	-
Directly charged to profit and loss account		-	-
		98,062	-
11.5.2 Write Offs of Rs. 500,000 and above	11.6	98,062	-
Write Offs of below Rs. 500,000		-	-
		98,062	-

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 December 31, 2012 is given in Annexure-1.

11.7 Market value of securities held as collateral as at December 31, 2012 amounted to Rs. NIL (2011: Rs. 903,516 (thousand)). These are secured against Pakistan Investment Bonds at the rate NIL per annum (2011: 12.00% per annum).

	Note	2012	2011
		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		1,287,858	1,327,661
Loans granted during the year		420,125	212,754
Repayments received during the year		(230,801)	(252,557)
Balance at end of year	11.8.1	1,477,182	1,287,858
Debts due by subsidiary company and managed modarabas			
Balance at beginning of year		1,022,820	962,883
Loans granted during the year		1,846,313	2,740,183
Repayments received during the year		(1,799,620)	(2,680,246)
Balance at end of year		1,069,513	1,022,820
		2,546,695	2,310,678

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	2012	2011
		Rupees in '000	
12. OPERATING FIXED ASSETS			
Capital work-in-progress	12.1	132,650	82,797
Property and equipment	12.2	3,340,841	3,514,686
		3,473,491	3,597,483
12.1 Capital work-in-progress			
Civil works		89,466	42,394
Premises		30,070	30,070
Software		13,114	10,333
		132,650	82,797

12.2 Property and equipment

	COST / REVALUED AMOUNT				DEPRECIATION							
	Opening balance as at 01 January 2012	Additions	(Deletions) / Transfer	Revaluation adjustment	Closing balance as at 31 December 2012	Opening balance as at 01 January 2012	Charge for the year	(Deletions) / Transfer / Adjustment	Revaluation adjustment	Closing balance as at 31 December 2012	Book value as at 31 December 2012	Rate of depreciation %
Owned assets												
Free hold land	1,145,174	-	(35,000)	-	1,110,174	-	-	-	-	-	1,110,174	-
Buildings on free hold land	1,574,877	-	(14,433)	-	1,560,444	78,743	(1,844)	-	-	76,899	1,483,545	5
Furniture, fixture and office equipment	1,820,611	174,100	(10,341)	-	1,984,370	204,362	(8,895)	-	-	1,350,835	633,535	10-33.33
Vehicles	214,277	37,135	(13,867)	-	261,703	44,913	(9,224)	-	-	150,870	110,833	20
			24,158*	-			24,158*					
Assets held under finance lease												
Vehicles	4,754,939	211,235	(49,483)	-	4,916,691	1,246,391	328,018	4,195	-	1,578,604	3,338,087	
			(4,546)	-			2,893	(4,055)	-	2,958	2,754	20
	34,416	-	(24,158)*	-	5,712	28,278	2,893	(24,158)*	-	2,958	2,754	20
	4,789,355	211,235	(78,187)	-	4,922,403	1,274,669	330,911	(24,018)	-	1,581,562	3,340,841	

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

	COST / REVALUED AMOUNT				DEPRECIATION							
	Opening balance as at 01 January 2011	Additions	(Deletions) / Transfer	Revaluation adjustment	Closing balance as at 31 December 2011	Opening 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												
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												
Vehicles	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	
			(880)	-			4,494	(836)	-	28,278	6,138	20
	41,282	-	(5,986)*	-	34,416	30,605	4,494	(5,985)*	-	28,278	6,138	20
	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 transferred to owned assets on completion of finance lease.

12.2.1 Detail of disposal of property plant and equipment

Particulars	Cost / Revalued amount	Book value	Sale price	Gain / (Loss)	Mode of disposal	Particulars of purchasers
Rupees in '000						
Land						
16 CCA, DHA phase V, Lahore	35,000	35,000	55,150	20,150	Auction	Imran Siddiqui
Buildings						
Mcleod Road, Lahore	8,670	7,980	11,000	3,020	Auction	Irum Nasir
Auriga Complex, Lahore	5,763	4,608	6,300	1,692	Auction	Raees Khan
Vehicles						
Suzuki Cultus	707	283	690	407	Insurance claim	United Insurance
Honda City	984	312	1,061	749	Auction	Mr. Nauman Yousif
Honda City	984	312	880	568	Auction	Mr. Babur Mateen - Employee
Toyota Hilux	1,442	553	922	369	Auction	Mr. Asghar Ali
Toyota Hilux	2,907	2,713	-	(2,713)	As per policy	President / Chief Executive Officer
Toyota Hiace	1,256	-	1,225	1,225	Auction	Mr. Zahid Ali Khan
Toyota Altis	1,899	443	1,076	633	As per negotiation	Mrs. Farrukh Sherdil
	59,612	52,204	78,304	26,100		
Items having book value of less than Rs. 250,000 or cost of less than Rs.1,000,000	18,575	1,965	8,178	6,213		
2012	78,187	54,169	86,482	32,313		
2011	21,060	5,240	6,620	1,380		

12.2.2 Freehold land and buildings on freehold land were revalued on December 31, 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. 686,348 thousand and Rs. 329,208 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars are as follows:

Particulars	Revalued Amount Rupees in '000
Freehold land	1,110,174
Buildings on freehold land	1,483,545

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

	2012	2011
	Rupees in '000	
Freehold land	423,826	462,013
Buildings on freehold land	1,154,337	1,217,830

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs 175,514 thousand (2011: Rs. 140,210 thousand).

	Note	2012	2011
		Rupees in '000	
13. DEFERRED TAX ASSET			
Taxable temporary differences:			
- Surplus on revaluation of operating fixed assets	24.1	(115,222)	(124,966)
- Surplus on available for sale securities	24.2	(240,635)	-
- Accelerated depreciation		(219,673)	-
Deductible temporary differences:			
- Accelerated depreciation		-	37,318
- Deficit on available for sale securities		-	121,912
- Loan loss provision		8,026,320	9,859,804
- Business loss	13.1	5,619,824	3,990,817
- Others		-	1,884
		13,070,614	13,886,769

13.1 The Management has prepared a business plan on the basis of the arrangements as disclosed in Note 1.2. The business plan includes certain key assumptions such as deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan etc. Any significant change in the key assumptions may have an impact on the projections, however, the management believes that it is probable that the Bank will be able to achieve the projections as per the business plan and future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

13.2 Reconciliation of deferred tax

	Balance as January 01, 2011	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2011	Recognized in profit and loss account	Re-cognized in equity	Balance as at December 31, 2012
-----Rupees in '000-----							
Taxable temporary differences:							
- Surplus on revaluation of operating fixed assets	(72,912)	3,646	(55,700)	(124,966)	6,248	3,496	(115,222)
- Surplus on available for sale securities	-	-	-	-	-	(240,635)	(240,635)
- Accelerated depreciation	-	-	-	-	(219,673)	-	(219,673)
Deductible temporary differences:							
- Accelerated depreciation	(38,929)	76,247	-	37,318	(37,318)	-	-
- Deficit on available for sale securities	68,363	-	53,549	121,912	-	(121,912)	-
- Loan loss provision	10,396,889	(537,085)	-	9,859,804	(1,833,484)	-	8,026,320
- Business loss	3,716,590	274,227	-	3,990,817	1,629,007	-	5,619,824
- Others	(6,307)	8,191	-	1,884	(1,884)	-	-
	<u>14,063,694</u>	<u>(174,774)</u>	<u>(2,151)</u>	<u>13,886,769</u>	<u>(457,104)</u>	<u>(359,051)</u>	<u>13,070,614</u>

14. OTHER ASSETS

	Note	2012	2011
Rupees in '000			
Income/mark-up accrued in local currency		4,282,815	4,034,281
Profit paid in advance on pehlay munafa scheme		78,312	130,253
Advances, deposits, advance rent and other prepayments	14.1	186,816	3,254,019
Advance taxation (payments less provisions)		2,310,593	1,160,655
Non-banking assets acquired in satisfaction of claims	14.2	7,322,647	5,905,860
Receivable from NITL		-	846,069
Branch adjustment account		63,640	334,818
Stock of stationery		16,747	20,284
Suspense account		5,367	7,051
Zakat recoverable from NITL	14.3	36,790	36,790
Claim for recovery of shares	14.4	18,570	18,570
Unrealized gain on revaluation of foreign contracts		34,415	28,266
Fraud and forgeries		39,789	37,794
Others		318,763	301,211
		<u>14,715,264</u>	<u>16,115,921</u>
Less provision against:			
Non-banking assets acquired in satisfaction of claims		(162,796)	-
Zakat recoverable from NITL		(36,790)	(36,790)
Claim for recovery of shares		(18,570)	(18,570)
Fraud and forgeries		(16,527)	(10,904)
	14.5	<u>(234,683)</u>	<u>(66,264)</u>
Other assets - net of provision		<u>14,480,581</u>	<u>16,049,657</u>

- 14.1** This includes Rs. 40,015 thousand (2011: Rs. 3,138,621 thousand) 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 (net of provision).
- 14.3** This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank by the learned Lahore High Court 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 NITL 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 for 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.

	2012	2011
	Rupees in '000	
14.5 Provision against other assets		
Opening balance	66,264	66,234
Charge for the year	168,419	4,337
Reversal	-	(3,216)
Amount written off	168,419	1,121
	-	(1,091)
Closing balance	234,683	66,264
15. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
16. BILLS PAYABLE		
In Pakistan	1,500,709	850,569
Outside Pakistan	-	-
	1,500,709	850,569

	Note	2012	2011
		Rupees in '000	
17. BORROWINGS			
In Pakistan		44,682,657	24,959,505
Outside Pakistan		1,169	4,061
		44,683,826	24,963,566
17.1 Particulars of borrowings with respect to currencies			
In local currency		44,682,657	24,959,505
In foreign currencies		1,169	4,061
		44,683,826	24,963,566
17.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	5,775,034	4,550,210
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	322,947	582,840
-Long term financing facility (LTF)	17.2.2	962,931	983,665
Repurchase agreement borrowings	17.2.3	37,621,745	18,842,790
		44,682,657	24,959,505
Unsecured			
Overdrawn nostro accounts	35	1,169	4,061
		44,683,826	24,963,566

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 8.50% to 10.00% per annum (2011: 11.77% to 11.90% per annum). Maturity of the borrowing is upto June 26, 2013.

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. Mark-up on these borrowings is payable quarterly at rates ranging from 5.00% to 11.00% per annum with maturity upto January 31, 2018.

17.2.3 These are secured against Market Treasury Bills and carry mark-up at rates ranging from 7.50% to 8.93% per annum (2011: 11.77% to 11.90% per annum) maturing on various dates latest by January 04, 2013.

2012 2011
Rupees in '000

18. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	111,143,862	107,046,470
Savings deposits	100,934,185	85,967,327
Current accounts - non-remunerative	47,209,428	38,502,588
Sundry deposits, margin accounts, etc.	2,854,198	1,472,378
	262,141,673	232,988,763

Financial Institutions

Remunerative deposits	3,131,640	3,689,326
Non-remunerative deposits	782,468	1,218,611
	3,914,108	4,907,937
	266,055,781	237,896,700

18.1 Particulars of deposits

In local currency	260,635,041	234,648,265
In foreign currencies	5,420,740	3,248,435
	266,055,781	237,896,700

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2012			2011		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	1,417	317	1,100	4,915	698	4,217
Later than one year and not later than five years	2,697	196	2,501	4,207	593	3,614
	4,114	513	3,601	9,122	1,291	7,831

19.1 Financial charges, included in the lease rentals, are determined on the basis of discount factors applied at the rates ranging from 11.63% to 14.22% per annum (2011: 15% to 25% per annum). The Bank has an option to purchase the assets upon completion of lease term and has the intention to exercise the option.

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

Years	Note	2012	2011
		Rupees in '000	
2012		-	4,915
2013		1,417	1,454
2014		1,393	1,455
2015		1,304	1,298
		4,114	9,122
Less: Financial charges for future periods		513	1,291
		3,601	7,831
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		4,083,019	4,572,874
Mark-up/ return/ interest payable in foreign currency		22,886	16,400
Compensation payable on share deposit money	23.1	231,459	328,555
Sundry creditors and accrued expenses		380,383	413,370
Unclaimed dividends		2,671	2,674
Payable to gratuity fund	37.1.1	87,331	149,201
Provision for employees compensated absences	37.1.3	193,464	186,799
Provision against off-balance sheet obligations	20.1	497,377	497,377
Lease key money		1,912,790	233,786
Others		84,254	105,239
		7,495,634	6,506,275
20.1 Provision against off-balance sheet obligations			
Opening balance		497,377	741,488
Charge for the year		-	-
Reversal during the year		-	(244,111)
		-	(244,111)
Closing balance		497,377	497,377

The above provision has been made against letters of guarantee issued by the Bank.

21. Share Capital**21.1 Authorized Capital**

2012 Number	2011 Number		2012 Rupees in '000	2011 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>

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of Rupees ten each.

21.2 Issued, subscribed and paid up share capital

2012 Number	2011 Number	Ordinary shares of Rs.10 each	2012	2011
19,333,340	19,333,340	Fully paid in cash	193,333	193,333
509,464,036	509,464,036	Issued as bonus shares	5,094,641	5,094,641
<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 2012 (2011: 51%).

21.4 During the year, in the first phase, the Board of Directors has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs. 0.5 per share subject to the approval of the shareholders and the regulatory authorities.

22. RESERVES

	Note	2012 Rupees in '000	2011 Rupees in '000
Statutory reserve	22.1	396,364	69,595
Share premium reserve		37,882	37,882
Restructuring reserve	22.2	753,187	1,807,479
		<u>1,187,433</u>	<u>1,914,956</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 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	2012 Rupees in '000	2011 Rupees in '000
Opening balance		1,807,479	1,974,610
Transfer from provision against non performing	11.4	-	2,034
Transfer to profit and loss account	11.4.5	(1,054,292)	(169,165)
		<u>(1,054,292)</u>	<u>(167,131)</u>
Closing balance		<u>753,187</u>	<u>1,807,479</u>

	Note	2012	2011
		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	7,000,000
		<u>17,000,000</u>	<u>17,000,000</u>

23.1 This represents Rs.10,000,000 (thousand) deposited by the GOPb in 2009 as advance subscription money as explained in Note 1.2 Compensation on share deposit money is payable at the rate equal to 3 months weighted average T Bill rate applicable during the period. During the year, in the first phase, the Board of Directors has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs. 0.5 per share.

23.2 This represents Rs. 7,000,000 thousand deposited by GOPb in 2011 as advance subscription money as explained in Note 1.2.

	Note	2012	2011
		Rupees in '000	
24. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (Deficit) on revaluation of:			
Operating fixed assets - net of tax	24.1	900,335	915,244
Available for sale securities - net of tax	24.2	738,125	(277,743)
		<u>1,638,460</u>	<u>637,501</u>
24.1 Surplus on revaluation of operating fixed assets - net of tax			
As on January 01:		1,105,097	984,311
- Surplus on revaluation during the year		-	120,786
- Surplus on revaluation realized during the year		(6,801)	-
		<u>1,098,296</u>	<u>1,105,097</u>
Incremental depreciation:			
- Opening balance		(64,887)	(54,471)
- Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(11,604)	(6,770)
- Related deferred tax liability		(6,248)	(3,646)
Accumulated incremental depreciation		<u>(82,739)</u>	<u>(64,887)</u>
As on December 31		<u>1,015,557</u>	<u>1,040,210</u>
Less: Related deferred tax liability			
- Opening balance		(124,966)	(72,912)
- Deferred tax on revaluation during the year		-	(55,700)
- Deferred tax on surplus realized during the year		3,496	-
- Deferred tax recorded during the year		6,248	3,646
- Closing balance	13	<u>(115,222)</u>	<u>(124,966)</u>
		<u>900,335</u>	<u>915,244</u>

		2012	2011
		Rupees in '000	
24.2	Surplus / (Deficit) on revaluation of available for sale securities - net of tax		
	Federal Government Securities	494,417	(16,353)
	Quoted Securities	145,161	(304,150)
	Mutual Funds Units	299,962	(101,425)
	Term Finance Certificates	39,220	22,273
		978,760	(399,655)
	Less: Related deferred tax (liability) / asset	13 (240,635)	121,912
		738,125	(277,743)

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:

		2012	2011
		Rupees in '000	
-	Government	2,568,646	-
-	Financial institutions	-	-
-	Others	1,225,406	664,723
		3,794,052	664,723

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:

		2012	2011
		Rupees in '000	
-	Government	242,575	84,510
-	Financial institutions	36,148	31,705
-	Others	11,270,360	10,135,048
		11,549,083	10,251,263

2012 2011
Rupees in '000

25.3 Trade-related contingent liabilities

These include letters of credit issued in favour of:

- Government	3,688,374	1,353,579
- Financial institutions	-	-
- Others	8,378,817	5,467,269
	<u>12,067,191</u>	<u>6,820,848</u>

25.4 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank have filled appeals before Commissioner Inland Revenue Appeals. The expected tax liability in respect of aforesaid tax years amounts to Rs 162,772 thousand and minimum tax under section 113 amounts to Rs 257,967 thousand. The Management of the Bank, as per the opinion of its tax consultant, is confident that the appeal filed for the aforementioned tax years will be decided in Bank's favour.

Note 2012 2011
Rupees in '000

25.5 Other contingencies

Claims against the Bank not acknowledged as debts	25.5.1	33,968,741	20,456,767
---	--------	------------	------------

25.5.1 The amount involved in the claims filed against the Bank are yet to be adjudicated by the concern Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

25.6 Commitments to extend credit

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

2012 2011
Rupees in '000

25.7 Commitments in respect of forward exchange contracts

Purchase	3,358,739	2,780,846
Sale	3,150,622	1,824,957
	<u>6,509,361</u>	<u>4,605,803</u>

25.8 Commitments for the acquisition of operating fixed assets

	<u>45,411</u>	<u>14,293</u>
--	---------------	---------------

26. MARK-UP/RETURN/INTEREST EARNED

a) On loans and advances to:		
i) Customers	13,121,312	11,682,856
ii) Financial institutions	18,496	27,150
b) On investments in:		
i) Available for sale securities	10,114,927	8,155,520
ii) Held for trading securities	651,971	1,762
iii) Held to maturity securities	158,701	167,256
c) On deposits with financial institutions	11,117	17,353
d) On securities purchased under resale agreements	468,201	541,996
e) On certificates of investment	84,572	48,606
f) On letters of placement	36,727	42,512
	<u>24,666,024</u>	<u>20,685,011</u>

	Note	2012	2011
Rupees in '000			
27 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		19,812,396	18,432,867
Securities sold under repurchase agreements		1,695,146	1,277,284
Compensation on share deposit money	23.1	1,014,658	1,323,873
Other short term borrowings		718	39,247
		<u>22,522,918</u>	<u>21,073,271</u>
28 GAIN ON SALE AND REDEMPTION OF SECURITIES			
Federal Government Securities :			
Market Treasury Bills		851,546	42,663
Pakistan Investment Bonds		69,795	100
Ordinary Shares - listed		432,454	220,576
Term Finance Certificates		907	1,157
NIT Units		-	(11,878)
Mutual Funds		95,112	77,407
		<u>1,449,814</u>	<u>330,025</u>
29 OTHER INCOME			
Rent on lockers		24,335	32,700
Net profit on sale of property and equipment	12.2.1	32,313	1,380
Net profit on sale of non banking assets		82,545	-
Service charges		204,398	170,717
Loan processing charges		74,988	108,536
Online transaction charges		16,109	27,322
ATM transactions		86,925	69,601
Cheque return charges		19,908	12,335
Miscellaneous earnings		44,335	71,512
		<u>585,856</u>	<u>494,103</u>
30 ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		2,235,752	1,971,132
Contribution to defined contribution plans		89,684	79,277
Provision for gratuity	37.1.1	87,331	53,831
Provision for compensated absences	37.1.3	7,342	2,826
Non-executive directors' fees	38	2,825	2,375
Taxes, insurance, electricity, etc.		175,359	189,460
Legal and professional charges		27,830	29,286
Communications		86,716	77,550
Repairs and maintenance		96,971	82,025
Rent for bank premises	30.1	261,201	218,818
Finance charge on leased assets		660	1,475
Stationery and printing		97,353	103,322
Advertisement and publicity		107,395	97,794
Auditors' remuneration	30.2	8,165	8,915
Depreciation	12.2	330,911	328,798
Traveling		41,777	38,882
Fuel expenses		235,926	225,270
Cash remittance charges		59,590	39,615
Entertainment expenses		40,996	34,548
Bank charges		92,088	104,344
Online connectivity charges		55,292	63,733
Fuel for generator		118,330	62,260
Miscellaneous expenses		171,026	138,530
		<u>4,430,520</u>	<u>3,954,066</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.

2012 2011
Rupees in '000

30.2 Auditors' remuneration

Audit fee	1,750	1,750
Special certifications, half yearly review and others	5,465	5,465
Out-of-pocket expenses	950	1,700
	8,165	8,915
31. OTHER CHARGES		
Penalties imposed by SBP	130	205
Reversal of provision for worker welfare fund	(40,720)	-
	(40,590)	205
32. TAXATION		
For the year		
Current	139,284	-
Deferred	353,738	174,774
	493,022	174,774
Prior year		
Current	(826,337)	-
Deferred	103,366	-
	(722,971)	-
	(229,949)	174,774

32.1 Due to carry forward business losses, numerical reconciliation between tax expense and accounting profit has not been presented. However, current liability for taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001.

33. BASIC EARNINGS PER SHARE

Profit for the year - Rupees in thousand	1,633,841	347,973
Weighted average number of ordinary shares - Number	528,797,376	528,797,376
Basic earnings per share - after tax - Rupees	3.09	0.66

34. DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

	Note	2012	2011
Rupees in '000			
35 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	17,298,251	16,698,333
Balance with other banks	8	3,101,170	3,607,107
Call money lendings	9	-	195,000
Overdrawn nostro accounts	17.2	(1,169)	(4,061)
		<u>20,398,252</u>	<u>20,496,379</u>
36 STAFF STRENGTH			
		Number	
Permanent		3,686	3,809
Temporary/on contractual basis		1,204	865
Daily wagers		245	325
Bank's own staff strength at the end of the year		<u>5,135</u>	<u>4,999</u>
Outsourced		356	-
Total Staff Strength		<u>5,491</u>	<u>4,999</u>

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 most recent valuation was carried out at December 31, 2012 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2012 were as follows:

	2012	2011
Discount rate	11.00%	12.50%
Expected rate of eligible salary increase in future years	10.00%	11.50%
Expected rate of return on plan assets during 2013	11.00%	12.50%
Average expected remaining working life (years)	12	12

Reconciliation of payable to defined benefit plan

	Rupees in '000	
Present value of defined benefit obligation	268,612	181,818
Fair value of plan assets	(190,322)	(39,580)
Benefit payments payable	9,041	6,963
	<u>87,331</u>	<u>149,201</u>

	2012	2011
	Rupees in '000	
Movement in payable to defined benefit plan		
Opening balance	149,201	95,370
Charge for the year	87,331	53,831
Contributions made by the Bank during the year	(149,201)	-
Closing balance	<u>87,331</u>	<u>149,201</u>
Changes in present value of defined benefit obligations		
Opening balance	181,818	129,422
Current service cost	59,719	56,200
Interest cost	22,727	16,825
Benefits payable	(9,041)	(3,561)
Benefit paid	(4,460)	(2,291)
Actuarial loss / (gain)	17,849	(14,777)
	<u>268,612</u>	<u>181,818</u>
Changes in fair value of plan assets		
Opening balance	39,580	38,463
Expected return on plan assets	4,947	5,000
Contributions made	149,201	-
Benefits paid	(11,423)	(3,300)
Actuarial gain / (loss)	8,017	(583)
	<u>190,322</u>	<u>39,580</u>
Charge for defined benefit plan		
Current service cost	59,719	56,200
Interest cost	22,727	16,825
Expected return on plan assets	(4,947)	(5,000)
Net actuarial losses / (gains) recognized	9,832	(14,194)
	<u>87,331</u>	<u>53,831</u>
Actual return on plan assets	<u>12,964</u>	<u>4,417</u>
Composition of fair value of plan assets		
NIT Government Bond Fund	34,257	31,327
Cash at bank	156,065	8,253
	<u>190,322</u>	<u>39,580</u>

37.1.2 Reconciliation of net liability recognized for gratuity for the five years are as follows:

	2012	2011	2010	2009	2008
	-----Rupees in '000'-----				
Present value of defined benefit obligation	268,612	181,818	129,422	87,196	37,042
Fair value of plan assets	(190,322)	(39,580)	(38,463)	(37,333)	-
Benefit payments payable	9,041	6,963	4,411	-	-
	87,331	149,201	95,370	49,863	37,042
Actuarial gains / (losses) on obligation	(17,849)	14,777	13,140	(1,655)	-
Actuarial gains / (losses) on assets	8,017	(583)	(1,205)	518	-

37.1.3 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 most recent valuation was carried out at December 31, 2012 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2012 were as follows:

	2012	2011
Discount rate	11.00%	12.50%
Expected rate of eligible salary increase in future years	10.00%	11.50%
Average number of leaves accumulated per annum by the employees (days)	9	10
	Rupees in '000'	
Present value of defined benefit obligation	193,464	186,799
Movement in payable to defined benefit plan		
Opening balance	186,799	184,040
Charge for the year	7,342	2,826
Benefit paid	(677)	(67)
Closing balance	193,464	186,799
Charge for defined benefit plan		
Current service cost	17,886	15,936
Interest cost	23,350	23,926
Actuarial gains recognized	(33,894)	(37,036)
	7,342	2,826

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

	2012	2011	2010	2009	2008
	-----Rupees in '000'-----				
Opening net liability	186,799	184,041	164,352	142,518	115,594
Net charge for the year	6,665	2,758	19,689	21,834	26,924
	193,464	186,799	184,041	164,352	142,518
Fair value of Plan assets	-	-	-	-	-
Actuarial gains / (losses) on obligation	33,894	37,036	14,429	15,572	(664)

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	
	2012	2011	2012	2011	2012	2011	2012	2011
	Rupees in '000							
Fees	800	-	-	-	2,025	2,375	-	-
Managerial remuneration	-	-	25,175	14,268	-	-	280,312	187,877
Bonus **	-	-	4,423	2,378	-	-	50,238	31,112
Rent and house maintenance	-	-	1,865	1,332	-	-	105,565	71,343
Utilities	140	144	1,680	1,200	-	-	27,191	18,436
Medical	181	42	-	-	-	-	25,991	17,536
Other allowances	1,689	1,340	511	3,622	-	-	34,551	40,303
	2,810	1,526	33,654	22,800	2,025	2,375	523,848	366,607
Number of persons	1	2	1	1	7	9	319	217

* This represents the fee paid to non-executive directors for attending meeting of the Board and its committees.

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

Chairman, President/Chief Executive Officer and Executives are provided with free use of the Bank's maintained cars.

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.

	Note	2012		2011	
		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		17,298,251	17,298,251	16,698,333	16,698,333
Balances with other banks		3,101,170	3,101,170	3,607,107	3,607,107
Lendings to financial institutions		1,562,946	1,562,946	7,447,375	7,447,375
Investments - net	39.1	129,518,999	129,434,409	92,581,306	92,341,733
Advances - net	39.2	149,605,002	149,605,002	127,129,501	127,129,501
Other assets		4,560,099	4,560,099	5,571,535	5,571,535
		<u>305,646,467</u>	<u>305,561,877</u>	<u>253,035,157</u>	<u>252,795,584</u>
Liabilities					
Bills payable		1,500,709	1,500,709	850,569	850,569
Borrowings		44,683,826	44,683,826	24,963,566	24,963,566
Deposits and other accounts	39.3	266,055,781	266,055,781	237,896,700	237,896,700
Liabilities against assets subject to finance lease		3,601	3,601	7,831	7,831
Other liabilities		6,998,257	6,998,257	6,008,898	6,008,898
		<u>319,242,174</u>	<u>319,242,174</u>	<u>269,727,564</u>	<u>269,727,564</u>
Off balance sheet financial instruments					
Forward sale of foreign exchange contracts		3,150,622	3,145,377	1,824,957	2,390,358
Forward purchase of foreign exchange contracts		3,358,739	3,362,150	2,780,846	2,283,385

39.1 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. 1,804,468 (thousand) (2011: Rs. 1,744,023 (thousand)). All unquoted investments have been stated at cost less provision for impairment if any, being their estimated fair values.

39.2 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.

39.3 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.

39.4 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					
2012						
Total income	13,408,559	2,138,231	11,835,759	402,740	71,480	27,856,769
Total expenses	4,695,224	4,112,184	17,570,223	63,906	11,340	26,452,877
Income taxes	-	-	-	-	-	(229,949)
Net income / (loss)	8,713,335	(1,973,953)	(5,734,464)	338,834	60,140	1,633,841
Segment assets (gross)	152,771,733	16,646,716	176,532,885			345,951,334
Segment non performing loans / investments	3,759,656	2,482,409	66,981,137			73,223,202
Segment provision required	3,660,023	1,880,258	24,433,903			29,974,184
Segment liabilities	46,143,583	42,797,218	230,798,750			319,739,551
Segment return on net assets (ROA) (%)	13.99%	18.66%	15.79%			-
Segment cost of funds (%)	10.14%	9.39%	9.64%			-
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%			-

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 on arm's length basis. 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 11.8 and Note 38 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2012				2011			
	Key Management Personnel	Subsidiary company and Managed Modaraba	Employee funds	Others	Key Management Personnel	Subsidiary company and Managed Modaraba	Employee funds	Others
Advances								
Opening balance	-	1,022,820	-	-	-	962,883	-	-
Loans granted during the year	-	1,846,313	-	-	-	2,740,183	-	-
Repayments received during the year	-	(1,799,620)	-	-	-	(2,680,246)	-	-
Closing Balance	-	1,069,513	-	-	-	1,022,820	-	-
Deposits								
Opening balance	22,571	32,373	1,187,328	2,536	12,384	27,207	959,917	14,728
Placements made during the year	257,537	2,053,870	504,423	5,848	169,698	2,564,981	293,546	12,406
Withdrawals during the year	(240,112)	(2,083,874)	(64,502)	(8,096)	(159,511)	(2,559,815)	(66,135)	(24,598)
Closing Balance	39,996	2,369	1,627,249	288	22,571	32,373	1,187,328	2,536
Placements	-	300,000	-	-	-	300,000	-	-
Lease liability	-	3,602	-	-	-	7,831	-	-
Transactions during the year :								
Mark-up/return earned	-	147,179	-	-	-	163,268	-	-
Mark-up/interest expensed	292	-	-	-	316	-	-	-
Contribution to employees funds	-	-	217,565	-	-	-	60,310	-

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 business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital 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 December 31, 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 December 31, 2012 is Rs. 9.0 billion. The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 10,733,043 thousand.

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 December 31, 2012 is 7.72%. The SBP has given relaxation to the Bank for minimum required CAR as explained in Note 1.2.

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

- Tier I capital, which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and unappropriated profits.
- Tier II capital, which includes general reserve for loan losses, revaluation reserves, exchange translation reserves and subordinated debts.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements for market risk.

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

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

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

	2012	2011
	Rupees in '000	
Tier I Capital		
Share capital	5,287,974	5,287,974
Share premium account	37,882	37,882
Share deposit money	17,000,000	17,000,000
Statutory reserve	396,364	69,595
Accumulated losses	(12,742,364)	(14,067,841)
	<u>9,979,856</u>	<u>8,327,610</u>
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
Book Value of Goodwill and Intangibles	13,114	-
Shortfall in Provision due to relaxation	232,301	-
Deficit on account of revaluations	-	399,655
	<u>245,415</u>	<u>482,128</u>
Total eligible Tier I capital	<u>9,734,441</u>	<u>7,845,482</u>
Tier II Capital		
General provisions subject to 1.25% of total risk weighted assets	768,080	1,573,372
Revaluation reserve (upto 45%)	514,915	286,875
	<u>1,282,995</u>	<u>1,860,247</u>
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
Total eligible Tier II capital	<u>1,282,995</u>	<u>1,777,774</u>
Tier III Capital	-	-
Total Eligible Capital	<u><u>11,017,436</u></u>	<u><u>9,623,256</u></u>

	2012 Rupees in '000 Capital Requirements	2011 Rupees in '000 Capital Requirements	2012 Rupees in '000 Risk Weighted Assets	2011 Rupees in '000 Risk Weighted Assets
Credit Risk				
Claim on :				
Public sector entities	139,316	101,010	1,393,160	1,010,098
Claim on banks	-	64,111	-	641,108
Claims denominated in foreign currency, on banks with original maturity of 3 months or less	45,229	11,166	452,287	111,656
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	133,617	131,323	1,336,169	1,313,226
Corporates	6,548,137	5,366,866	65,481,373	53,668,655
Retail portfolio	814,823	893,273	8,148,227	8,932,726
Loans secured by residential property	47,132	16,864	471,316	168,639
Past due loans	1,776,249	2,190,823	17,762,494	21,908,226
Investment in fixed assets	346,038	359,748	3,460,376	3,597,483
Other assets	2,774,869	2,858,281	27,748,690	28,582,814
Off balance sheet - non-market related exposure	719,289	544,060	7,192,892	5,440,602
Off balance sheet - market related exposure	3,137	2,145	31,370	21,445
Equity exposure risk held in the Banking book	39,845	2,052	398,452	20,520
	13,387,681	12,541,722	133,876,806	125,417,198
Market Risk				
Interest rate risk	88,096	5,732	1,101,200	71,650
Equity position risk	309,032	363,611	3,862,900	4,545,138
Foreign exchange risk	4,199	6,436	52,495	80,450
	401,327	375,779	5,016,595	4,697,238
Operational Risk	306,262	411,020	3,828,277	5,137,749
Total	14,095,270	13,328,521	142,721,678	135,252,185

Capital Adequacy Ratio (CAR)

	2012 Rupees in '000	2011 Rupees in '000
Total eligible regulatory capital held	11,017,436	9,623,256
Total Risk Weighted Assets	142,721,678	135,252,185
CAR	7.72%	7.12%

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%	144,298,257	-	144,298,257
20%	10,422,377	-	10,422,377
35%	1,346,617	-	1,346,617
50%	14,391,712	300,224	14,091,488
75%	13,761,824	2,897,522	10,864,302
100%	102,406,508	7,575,851	94,830,657
150%	30,357,554	20,976,137	9,381,417
	<u>316,984,849</u>	<u>31,749,734</u>	<u>285,235,115</u>

43.1.1 Segments by class of business

	2012					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agribusiness	3,956,251	2.25	10,489,133	3.94	-	-
Textile and ginning	48,044,032	27.31	1,588,171	0.60	2,717,683	9.91
Cement	5,853,398	3.33	131,501	0.05	260,777	0.95
Sugar	8,006,940	4.55	952,142	0.36	247,276	0.90
Financial	1,725,827	0.98	3,379,791	1.27	36,148	0.13
Construction and real estate	6,969,925	3.96	9,544,240	3.59	4,044,123	14.75
Oil and gas	622,412	0.35	3,793,845	1.43	1,312,522	4.79
Auto & allied	1,956,773	1.11	53,119	0.02	149,773	0.55
Food and allied	8,022,333	4.56	1,662,996	0.63	363,316	1.33
Chemical and pharmaceuticals	3,607,812	2.05	610,876	0.23	951,535	3.47
Fertilizers	4,681,949	2.66	2,590,102	0.97	911,842	3.33
Cable, electrical and engineering	9,689,779	5.51	907,629	0.34	1,174,331	4.28
Production and transmission of energy	3,229,029	1.84	1,093,535	0.41	2,885,699	10.53
Transport, Storage and Communication	2,740,345	1.56	4,968,467	1.87	1,254,195	4.58
Government :						
- Public Sector Enterprises	2,544,008	1.45	16,932,123	6.36	2,553,760	9.32
- Federal and Provincial Governments	21,473,585	12.21	122,000,047	45.87	6,499,595	23.71
Individuals	11,023,704	6.27	59,764,181	22.47	-	-
Trading and commerce	12,893,896	7.33	4,189,002	1.57	344,514	1.26
Services	9,142,447	5.20	7,245,920	2.72	133,600	0.49
Others	9,734,718	5.52	14,158,961	5.30	1,569,637	5.72
	<u>175,919,163</u>	<u>100.00</u>	<u>266,055,781</u>	<u>100.00</u>	<u>27,410,326</u>	<u>100.00</u>

43.1.2 Segment by sector

	2012					
	Advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public Sector / Government	24,017,593	13.65	138,932,170	52.22	9,053,355	33.03
Private	151,901,570	86.35	127,123,611	47.78	18,356,971	66.97
	<u>175,919,163</u>	<u>100.00</u>	<u>266,055,781</u>	<u>100.00</u>	<u>27,410,326</u>	<u>100.00</u>

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

	2012		2011	
	Classified Advances	Rupees in '000 Specific Provisions Held	Classified Advances	Specific Provisions Held
Agribusiness	1,536,525	1,153,217	2,078,059	1,101,669
Textile and ginning	27,959,644	9,960,215	29,311,289	10,290,153
Cement	3,706,312	2,240,744	4,308,146	2,129,450
Sugar	484,703	96,946	744,263	312,231
Financial	1,579,739	235,063	1,402,865	236,126
Construction and real estate	6,177,096	2,676,643	8,015,606	3,210,455
Oil and gas	171,475	76,114	194,855	81,854
Auto & allied	1,951,721	760,653	1,968,460	773,094
Food and allied	2,708,700	1,345,760	2,829,003	1,473,723
Chemical and pharmaceuticals	553,618	377,497	376,217	79,149
Fertilizers	64,285	34,901	64,598	12,052
Cable, electrical and engineering	4,176,594	382,252	4,844,162	257,379
Production and transmission of energy	1,540,794	454,868	1,581,211	454,868
Transport, Storage and Communication	269,828	189,571	206,454	177,983
Government:				
- Public Sector Enterprises	765,922	-	-	-
- Federal and Provincial Governments	-	-	-	-
Individuals	332,613	193,286	439,014	234,754
Trading and commerce	9,172,392	3,575,685	9,515,134	3,405,899
Services	2,537,274	949,522	2,357,181	666,314
Others	3,678,580	1,596,331	3,429,155	1,405,941
	<u>69,367,815</u>	<u>26,299,268</u>	<u>73,665,672</u>	<u>26,303,094</u>

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

Public Sector / Government	765,922	-	-	-
Private	68,601,893	26,299,268	73,665,672	26,303,094
	<u>69,367,815</u>	<u>26,299,268</u>	<u>73,665,672</u>	<u>26,303,094</u>

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

	Effective yield / interest rate	Exposed to Yield / Interest risk									Non-interest bearing financial instruments	
		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
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	17,298,251	841,543	-	-	-	-	-	-	-	-	16,456,708
Balances with other banks	6.00%	3,101,170	831,494	-	-	-	-	-	-	-	-	2,269,676
Lending to financial institutions	11.58%	1,562,946	485,749	1,077,197	-	-	-	-	-	-	-	-
Investments - net	10.99%	129,518,999	12,421,331	15,862,326	19,563,018	57,838,355	3,044,601	2,379,935	6,932,741	7,137,068	314,609	4,025,015
Advances - net	8.42%	149,605,002	55,815,233	93,781,892	-	-	-	-	-	-	-	7,877
Other assets	-	4,560,099	-	-	-	-	-	-	-	-	-	4,560,099
		305,646,467	70,395,350	110,721,415	19,563,018	57,838,355	3,044,601	2,379,935	6,932,741	7,137,068	314,609	27,319,375
Liabilities												
Bills payable	-	1,500,709	-	-	-	-	-	-	-	-	-	1,500,709
Borrowings	10.12%	44,683,826	38,016,483	3,281,043	2,561,926	7,940	32,216	581,753	189,504	11,792	-	1,169
Deposits and other accounts	8.18%	266,055,781	17,303,734	134,315,171	30,660,202	32,409,780	358,108	94,600	68,266	-	-	50,845,920
Liabilities against assets subject to finance lease	12.47%	3,601	84	3,517	-	-	-	-	-	-	-	-
Other liabilities	-	6,998,257	-	-	-	-	-	-	-	-	-	6,998,257
		319,242,174	55,320,301	137,599,731	33,222,128	32,417,720	390,324	676,353	257,770	11,792	-	59,346,055
On-balance sheet gap		(13,595,707)	15,075,049	(26,878,316)	(13,659,110)	25,420,635	2,654,277	1,703,582	6,674,971	7,125,276	314,609	(32,026,680)
Off-balance sheet financial instruments												
Forward foreign exchange contracts												
- purchase			2,233,546	939,880	185,313	-	-	-	-	-	-	-
- sale			2,288,415	768,217	93,990	-	-	-	-	-	-	-
Off-balance sheet gap			4,521,961	1,708,097	279,303	-	-	-	-	-	-	-
Total yield/interest risk sensitivity gap			19,597,010	(25,170,219)	(13,379,807)	25,420,635	2,654,277	1,703,582	6,674,971	7,125,276	314,609	(32,026,680)
Cumulative yield/interest risk sensitivity gap			19,597,010	(5,573,209)	(18,953,016)	6,467,619	9,121,896	10,825,478	17,500,449	24,625,725	24,940,334	(7,086,346)

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.

	2012			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency
	Rupees in '000			
Pakistan Rupee	328,727,384	314,317,642	(208,117)	14,201,625
United States Dollar	3,225,730	4,487,108	(255,335)	(1,516,713)
Great Britain Pound	28,826	433,291	256,938	(147,527)
Japanese Yen	-	1,169	1,697	528
Euro	105,821	500,341	204,817	(189,703)
Others	23,293	-	-	23,293
	<u>332,111,054</u>	<u>319,739,551</u>	<u>-</u>	<u>12,371,503</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 - based on expected maturities

	2012									
	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	17,298,251	17,298,251	-	-	-	-	-	-	-	-
Balances with other banks	3,101,170	3,101,170	-	-	-	-	-	-	-	-
Lending to financial institutions	1,562,946	485,749	1,077,197	-	-	-	-	-	-	-
Investments - net	129,518,999	12,051,740	15,017,316	19,288,283	58,025,627	3,396,368	2,738,464	11,371,366	7,315,226	314,609
Advances - net	149,605,002	55,815,233	26,708,067	9,404,764	12,977,832	4,817,068	7,758,740	8,031,929	22,707,095	1,384,274
Operating fixed assets	3,473,491	27,576	55,152	82,728	165,456	330,912	330,912	661,824	1,654,560	164,371
Deferred tax assets	13,070,614	119,563	239,125	358,688	717,376	2,771,098	3,096,144	5,768,620	-	-
Other assets	14,480,581	3,840,867	130,348	931,644	9,577,722	-	-	-	-	-
	<u>332,111,054</u>	<u>92,740,149</u>	<u>43,227,205</u>	<u>30,066,107</u>	<u>81,464,013</u>	<u>11,315,446</u>	<u>13,924,260</u>	<u>25,833,739</u>	<u>31,676,881</u>	<u>1,863,254</u>
Liabilities										
Bills payable	1,500,709	1,500,709	-	-	-	-	-	-	-	-
Borrowings	44,683,826	38,017,652	3,281,043	2,561,926	7,940	32,216	581,753	189,504	11,792	-
Deposits and other accounts	266,055,781	45,984,904	46,197,025	47,609,208	50,774,635	15,980,446	14,935,449	14,911,867	14,831,125	14,831,122
Liabilities against assets subject to finance lease	3,601	84	171	266	563	1,859	658	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,495,634	4,779,158	25,514	-	497,377	-	-	2,193,585	-	-
	<u>319,739,551</u>	<u>90,282,507</u>	<u>49,503,753</u>	<u>50,171,400</u>	<u>51,280,515</u>	<u>16,014,521</u>	<u>15,517,860</u>	<u>17,294,956</u>	<u>14,842,917</u>	<u>14,831,122</u>
Net assets	<u>12,371,503</u>	<u>2,457,642</u>	<u>(6,276,548)</u>	<u>(20,105,293)</u>	<u>30,183,498</u>	<u>(4,699,075)</u>	<u>(1,593,600)</u>	<u>8,538,783</u>	<u>16,833,964</u>	<u>(12,967,868)</u>
Share capital	5,287,974									
Reserves	1,187,433									
Accumulated loss	(12,742,364)									
Share deposit money	(6,266,957)									
	17,000,000									
Surplus on revaluation of assets - net of tax	10,733,043									
	1,638,460									
	<u>12,371,503</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.

43.3.4 Maturities of assets and liabilities - based on contractual maturities

	2012									
	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	17,298,251	17,298,251	-	-	-	-	-	-	-	-
Balances with other banks	3,101,170	3,101,170	-	-	-	-	-	-	-	-
Lending to financial institutions	1,562,946	485,749	1,077,197	-	-	-	-	-	-	-
Investments - net	129,518,999	12,051,740	15,017,316	19,288,283	58,025,627	3,396,368	2,738,464	11,371,366	7,315,226	314,609
Advances - net	149,605,002	55,815,233	26,708,067	9,404,764	12,977,832	4,817,068	7,758,740	8,031,929	22,707,095	1,384,274
Operating fixed assets	3,473,491	27,576	55,152	82,728	165,456	330,912	330,912	661,824	1,654,560	164,371
Deferred tax assets	13,070,614	119,563	239,125	358,688	717,376	2,771,098	3,096,144	5,768,620	-	-
Other assets	14,480,581	3,840,867	130,348	931,644	9,577,722	-	-	-	-	-
	<u>332,111,054</u>	<u>92,740,149</u>	<u>43,227,205</u>	<u>30,066,107</u>	<u>81,464,013</u>	<u>11,315,446</u>	<u>13,924,260</u>	<u>25,833,739</u>	<u>31,676,881</u>	<u>1,863,254</u>
Liabilities										
Bills payable	1,500,709	1,500,709	-	-	-	-	-	-	-	-
Borrowings	44,683,826	38,017,652	3,281,043	2,561,926	7,940	32,216	581,753	189,504	11,792	-
Deposits and other accounts	266,055,781	172,049,463	23,950,338	32,778,083	35,943,510	1,149,321	104,324	80,742	-	-
Liabilities against assets subject to finance lease	3,601	84	171	266	563	1,859	658	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,495,634	4,779,158	25,514	-	497,377	-	-	2,193,585	-	-
	<u>319,739,551</u>	<u>216,347,066</u>	<u>27,257,066</u>	<u>35,340,275</u>	<u>36,449,390</u>	<u>1,183,396</u>	<u>686,735</u>	<u>2,463,831</u>	<u>11,792</u>	<u>-</u>
Net assets	<u>12,371,503</u>	<u>(123,606,917)</u>	<u>15,970,139</u>	<u>(5,274,168)</u>	<u>45,014,623</u>	<u>10,132,050</u>	<u>13,237,525</u>	<u>23,369,908</u>	<u>31,665,089</u>	<u>1,863,254</u>
Share capital	5,287,974									
Reserves	1,187,433									
Accumulated loss	(12,742,364)									
Share deposit money	(6,266,957)	17,000,000								
Surplus on revaluation of assets - net of tax	10,733,043	1,638,460								
	<u>12,371,503</u>									

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, 2013 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 and other circulars issued from time to time.

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.

Re-classified from	Re-classified to	Amount Rupees in '000
Advances - local currency	Advances - foreign currency	514,252
"Deposits and other accounts: - Customers - fixed deposits - Customers - current accounts - Customers - sundry deposits, margin accounts, etc,"	"Deposits and other accounts: - Financial Institutions - remunerative deposits - Financial Institutions - non remunerative deposits	957,235
Mark-up / Return / Interest earned on investments in available for sale securities.	Mark-up / Return / Interest earned on Certificate of investment	48,606
Mark-up / Return / Interest earned on deposits with financial institutions.	Mark-up / Return / Interest earned on letters of placement	42,512
Gain on sale and redemption of securities - Federal Government Securities.	Gain on sale and redemption of securities - Federal Government Securities - Market Treasury Bills	42,663
Administrative expenses - others	Fuel expenses	70,835
Administrative expenses - others	Entertainment expenses	39,615

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, 2012

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					Interest /Mark-up capitalized written-off	Principal written off	Interest /Mark-up capitalized written-off	Other financial relief provided	Total
						Principal	Interest/Mark-up capitalized	Interest/mark-up	Others	Total					
1	Bandhan Banquet Hall 2-L, Gulberg III, Lahore	Naem Aslam (35202-2389603-5)	Muhammad Aslam	DHA Branch, Lahore	Lahore	2,638	-	501	-	3,139	-	-	501	-	501
2	Shadab Ginning Industries Grain Market Rahim Yar Khan	Israr Ahmad (31303-3285456-9) Wasar Ahmad (31303-1523176-5) Mst. Naseem Akhtar (31303-3170033-2)	Kamal Din Kamal Din Kamal Din	Gulberg Road Branch, Rahim Yar Khan	Multan	14,884	-	5,118	-	20,002	-	-	1,002	-	1,002
3	City Carpets City Interior, 9-Sargodha Block, Fortress Stadium, Lahore	Sheikh Saif-ud-Din (35201-5609980-3) Sheikh Ahtesham Ghani (35201-8526652-3) Sheikh Abbas Ghani (35201-6076658-5)	Sheikh Abdul Ghani Sheikh Saif-ud-Din Sheikh Saif-ud-Din	Mustafa Town Branch, Lahore	Lahore	20,248	-	1,172	-	21,420	-	-	1,172	-	1,172
4	Nazir Trading Co. Shop # 21/G Grain Market, Burewala	Muhammad Akram (36601-1541757-9) Nazir Ahmed (36601-1541759-7)	Nazir Ahmed Jamal Din	Burewala Branch, Multan	Multan	26,055	-	2,405	25	28,485	-	-	1,286	-	1,286
5	Khalid Ahmed Khokhar 90-Qasim Road, Multan Cantt.	Khalid Ahmed Khokhar (36302-3357938-9)	Malik Hazoor Buksh Khokhar	Quid-E-Azam Road Branch, Multan	Multan	193,306	-	83,486	-	276,792	-	-	14,886	-	14,886
6	Zubair Ahmed Khokhar 90-Qasim Road, Multan Cantt.	Zubair Ahmed Khokhar (36302-0289357-3)	Malik Hazoor Buksh Khokhar	Quid-E-Azam Road Branch, Multan	Multan	164,006	-	50,530	-	214,536	-	-	8,983	-	8,983
7	Capital Tower Citilink Travels, 7- Egerton Road, Lahore	Abdul Majeed Yousaf (35202-8781557-7) Sobia Majeed (35202-1013027-0) Javed Bashir Sheikh (35202-2596771-0)	Chaudhry Mohammad Yousaf Abdul Majeed Yousaf Sheikh Mohammad Bashir	Main Branch, Lahore	Lahore	80,246	-	43,606	-	123,852	-	-	16,177	-	16,177
8	Ammar Textile (Pvt) Ltd. 18 KM Multan Road Lahore	Kh. Bilal Ahmad (35205-2969002-7) Sameena Bilal (35201-1448248-4)	Kh. Ghulam Mohi-ud-Din Kh. Bilal Ahmad	Main Branch, Lahore	Lahore	114,336	-	79,790	-	194,126	98,062	-	75,522	-	173,584
9	JS Developers (Pvt) Ltd. 15-C/2, MM Alam Road, Gulberg III, Lahore.	Javed Akram (35202-5450816-7) Saad Javed Akram (35202-6575190-7) Shehla Javed Akram (35202-9317913-0)	Malik Mohammad Akram Javed Akram Javed Akram	Main Branch, Lahore	Lahore	-	-	14,076	-	14,076	-	-	12,313	-	12,313
Balance c/f						615,719	-	280,684	25	896,428	98,062	-	131,842	-	229,904

**Statement showing written-off loans or any other financial relief
of five hundred thousand rupees or above provided
during the year ended December 31, 2012**

Annexure-I

Rs in '000

S. No.	Name and address of the borrower	Name of Individuals/Partners/Directors with CNIC No.	Father's/Husbands name	Branch Name	Region	Outstanding liabilities at beginning of year					Interest /Mark-up capitalized written-off	Interest /Mark-up written-off	Other financial relief provided	Total				
						Principal	Interest/Other charges capitalized	Interest/mark-up	Others	Total								
10	Habib Jute Mills Ltd. Rehman Plaza, 4th Floor, Shahrah-e-Fatima Jinnah, Lahore	Azhar Mehmood Peracha (35202-3050435-5) Munize Azhar Peracha (35202-278956-0) Javed Mahmood Piracha (42201-0268648-7) Muhammad Abid Meraj (36302-0481994-1) Muhammad Abdul Qadir (36302-5193217-5)	Muzafar Din Peracha Azhar Mahmood Peracha Muzafar Din Peracha Haji Meraj Din Meraj Din	Balance b/f Main Branch, Lahore	Lahore	615,719	-	280,684	25	896,428	98,062	131,842	-	229,904				
						24,360	-	39,205	-	63,565	-	21,512	-	21,512				
11	Urban Developers Air Avenue Complex, D Block, DHA Phase VIII Lahore	Tahir Javed (35201-0696139-3) Riaz Ahmed Chohan (35404-1557494-5) Mohammad Yasin Javed (35201-2914360-3) Mian Mohammad Nasir (35201-2796862-5)	Chaudhry Mohammad Ashiq Saeed Ahmed Chohan Tahir Javed Mohamma Ashiq	Empire Center Branch, Lahore	Lahore	479,809	-	773,949	-	1,253,758	-	234,804	-	234,804				
12	Imran Azam	Imran Azam (31304-2035864-7)	Sheikh Muhammad Azam	Sadq Abad	Rahim Yar Khan	6,869	-	4,729	-	11,598	-	1,794	-	1,794				
Total						1,126,757	-	1,098,567	25	2,225,349	98,062	389,952	-	488,014				

Annexure-II

1. Ordinary shares of listed companies and modarabas

Number of shares		Name of company/modaraba	Rupees in '000	
2012	2011		2012	2011
Held for Trading				
135,000	-	Nishat Mills Limited	8,819	-
42,000	-	Hub Power Company Limited	1,940	-
20,000	-	Pak Petroleum Limited	3,511	-
75,000	-	Pakistan Telecommunication Com. Ltd	1,290	-
55,000	-	Engro Corporation Limited	5,385	-
25,000	-	Fauji Fertilizer Bin Qasim limited	962	-
50,000	-	Engro Polymer & Chemicals Limited	540	-
			22,447	-
Available for Sale				
70,500	70,500	(Colony) Sarhad Textile Mills Limited	16	16
-	498,346	Abbot Laboratories (Pakistan) Limited	-	48,838
98,000	98,000	Accord Textile Mills Limited	59	59
12,600	12,600	Adamjee Floorings Limited *	-	-
28,500	28,500	Adil Polypropylene Products Limited	-	-
57,700	57,700	Adamjee Paper & Board Mills Limited*	-	-
13,700	13,700	Afsar Textile Mills Limited	-	-
8,526,106	-	Agritech Limited	298,413	-
13,200	13,200	Al-Hussany Industries Limited *	-	-
40,500	40,500	Arag Industries Limited *	-	-
-	305,287	Al- Abbas Sugar Mills Limited	-	27,567
100,000	168,647	Al-Abbas Cement Industries Limited	948	1,599
243,841	243,841	Al-Abid Silk Mills Limited	10,158	10,158
68,500	68,500	Alif Textile Mills Limited *	-	-
526,500	250,000	Allied Bank Limited	38,795	16,037
77,000	77,000	Al-Qaim Textile Mills(Pvt) Limited	85	85
4,500	4,500	Amazai Textile Mills Limited *	2	2
60,500	60,500	Apex Fabrics Limited *	-	-
-	14,504	Aruj Garment Accessories Limited	-	112
8,500	8,500	Aslo Electronics	-	-
244,000	244,000	Asim Textile Mills Limited	634	634
4,489,500	13,398,640	Askari Bank Limited	66,565	224,617
36,200	36,200	Aswan Tentage & Canvas Mills Limited *	-	-
-	13,377	Attock Cement Pakistan Limited	-	951
45,500	45,500	Awan Textile Mills Limited	-	-
44,500	44,500	Ayaz Textile Mills Limited	-	-
-	5,000,000	Azgard Nine Limited	-	56,524
14,000	14,000	Bahawalpur Textile Mills Limited	-	-
167,500	167,500	Baluchistan Particle Board Limited	184	184
-	1,591,508	Bank Al-Falah Limited	-	17,485
-	2,539,525	Bank Al-Habib Limited	-	68,868
-	72,705	Bankislami Pakistan Limited	-	420
57,500	57,500	Bela Engineering Limited	-	-
623,500	623,500	Bankers Equity Limited*	-	-
-	132,220	Berger Paints Pakistan Limited	-	3,082
16,000	16,000	Baluchistan Foundation Tower	-	-
-	212,923	BOC Pakistan Limited	-	26,778
-	100,000	Brothers Textile Mills Limited	-	51
18,100	18,100	Bawany Textile Mills *	-	-
378,000	400,751	Burshane LPG (Pakistan) Limited	18,411	19,520
-	37,493	Buxly Paints Limited	-	652
11,000	11,000	Casspak Industries Limited	-	-
7,500	7,500	Central Cotton *	-	-
2,000	2,000	Charsada Sugar Mills & Distillery Limited	-	-
50	50	Charsada Sugar Pref Shares	-	-
9,400	9,400	Chilya C. Board *	-	-
-	2,729,464	Cherat Cement Company Limited	-	32,208
17,500	17,500	Crescent Knitwear Limited	-	-
-	325,590	Colony Mills Limited	-	2,387

Number of shares		Name of company/modaraba	2012	2011
2012	2011		Rupees in '000	
-	71,829	Colony Sugar Mills Limited	-	606
182,456	182,456	Crescent Fibres Limited	2,427	2,427
275,000	314,853	Crescent Jute Products Limited	344	394
156,000	156,000	Crescent Spinning Mills Limited	-	-
200,000	725,000	Crescent Steel & Allied & Products Limited	5,403	19,585
440,811	440,811	Crescent Textile Mills Limited	12,563	12,563
68,000	68,000	Crown Textile *	-	-
-	3,468,418	D.G.Khan Cement Company Limited	-	84,063
-	190,051	D.S. Industries Limited	-	582
15,000	15,000	Dadabhoy Construction Technology Limited	26	26
79,500	79,500	Dadabhoy Leasing Company Limited *	-	-
21,000	21,000	Data Agro Limited	-	-
50,000	119,286	Data Textile Limited	21	50
-	142,045	Dawood Capital Management Limited	-	369
353,996	353,996	Dawood Hercules Chemicals Limited	23,259	23,259
-	56,859	Dawood Lawrancepur Limited	-	2,918
-	1,027,047	Dewan Cement Limited	-	3,174
-	59,804	Dewan Khalid Textile Mills Limited	-	149
-	350,000	Dynea Pakistan Limited	-	4,176
-	100,000	Ellcot Spinning Mills Limited	-	2,461
161,500	161,539	Emco Industries Limited	717	717
151,339	151,339	English Leasing	168	168
130,000	100,000	Engro Corporation Limited	20,166	20,166
4,900	4,900	Fateh Industries Limited	29	29
9,700	9,700	Fateh Sports Wear Limited	-	-
4,975	4,975	Fateh Textile Mills Limited	1,741	1,741
1,101,900	-	Fauji Fertilizer Company Limited	128,087	-
14,498	14,498	Fazal Textile Mills Limited	5,799	5,799
9,000	9,000	Fazal Vegetable Ghee Mills (Pvt) Limited	-	-
-	50,606	First Elite Capital Modaraba	-	134
-	369,654	Fecto Cement Limited	-	3,549
-	350,000	First Equity Modaraba	-	609
152,265	190,015	Ferozsons Laboratories Limited	11,753	15,400
-	219,987	First Fidelity Leasing Modaraba	-	462
1,000	860,101	First Capital Securities Corporation Limited	7	5,825
305,299	305,299	First IBL Modaraba	760	760
978,000	978,000	First National Bank Modaraba	9,780	9,780
230,435	249,935	First Punjab Modaraba	346	375
62,610	62,610	First Tri-Star Modaraba	85	85
12,600	12,600	Greaves Airconditioning (Pvt) Limited*	-	-
35,300	35,300	Gypsum Corporation *	-	-
666,839	830,839	General Tyre And Rubber Co. of Pakistan Ltd.	17,860	22,252
70,000	125,000	Ghandara Nissan Limited	350	625
10,000	10,000	Ghulam Dadabhoy *	-	-
2,548,195	2,316,541	GlaxoSmithKline (Pakistan) Limited	188,859	188,859
14,500	14,500	Globe Textile Mills Limited	239	239
-	67,598	Grays of Cambridge (Pakistan) Limited	-	3,651
9,900	9,900	Ghaffar Textile Mills	-	-
277,500	277,500	Gulistan Spinning Mills Limited	2,067	2,067
484,500	484,500	Gulistan Textile Mills Limited	12,010	12,010
12,611,321	12,611,321	Habib Metropolitan Bank Limited	260,180	260,180
-	25,467	Habib-Adm Limited	-	407
1,500	1,500	Hafiz Textile Mills Limited	23	23
90,000	105,855	Hajra Textile Mills Limited	57	68
55,500	55,500	Hakkim Textile Mills Limited	49	49
34,500	34,500	Hashmi Can Company Limited	207	207
-	92,049	Highnoon Laboratories Limited	-	2,594
98,000	108,948	Hinopak Motors Limited	17,258	19,186
-	853,595	Honda Atlas Cars (Pakistan) Limited	-	13,931
24,200	24,200	H-Shaikh M. Hussain	-	-
1,395,000	500,000	Hub Power Company Limited	63,367	20,935
-	291,523	Huffaz Seamless Pipe Industries Limited	-	5,329
21,000	21,000	Hyderabad Electronic *	-	-

Number of shares		Name of company/modaraba	2012	2011
2012	2011		Rupees in '000	
-	259,000	Ibrahim Fibre Limited	-	11,961
425	425	Industrial Development Bank of Pakistan	-	-
7,538	7,538	Innovative Invest Bank Limited	-	-
746,256	746,256	International Industries Limited	38,649	38,649
25,495	25,495	International Knit Wear Limited	293	293
1,540,000	1,555,914	Invest Capital Investment Bank Limited	2,234	2,256
35,500	35,500	Ittefaq Textile Mills Limited *	34	34
136,935	136,935	J. A. Textile Mills Limited	375	375
30,423	72,923	J. K. Spinning Mills Limited	234	563
361,097	361,097	Javed Omer Vohra And Company Limited	2,820	2,820
100,500	122,893	Johnson And Phillips (Pakistan) Limited	1,336	1,634
-	4,382,370	JS Bank Limited	-	17,617
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	-	-
300,000	385,267	KASB Bank Limited	1,344	1,726
34,700	34,700	Saleem Denim Industries Ltd. (Kapoor Tex)*	35	35
100,000	100,000	Khalid Siraj Textile Mills Limited	118	118
13,500	13,500	Kohinoor Cotton Mills Limited*	-	-
50,000	71,569	Kohinoor Industries Limited	106	152
36,500	36,500	Kohinoor Looms Limited	-	-
400,000	520,684	Kohinoor Mills Limited	1,332	1,734
-	62,088	Kohinoor Power Company Limited	-	416
-	128,885	Kohinoor Spinning Mills Limited	-	251
151,223	151,223	Kohinoor Sugar Mills Limited	752	752
-	691,753	Kohinoor Textile Mills Limited	-	5,340
-	56,833	Kohinoor Energy Limited	-	1,796
33,498	33,498	Karachi Pipe Mills Limited*	-	-
-	4,447,965	Lafarge Pakistan Cement Limited	-	20,461
70,500	95,846	Land Mark Spinning Industries Limited	190	259
5,837	5,837	Leiner Pak Gelatine Limited	146	146
19,000	19,000	Lafayette Industries Synthetics Limited *	-	-
3,742,375	3,742,375	Lotte Pakistan PTA Limited	58,710	58,710
-	243,093	Maple Leaf Cement Factory Limited	-	1,094
80,008	356,508	Maqbool Textile Mills Limited	921	4,103
753,840	753,840	Mari Gas Company Limited	82,814	82,814
25,300	25,300	Marr Fabrics Limited *	-	-
432,500	433,485	Masood Textile Mills Limited	10,361	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	-	-
-	21,081	Metropolitan Steel Corporation Limited	-	270
37,500	37,500	Mian Mohammed Sugar Mills Limited	-	-
-	42,563	Mian Textile Industries Limited	-	17
266,329	231,591	Mirpurkhas Sugar Mills Limited	12,911	12,911
390,000	398,060	Mohammad Farooq Textile Mills Limited	1,014	1,035
34,300	34,300	Mohib Textile Mills Limited	-	-
22,500	24,494	Moonlite (Pak) Limited	249	271
12,000	12,000	Morafco Industries Limited	-	-
12,000	12,000	Mubarak Dairies Limited	-	-
-	60,229	Mustehkam Cement Limited	-	-
553,500	100,000	National Bank Of Pakistan	26,051	4,486
15,100	15,100	Naveed Textile Mills Limited	-	-
5,600	5,600	Nowshera Engineering Company Limited	-	-
2,225,000	2,225,000	NIB Bank Limited	9,189	9,189
810,500	1,900,000	Nishat (Chunian) Limited	19,499	50,281
-	316,312	Nishat Chunian Power Limited	-	4,808
89,000	200,000	Nishat Mills Limited	5,298	11,905
156,065	156,065	Natover Lease & Refinance Limited	-	-
5,600	5,600	National Match Industries	-	-

Number of shares		Name of company/modaraba	Rupees in '000	
2012	2011		2012	2011
29,207	29,207	Norrie Textile Mills Limited	-	-
5,300	5,300	National Overseas	-	-
65,600	65,600	Nusrat Textile Mills Limited	-	-
-	9,170	Olympia Spinning And Weaving Mills Limited	-	25
-	76,681	Olympia Textile Mills Limited	-	173
22,514	22,514	Otsuka Pakistan Limited	889	889
2,280,789	1,315,789	Pak Gen Power Limited	45,553	24,988
-	30,625	Pak Datacom Limited	-	3,139
65,877	65,877	Pak Elektron Limited Convrt Preference Shares	-	7
-	324,795	Pak Elektron Limited	-	4,453
12,500	12,500	Pak Ghee Industries Limited	2	2
-	614,122	Pak Suzuki Motor Company Limited	-	49,244
197,632	197,632	Pak Elektron Limited-Non Convertible	-	-
-	20,769	Pakistan Gum & Chemicals Limited	-	613
-	93,415	Pakistan National Shipping Corporation	-	4,670
22,200	22,200	Pakistan Paper Products Limited	-	-
391,700	391,700	Pakistan Refinery Limited	38,335	38,335
-	2,350,000	Pakistan Reinsurance Company Limited	-	38,621
170,726	175,725	Pakistan Services Limited	19,969	20,553
98,240	80,200	Pakistan State Oil Company Limited	24,115	23,688
-	3,550,000	Pakistan Telecommunication Company Ltd.	-	66,906
-	17,998	Pakistan Telephone Cables Limited	-	40
300	300	Pakistan Tobacco Company Limited	33	33
166,865	166,865	Pangrio Sugar Mills Limited	1,001	1,001
95,100	95,100	Punjab Building	-	-
12,000	12,000	Punjab Cotton Mills Limited	-	-
49,200	49,200	Pearl Fabrics Company	-	-
-	272,088	Pioneer Cement Limited	-	2,860
-	99,990	Premium Textile Mills Limited	-	2,665
23,100	23,100	Punjab Lamp Works Limited	-	-
-	23,870	Punjab Oil Mills Limited	-	651
15,500	15,500	Qayyum Spinning Mills Limited	-	-
500	500	Quality Steel Works Limited	-	-
-	74,173	Ravi Textile Mills Limited	-	990
12,000	12,000	Rex Baren Batteries Limited	-	-
4,200	4,200	Rcd Ball Barings	-	-
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
77,000	77,000	Saitex Spinning Mills Limited	-	-
-	11,021	Salman Noman Enterprise Limited	-	17
150,000	2,584,177	Samba Bank Limited	450	7,753
-	29,945	Samin Textiles Limited	-	284
110,000	227,582	Sanghar Sugar Mills Limited	1,375	2,845
31,500	31,500	Sardar Chemical Industries Limited	49	49
-	70,000	Saritow Spinning Mills Limited	-	126
600,885	664,565	Saudi Pak Leasing Company Limited	721	797
55,000	55,000	Schon Textiles Limited	-	-
-	165,603	Scll-Standard Chartered Leasing Limited	-	609
182,611	392,611	Security Paper Limited	8,617	18,527
35,000	35,000	Service Industries Textile Limited	26	26
289,000	289,000	Service Fabrics Limited	72	72
347,807	359,907	Service Industries Limited (Shoes)	108,091	111,852
751,615	756,615	Shabbir Tiles And Ceramics Limited	8,644	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 (O&E)Textile Mills Limited	-	2
325,643	1,400,000	Shakerganj Mills Limited	2,117	9,100
-	200,000	Shams Textile Mills Limited	-	3,768
-	293,951	Shezan International Limited	-	44,182
202,871	202,871	Siemens Pakistan Engineering Company Ltd.	273,696	273,696
23,500	23,500	Siftaq International Limited	24	24

Number of shares		Name of company/modaraba	2012	2011
2012	2011		Rupees in '000	
3,717,000	3,717,343	Silkbank Limited	11,785	11,786
151,000	151,000	Sindh Alkalis Limited	-	-
16,500	16,500	Sindh Fine Textile Mills Limited	148	148
-	153,248	Sitara Chemical Industries Limited	-	22,951
54,804	54,804	Sitara Energy Limited	1,178	1,178
94,300	94,300	Sunshine Cloth Limited	-	-
3,300	3,300	Sunrise Textile Limited	-	-
3,478,683	16,949,575	Soneri Bank Limited	24,317	131,517
47,500	47,500	Shahyar Textile Mill	-	-
710,500	3,040,800	Sui Northern Gas Pipelines Limited	21,230	90,859
-	2,000,000	Summit Bank Limited	-	11,462
91,500	91,500	Sunshine Cotton Mills Limited	29	29
11,500	11,500	Suraj Ghee Industries Limited	-	-
-	3,500	Syed Match Company 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	Tawakal Garments Industries	-	-
24,000	24,000	Tawakkal Limited	-	-
101,000	101,000	First Tawakal Modaraba	-	-
-	1,819,461	Treet Corporation Limited	-	120,207
134,563	134,695	Tristar Polyester Limited	153	154
3,850,537	3,881,537	Trust Investment Bank Limited	99,100	99,907
500	500	Trust Modaraba	6	6
37,000	37,000	Turbo Tubes Limited	-	-
-	25	Unilever Pakistan Limited	-	101
350,000	1,024,570	United Bank Limited	29,308	66,733
96,797	96,797	United Distributors Pakistan Limited	1,939	1,939
29,500	29,500	Uqab Breeding Farms Limited	-	-
130,000	136,224	Wah-Nobel Chemicals Limited	6,487	6,798
23,875	23,875	Wyeth Pak Limited	26,263	26,263
219,000	254,340	Yousuf Weaving Mills Limited	462	537
88,000	88,000	Zahur Textile Mills Limited	-	-
104,047	104,047	Zeal Pak Cement Factory Limited	-	-
4,296,556	3,822,698	Zephyr Textiles Limited	40,206	38,227
14,200	14,200	Zaffar Textile Mills Limited	-	-
			2,315,182	3,114,790
			2,337,629	3,114,790

* Delisted Companies

2. Preference shares of listed companies - at cost

Number of shares		Name of company	2012	2011
2012	2011		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
32,499,661	-	Agritech Limited**	324,997	-
			520,451	195,454

** Strategic Investment

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.
Agritech Limited	10	Fixed dividend of 11.00 % per annum on annual basis by the company on a cumulative basis.	Annually	The company will have the option to redeem the preference shares in full or in part with in ninety days after the expiry of the each anniversary of the completion date by giving at least thirty days notice. Preference shares can be converted in to ordinary shares from the fifth anniversary of the completion date.

3. Ordinary shares of unlisted company - at cost

Number of shares		Name of company	Rupees in '000	
2012	2011		2012	2011
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 funds units - at cost

Number of Units		Name of fund	2012	2011
2012	2011		Rupees in '000	
Open ended mutual funds				
-	29,718,333	ABL Income Fund	-	300,000
2,133,322	2,133,322	Faysal Assets & Allocation Fund**	200,000	200,000
498,449	498,449	Faysal Assets & Allocation Fund	46,730	46,730
22,956	3,014,323	Askari Sovereign Cash Fund	2,165	300,000
-	279,705	Atlas Income Fund	-	-
297,082	297,082	Atlas Stock Market Fund**	200,000	200,000
-	272,903	IGI Income Fund	-	27,737
2,241,707	2,230,513	KASB Asset Allocation Fund	112,028	112,028
2,005,311	2,005,311	MCB Dynamic Stock Fund**	200,000	200,000
16,873,263	16,873,263	NAFA Stock Fund**	200,000	200,000
2,006,451	2,003,442	Pakistan International Element Islamic Fund**	100,000	100,000
10,414,713	9,499,407	Reliance Income Fund	450,000	450,000
2,747,393	2,747,393	United Growth & Income Fund (Income)	294,234	294,235
-	4,983,079	UBL Liquidity Plus Fund	-	500,000
17,113,202	14,370,315	IGI Aggressive Income Fund	750,000	750,000
Close ended mutual funds				
156,200	1,253,700	Atlas Fund of Funds	965	11,940
-	1,814,184	JS Growth Fund	-	7,710
8,270,100	7,500,000	NAMCO Balance Fund	75,000	75,000
-	1,380,758	PICIC Growth Fund	-	17,674
2,140,424	2,162,924	PICIC Investment Fund	11,751	11,875
			2,642,873	3,804,928

**** Strategic Investment**

5. Listed Term Finance Certificates- at cost

Number of certificates		Nominal value per certificate	Name of company	2012	2011
2012	2011	Rupees in '000'		Rupees in '000'	
10,000	10,000	5	Askari Bank Limited	49,940	49,960
7,369	7,369	5	Azgard Nine Limited	10,362	25,969
35,000	35,000	5	Bank AL Habib Limited	174,510	174,650
	2,000	5	Bank AL Habib Limited - 1st issue	-	6,649
10,000	10,000	5	Engro Chemical Pak Limited	48,776	48,796
-	1,178	5	Jahangir Siddiqui & Co Limited	-	3,075
-	5,000	5	Jahangir Siddiqui & Co Limited	-	12,475
13,886	13,886	5	Financial Receivables Sec Company Class B	17,351	28,918
3,406	3,406		NIB Bank Limited	14,060	14,067
-	40,000	5	Orix Leasing Pakistan Limited	-	33,307
16,655	16,655	5	Pak Arab Fertilizers Limited	12,946	49,587
-	-	5	Trust Investment Bank Limited - 3rd issue	-	-
8,782	8,782		United Bank Limited	37,364	37,382
10,000	10,000		United Bank Limited - 1st issue	-	33,250
				365,308	518,085

Other particulars of listed TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank Limited	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 installment of 24.92% each starting from the 102nd from issue date.
Azgard Nine Limited	6 months KIBOR + 125 bps without any floor or cap.	Semi-annually	In nine 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 Limited	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 Limited	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 Limited	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.
Financial Receivables Sec Company Class B	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.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
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.
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.

6. Unlisted Term Finance Certificates-at cost

Number of certificates		Nominal value per certificate	Name of company	2012	2011
2012	2011	Rupees in '000		Rupees in '000	
33,000	33,000	5	AgriTech Limited	131,843	131,843
8,516	8,516	5	AgriTech Limited	38,449	38,449
260,000	260,000	5	AgriTech Limited	1,298,924	1,298,924
7,000	7,000	5	Al Abbas Sugar Mills Limited	5,456	12,456
32,000	32,000	5	Arzoo Textile Mills Limited	160,000	160,000
100,000	100,000	5	Azgard Nine Limited	216,753	499,600
34,456	-	5	Azgard Nine Limited	172,280	-
10,000	10,000	5	Bank Alfalah Limited	49,938	49,960
30,000	30,000	5	Eden Housing (SUKUK)	189,003	264,003
12,521	12,521	5	Engro Chemical Pakistan Limited	48,832	48,832
5,000	5,000	5	Jahangir Siddiqui & Company Limited	21,764	21,774
80,000	80,000	5	JDW Sugar Mills Limited	133,333	222,222
6,114	6,114	5	Financial Receivables Sec Company Class B	11,450	19,083
20,000	20,000	5	Kohat Cement (SUKUK)	2,491	54,450
23,951	23,951	5	Maple Leaf Cement Factory Limited	104,531	107,575
40,000	-	5	Martindale Pharmaceuticals Pakistan Limited	106,720	-
-	2,661	5	Optimus Limited	-	7,818
798	798	100	Orix Leasing Pakistan Limited	13,203	39,803
26,000	26,000	5	Pakistan Mobile Company Limited - 3rd issue	21,632	64,896
8,000	8,000	5	PEL (Sukuk)	15,483	15,483
16,000	16,000	5	PEL (Sukuk)	70,743	70,743
50,000	50,000	5	PEL (Sukuk)	202,381	202,381
90,000	90,000	5	PEL (Sukuk)	450,000	450,000
21,000	21,000	5	Pakistan International Airlines (PIA)	74,312	74,312
10,000	10,000	5	Security Leasing (SUKUK)	14,940	18,366
15,000	15,000	5	Security Leasing (SUKUK)	18,823	24,080
30,000	300,000	5	Sui Southern Gas Company Limited	150,000	750,000
24,711	24,711	15000	Syed Bhai's (Pvt) Limited	100,299	110,499
				3,823,583	4,757,551

Other particulars of unlisted TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Agritech Limited	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.
Agritech Limited	6 months KIBOR + 200 bps without any floor or cap	Semi-annually	Up to ten consecutive equal semi-annual installments starting from 30th month from the issue date.
Agritech 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 Mills Limited	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	6 months KIBOR + 125 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.
Azgard Nine Limited	NIL	NIL	Bi Annually payments of principal starting from 24th 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 Housing (SUKUK)	6 months KIBOR + 300 bps with a Floor of 12.00% . 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 Pakistan Limited	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 Limited	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.
Financial Receivables Sec Company Class B	6 months KIBOR + 200 bps with a floor 8% and Cap 16%	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 + 150 bps without any floor or cap	Quarterly	In quarterly installments with first installment due on 20 September 2011.
Maple Leaf Cement Factory Limited	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Martin Dow Pharmaceuticals Pakistan Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Monthly	In sixteen equal quarterly installments starting from 15th month from the issue date.
Optimus Limited	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 + 120 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 Airlines (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.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Security Leasing(SUKUK)	NIL	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.
Security Leasing(SUKUK)	NIL	Semi-annually	In eight equal semi-annual installments starting from 18th month.
Sui Southern Gas Company Limited	3 months KIBOR (ask) + 20 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 Bhais (Pvt) Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Quarterly	In sixteen equal quarterly installments starting from 27th month from the issue date.
Syed Bhais (Pvt) Limited	Average ask rate of 3 months KIBOR + 300 bps with no floor or cap	Quarterly	Principal to be repaid in 16 quarterly installments after grace period of 2 years.

7. Subsidiary

Punjab Modaraba Services (Private) Limited

16,495,100 (2011: 16,495,100) ordinary shares of Rs. 10 each
 Holding: 100% (2011: 100%)
 Period of financial statements - 31 December 2012

Break up value of investment based on latest audited financial statements is Rs. NIL (2011: Rs. 53,377 thousand).

8. Quality of available-for-sale securities

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Federal government securities				
Pakistan Market Treasury Bills	88,196,849	Un-rated	73,761,233	Un-rated
Pakistan Investment Bonds	19,530,518	Un-rated	8,266,352	Un-rated
	<u>107,727,367</u>		<u>82,027,585</u>	
Ordinary shares of listed companies				
(Colony) Sarhad Textile Mills Limited	-	Un-rated	53	Un-rated
Abbot Laboratories (Pakistan) Limited	-	Un-rated	49,730	Un-rated
Accord Textile Mills Limited	-	Un-rated	39	Un-rated
Adamjee Floorings Limited*	-	Un-rated	-	Un-rated
Adil Polypropylene Products Limited	-	Un-rated	-	Un-rated
Adamjee Paper & Board Mills Limited *	-	Un-rated	-	Un-rated
Afsar Textile Mills Limited	-	Un-rated	-	Un-rated
Agritech Limited	99,500	Un-rated	-	Un-rated
Al-Hussany Industries Limited *	-	Un-rated	-	Un-rated
Arag Industries Limited *	-	Un-rated	-	Un-rated
Al- Abbas Sugar Mills Limited	-	A, A1	27,412	A, A1
Al-Abbas Cement Industries Limited	589	Un-rated	422	Un-rated
Al-Abid Silk Mills Limited	4,270	Un-rated	5,974	Un-rated
Alif Textile Mills Limited *	-	Un-rated	-	Un-rated
Allied Bank Limited	38,692	AA+, A1+	13,468	AA, A1+
Al-Qaim Textile Mills Limited	-	Un-rated	31	Un-rated
Amazai Textile Mills Limited *	-	Un-rated	2	Un-rated
Apex Fabrics Limited *	-	Un-rated	-	Un-rated
Aruj Garment Accessories Limited	-	Un-rated	65	Un-rated
Aslo Electronics	-	Un-rated	-	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Asim Textile Mills Limited	-	Un-rated	317	Un-rated
Askari Bank Limited	77,309	AA, A1+	134,388	AA, A1+
Aswan Tentage & Canvas Mills Limited *	-	Un-rated	-	Un-rated
Attock Cement Pakistan Limited	-	Un-rated	682	Un-rated
Awan Textile Mills Limited	-	Un-rated	-	Un-rated
Ayaz Textile Mills Limited	-	Un-rated	-	Un-rated
Azgard Nine Limited	-	D	14,250	D
Bahawalpur Textile Mills Limited	-	Un-rated	-	Un-rated
Baluchistan Particle Board Limited	-	Un-rated	117	Un-rated
Bank Al-Falah Limited	-	AA, A1+	17,904	AA, A1+
Bank Al-Habib Limited	-	AA+, A1+	72,453	AA+, A1+
Bankislami Pakistan Limited	-	A, A1	225	A, A1
Bela Engineering Limited	-	Un-rated	-	Un-rated
Bankers Equity Limited*	-	Un-rated	1	Un-rated
Berger Paints Pakistan Limited	-	Un-rated	1,745	Un-rated
Baluchistan Foundation Tower	-	Un-rated	-	Un-rated
BOC (Pakistan) Limited	-	Un-rated	21,505	Un-rated
Brothers Textile Mills Limited	-	Un-rated	43	Un-rated
Bawany Textile Mills *	-	Un-rated	-	Un-rated
Burshane LPG (Pakistan) Limited	13,623	Un-rated	9,025	Un-rated
Buxly Paints Limited	-	Un-rated	210	Un-rated
Casspak Industries Limited	-	Un-rated	-	Un-rated
Central Cotton *	-	Un-rated	-	Un-rated
Charsada Sugar Mills & Distillery Limited	-	Un-rated	14	Un-rated
Charsada Sugar Preference Shares	-	Un-rated	-	Un-rated
Chilya C. Board *	-	Un-rated	-	Un-rated
Cherat Cement Company Limited	-	Un-rated	19,679	Un-rated
Crescent Knitwear Limited	-	Un-rated	-	Un-rated
Colony Mills Limited	-	Un-rated	326	Un-rated
Colony Sugar Mills Limited	-	Un-rated	108	Un-rated
Crescent Fibers Limited	4,924	Un-rated	1,679	Un-rated
Crescent Jute Products Limited	498	Un-rated	129	Un-rated
Crescent Spinning Mills Limited	-	Un-rated	-	Un-rated
Crescent Steel & Allied Products Limited	7,030	Un-rated	13,159	Un-rated
Crescent Textile Mills Limited	6,837	Un-rated	3,628	Un-rated
Crown Textile *	-	Un-rated	-	Un-rated
D.G.Khan Cement Company Limited	-	Un-rated	66,004	Un-rated
D.S. Industries Limited	-	Un-rated	146	Un-rated
Dadabhoy Leasing Company Limited *	-	Un-rated	8	Un-rated
Dadabhoy Leasing Company Limited	-	Un-rated	-	Un-rated
Data Agro Limited	-	Un-rated	-	Un-rated
Data Textile Limited	25	Un-rated	30	Un-rated
Dawood Capital Management Limited	-	AM3-	92	AM3-
Dawood Hercules Chemicals Limited	11,519	Un-rated	15,006	Un-rated
Dawood Lawrancepur Limited	-	Un-rated	1,789	Un-rated
Dewan Cement Limited	-	Un-rated	1,284	Un-rated
Dewan Khalid Textile Mills Limited	-	Un-rated	60	Un-rated
Dynea Pakistan Limited	-	Un-rated	2,986	Un-rated
Ellcot Spinning Mills Limited	-	Un-rated	1,850	Un-rated
Emco Industries Limited	735	Un-rated	312	Un-rated
English Leasing	98	Un-rated	98	Un-rated
Engro Corporation Limited	11,965	A, A1	9,270	Un-rated
Fateh Industries Limited	-	Un-rated	27	Un-rated
Fateh Sports Wear Limited	-	Un-rated	-	Un-rated
Fateh Textile Mills Limited	498	Un-rated	506	Un-rated
Fatima Enterprises Limited	-	Un-rated	-	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Fauji Fertilizer Company Limited	129,077	Un-rated	-	Un-rated
Fazal Textile Mills Limited	3,554	Un-rated	3,575	Un-rated
Fazal Vegetable Ghee Mills (Pvt) Limited	-	Un-rated	-	Un-rated
First Elite Capital Modaraba	-	Un-rated	129	Un-rated
Fecto Cement Limited	-	Un-rated	1,442	Un-rated
First Equity Modaraba	-	Un-rated	263	Un-rated
Ferozsons Laboratories Limited	12,198	Un-rated	15,579	Un-rated
First Fidelity Leasing Modaraba	-	BBB+, A2	334	BBB+, A2
First Capital Securities Corporation Limited	4	Un-rated	1,600	Un-rated
First IBL Modaraba	687	Un-rated	611	Un-rated
First National Bank Mod	5,477	A+, A1	6,993	A+, A1
First Punjab Modaraba	705	BBB, A3	200	A-, A2
First Tri-Star Modaraba	110	Un-rated	69	Un-rated
Greaves Airconditioning (Pvt) Limited*	-	Un-rated	-	Un-rated
Gypsum Corporation *	-	Un-rated	-	Un-rated
General Tyre And Rubber Company Of Pakistan Ltd.	17,698	Un-rated	17,374	Un-rated
Ghandara Nissan Limited	415	Un-rated	303	Un-rated
Ghulam Dadabhoy *	-	Un-rated	-	Un-rated
GlaxoSmithKline (Pakistan) Limited	186,859	Un-rated	155,394	Un-rated
Globe Textile Mills Limited	-	Un-rated	138	Un-rated
Grays of Cambridge (Pakistan) Limited	-	Un-rated	1,555	Un-rated
Ghaffar Textile Mills	-	Un-rated	-	Un-rated
Gulistan Spinning Mills Limited	1,593	Un-rated	1,138	Un-rated
Gulistan Textile Mills Limited	7,268	Un-rated	12,088	Un-rated
Habib Metropolitan Bank Limited	237,723	AA+, A1+	213,005	AA+, A1+
Habib-Adm Limited	-	Un-rated	348	Un-rated
Hafiz Textile Mills Limited	-	Un-rated	27	Un-rated
Hajra Textile Mills Limited	65	Un-rated	23	Un-rated
Hakkim Textile Mills Limited	-	Un-rated	28	Un-rated
Hashmi Can Company Limited	-	Un-rated	283	Un-rated
Highnoon Laboratories Limited	-	Un-rated	2,610	Un-rated
Hinopak Motors Limited	8,599	Un-rated	7,632	Un-rated
Honda Atlas Cars (Pakistan) Limited	-	Un-rated	7,375	Un-rated
H-Shaikh M. Hussain	-	Un-rated	-	Un-rated
Hub Power Company Limited	63,110	AA+, A1+	17,100	AA+, A1+
Huffaz Seamless Pipe Industries Limited	-	Un-rated	2,358	Un-rated
Hyderabad Electronic *	-	Un-rated	-	Un-rated
Ibrahim Fibre Limited	-	AA-, A1+	7,003	AA, A1+
Industrial Development Bank of Pakistan	-	Un-rated	-	Un-rated
Innovative Invest Bank Limited	-	Un-rated	1	Un-rated
International Industries Limited	24,559	Un-rated	28,365	Un-rated
International Knit Wear Limited	164	Un-rated	104	Un-rated
Invest Capital Investment Bank Limited	2,618	Un-rated	311	Un-rated
Ittefaq Textile Mills Limited *	-	Un-rated	32	Un-rated
J. A. Textile Mills Limited	739	Un-rated	274	Un-rated
J. K. Spinning Mills Limited	756	Un-rated	402	Un-rated
Javed Omer Vohra And Company Limited	-	Un-rated	412	Un-rated
Johnson And Phillips (Pakistan) Limited	1,347	Un-rated	860	Un-rated
JS Bank Limited	-	A+, A1	7,231	A, A1
Junaid Cotton Mills Limited	-	Un-rated	-	Un-rated
Kaiser Art And Kraft Mills Limited	-	Un-rated	-	Un-rated
Karam Ceramics Limited	606	Un-rated	391	Un-rated
Karim Cotton Mills Limited	-	Un-rated	-	Un-rated
Karim Silk Mills Limited	-	Un-rated	-	Un-rated
KASB Bank Limited	729	BBB, A3	424	BBB, A3
Kaytex Mills (Saleem Denim) *	-	Un-rated	35	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Khalid Siraj Textile Mills Limited	255	Un-rated	101	Un-rated
Kohat Textile Mills Limited	-	Un-rated	-	Un-rated
Kohinoor Cotton Mills Limited*	-	Un-rated	-	Un-rated
Kohinoor Industries Limited	151	Un-rated	64	Un-rated
Kohinoor Looms Limited	-	Un-rated	-	Un-rated
Kohinoor Mills Limited	4,448	Un-rated	838	Un-rated
Kohinoor Power Company Limited	-	Un-rated	94	Un-rated
Kohinoor Spinning Mills Limited	-	Un-rated	135	Un-rated
Kohinoor Sugar Mills Limited	832	Un-rated	543	Un-rated
Kohinoor Textile Mills Limited	-	Un-rated	2,338	Un-rated
Kohinoor Energy Limited	-	AA, A1+	896	AA, A1+
Karachi Pipe Mills Limited*	-	Un-rated	-	Un-rated
Lafarge Pakistan Cement Limited	-	Un-rated	8,362	Un-rated
Land Mark Spinning Industries Limited	282	Un-rated	105	Un-rated
Leiner Pak Gelatine Limited	120	Un-rated	128	Un-rated
Lafayette Industries Synthetics Limited *	-	Un-rated	-	Un-rated
Lotte Pakistan PTA Limited	27,506	Un-rated	34,692	Un-rated
Maple Leaf Cement Factory Limited	-	BB, B	450	D
Maqbool Textile Mills Limited	1,537	Un-rated	2,720	Un-rated
Mari Gas Company Limited	74,140	Un-rated	61,061	Un-rated
Marr Fabrics Limited *	-	Un-rated	-	Un-rated
Masood Textile Mills Limited	11,310	Un-rated	6,762	Un-rated
Mehran Bank Limited	-	Un-rated	-	Un-rated
Medi Glass Limited	-	Un-rated	28	Un-rated
Mehr Dastgir Textile Mills Limited	-	Un-rated	20	Un-rated
Mehran Jute Mills Limited	-	Un-rated	-	Un-rated
Metropolitan Steel Corporation Limited	-	Un-rated	202	Un-rated
Mian Mohammed Sugar Mills Limited	-	Un-rated	-	Un-rated
Mian Textile Industries Limited	-	Un-rated	15	Un-rated
Mirpurkhas Sugar Mills Limited	10,959	Un-rated	9,410	Un-rated
Mohammad Farooq Textile Mills Limited	1,170	Un-rated	219	Un-rated
Mohib Textile Mills Limited	-	Un-rated	-	Un-rated
Moonlite (Pak) Limited	161	Un-rated	114	Un-rated
Morafco Industries Limited	-	Un-rated	123	Un-rated
Mubarik Dairies Limited	-	Un-rated	6	Un-rated
Mustehkam Cement Limited	-	Un-rated	662	Un-rated
National Bank of Pakistan	27,337	AAA, A1+	4,105	AAA, A1+
National Refinery Limited	-	AAA, A1+	-	AAA, A1+
Naveed Textile Mills Limited	-	Un-rated	-	Un-rated
Nowshera Engineering Company Limited	-	Un-rated	-	Un-rated
NIB Bank Limited	5,852	AA-, A1+	3,849	AA-, A1+
Nishat (Chunian) Limited	28,400	A-, A2	33,934	A-, A2
Nishat Chunian Power Limited	-	A-, A2	4,033	Un-rated
Nishat Mills Limited	5,683	AA-, A1+	8,090	AA-, A1+
Natover Lease & Refinance Limited	-	Un-rated	-	Un-rated
National Match Industries	-	Un-rated	-	Un-rated
Norrie Textile Mills Limited	-	Un-rated	-	Un-rated
National Overseas	-	Un-rated	-	Un-rated
Nusrat Textile Mills Limited	-	Un-rated	-	Un-rated
Olympia Spinning And Weaving Mills Limited	-	Un-rated	16	Un-rated
Olympia Textile Mills Limited	-	Un-rated	16	Un-rated
Otsuka Pakistan Limited	850	Un-rated	738	Un-rated
Pak Gen Power Limited	47,988	AA, A1+	14,727	Un-rated
Pak Datacom Limited	-	Un-rated	1,057	Un-rated
Pak Elektron Limited Convrt Preference Shares	-	Un-rated	7	Un-rated
Pak Elektron Limited	-	Un-rated	1,134	D

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Pak Ghee Industries Limited	-	Un-rated	6	Un-rated
Pak Suzuki Motor Company Limited	-	Un-rated	36,252	Un-rated
Pak-Elektron Limited-Non Convertible	-	Un-rated	-	Un-rated
Pakistan Gum & Chemicals Limited	-	Un-rated	847	Un-rated
Pakistan National Shipping Corporation	-	AA-, A1+	1,187	AA-, A1+
Pakistan Paper Products Limited	-	Un-rated	-	Un-rated
Pakistan Refinery Limited	27,145	Un-rated	26,522	Un-rated
Pakistan Reinsurance Company Limited	-	AA	36,425	AA
Pakistan Services Limited	27,658	Un-rated	24,364	Un-rated
Pakistan State Oil Company Limited	22,812	AA+, A1+	18,222	AA+, A1+
Pakistan Telecommunication Company Limited	-	Un-rated	36,885	Un-rated
Pakistan Telephone Cables Limited	-	Un-rated	39	Un-rated
Pakistan Tobacco Company Limited	-	Un-rated	17	Un-rated
Pangrio Sugar Mills Limited	567	Un-rated	462	Un-rated
Paramount Spinning Mills Limited	-	Un-rated	-	Un-rated
Punjab Building	-	Un-rated	-	Un-rated
Punjab Cotton Mills Limited	-	Un-rated	-	Un-rated
Pearl Fabrics Company	-	Un-rated	-	Un-rated
Pioneer Cement Limited	-	Un-rated	898	Un-rated
Premium Textile Mills Limited	-	Un-rated	2,276	Un-rated
Punjab Lamp Works Limited	-	Un-rated	-	Un-rated
Punjab Oil Mills Limited	-	Un-rated	955	Un-rated
Qayyum Spinning Mills Limited	-	Un-rated	6	Un-rated
Quality Steel Works Limited	-	Un-rated	6	Un-rated
Ravi Textile Mills Limited	-	Un-rated	41	Un-rated
Rex Baren Batteries Limited	-	Un-rated	-	Un-rated
Rcd Ball	-	Un-rated	-	Un-rated
Redco Textiles Limited	-	Un-rated	50	Un-rated
Regal Ceramics Limited	-	Un-rated	-	Un-rated
Ruby Textile Mills Limited	504	Un-rated	849	Un-rated
Saitex Spinning Mills Limited	-	Un-rated	-	Un-rated
Salman Noman Enterprises Limited	-	Un-rated	17	Un-rated
Samba Bank Limited	449	AA-, A-1	3,747	A+, A1
Samin Textiles Limited	-	Un-rated	121	Un-rated
Sanghar Sugar Mills Limited	2,409	Un-rated	2,390	Un-rated
Sardar Chemical Industries Limited	-	Un-rated	38	Un-rated
Saritow Spinning Mills Limited	-	Un-rated	70	Un-rated
Saudi Pak Leasing Company Limited	1,953	Un-rated	319	D
Schon Textiles Limited	-	Un-rated	-	Un-rated
Sell-Standard Chartered Leasing	-	AA+, A1+	497	AA, A1+
Security Paper Limited	9,372	AAA, A1+	13,898	AAA, A1+
Service Industries Textile Limited	-	Un-rated	18	Un-rated
Service Fabrics Limited	-	Un-rated	69	Un-rated
Service Industries Limited (Shoes)	58,084	Un-rated	70,178	Un-rated
Shabbir Tiles And Ceramics Limited	6,501	Un-rated	6,091	Un-rated
Shahmurad Sugar Mills Limited	7,908	BBB+, A2	5,044	BBB+, A2
Shahpur Textile Mills Limited	-	Un-rated	12	Un-rated
Shahtaj Sugar Mills Limited	13,742	Un-rated	15,298	Un-rated
Shahyar Textile Mills Limited	-	Un-rated	2	Un-rated
Shakerganj Mills Limited	3,940	Un-rated	6,748	Un-rated
Shams Textile Mills Limited	-	Un-rated	1,398	Un-rated
Shezan International Limited	-	Un-rated	32,355	Un-rated
Siemens Pakistan Engineering Company Limited	157,160	Un-rated	214,384	Un-rated
Siftaq International Limited	-	Un-rated	23	Un-rated
Silkbank Limited	8,475	A-, A3	6,580	A-, A2
Sindh Alkalies Limited	-	Un-rated	-	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Sindh Fine Textile Mills Limited	-	Un-rated	116	Un-rated
Sitara Chemical Industries Limited	-	A+, A1	11,065	A+, A1
Sitara Energy Limited	1,562	Un-rated	929	Un-rated
Sunshine Cloth Mills Limited	-	Un-rated	-	Un-rated
Sunrise Textile Mills Limited	-	Un-rated	-	Un-rated
Soneri Bank Limited	24,664	AA-, A1+	66,103	AA-, A1+
Shahyar (O&E)Textile Mills Limited	-	Un-rated	-	Un-rated
Sui Northern Gas Pipelines Limited	16,519	AA, A1+	47,771	AA, A1+
Summit Bank Limited	-	A-, A2	3,440	A, A2
Sunshine Cotton Mills Limited	-	Un-rated	30	Un-rated
Suraj Ghee Industries Limited	-	Un-rated	115	Un-rated
Syed Match Company Limited	-	Un-rated	49	Un-rated
Taga Pakistan Limited	-	Un-rated	-	Un-rated
Taj Textile Mills Limited	-	Un-rated	75	Un-rated
Tariq Cotton Mills Limited	-	Un-rated	-	Un-rated
Tawakal Garments Industries	-	Un-rated	-	Un-rated
Tawakkal Limited	-	Un-rated	-	Un-rated
First Tawakkal Modaraba	-	Un-rated	-	Un-rated
Treet Corporation Limited	-	AA-, A1	70,868	AA-, A1
Tristar Polyester Limited	303	Un-rated	133	Un-rated
Trust Investment Bank Limited	9,626	Un-rated	2,717	BBB-, A3
Trust Modaraba	2	Un-rated	1	Un-rated
Turbo Tubes Limited	-	Un-rated	-	Un-rated
Unilever Pakistan Limited	-	Un-rated	139	Un-rated
Unim-Unicap Modaraba	-	Un-rated	-	Un-rated
United Bank Limited	29,285	AA+, A1+	53,677	AA+, A1+
United Distributors Pakistan Limited	958	Un-rated	973	Un-rated
Uqab Breeding Farms Limited	-	Un-rated	-	Un-rated
Wah-Nobel Chemicals Limited	5,616	Un-rated	4,768	Un-rated
Wyeth Pak Limited	22,800	Un-rated	19,576	Un-rated
Yousuf Weaving Mills Limited	996	Un-rated	254	Un-rated
Zahur Textile Mills Limited	-	Un-rated	-	Un-rated
Zephyr Textile Mills	27,283	Un-rated	6,919	Un-rated
Zaffar Textile Mills Limited	-	Un-rated	-	Un-rated
	<u>1,722,046</u>		<u>2,080,784</u>	
* Delisted Companies				
Preference shares of listed companies				
Azgard Nine Limited	-	Un-rated	15,145	D
Fazal Cloth Mills Limited	25,000	A-, A2	25,000	A-, A2
Pak Elektron Limited	40,000	Un-rated	80,000	D, D
Shakarganj Mills Limited	22,650	Un-rated	23,250	Un-rated
Agritech Limited**	328,246	Un-rated	-	
	<u>415,896</u>		<u>143,395</u>	
Listed Term Finance Certificates				
Askari Bank Limited	55,151	AA-	51,148	AA, A1+
Azgard Nine Limited	-	D	-	D
Bank AL Habib Limited	195,591	AA	187,292	AA+, AA1+
Bank AL Habib Limited - 1st issue	-	Un-rated	6,036	AA+, AA1+
Engro Chemical	48,669	Un-rated	48,926	Un-rated
Jahangir Siddiqui & Co Limited	-	Un-rated	2,958	AA, A1+

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Jahangir Siddiqui & Co Limited	-	Un-rated	12,555	AA, A1+
JS ABAMCO	17,482	Un-rated	28,768	Un-rated
NIB Bank Limited	14,095	A+	13,787	AA-, A1+
Orix Leasing Pakistan Limited	-	AA+	32,245	AA, A1+
Pak Arab Fertilizers Limited	24,991	AA	61,900	AA-, A1
Trust Investment Bank Limited	-	BBB-, A3	-	BBB-, A3
United Bank Limited	38,187	AA	31,504	AA+, A1+
United Bank Limited - 1st issue	-	Un-rated	37,270	AA+, A1+
** Strategic Investment	394,166		514,389	
Un-Listed Term Finance Certificates				
Agri Tech Limited	-	D	-	D
Agri Tech Limited	-	D	-	D
Agri Tech Limited	-	D	-	D
Al Abbas Sugar Mills	5,456	A+	12,456	A, A1
Arzoo Textile Mills Limited	-	Un-rated	-	Un-rated
Azgard Nine Limited	-	D	-	D
Azgard Nine Limited	172,280	D	-	Un-rated
Bank Alfalah Limited	49,938	AA-	49,960	AA, A1+
Eden House(SUKUK)	189,003	Un-rated	198,002	D
Engro Chemical Pak Limited	48,832	Un-rated	48,832	Un-rated
Jahangir Siddiqui & Co Ltd	21,764	AA	21,774	AA, A1+
JDW Sugar Mills Limited	133,333	A+	222,222	A, A1
JS ABAMCO	11,450	Un-rated	19,083	Un-rated
Kohat Cement(SUKUK)	2,491	Un-rated	27,225	Un-rated
Maple Leaf Cement Factory Limited	104,531	D	107,575	D
Martin Dow Pharmaceuticals	106,720	A	-	Un-rated
Optimus Limited	-	A	7,818	BBB+, A2
Orix Leasing Pakistan Limited	13,203	AA+	39,803	AA, A1+
Pakistan Mobile Company Limited - 3rd issue	21,632	AA-	64,896	A+, A1
PEL(Sukuk)	15,483	Un-rated	15,483	Un-rated
PEL(Sukuk)	70,743	Un-rated	70,743	Un-rated
PEL(Sukuk)	202,381	Un-rated	202,381	Un-rated
PEL(Sukuk)	450,000	Un-rated	450,000	Un-rated
PIA	74,311	Un-rated	74,311	Un-rated
Security Leasing(SUKUK)	11,205	Un-rated	13,773	Un-rated
Security Leasing(SUKUK)	14,117	Un-rated	18,060	Un-rated
Sui Southern Gas Company	150,000	Un-rated	750,000	AA-, A1
Syed Bhais (Pvt) Limited	-	Un-rated	51,471	Un-rated
	1,868,873		2,465,868	
Mutual Funds				
Open ended mutual funds				
ABL Income Fund	-	A+(f)	297,650	A+(f)
Faysal Assets & Allocation Fund**	146,687	Un-rated	134,911	Un-rated
Faysal Assets & Allocation Fund	34,273	Un-rated	31,522	Un-rated
Askari Sovereign Cash Fund	2,308	AA+(f)	302,927	Un-rated
Atlas Income Fund	-	A+(f)	-	Un-rated
Atlas Stock Market Fund**	125,048	4-star	91,837	Un-rated
** Strategic Investment				

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
IGI Income Fund	-	Un-rated	27,455	A+(f)
KASB Asset Allocation Fund	97,335	2-Star	74,945	Un-rated
MCB Dynamic Stock Fund**	212,484	4-Star	156,815	Un-rated
NAFA Stock Fund**	153,194	3-Star	102,252	Un-rated
Pakistan International Element Islamic Fund**	91,434	3-Star	71,443	Un-rated
IGI Aggressive Income Fund	747,578	A-(f)	660,872	Un-rated
Reliance Income Fund	381,305	Un-rated	356,253	Un-rated
United Growth & Income Fund (Income)	219,847	BBB-(f)	200,397	BBB-(f)
UBL Liquidity Plus Fund	-	AA+(f)	500,722	AA+(f)
Close ended mutual funds				
Atlas Fund of Funds	1,490	Un-rated	6,895	Un-rated
JS Growth Fund	-	Un-rated	8,527	Un-rated
NAMCO Balance Fund	39,283	Un-rated	40,905	Un-rated
PICIC Growth Fund	-	Un-rated	17,204	Un-rated
PICIC Investment Fund	15,133	Un-rated	11,788	Un-rated
** Strategic Investment	2,267,399		3,095,320	

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, 2012





Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising the consolidated statement of financial position of The Bank of Punjab (the Bank) and its subsidiary company (together referred to as group) as at December 31, 2012 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 (here-in-after referred to as the 'consolidated financial statements'), for the year then ended. These consolidated financial statements include unaudited certified returns from branches of the bank, except for 12 branches, which have been audited by us. We have also expressed a separate opinion on the separate financial statements of the Bank. 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 amount 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 auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the 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 December 31, 2012 and the results of their operations, their comprehensive income, their cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

We draw attention to Note 1.2 to the consolidated financial statements in which the matters related to equity injection by the Government of Punjab (GoPb), relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances and regulatory capital requirements based on the undertaking by GoPb in respect of the deficiency in capital and enduring support of GoPb have been fully discussed, and also to note 13.1 where in basis for recognizing deferred tax asset have been explained. The preparation of projections involves certain key assumptions by the management and any significant change therein may have an effect on the realisability of deferred tax asset. Our opinion is not qualified in respect of these matters.

The consolidated financial statements of the Bank for the year ended December 31, 2011 were audited by another firm of chartered accountants who through their report dated March 29, 2012 expressed an unqualified opinion thereon. However, the report contained an emphasis of matter paragraph regarding relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances and regulatory capital requirements based on the undertaking by the GoPb in respect of the deficiency in capital. Since matter is relevant to the current year, we have reported this in paragraph above.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Place: Karachi

Date: March 29, 2013

Consolidated Statement of Financial Position

as at December 31, 2012

	Note	2012	2011
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	17,298,251	16,698,333
Balances with other banks	8	3,101,170	3,607,107
Lendings to financial institutions	9	1,562,946	7,447,375
Investments - net	10	129,552,044	92,492,813
Advances - net	11	149,565,885	127,107,501
Operating fixed assets	12	3,473,491	3,597,483
Deferred tax assets	13	13,070,614	13,886,769
Other assets	14	14,486,073	16,052,311
		332,110,474	280,889,692
LIABILITIES			
Bills payable	16	1,500,709	850,569
Borrowings	17	44,683,826	24,963,566
Deposits and other accounts	18	266,055,761	237,896,692
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease	19	3,601	7,831
Deferred tax liabilities		-	-
Other liabilities	20	7,495,928	6,510,013
		319,739,825	270,228,671
NET ASSETS		12,370,649	10,661,021
REPRESENTED BY			
Share capital	21	5,287,974	5,287,974
Reserves	22	1,187,433	1,914,956
Accumulated loss		(12,743,218)	(14,179,410)
		(6,267,811)	(6,976,480)
Share deposit money	23	17,000,000	17,000,000
		10,732,189	10,023,520
Surplus on revaluation of assets - net of tax	24	1,638,460	637,501
		12,370,649	10,661,021
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 December 31, 2012

	Note	2012	2011
		Rupees in '000	
Mark-up/return/interest earned	26	24,662,361	20,682,061
Mark-up/return/interest expensed	27	22,522,918	21,073,271
		2,139,443	(391,210)
Net mark-up / interest income			
Reversal of provision against non-performing loans and advances - net	11.4.5	(965,430)	(3,164,234)
Provision for diminution in the value of investments - net	10.3	215,502	576,597
Bad debts written off directly	11.5	-	-
		(749,928)	(2,587,637)
Net mark-up / interest income after provisions		2,889,371	2,196,427
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		762,490	724,499
Dividend income		220,985	286,375
Income from dealing in foreign currencies		162,980	160,089
Gain on sale and redemption of securities	28	1,449,814	330,025
Unrealized gain / (loss) on revaluation of investments classified as held for trading	10.7	8,620	(5,383)
Other income	29	585,856	494,103
Total non-markup/interest income		3,190,745	1,989,708
		6,080,116	4,186,135
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	30	4,437,680	3,959,217
Provision against other assets	14.6	168,419	1,121
Reversal of provision against off balance sheet items	20.1	-	(244,111)
Other charges	31	(40,590)	205
Total non-markup/interest expenses		4,565,509	3,716,432
		1,514,607	469,703
Extra ordinary/unusual items		-	-
PROFIT BEFORE TAXATION		1,514,607	469,703
Taxation - Current		139,284	-
- Prior years		(722,971)	5
- Deferred		353,738	174,774
	32	(229,949)	174,779
PROFIT AFTER TAXATION		1,744,556	294,924
Accumulated losses brought forward		(14,179,410)	(14,411,509)
Transfer to statutory reserve		(326,769)	(69,595)
Transfer from surplus on revaluation of fixed assets on disposal		6,801	-
Transfer from surplus on revaluation of fixed assets - net of tax		11,604	6,770
		(14,487,774)	(14,474,334)
Accumulated losses carried forward		(12,743,218)	(14,179,410)
Basic earnings per share - Rupees	33	3.30	0.56
Diluted earnings per share - Rupees	34	3.30	0.56

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 December 31, 2012

	2012	2011
	Rupees in '000	
Profit after taxation	1,744,556	294,924
Other comprehensive income	-	-
Total comprehensive income	<u>1,744,556</u>	<u>294,924</u>

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 December 31, 2012

	Note	2012	2011
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,514,607	469,703
Less: Dividend income		(220,985)	(286,375)
		1,293,622	183,328
Adjustments for:			
Depreciation	12.2	330,911	328,798
Amortization of (discount) / premium on Pakistan Investment Bonds		(44)	39,077
Unrealized (gain) / loss on revaluation of investments classified as held for trading	10.7	(8,620)	5,383
Reversal of provision against non-performing loans and advances - net	11.4.5	(965,430)	(3,164,234)
Provision for diminution in the value of investments - net	10.3	215,502	576,597
Provision for employees' compensated absences	37.1.3	7,342	2,826
Provision for gratuity	37.1.1	87,331	53,831
Provision against other assets	14.5	168,419	1,121
Reversal of provision for workers welfare fund	31	(40,720)	-
Reversal of provision against off balance sheet items	20.1	-	(244,111)
Net profit on sale of property and equipment	12.2.1	(32,313)	(1,380)
Net profit on sale of non-banking assets acquired in satisfaction of claims	29	(82,545)	-
Gain on sale and redemption of securities	28	(1,449,814)	(330,025)
Finance charges on leased assets	30	660	1,475
		(1,769,321)	(2,730,642)
		(475,699)	(2,547,314)
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		5,689,429	57,212
Net investments in held for trading securities		(13,117,709)	109,614
Advances		(22,547,246)	(3,313,703)
Others assets		1,996,990	(6,203,260)
		(27,978,536)	(9,350,137)
Increase / (Decrease) in operating liabilities:			
Bills Payable		650,140	269,469
Borrowings		19,723,152	13,432,722
Deposits and other accounts		28,159,069	29,719,790
Other liabilities		931,962	1,474,314
		49,464,323	44,896,295
		21,010,088	32,998,844
Financial charges paid		(660)	(1,475)
Income tax paid		(462,885)	(12,744)
Net cash flow from operating activities		20,546,543	32,984,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(21,415,113)	(36,858,372)
Net investments in held to maturity securities		94,982	128,960
Dividends received		343,885	170,842
Investments in operating fixed assets		(261,088)	(276,075)
Sale proceeds of property and equipment disposed-off	12.2.1	86,482	6,620
Sale proceeds of non-banking assets disposed-off		510,412	-
Net cash used in investing activities		(20,640,440)	(36,828,025)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease obligations		(4,230)	(6,056)
Share deposit money received	23	-	7,000,000
Net cash (used in) / flow from financing activities		(4,230)	6,993,944
Net (decrease) / increase in cash and cash equivalents		(98,127)	3,150,544
Cash and cash equivalents at beginning of the year		20,496,379	17,345,835
Cash and cash equivalents at end of the year	35	20,398,252	20,496,379

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 December 31, 2012

	Share capital	Statutory reserve	Capital Reserves		Revenue Reserve	Total
			Share premium	Restructuring reserve	Accumulated loss	
		Rupees		in	'000	
Balance as at January 01, 2011	5,287,974	-	37,882	1,974,610	(14,411,509)	(7,111,043)
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	6,770	6,770
Total comprehensive income for the year ended December 31, 2011	-	-	-	-	294,924	294,924
Transfer from restructuring reserve against NPLs (Note 11.4.5)	-	-	-	(167,131)	-	(167,131)
Transfer to statutory reserve	-	69,595	-	-	(69,595)	-
Balance as at December 31, 2011	<u>5,287,974</u>	<u>69,595</u>	<u>37,882</u>	<u>1,807,479</u>	<u>(14,179,410)</u>	<u>(6,976,480)</u>
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	11,604	11,604
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	6,801	6,801
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	1,744,556	1,744,556
Transfer from restructuring reserve against NPLs (Note 11.4.5)	-	-	-	(1,054,292)	-	(1,054,292)
Transfer to statutory reserve	-	326,769	-	-	(326,769)	-
Balance as at December 31, 2012	<u>5,287,974</u>	<u>396,364</u>	<u>37,882</u>	<u>753,187</u>	<u>(12,743,218)</u>	<u>(6,267,811)</u>

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 December 31, 2012

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 306 branches including 04 sub branches (2011: 284 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 (GOPb).

During the year, the SBP has granted permission to the Bank for commencement of Islamic Banking Operations. However, the formal approval for conversion of license of 03 conventional branches to Islamic Banking Branches is in process.

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. 10,732,189 thousand. The 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 2012, net advances aggregating to Rs. 30,041,181 thousand (2011: Rs. 33,091,789 thousand) requiring additional provision of Rs. 27,016,412 thousand (2011: Rs. 28,615,910) 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)-2013/3254 dated March 18, 2013, on the basis of two Letters of Comfort (LOC) issued by the GOPb as explained in para 2 below.

GOPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand and Rs. 7,000,000 thousand as advance subscription money in the year 2009 and 2011 respectively against future issue of shares by the Bank. During the year, the Board of Directors has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs 0.5 per share as stated in note 21.4. Further, the GOPb vide two Letters of Comfort (LOCs) issued on March 29, 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 December 31, 2014 and December 31, 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 SBP has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations and exemption from minimum paid up capital net of losses and applicable capital adequacy ratio (CAR) which should not fall below 7% upto December 31, 2013. During the year 2013, the Bank will be required to record provisioning in staggered manner against outstanding amounts of borrowers covered under above LOCs to at least 4% by June 30, 2013, further 3% during quarter ending September 30, 2013 and another 3% during quarter ending December 31, 2013. However, any account adjustment following the cash recovery/settlement/restructuring against these borrowers will reduce the said required provisioning covered under the LOCs. Going forward, further extension in these relaxations beyond 2013 would be considered upon satisfactory compliance of the conditions / requirements of SBP.

On the basis of enduring support of Government of the Punjab, the arrangements as outlined above and

the business plan prepared by the Management which has 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.

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 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 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

Commission income is recognized on time proportion 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. 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.

Provision for diminution in the value of Investments 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 over the term of the related repo agreement.

6.5.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is 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 Assets Acquired in satisfaction of claims

The Group acquires assets in settlement of claims. These are acquired at average value obtained from three independent approved valuers at the time of acquisition.

6.9 Employee retirement and other benefits

6.9.1 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.

6.9.2 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.

6.9.3 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

6.10 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 exchange rates 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.

6.11 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.

6.12 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.

6.13 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.

6.14 Earnings per share

The Group presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

6.15 Share Capital

Ordinary Shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

6.16 Financial instruments

6.16.1 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.

6.16.2 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.

6.17 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.

6.17.1 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.

6.17.2 Geographical segments

The Group operates only in Pakistan.

6.18 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2012

- Amendments to IAS 12 Effective from accounting
- Income Taxes period beginning on or after
 - Deferred Tax: Recovery of Underlying Assets January 1, 2012

New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Group considers that the following 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.

Standard or Interpretations	Effective date (accounting periods beginning on or after)
IAS 1 Presentation of Financial Statements – Presentation of items of Other Comprehensive Income	July 01, 2012
IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information.	January 01, 2013
IAS 16 Property, Plant and Equipment – Classification of servicing equipment	January 01, 2013
IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	January 01, 2013
IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 34 Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	January 01, 2013
IAS 19 Employee benefits (effective for annual periods beginning on or after January 1, 2013): The amendments require actuarial gains and losses to be recognized immediately in other comprehensive income; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19. As a result of adoption of this amendment, the Bank will recognize the actuarial gains and losses in other comprehensive income, which are currently being recognized in the profit and loss account. However, there would not be any impact on Bank's equity.	

	Note	2012	2011
		Rupees in '000	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency	7.1	3,283,341	2,800,754
- Foreign currency		536,956	364,176
		3,820,297	3,164,930
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	8,297,588	9,839,855
- Foreign currency deposit account:			
- Non remunerative	7.3	264,733	159,653
- Remunerative	7.4	841,543	486,876
		9,403,864	10,486,384
With National Bank of Pakistan (NBP) in:			
- Local currency current account		4,074,090	2,984,219
- Local currency deposit account		-	62,800
		4,074,090	3,047,019
		17,298,251	16,698,333

7.1 This includes National Prize Bonds of Rs. 42,091 (thousand) {2011: Rs. 29,179 (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.

	Note	2012	2011
		Rupees in '000	
8. BALANCES WITH OTHER BANKS			
In Pakistan:			
- On current account	8.1	2,013,045	2,564,790
- On deposit account		593,709	743,460
		2,606,754	3,308,250
Outside Pakistan:			
- On current account	8.2	250,530	174,766
- On deposit account		243,886	124,091
		494,416	298,857
		3,101,170	3,607,107

8.1 These carry mark-up at rates ranging from 6.0% to 8.00% per annum (2011: 5.0% to 7.30% per annum).

8.2 This carries mark-up rate of 0.05% per annum (2011: 0.25% to 1.01% per annum).

	Note	2012	2011
		Rupees in '000	
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	195,000
Reverse repurchase agreement lendings	9.2	-	5,369,042
Certificate of investments	9.3	-	1,383,333
Placements	9.4	1,562,946	500,000
		1,562,946	7,447,375
9.1 Particulars of lendings			
In local currency		300,000	7,447,375
In foreign currencies		1,262,946	-
		1,562,946	7,447,375

9.2 Securities held as collateral against landings to financial institutions

	2012			2011		
	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
Pakistan Investment Bonds	-	-	-	197,665	-	197,665
	-	-	-	5,369,042	-	5,369,042

Market value of securities held as collateral as at December 31, 2012 amounted to Rs. NIL {2011: Rs. 5,378,577 (thousand)}. These carry mark-up at rate of NIL per annum (2011: 11.30% to 12.50% per annum).

9.3 This carries profit at the rate of NIL per annum. (2011: 12.40% to 15.02% per annum)

9.4 These represent placements carrying profit at rate ranging from 0.31% to 10.30% per annum (2011: 12.0% to 12.75% per annum) with maturities upto March 12, 2013.

10. INVESTMENTS - NET

10.1 Investments by types:

	Note	2012			2011		
		Rupees in '000			Rupees in '000		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities							
Ordinary Shares of Listed Companies	Annex II - 1	22,447	-	22,447	-	-	-
Pakistan Investment Bonds	10.4	102,487	-	102,487	99,966	-	99,966
Market Treasury Bills	10.4	10,303,206	2,784,152	13,087,358	-	-	-
		10,428,140	2,784,152	13,212,292	99,966	-	99,966
Available for sale securities							
Market Treasury Bills	10.4	53,284,273	34,852,255	88,136,528	54,770,060	18,770,327	73,540,387
Pakistan Investment Bonds	10.4	19,096,422	-	19,096,422	8,500,711	-	8,500,711
Ordinary Shares / Certificates of Listed Companies and Modarabas	Annex II - 1	2,480,125	-	2,480,125	3,279,733	-	3,279,733
Preference Shares of Listed Companies	Annex II - 2	520,451	-	520,451	195,454	-	195,454
Ordinary Shares of Unlisted Company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Mutual Funds Units	Annex II - 4	2,642,873	-	2,642,873	3,804,928	-	3,804,928
Listed Term Finance Certificates	Annex II - 5	365,308	-	365,308	518,085	-	518,085
Unlisted Term Finance Certificates	Annex II - 6	3,823,583	-	3,823,583	4,757,551	-	4,757,551
		82,238,035	34,852,255	117,090,290	75,851,522	18,770,327	94,621,849

	Note	2012			2011		
		Rupees in '000			Rupees in '000		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held to maturity securities							
Pakistan Investment Bonds	10.5	1,888,658	-	1,888,658	1,983,596	-	1,983,596
WAPDA Bonds		400	-	400	400	-	400
		1,889,058	-	1,889,058	1,983,996	-	1,983,996
Total investments at cost		94,555,233	37,636,407	132,191,640	77,935,484	18,770,327	96,705,811
Provision for diminution in the value of investments	10.3	(3,626,976)	-	(3,626,976)	(3,807,960)	-	(3,807,960)
Investments - net of provisions		90,928,257	37,636,407	128,564,664	74,127,524	18,770,327	92,897,851
Surplus / (Deficit) on revaluation of available for sale securities	24.2	978,760	-	978,760	(399,655)	-	(399,655)
Surplus / (Deficit) on revaluation of held for trading securities	10.7	8,620	-	8,620	(5,383)	-	(5,383)
Total investments at market value		91,915,637	37,636,407	129,552,044	73,722,486	18,770,327	92,492,813

10.2 Investments By Segments:

	Note	2012			2011		
		Rupees in '000			Rupees in '000		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Federal Government Securities							
Market Treasury Bills	10.4	63,587,479	37,636,407	101,223,886	54,770,060	18,770,327	73,540,387
Pakistan Investment Bonds	10.4	21,087,567	-	21,087,567	10,584,273	-	10,584,273
Ordinary Shares/Certificates:							
Listed Companies and Modarabas	Annex II - 1	2,502,572	-	2,502,572	3,279,733	-	3,279,733
Unlisted Company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Mutual Funds Units	Annex II - 4	2,642,873	-	2,642,873	3,804,928	-	3,804,928
Preference Shares - Listed Companies	Annex II - 2	520,451	-	520,451	195,454	-	195,454
Term Finance Certificates and Bonds:							
Listed Term Finance Certificates	Annex II - 5	365,308	-	365,308	518,085	-	518,085
Unlisted Term Finance Certificates	Annex II - 6	3,823,583	-	3,823,583	4,757,551	-	4,757,551
WAPDA Bonds		400	-	400	400	-	400
Total investments at cost		94,555,233	37,636,407	132,191,640	77,935,484	18,770,327	96,705,811
Provision for diminution in the value of investments	10.3	(3,626,976)	-	(3,626,976)	(3,807,960)	-	(3,807,960)
Investments - net of provisions		90,928,257	37,636,407	128,564,664	74,127,524	18,770,327	92,897,851
Surplus / (Deficit) on revaluation of available for sale securities	24.2	978,760	-	978,760	(399,655)	-	(399,655)
Surplus / (Deficit) on revaluation of held for trading securities	10.7	8,620	-	8,620	(5,383)	-	(5,383)
Total investments at market value		91,915,637	37,636,407	129,552,044	73,722,486	18,770,327	92,492,813

	Note	2012	2011
		Rupees in '000	
10.3 Provision for diminution in the value of investments - net			
Opening balance		3,807,960	3,316,883
Charge for the year		568,084	576,597
Reversal during the year		(352,582)	-
		215,502	576,597
Reversal on disposal		4,023,462	3,893,480
		(396,486)	(85,520)
Closing balance	10.3.1	3,626,976	3,807,960
10.3.1 Particulars of provision in respect of type and segment			
Available for sale securities:			
Ordinary shares of unlisted company		11,320	11,320
Ordinary shares of listed companies / modaraba certificates		866,945	818,656
Term finance certificates		1,965,071	2,317,652
Preference shares		107,804	51,750
Mutual funds units		675,436	608,182
		3,626,576	3,807,560
Held to maturity securities:			
WAPDA Bonds		400	400
		3,626,976	3,807,960

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

10.5 Market value of held to maturity investments is Rs. 1,804,468 (thousand) (2011: Rs. 1,744,023 (thousand)).

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

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

	Note	2012	2011
		Rupees in '000	
Ordinary shares of listed companies		(557)	-
Pakistan Investment Bonds		(774)	(5,383)
Market Treasury Bills		9,951	-
		<u>8,620</u>	<u>(5,383)</u>
11. ADVANCES - NET			
Loans, cash credits, running finances etc.			
- In Pakistan		158,060,359	149,021,501
- Outside Pakistan		-	-
		<u>158,060,359</u>	<u>149,021,501</u>
Net investment in finance lease			
- In Pakistan	11.2	12,145,701	2,003,152
- Outside Pakistan		-	-
		<u>12,145,701</u>	<u>2,003,152</u>
Repurchase Agreement Lendings to Non-Financial Institutions	11.7	-	902,347
Bills discounted and purchased (excluding Market Treasury Bills)			
- Payable in Pakistan		4,374,559	968,419
- Payable outside Pakistan		1,299,427	535,443
		<u>5,673,986</u>	<u>1,503,862</u>
Advances - (gross)	11.1	175,880,046	153,430,862
Less: Provision for non-performing advances			
- Specific	11.3 & 11.4	(26,299,268)	(26,303,094)
- General	11.4	(14,893)	(20,267)
		<u>(26,314,161)</u>	<u>(26,323,361)</u>
Advances - net of provision		<u>149,565,885</u>	<u>127,107,501</u>

	2012	2011
	Rupees in '000	
11.1 Particulars of advances (Gross)		
11.1.1 In local currency	175,360,014	152,916,610
In foreign currencies	520,032	514,252
	175,880,046	153,430,862
11.1.2 Short-term advances upto one year	100,998,117	89,951,567
Long-term advances for over one year	74,881,929	63,479,295
	175,880,046	153,430,862

11.2 Net investment in finance lease

	2012				2011			
	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	4,146,784	7,725,965	-	11,872,749	839,411	1,281,773	-	2,121,184
Guaranteed residual value	-	1,912,790	-	1,912,790	-	233,786	-	233,786
Minimum lease payments	4,146,784	9,638,755	-	13,785,539	839,411	1,515,559	-	2,354,970
Less: Finance charge for future periods	740,676	899,162	-	1,639,838	132,714	219,104	-	351,818
Present value of minimum lease payments	3,406,108	8,739,593	-	12,145,701	706,697	1,296,455	-	2,003,152

11.3 Advances include Rs. 69,328,698 (thousand) {2011: Rs. 73,643,672 (thousand)} which have been placed under non-performing status as detailed below :-

	2012								
	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	60,226	-	60,226	-	-	-	-	-	-
Substandard	9,172,405	-	9,172,405	2,193,856	-	2,193,856	2,193,856	-	2,193,856
Doubtful	1,682,456	-	1,682,456	526,074	-	526,074	526,074	-	526,074
Loss	58,413,611	-	58,413,611	23,579,338	-	23,579,338	23,579,338	-	23,579,338
	69,328,698	-	69,328,698	26,299,268	-	26,299,268	26,299,268	-	26,299,268

11.3.1 Provision against certain net advances amounting to Rs. 30,041,181 thousand {2011: Rs.33,091,789 (thousand)} requiring additional provision of Rs. 27,016,412 thousand {2011: Rs. 28,615,910 (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	2012			2011		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
Opening balance	26,303,094	20,267	26,323,361	29,301,458	19,007	29,320,465
Charge for the year	-	-	-	1,469,618	1,260	1,470,878
Reversals for the year	-	(5,374)	(5,374)	(4,465,947)	-	(4,465,947)
11.4.5 Amounts written off	-	(5,374)	(5,374)	(2,996,329)	1,260	(2,995,069)
11.5 Amount transferred to restructuring reserve	-	-	-	-	-	-
22.2	-	-	-	(2,035)	-	(2,035)
Closing balance	26,303,094	14,893	26,317,987	26,303,094	20,267	26,323,361

11.4.1 Particulars of provisions against non-performing advances

	2012			2011		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
In local currency	26,303,094	14,893	26,317,987	26,303,094	20,267	26,323,361
In foreign currencies	-	-	-	-	-	-
	26,303,094	14,893	26,317,987	26,303,094	20,267	26,323,361

11.4.2 General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

11.4.3 This includes classified advances of Rs. 1,168,464 thousand disbursed to Gulistan Group as at December 31, 2012. In accordance with the requirements of the Prudential Regulations issued by the SBP, the Bank was required to maintain a provision of Rs. 513,269 thousand against this customer. The SBP through its letter no. BPRD/BRD-04/FAYSAL/2013/1695 dated February 13, 2013 has provided relaxation to Banks to create provision against classified exposure of Gulistan Group companies (including Gulistan Textile Mills Limited) in a phased manner and maintain atleast 25%, 50%, 75% and 100% of the required provision as at December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013 respectively. In view of this relaxation, the Bank has recorded provision amounting to Rs. 280,968 thousand after taking the impact of the aforementioned relaxation. Had the SBP not provided this relaxation, profit before taxation would have been lower and provision against advances would have been higher by Rs 232,301 thousand.

11.4.4 The SBP amended the Prudential Regulations vide BSD Circular No. 1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; thereby allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and building only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years has been reduced by Rs. 2,241,578 thousand (net of FSV benefit availed during the year), which has resulted in increased charge for specific provision for the year ended by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the year ended would have been higher by Rs. 2,241,578 thousand (2011: higher by Rs. 867,830 thousand) and Rs. 1,457,026 thousand (2011: higher by Rs. 564,089 thousand) respectively.

	Note	2012	2011
		Rupees in '000	
11.4.5 Reversal of provisions against non-performing advances - charge to profit and loss account			
Charge/ (Reversal) of provision against non-performing advances-net	11.4	88,862	(2,995,069)
Transfer from restructuring	22.2	(1,054,292)	(169,165)
		(965,430)	(3,164,234)
11.5 Particulars of write offs:			
11.5.1 Against provisions	11.4	98,062	-
Directly charged to profit and loss account		-	-
		98,062	-
11.5.2 Write Offs of Rs. 500,000 and above	11.6	98,062	-
Write Offs of below Rs. 500,000		-	-
		98,062	-

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 December 31, 2012 is given in Annexure-1.

- 11.7** Market value of securities held as collateral as at December 31, 2012 amounted to Rs. NIL (2011: Rs. 903,516 (thousand)). These are secured against Pakistan Investment Bonds at the rate NIL per annum (2011: 12.00% per annum).

	Note	2012	2011
		Rupees in '000	
11.8 Particulars of loans and advances to executives, subsidiary & associated companies, etc.			
Debts due by executives or officers of the Group or any of them either severally or jointly with any other persons			
Balance at beginning of year		1,290,859	1,330,692
Loans granted during the year		420,125	212,754
Repayments received during the year		(230,801)	(252,587)
Balance at end of year	11.8.1	1,480,183	1,290,859
Debts due by managed modaraba			
Balance at beginning of year		1,000,820	941,625
Loans granted during the year		1,824,474	2,738,966
Repayments received during the year		(1,794,897)	(2,679,771)
Balance at end of year		1,030,397	1,000,820
		2,510,580	2,291,679

- 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	2012	2011
		Rupees in '000	
12. OPERATING FIXED ASSETS			
Capital work-in-progress	12.1	132,650	82,797
Property and equipment	12.2	3,340,841	3,514,686
		3,473,491	3,597,483
12.1 Capital work-in-progress			
Civil works		89,466	42,394
Premises		30,070	30,070
Software		13,114	10,333
		132,650	82,797

12.2 Property and equipment

		2012				2011			
		COST / REVALUED AMOUNT		DEPRECIATION		COST / REVALUED AMOUNT		DEPRECIATION	
Opening balance as at 01 January	Additions	(Deletions) / Transfer	Revaluation adjustment	Closing balance as at 31 December	Charge for the year	(Deletions) / Transfer	Revaluation Adjustment	Closing balance as at 31 December	Rate of depreciation %
		Rupees in '000'		Rupees in '000'		Rupees in '000'		Rupees in '000'	
Owned assets									
Free hold land	1,145,174	-	(35,000)	1,110,174	-	-	-	1,110,174	-
Buildings on free hold land	1,574,877	-	(14,433)	1,560,444	78,743	(1,844)	-	1,483,545	5
Furniture, fixture and office equipment	1,820,611	174,100	(10,341)	1,984,370	204,362	(8,895)	-	1,350,835	10-33.33
Vehicles	214,277	37,135	(13,867) / 24,158*	261,703	44,913	(9,224) / 24,158*	-	150,870	20
	4,754,939	211,235	(49,483)	4,916,691	328,018	4,195	-	1,578,604	3,338,087
	34,416	-	(4,546) / (24,158)*	5,712	2,893	(4,055) / (24,158)*	-	2,958	2,754
	4,789,355	211,235	(78,187)	4,922,403	330,911	(24,018)	-	1,581,562	3,340,841
* These represent leased vehicles transferred to owned assets on completion of finance lease.									
Assets held under finance lease									
Vehicles	1,183,532	-	-	1,145,174	-	-	-	1,145,174	-
	1,599,033	34,923	-	1,574,877	73,746	-	(218,223)	1,574,877	5
	1,646,016	185,089	(10,494)	1,820,611	211,244	(7,859)	-	1,155,368	665,243
	191,017	26,960	(9,686) / 5,985*	214,277	39,314	(7,125) / 5,985*	-	91,023	123,254
	4,619,598	246,972	(14,194)	4,754,939	324,304	(8,999)	(218,223)	1,246,391	3,508,548
	41,282	-	(880) / (5,986)*	34,416	4,494	(836) / (5,985)*	-	28,278	6,138
	4,660,880	246,972	(21,060)	4,789,355	328,798	(15,820)	(218,223)	1,274,669	3,514,686
* These represent leased vehicles transferred to owned assets on completion of finance lease.									

12.2.1 Detail of disposal of property plant and equipment

Particulars	Cost / Revalued amount	Book value	Sale price	Gain / (Loss)	Mode of disposal	Particulars of purchasers
Rupees in '000						
Land						
16 CCA, DHA phase V, Lahore	35,000	35,000	55,150	20,150	Auction	Imran Siddiqui
Buildings						
Mcleod Road, Lahore	8,670	7,980	11,000	3,020	Auction	Irum Nasir
Auriga Complex, Lahore	5,763	4,608	6,300	1,692	Auction	Raees Khan
Vehicles						
Suzuki Cultus	707	283	690	407	Insurance claim	United Insurance
Honda City	984	312	1,061	749	Auction	Mr. Nauman Yousif
Honda City	984	312	880	568	Auction	Mr. Babur Mateen - Employee
Toyota Hilux	1,442	553	922	369	Auction	Mr. Asghar Ali
Toyota Hilux	2,907	2,713	-	(2,713)	As per policy	President / Chief Executive Officer
Toyota Hiace	1,256	-	1,225	1,225	Auction	Mr. Zahid Ali Khan
Toyota Altis	1,899	443	1,076	633	As per negotiation	Mrs. Farrukh Sherdil
	59,612	52,204	78,304	26,100		
Items having book value of less than Rs. 250,000 or cost of less than Rs.1,000,000	18,575	1,965	8,178	6,213		
2012	78,187	54,169	86,482	32,313		
2011	21,060	5,240	6,620	1,380		

12.2.2 Freehold land and buildings on freehold land were revalued on December 31, 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. 686,348 thousand and Rs. 329,208 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars are as follows:

Particulars	Revalued Amount Rupees in '000
Freehold land	1,110,174
Buildings on freehold land	1,483,545

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

	2012	2011
	Rupees in '000	
Freehold land	423,826	462,013
Buildings on freehold land	1,154,337	1,217,830

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs 175,514 thousand (2011: Rs. 140,210 thousand).

	Note	2012	2011
		Rupees in '000	
13. DEFERRED TAX ASSET			
Taxable temporary differences:			
- Surplus on revaluation of operating fixed assets	24.1	(115,222)	(124,966)
- Surplus on available for sale securities	24.2	(240,635)	-
- Accelerated depreciation		(219,673)	-
Deductible temporary differences:			
- Accelerated depreciation		-	37,318
- Deficit on available for sale securities		-	121,912
- Loan loss provision		8,026,320	9,859,804
- Business loss	13.1	5,619,824	3,990,817
- Others		-	1,884
		13,070,614	13,886,769

13.1 The Management has prepared a business plan on the basis of the arrangements as disclosed in Note 1.2. The business plan includes certain key assumptions such as deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan etc. Any significant change in the key assumptions may have an impact on the projections, however, the management believes that it is probable that the Bank will be able to achieve the projections as per the business plan and future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

13.2 Reconciliation of deferred tax

	Balance as January 01, 2011	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2011	Recognized in profit and loss account	Re-cognized in equity	Balance as at December 31, 2012
-----Rupees in '000-----							
Taxable temporary differences:							
- Surplus on revaluation of operating fixed assets	(72,912)	3,646	(55,700)	(124,966)	6,248	3,496	(115,222)
- Surplus on available for sale securities	-	-	-	-	-	(240,635)	(240,635)
- Accelerated depreciation	-	-	-	-	(219,673)	-	(219,673)
Deductible temporary differences:							
- Accelerated depreciation	(38,929)	76,247	-	37,318	(37,318)	-	-
- Deficit on available for sale securities	68,363	-	53,549	121,912	-	(121,912)	-
- Loan loss provision	10,396,889	(537,085)	-	9,859,804	(1,833,484)	-	8,026,320
- Business loss	3,716,590	274,227	-	3,990,817	1,629,007	-	5,619,824
- Others	(6,307)	8,191	-	1,884	(1,884)	-	-
	<u>14,063,694</u>	<u>(174,774)</u>	<u>(2,151)</u>	<u>13,886,769</u>	<u>(457,104)</u>	<u>(359,051)</u>	<u>13,070,614</u>

14. OTHER ASSETS

	Note	2012	2011
Rupees in '000			
Income/mark-up accrued in local currency		4,281,840	4,030,468
Profit paid in advance on pehlay munafa scheme		78,312	130,253
Advances, deposits, advance rent and other prepayments	14.1	186,816	3,254,019
Advance taxation (payments less provisions)		2,317,060	1,167,122
Non-banking assets acquired in satisfaction of claims	14.2	7,322,647	5,905,860
Receivable from NITL		-	846,069
Branch adjustment account		63,640	334,818
Stock of stationery		16,747	20,284
Suspense account		5,367	7,051
Zakat recoverable from NITL	14.3	36,790	36,790
Claim for recovery of shares	14.4	18,570	18,570
Unrealized gain on revaluation of foreign contracts		34,415	28,266
Fraud and forgeries		39,789	37,794
Others		318,763	301,211
		<u>14,720,756</u>	<u>16,118,575</u>
Less provision against:			
Non-banking assets acquired in satisfaction of claims		(162,796)	-
Zakat recoverable from NITL		(36,790)	(36,790)
Claim for recovery of shares		(18,570)	(18,570)
Fraud and forgeries		(16,527)	(10,904)
	14.5	<u>(234,683)</u>	<u>(66,264)</u>
Other assets - net of provision		<u>14,486,073</u>	<u>16,052,311</u>

- 14.1** This includes Rs. 40,015 thousand (2011: Rs. 3,138,621 thousand) 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 (net of provision).
- 14.3** This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank by the learned Lahore High Court 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 NITL 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 for 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.

	2012	2011
	Rupees in '000	
14.5 Provision against other assets		
Opening balance	66,264	66,234
Charge for the year	168,419	4,337
Reversal	-	(3,216)
Amount written off	168,419	1,121
	-	(1,091)
Closing balance	234,683	66,264
15. CONTINGENT ASSETS		
Contingent assets	Nil	Nil
16. BILLS PAYABLE		
In Pakistan	1,500,709	850,569
Outside Pakistan	-	-
	1,500,709	850,569

	Note	2012	2011
		Rupees in '000	
17. BORROWINGS			
In Pakistan		44,682,657	24,959,505
Outside Pakistan		1,169	4,061
		44,683,826	24,963,566
17.1 Particulars of borrowings with respect to currencies			
In local currency		44,682,657	24,959,505
In foreign currencies		1,169	4,061
		44,683,826	24,963,566
17.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	5,775,034	4,550,210
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	322,947	582,840
-Long term financing facility (LTFF)	17.2.2	962,931	983,665
Repurchase agreement borrowings	17.2.3	37,621,745	18,842,790
		44,682,657	24,959,505
Unsecured			
Overdrawn nostro accounts	35	1,169	4,061
		44,683,826	24,963,566

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 8.50% to 10.00% per annum (2011: 11.77% to 11.90% per annum). Maturity of the borrowing is upto June 26, 2013.

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. Mark-up on these borrowings is payable quarterly at rates ranging from 5.00% to 11.00% per annum with maturity upto January 31, 2018.

17.2.3 These are secured against Market Treasury Bills and carry mark-up at rates ranging from 7.50% to 8.93% per annum (2011: 11.77% to 11.90% per annum) maturing on various dates latest by January 04, 2013.

2012 2011
Rupees in '000

18. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	111,143,862	107,046,470
Savings deposits	100,934,185	85,967,327
Current accounts - non-remunerative	47,209,408	38,502,580
Sundry deposits, margin accounts, etc.	2,854,198	1,472,378
	262,141,653	232,988,755

Financial Institutions

Remunerative deposits	3,131,640	3,689,326
Non-remunerative deposits	782,468	1,218,611
	3,914,108	4,907,937
	266,055,761	237,896,692

18.1 Particulars of deposits

In local currency	260,635,021	234,648,257
In foreign currencies	5,420,740	3,248,435
	266,055,761	237,896,692

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2012			2011		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	1,417	317	1,100	4,915	698	4,217
Later than one year and not later than five years	2,697	196	2,501	4,207	593	3,614
	4,114	513	3,601	9,122	1,291	7,831

19.1 Financial charges, included in the lease rentals, are determined on the basis of discount factors applied at the rates ranging from 11.63% to 14.22% per annum (2011: 15% to 25% per annum). The Bank has an option to purchase the assets upon completion of lease term and has the intention to exercise the option.

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

Years	Note	2012	2011
		Rupees in '000	
2012		-	4,915
2013		1,417	1,454
2014		1,393	1,455
2015		1,304	1,298
		4,114	9,122
Less: Financial charges for future periods		513	1,291
		3,601	7,831
20. OTHER LIABILITIES			
Mark-up/ return/ interest payable in local currency		4,083,019	4,572,874
Mark-up/ return/ interest payable in foreign currency		22,886	16,400
Compensation payable on share deposit money	23.1	231,459	328,555
Sundry creditors and accrued expenses		380,677	417,108
Unclaimed dividends		2,671	2,674
Payable to gratuity fund	37.1.1	87,331	149,201
Provision for employees compensated absences	37.1.3	193,464	186,799
Provision against off-balance sheet obligations	20.1	497,377	497,377
Lease key money		1,912,790	233,786
Others		84,254	105,239
		7,495,928	6,510,013
20.1 Provision against off-balance sheet obligations			
Opening balance		497,377	741,488
Charge for the year		-	-
Reversal during the year		-	(244,111)
		-	(244,111)
Closing balance		497,377	497,377

The above provision has been made against letters of guarantee issued by the Bank.

21. Share Capital

21.1 Authorized Capital

2012 Number	2011 Number		2012 Rupees in '000	2011 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>

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of Rupees ten each.

21.2 Issued, subscribed and paid up share capital

2012 Number	2011 Number	Ordinary shares of Rs.10 each	2012	2011
<u>19,333,340</u>	19,333,340	Fully paid in cash	<u>193,333</u>	193,333
<u>509,464,036</u>	509,464,036	Issued as bonus shares	<u>5,094,641</u>	5,094,641
<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 2012 (2011: 51%).

21.4 During the year, in the first phase, the Board of Directors of the Bank has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs. 0.5 per share subject to the approval of the shareholders and the regulatory authorities.

22. RESERVES

	Note	2012 Rupees in '000	2011 Rupees in '000
Statutory reserve	22.1	<u>396,364</u>	69,595
Share premium reserve		<u>37,882</u>	37,882
Restructuring reserve	22.2	<u>753,187</u>	1,807,479
		<u>1,187,433</u>	<u>1,914,956</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 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	2012 Rupees in '000	2011 Rupees in '000
Opening balance		<u>1,807,479</u>	1,974,610
Transfer from provision against non performing advances	11.4	<u>-</u>	2,034
Transfer to profit and loss account	11.4.5	<u>(1,054,292)</u>	(169,165)
		<u>(1,054,292)</u>	(167,131)
Closing balance		<u>753,187</u>	<u>1,807,479</u>

	Note	2012	2011
		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	7,000,000
		<u>17,000,000</u>	<u>17,000,000</u>

23.1 This represents Rs.10,000,000 (thousand) deposited by the GOPb in 2009 as advance subscription money as explained in Note 1.2 Compensation on share deposit money is payable at the rate equal to 3 months weighted average T Bill rate applicable during the period. During the year, in the first phase, the Board of Directors of the Bank has recommended a right issue of Rs. 5,000,000 thousand (99.53%) at a discount of Rs. 0.5 per share.

23.2 This represents Rs. 7,000,000 (thousand) deposited by GOPb in 2011 as advance subscription money as explained in Note 1.2.

	Note	2012	2011
		Rupees in '000	
24. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Surplus / (Deficit) on revaluation of:			
Operating fixed assets - net of tax	24.1	900,335	915,244
Available for sale securities - net of tax	24.2	738,125	(277,743)
		<u>1,638,460</u>	<u>637,501</u>
24.1 Surplus on revaluation of operating fixed assets - net of tax			
As on January 01:		1,105,097	984,311
- Surplus on revaluation during the year		-	120,786
- Surplus on revaluation realized during the year		(6,801)	-
		<u>1,098,296</u>	<u>1,105,097</u>
Incremental depreciation:			
- Opening balance		(64,887)	(54,471)
- Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(11,604)	(6,770)
- Related deferred tax liability		(6,248)	(3,646)
Accumulated incremental depreciation		<u>(82,739)</u>	<u>(64,887)</u>
As on December 31		<u>1,015,557</u>	<u>1,040,210</u>
Less: Related deferred tax liability			
- Opening balance		(124,966)	(72,912)
- Deferred tax on revaluation during the year		-	(55,700)
- Deferred tax on surplus realized during the year		3,496	-
- Deferred tax recorded during the year		6,248	3,646
- Closing balance	13	<u>(115,222)</u>	<u>(124,966)</u>
		<u>900,335</u>	<u>915,244</u>

	Note	2012	2011
Rupees in '000			
24.2 Surplus / (Deficit) on revaluation of available for sale securities - net of tax			
Federal Government Securities		494,417	(16,353)
Quoted Securities		145,161	(304,150)
Mutual Funds Units		299,962	(101,425)
Term Finance Certificates		39,220	22,273
		978,760	(399,655)
Less: Related deferred tax (liability) / asset	13	(240,635)	121,912
		<u>738,125</u>	<u>(277,743)</u>

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:

	2012	2011
Rupees in '000		
- Government	2,568,646	-
- Financial institutions	-	-
- Others	1,225,406	664,723
	<u>3,794,052</u>	<u>664,723</u>

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:

	2012	2011
Rupees in '000		
- Government	242,575	84,510
- Financial institutions	36,148	31,705
- Others	11,270,360	10,135,048
	<u>11,549,083</u>	<u>10,251,263</u>

	2012	2011
	Rupees in '000	
25.3 Trade-related contingent liabilities		
These include letters of credit issued in favour of:		
- Government	3,688,374	1,353,579
- Financial institutions	-	-
- Others	8,378,817	5,467,269
	12,067,191	6,820,848

25.4 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank have filled appeals before Commissioner Inland Revenue Appeals. The expected tax liability in respect of aforesaid tax years amounts to Rs. 162,772 thousand and minimum tax under section 113 amounts to Rs. 257,967 thousand. The Management of the Bank, as per the opinion of its tax consultant, is confident that the appeal filed for the aforementioned tax years will be decided in Bank's favour.

The Company's Tax Advisors has certified total refunds due from the Tax Department aggregating Rs. 6,333 thousand. Refund application of the Company for the Tax Year 2007, 2008 and 2009 amounting to Rs. 1,648 thousand, Rs. 1,863 thousand and Rs. 426,000 respectively were rejected by the Deputy Commissioner of Inland Revenue (DCIR). The Company has filed an appeal before the Commissioner of Inland Revenue Appeals (CIR Appeals) against the said order. CIR Appeals vide its order dated June 21, 2011 has vacated the order issued by the DCIR and referred the case back for denovo proceeding which have been initiated and pending for adjudication.

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 2012 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001.

25.5 Corporate compliance

The Registrar Modaraba Companies and Modarabas (the Registrar), vide order dated August 27, 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 (SECP), whereby SECP vide its order dated April 23, 2012 upheld the penalty imposed by the Registrar. The Company has filed an appeal against the said order before Honourable Lahore High Court, which is pending adjudication.

	Note	2012	2011
Rupees in '000			
25.6 Other contingencies			
Claims against the Bank not acknowledged as debts	25.5.1	33,968,741	20,456,767

25.6.1 The amount involved in the claims filed against the Bank are yet to be adjudicated by the concern Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

25.7 Commitments to extend credit

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

	2012	2011
Rupees in '000		
25.8 Commitments in respect of forward exchange contracts		
Purchase	3,358,739	2,780,846
Sale	3,150,622	1,824,957
	6,509,361	4,605,803
25.9 Commitments for the acquisition of operating fixed assets	45,411	14,293
26. MARK-UP/RETURN/INTEREST EARNED		
a) On loans and advances to:		
i) Customers	13,117,649	11,679,906
ii) Financial institutions	18,496	27,150
b) On investments in:		
i) Available for sale securities	10,114,927	8,155,520
ii) Held for trading securities	651,971	1,762
iii) Held to maturity securities	158,701	167,256
c) On deposits with financial institutions	11,117	17,353
d) On securities purchased under resale agreements	468,201	541,996
e) On certificates of investment	84,572	48,606
f) On letters of placement	36,727	42,512
	24,662,361	20,682,061

	Note	2012	2011
Rupees in '000			
27 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		19,812,396	18,432,867
Securities sold under repurchase agreements		1,695,146	1,277,284
Compensation on share deposit money	23.1	1,014,658	1,323,873
Other short term borrowings		718	39,247
		<u>22,522,918</u>	<u>21,073,271</u>
28 GAIN ON SALE AND REDEMPTION OF SECURITIES			
Federal Government Securities :			
Market Treasury Bills		851,546	42,663
Pakistan Investment Bonds		69,795	100
Ordinary Shares - listed		432,454	220,576
Term Finance Certificates		907	1,157
NIT Units		-	(11,878)
Mutual Funds		95,112	77,407
		<u>1,449,814</u>	<u>330,025</u>
29 OTHER INCOME			
Rent on lockers		24,335	32,700
Net profit on sale of property and equipment	12.2.1	32,313	1,380
Net profit on sale of non banking assets		82,545	-
Service charges		204,398	170,717
Loan processing charges		74,988	108,536
Online transaction charges		16,109	27,322
ATM transactions		86,925	69,601
Cheque return charges		19,908	12,335
Miscellaneous earnings		44,335	71,512
		<u>585,856</u>	<u>494,103</u>
30 ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		2,240,072	1,974,364
Contribution to defined contribution plans		89,684	79,277
Provision for gratuity	37.1.1	87,331	53,831
Provision for compensated absences	37.1.3	7,342	2,826
Non-executive directors' fees	38	2,825	2,375
Taxes, insurance, electricity, etc.		177,415	191,275
Legal and professional charges		28,530	29,286
Communications		86,716	77,550
Repairs and maintenance		96,971	82,025
Rent for bank premises	30.1	261,201	218,818
Finance charge on leased assets		660	1,475
Stationery and printing		97,353	103,322
Advertisement and publicity		107,395	97,794
Auditors' remuneration	30.2	8,241	8,989
Depreciation	12.2	330,911	328,798
Traveling		41,777	38,882
Fuel expenses		235,926	225,270
Cash remittance charges		59,590	39,615
Entertainment expenses		40,996	34,548
Bank charges		92,096	104,344
Online connectivity charges		55,292	63,733
Fuel for generator		118,330	62,260
Miscellaneous expenses		171,026	138,560
		<u>4,437,680</u>	<u>3,959,217</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.

	2012	2011
	Rupees in '000	
30.2 Auditors' remuneration		
Audit fee	1,750	1,750
Fee for audit of subsidiary - Hameed Chaudhary & Co.	55	53
Special certifications, half yearly review and others	5,475	5,465
Out-of-pocket expenses	961	1,700
	8,241	8,989
31. OTHER CHARGES		
Penalties imposed by SBP	130	205
Reversal of provision for worker welfare fund	(40,720)	-
	(40,590)	205
32. TAXATION		
For the year		
Current	139,284	-
Deferred	353,738	174,774
	493,022	174,774
For the prior year		
Current	(826,337)	5
Deferred	103,366	-
	(722,971)	5
	(229,949)	174,779
32.1 Due to carry forward business losses, numerical reconciliation between tax expense and accounting profit has not been presented. However, current liability for taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001.		
33. BASIC EARNINGS PER SHARE		
Profit for the year - Rupees in thousand	1,744,556	294,924
Weighted average number of ordinary shares - Number	528,797,376	528,797,376
Basic earnings per share - after tax - Rupees	3.30	0.56
34. DILUTED EARNINGS PER SHARE		
There is no dilution effect on basic earnings per share.		

	Note	2012	2011
Rupees in '000			
35 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	17,298,251	16,698,333
Balance with other banks	8	3,101,170	3,607,107
Call money lendings	9	-	195,000
Overdrawn nostro accounts	17.2	(1,169)	(4,061)
		<u>20,398,252</u>	<u>20,496,379</u>
36 STAFF STRENGTH			
Permanent		3,686	3,809
Temporary/on contractual basis		1,205	865
Daily wagers		245	325
Bank's own staff strength at the end of the year		<u>5,136</u>	<u>4,999</u>
Outsourced		356	-
Total Staff Strength		<u>5,492</u>	<u>4,999</u>

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 most recent valuation was carried out at December 31, 2012 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2012 were as follows:

	2012	2011
Rupees in '000		
Discount rate	11.00%	12.50%
Expected rate of eligible salary increase in future years	10.00%	11.50%
Expected rate of return on plan assets during 2013	11.00%	12.50%
Average expected remaining working life (years)	12	12
Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	268,612	181,818
Fair value of plan assets	(190,322)	(39,580)
Benefit payments payable	9,041	6,963
	<u>87,331</u>	<u>149,201</u>

	2012	2011
	Rupees in '000	
Movement in payable to defined benefit plan		
Opening balance	149,201	95,370
Charge for the year	87,331	53,831
Contributions made by the Bank during the year	(149,201)	-
Closing balance	<u>87,331</u>	<u>149,201</u>
Changes in present value of defined benefit obligations		
Opening balance	181,818	129,422
Current service cost	59,719	56,200
Interest cost	22,727	16,825
Benefits payable	(9,041)	(3,561)
Benefit paid	(4,460)	(2,291)
Actuarial loss / (gain)	17,849	(14,777)
	<u>268,612</u>	<u>181,818</u>
Changes in fair value of plan assets		
Opening balance	39,580	38,463
Expected return on plan assets	4,947	5,000
Contributions made	149,201	-
Benefits paid	(11,423)	(3,300)
Actuarial gain / (loss)	8,017	(583)
	<u>190,322</u>	<u>39,580</u>
Charge for defined benefit plan		
Current service cost	59,719	56,200
Interest cost	22,727	16,825
Expected return on plan assets	(4,947)	(5,000)
Net actuarial losses / (gains) recognized	9,832	(14,194)
	<u>87,331</u>	<u>53,831</u>
Actual return on plan assets	<u>12,964</u>	<u>4,417</u>
Composition of fair value of plan assets		
NIT Government Bond Fund	34,257	31,327
Cash at bank	156,065	8,253
	<u>190,322</u>	<u>39,580</u>

37.1.2 Reconciliation of net liability recognized for gratuity for the five years are as follows:

	2012	2011	2010	2009	2008
	-----Rupees in '000'-----				
Present value of defined benefit obligation	268,612	181,818	129,422	87,196	37,042
Fair value of plan assets	(190,322)	(39,580)	(38,463)	(37,333)	-
Benefit payments payable	9,041	6,963	4,411	-	-
	87,331	149,201	95,370	49,863	37,042
Actuarial gains / (losses) on obligation	(17,849)	14,777	13,140	(1,655)	-
Actuarial gains / (losses) on assets	8,017	(583)	(1,205)	518	-

37.1.3 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 most recent valuation was carried out at December 31, 2012 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2012 were as follows:

	2012	2011
Discount rate	11.00%	12.50%
Expected rate of eligible salary increase in future years	10.00%	11.50%
Average number of leaves accumulated per annum by the employees (days)	9	10
	-----Rupees in '000'-----	
Present value of defined benefit obligation	193,464	186,799
Movement in payable to defined benefit plan		
Opening balance	186,799	184,040
Charge for the year	7,342	2,826
Benefit paid	(677)	(67)
Closing balance	193,464	186,799
Charge for defined benefit plan		
Current service cost	17,886	15,936
Interest cost	23,350	23,926
Actuarial gains recognized	(33,894)	(37,036)
	7,342	2,826

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

	2012	2011	2010	2009	2008
	-----Rupees in '000'-----				
Opening net liability	186,799	184,041	164,352	142,518	115,594
Net charge for the year	6,665	2,758	19,689	21,834	26,924
	193,464	186,799	184,041	164,352	142,518
Fair value of Plan assets	-	-	-	-	-
Actuarial gains / (losses) on obligation	33,894	37,036	14,429	15,572	(664)

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated 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	
	2012	2011	2012	2011	2012	2011	2012	2011
	Rupees in '000							
Fees	800	-	-	-	2,025	2,375	-	-
Managerial remuneration	-	-	25,175	14,268	-	-	282,757	190,352
Bonus **	-	-	4,423	2,378	-	-	50,646	31,579
Rent and house maintenance	-	-	1,865	1,332	-	-	106,543	72,257
Utilities	140	144	1,680	1,200	-	-	27,191	18,436
Medical	181	42	-	-	-	-	26,480	17,993
Other allowances	1,689	1,340	511	3,622	-	-	34,551	40,303
	2,810	1,526	33,654	22,800	2,025	2,375	528,168	370,920
Number of persons	1	2	1	1	7	9	320	218

* This represents the fee paid to non-executive directors for attending meeting of the Board and its committees.

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

Chairman, President/Chief Executive Officer and Executives are provided with free use of the Group's maintained cars.

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.

	Note	2012		2011	
		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		17,298,251	17,298,251	16,698,333	16,698,333
Balances with other banks		3,101,170	3,101,170	3,607,107	3,607,107
Lendings to financial institutions		1,562,946	1,562,946	7,447,375	7,447,375
Investments - net	39.1	129,552,044	129,467,454	92,492,813	92,253,240
Advances - net	39.2	149,565,885	149,565,885	127,107,501	127,107,501
Other assets		4,559,124	4,559,124	5,567,722	5,567,722
		<u>305,639,420</u>	<u>305,554,830</u>	<u>252,920,851</u>	<u>252,681,278</u>
Liabilities					
Bills payable		1,500,709	1,500,709	850,569	850,569
Borrowings		44,683,826	44,683,826	24,963,566	24,963,566
Deposits and other accounts	39.3	266,055,761	266,055,761	237,896,692	237,896,692
Liabilities against assets subject to finance lease		3,601	3,601	7,831	7,831
Other liabilities		6,998,551	6,998,551	6,510,013	6,510,013
		<u>319,242,448</u>	<u>319,242,448</u>	<u>270,228,671</u>	<u>270,228,671</u>
Off balance sheet financial instruments					
Forward sale of foreign exchange contracts		3,150,622	3,145,377	1,824,957	2,390,358
Forward purchase of foreign exchange contracts		3,358,739	3,362,150	2,780,846	2,283,385

39.1 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. 1,804,468 (thousand) {2011: Rs. 1,744,023 (thousand)}. All unquoted investments have been stated at cost less provision for impairment if any, being their estimated fair values.

39.2 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.

39.3 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.

39.4 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					
2012						
Total income	13,408,559	2,138,231	11,832,096	402,740	71,480	27,853,106
Total expenses	4,573,967	4,112,229	17,577,048	63,914	11,341	26,338,499
Income taxes	-	-	-	-	-	(229,949)
Net income / (loss)	8,834,592	(1,973,998)	(5,744,952)	338,826	60,139	1,744,556
Segment assets (gross)	152,771,757	16,646,823	176,492,660			345,911,240
Segment non performing loans / investments	3,726,609	2,482,409	66,942,020			73,151,038
Segment provision required	3,626,976	1,880,258	24,433,903			29,941,137
Segment liabilities	46,143,577	42,797,267	230,798,981			319,739,825
Segment return on net assets (ROA) (%)	13.99%	18.66%	15.79%			-
Segment cost of funds (%)	10.14%	9.39%	9.64%			-
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%			-

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 on arm's length basis. 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 11.8 and Note 38 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2012				2011			
	Key Management Personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others	Key Management Personnel	Modaraba floated by the wholly owned subsidiary of the Bank	Employee funds	Others
	Rupees in '000'				Rupees in '000'			
Advances								
Opening balance	-	1,000,820	-	-	-	941,625	-	-
Loans granted during the year	-	1,824,474	-	-	-	2,738,966	-	-
Repayments received during the year	-	(1,794,897)	-	-	-	(2,679,771)	-	-
Closing Balance	-	1,030,397	-	-	-	1,000,820	-	-
Deposits								
Opening balance	22,728	32,365	1,187,328	2,536	12,623	27,174	959,917	14,728
Placements made during the year	268,600	2,035,939	504,423	5,848	177,144	2,562,386	293,546	12,406
Withdrawals during the year	(251,149)	(2,065,952)	(64,502)	(8,096)	(167,039)	(2,557,195)	(66,135)	(24,598)
Closing Balance	40,179	2,352	1,627,249	288	22,728	32,365	1,187,328	2,536
Placements	-	300,000	-	-	-	300,000	-	-
Lease liability	-	3,602	-	-	-	7,831	-	-
Transactions during the year :								
Mark-up/return earned	-	143,404	-	-	-	128,429	-	-
Mark-up/interest expensed	293	-	-	-	319	-	-	-
Contribution to employees funds	-	-	217,565	-	-	-	60,310	-

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 business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital 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 December 31, 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 December 31, 2012 is Rs. 9.0 billion. The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 10,733,043 thousand.

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 December 31, 2012 is 7.72%. The SBP has given relaxation to the Bank for minimum required CAR as explained in Note 1.2.

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

- Tier I capital, which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and unappropriated profits.
- Tier II capital, which includes general reserve for loan losses, revaluation reserves, exchange translation reserves and subordinated debts.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements for market risk.

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

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

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

	2012	2011
	Rupees in '000	
Tier I Capital		
Share capital	5,287,974	5,287,974
Share premium account	37,882	37,882
Share deposit money	17,000,000	17,000,000
Statutory reserve	396,364	69,595
Accumulated losses	(12,743,218)	(14,179,410)
	<u>9,979,002</u>	<u>8,216,041</u>
Deductions:		
Book Value of Goodwill and Intangibles	13,114	-
Shortfall in Provision due to relaxation	232,301	-
Deficit on account of revaluations	-	399,655
	<u>245,415</u>	<u>399,655</u>
Total eligible Tier I capital	<u>9,733,587</u>	<u>7,816,386</u>
Tier II Capital		
General provisions subject to 1.25% of total risk weighted assets	768,080	1,690,715
Revaluation reserve (upto 45%)	514,915	286,875
	<u>1,282,995</u>	<u>1,977,590</u>
Total eligible Tier II capital	<u>1,282,995</u>	<u>1,977,590</u>
Tier III Capital	-	-
Total Eligible Capital	<u>11,016,582</u>	<u>9,793,976</u>

	2012 Rupees in '000 Capital Requirements	2011 Rupees in '000 Capital Requirements	2012 Rupees in '000 Risk Weighted Assets	2011 Rupees in '000 Risk Weighted Assets
Credit Risk				
Claim on :				
Public sector entities	139,316	101,010	1,393,160	1,010,098
Claim on banks	-	64,111	-	641,108
Claims denominated in foreign currency, on banks with original maturity of 3 months or less	45,229	11,166	452,287	111,656
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	133,617	131,323	1,336,169	1,313,226
Corporates	6,548,137	5,366,866	65,481,373	53,668,655
Retail portfolio	814,823	893,273	8,148,227	8,932,726
Loans secured by residential property	47,132	16,864	471,316	168,639
Past due loans	1,776,249	2,190,823	17,762,494	21,908,226
Investment in fixed assets	346,038	359,748	3,460,376	3,597,483
Other assets	2,774,811	2,874,776	27,748,110	28,747,755
Off balance sheet - non-market related exposure	719,289	544,060	7,192,892	5,440,602
Off balance sheet - market related exposure	3,137	2,145	31,370	21,445
Equity exposure risk held in the Banking book	39,845	2,052	398,452	20,520
	13,387,623	12,558,217	133,876,226	125,582,139
Market Risk				
Interest rate risk	88,096	5,732	1,101,200	71,650
Equity position risk	309,032	363,611	3,862,900	4,545,138
Foreign exchange risk	4,199	6,436	52,495	80,450
	401,327	375,779	5,016,595	4,697,238
Operational Risk	305,908	411,422	3,823,844	5,142,773
Total	14,094,858	13,345,418	142,716,665	135,422,150

Capital Adequacy Ratio (CAR)

	2012 Rupees in '000	2011 Rupees in '000
Total eligible regulatory capital held	11,016,582	9,793,976
Total Risk Weighted Assets	142,716,665	135,422,150
CAR	7.72%	7.23%

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%	144,298,257	-	144,298,257
20%	10,422,377	-	10,422,377
35%	1,346,617	-	1,346,617
50%	14,391,712	300,224	14,091,488
75%	13,761,824	2,897,522	10,864,302
100%	102,405,926	7,575,850	94,830,076
150%	30,357,554	20,976,137	9,381,417
	316,984,267	31,749,733	285,234,534

43.1.1 Segments by class of business

	2012					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agribusiness	3,956,251	2.25	10,489,133	3.94	-	-
Textile and ginning	48,044,032	27.32	1,588,171	0.60	2,717,683	9.91
Cement	5,853,398	3.33	131,501	0.05	260,777	0.95
Sugar	8,006,940	4.55	952,142	0.36	247,276	0.90
Financial	1,686,710	0.96	3,379,771	1.27	36,148	0.13
Construction and real estate	6,969,925	3.96	9,544,240	3.59	4,044,123	14.75
Oil and gas	622,412	0.35	3,793,845	1.43	1,312,522	4.79
Auto & allied	1,956,773	1.11	53,119	0.02	149,773	0.55
Food and allied	8,022,333	4.56	1,662,996	0.63	363,316	1.33
Chemical and pharmaceuticals	3,607,812	2.05	610,876	0.23	951,535	3.47
Fertilizers	4,681,949	2.66	2,590,102	0.97	911,842	3.33
Cable, electrical and engineering	9,689,779	5.51	907,629	0.34	1,174,331	4.28
Production and transmission of energy	3,229,029	1.84	1,093,535	0.41	2,885,699	10.53
Transport, Storage and Communication	2,740,345	1.56	4,968,467	1.87	1,254,195	4.58
Government :						
- Public Sector Enterprises	2,544,008	1.45	16,932,123	6.36	2,553,760	9.32
- Federal and Provincial Governments	21,473,585	12.21	122,000,047	45.87	6,499,595	23.71
Individuals	11,023,704	6.27	59,764,181	22.47	-	-
Trading and commerce	12,893,896	7.33	4,189,002	1.57	344,514	1.26
Services	9,142,447	5.20	7,245,920	2.72	133,600	0.49
Others	9,734,718	5.52	14,158,961	5.30	1,569,637	5.72
	<u>175,880,046</u>	<u>99.99</u>	<u>266,055,761</u>	<u>100.00</u>	<u>27,410,326</u>	<u>100.00</u>

43.1.2 Segment by sector

	2012					
	Advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public Sector / Government	24,017,593	13.66	138,932,170	52.22	9,053,355	33.03
Private	151,862,453	86.34	127,123,591	47.78	18,356,971	66.97
	<u>175,880,046</u>	<u>100.00</u>	<u>266,055,761</u>	<u>100.00</u>	<u>27,410,326</u>	<u>100.00</u>

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

	2012		2011	
	Classified Advances	Rupees in '000 Specific Provisions Held	Classified Advances	Specific Provisions Held
Agribusiness	1,536,525	1,153,217	2,078,059	1,101,669
Textile and ginning	27,959,644	9,960,215	29,311,289	10,290,153
Cement	3,706,312	2,240,744	4,308,146	2,129,450
Sugar	484,703	96,946	744,263	312,231
Financial	1,540,622	235,063	1,380,865	236,126
Construction and real estate	6,177,096	2,676,643	8,015,606	3,210,455
Oil and gas	171,475	76,114	194,855	81,854
Auto & allied	1,951,721	760,653	1,968,460	773,094
Food and allied	2,708,700	1,345,760	2,829,003	1,473,723
Chemical and pharmaceuticals	553,618	377,497	376,217	79,149
Fertilizers	64,285	34,901	64,598	12,052
Cable, electrical and engineering	4,176,594	382,252	4,844,162	257,379
Production and transmission of energy	1,540,794	454,868	1,581,211	454,868
Transport, Storage and Communication	269,828	189,571	206,454	177,983
Government:				
- Public Sector Enterprises	765,922	-	-	-
- Federal and Provincial Governments	-	-	-	-
Individuals	332,613	193,286	439,014	234,754
Trading and commerce	9,172,392	3,575,685	9,515,134	3,405,899
Services	2,537,274	949,522	2,357,181	666,314
Others	3,678,580	1,596,331	3,429,155	1,405,941
	<u>69,328,698</u>	<u>26,299,268</u>	<u>73,643,672</u>	<u>26,303,094</u>

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

Public Sector / Government	765,922	-	-	-
Private	68,562,776	26,299,268	73,643,672	26,303,094
	<u>69,328,698</u>	<u>26,299,268</u>	<u>73,643,672</u>	<u>26,303,094</u>

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

	2012										Non-interest bearing financial instruments	
	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
Exposed to Yield / Interest risk												
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	17,298,251	841,543	-	-	-	-	-	-	-	-	16,456,708
Balances with other banks	6.00%	3,101,170	831,494	-	-	-	-	-	-	-	-	2,269,676
Lending to financial institutions	11.58%	1,562,946	485,749	1,077,197	-	-	-	-	-	-	-	-
Investments - net	10.99%	129,552,044	12,421,331	15,862,326	19,563,018	57,838,355	3,044,601	2,379,935	6,932,741	7,137,068	314,609	4,058,060
Advances - net	8.42%	149,565,885	55,815,233	93,742,775	-	-	-	-	-	-	-	7,877
Other assets	-	4,559,124	-	-	-	-	-	-	-	-	-	4,559,124
		305,639,420	70,395,350	110,682,298	19,563,018	57,838,355	3,044,601	2,379,935	6,932,741	7,137,068	314,609	27,351,445
Liabilities												
Bills payable	-	1,500,709	-	-	-	-	-	-	-	-	-	1,500,709
Borrowings	10.12%	44,683,826	38,016,483	3,281,043	2,561,926	7,940	32,216	581,753	189,504	11,792	-	1,169
Deposits and other accounts	8.18%	266,055,761	17,303,714	134,315,171	30,660,202	32,409,780	358,108	94,600	68,266	-	-	50,845,920
Liabilities against assets subject to finance lease	12.47%	3,601	84	3,517	-	-	-	-	-	-	-	-
Other liabilities	-	6,998,551	-	-	-	-	-	-	-	-	-	6,998,551
		319,242,448	55,320,281	137,599,731	33,222,128	32,417,720	390,324	676,353	257,770	11,792	-	59,346,349
On-balance sheet gap		(13,603,028)	15,075,069	(26,917,433)	(13,659,110)	25,420,635	2,654,277	1,703,582	6,674,971	7,125,276	314,609	(31,994,904)
Off-balance sheet financial instruments												
Forward foreign exchange contracts												
- purchase		3,358,739	2,233,546	939,880	185,313	-	-	-	-	-	-	-
- sale		3,150,622	2,288,415	768,217	93,990	-	-	-	-	-	-	-
Off-balance sheet gap		6,509,361	4,521,961	1,708,097	279,303	-	-	-	-	-	-	-
Total yield/interest risk sensitivity gap			19,597,030	(25,209,336)	(13,379,807)	25,420,635	2,654,277	1,703,582	6,674,971	7,125,276	314,609	(31,994,904)
Cumulative yield/interest risk sensitivity gap			19,597,030	(5,612,306)	(18,992,113)	6,428,522	9,082,799	10,786,381	17,461,352	24,586,628	24,901,237	(7,093,667)

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.

	2012			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency
	Rupees in '000			
Pakistan Rupee	328,726,804	314,317,916	(208,117)	14,200,771
United States Dollar	3,225,730	4,487,108	(255,335)	(1,516,713)
Great Britain Pound	28,826	433,291	256,938	(147,527)
Japanese Yen	-	1,169	1,697	528
Euro	105,821	500,341	204,817	(189,703)
Others	23,293	-	-	23,293
	332,110,474	319,739,825	-	12,370,649

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 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 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 Bank are given significant importance.

43.3.2 Maturities of Assets and Liabilities

	2012									
	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	17,298,251	17,298,251	-	-	-	-	-	-	-	-
Balances with other banks	3,101,170	3,101,170	-	-	-	-	-	-	-	-
Lending to financial institutions	1,562,946	485,749	1,077,197	-	-	-	-	-	-	-
Investments - net	129,552,044	12,051,740	15,017,316	19,288,283	58,025,627	3,396,368	2,738,464	11,371,366	7,315,226	347,654
Advances - net	149,565,885	55,815,233	26,708,067	9,404,764	12,938,715	4,817,068	7,758,740	8,031,929	22,707,095	1,384,274
Operating fixed assets	3,473,491	27,576	55,152	82,728	165,456	330,912	330,912	661,824	1,654,560	164,371
Deferred tax assets	13,070,614	119,563	239,125	358,688	717,376	2,771,098	3,096,144	5,768,620	-	-
Other assets	14,486,073	3,846,359	130,348	931,644	9,577,722	-	-	-	-	-
	332,110,474	92,745,641	43,227,205	30,066,107	81,424,896	11,315,446	13,924,260	25,833,739	31,676,881	1,896,299
Liabilities										
Bills payable	1,500,709	1,500,709	-	-	-	-	-	-	-	-
Borrowings	44,683,826	38,017,652	3,281,043	2,561,926	7,940	32,216	581,753	189,504	11,792	-
Deposits and other accounts	266,055,761	45,984,884	46,197,025	47,609,208	50,774,635	15,980,446	14,935,449	14,911,867	14,831,125	14,831,122
Liabilities against assets subject to finance lease	3,601	84	171	266	563	1,859	658	-	-	-
Deferred tax liabilities	7,495,928	4,779,452	25,514	-	497,377	-	-	2,193,585	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
	319,739,825	90,282,781	49,503,753	50,171,400	51,280,515	16,014,521	15,517,860	17,294,956	14,842,917	14,831,122
Net assets	12,370,649	2,462,860	(6,276,548)	(20,105,293)	30,144,381	(4,699,075)	(1,593,600)	8,538,783	16,833,964	(12,934,823)
Share capital	5,287,974									
Reserves	1,187,433									
Accumulated loss	(12,743,218)									
Share deposit money	(6,267,811)									
Surplus on revaluation of assets - net of tax	17,000,000									
	10,732,189									
	1,638,460									
	12,370,649									

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.

43.3.4 Maturities of assets and liabilities - based on contractual maturities

	2012									
	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	17,298,251	17,298,251	-	-	-	-	-	-	-	-
Balances with other banks	3,101,170	3,101,170	-	-	-	-	-	-	-	-
Lending to financial institutions	1,562,946	485,749	1,077,197	-	-	-	-	-	-	-
Investments - net	129,552,044	12,051,740	15,017,316	19,288,283	58,025,627	3,396,368	2,738,464	11,371,366	7,315,226	347,654
Advances - net	149,565,885	55,815,233	26,708,067	9,404,764	12,938,715	4,817,068	7,758,740	8,031,929	22,707,095	1,384,274
Operating fixed assets	3,473,491	27,576	55,152	82,728	165,456	330,912	330,912	661,824	1,654,560	164,371
Deferred tax assets	13,070,614	119,563	239,125	358,688	717,376	2,771,098	3,096,144	5,768,620	-	-
Other assets	14,486,073	3,846,359	130,348	931,644	9,577,722	-	-	-	-	-
	332,110,474	92,745,641	43,227,205	30,066,107	81,424,896	11,315,446	13,924,260	25,833,739	31,676,881	1,896,299
Liabilities										
Bills payable	1,500,709	1,500,709	-	-	-	-	-	-	-	-
Borrowings	44,683,826	38,017,652	3,281,043	2,561,926	7,940	32,216	581,753	189,504	11,792	-
Deposits and other accounts	266,055,761	172,049,443	23,950,338	32,778,083	35,943,510	1,149,321	104,324	80,742	-	-
Liabilities against assets subject to finance lease	3,601	84	171	266	563	1,859	658	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,495,928	4,779,452	25,514	-	497,377	-	-	2,193,585	-	-
	319,739,825	216,347,340	27,257,066	35,340,275	36,449,390	1,183,396	686,735	2,463,831	11,792	-
Net assets	12,370,649	(123,601,699)	15,970,139	(5,274,168)	44,975,506	10,132,050	13,237,525	23,369,908	31,665,089	1,896,299
Share capital	5,287,974									
Reserves	1,187,433									
Accumulated loss	(12,743,218)									
Share deposit money	(6,267,811)									
	17,000,000									
Surplus on revaluation of assets - net of tax	10,732,189									
	1,638,460									
	12,370,649									

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 2013 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 and other circulars issued from time to time.

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.

Re-classified from	Re-classified to	Amount Rupees in '000
Advances - local currency	Advances - foreign currency	514,252
"Deposits and other accounts: - Customers - fixed deposits - Customers - current accounts - Customers - sundry deposits, margin accounts, etc,"	"Deposits and other accounts: - Financial Institutions - remunerative deposits - Financial Institutions - non remunerative deposits	957,235
Mark-up / Return / Interest earned on investments in available for sale securities.	Mark-up / Return / Interest earned on Certificate of investment	48,606
Mark-up / Return / Interest earned on deposits with financial institutions.	Mark-up / Return / Interest earned on letters of placement	42,512
Gain on sale and redemption of securities - Federal Government Securities.	Gain on sale and redemption of securities - Federal Government Securities - Market Treasury Bills	42,663
Administrative expenses - others	Fuel expenses	70,835
Administrative expenses - others	Entertainment expenses	39,615

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, 2012

Annexure-I

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				Interest /Mark-up /Other Charges capitalized written-off	Interest /Mark-up written-off	Other financial relief provided	Total	
						Principal	Interest/Mark-up capitalized	Interest/mark-up	Others					Total
1	Bandhan Banquet Hall 2-L, Gulberg III, Lahore	Naem Aslam (35202-2389603-5)	Muhammad Aslam	DH-A Branch, Lahore	Lahore	2,638	-	501	-	3,139	-	-	501	
2	Shadab Ginning Industries Grain Market Rahim Yar Khan	Israr Ahmad (31303-3285456-9) Waqar Ahmad (31303-1523176-5) Mst. Naseem Akhtar (31303-3170033-2)	Kamal Din Kamal Din Kamal Din	Gulberg Road Branch, Rahim Yar Khan	Multan	14,884	-	5,118	-	20,002	-	-	1,002	
3	City Carpets City Interior, 9-Sargodha Block, Fortress Stadium, Lahore	Sheikh Saif-ud-Din (35201-5605980-3) Sheikh Altesham Ghani (35201-8526652-3) Sheikh Abbas Ghani (35201-6076658-5)	Sheikh Abdul Ghani Sheikh Saif-ud-Din Sheikh Saif-ud-Din	Mustafa Town Branch, Lahore	Lahore	20,248	-	1,172	-	21,420	-	-	1,172	
4	Nazir Trading Co. Shop # 21/G Grain Market, Burewala	Muhammad Akram (36601-1541757-9) Nazir Ahmed (36601-1541759-7)	Nazir Ahmed Jamal Din	Burewala Branch, Multan	Multan	26,055	-	2,405	25	28,485	-	-	1,286	
5	Khalid Ahmed Khokhar 90-Qasim Road, Multan Cantt.	Khalid Ahmed Khokhar (36302-3357938-9)	Malik Hazoor Buksh Khokhar	Quid-E-Azam Road Branch, Multan	Multan	193,306	-	83,486	-	276,792	-	-	14,886	
6	Zubair Ahmed Khokhar 90-Qasim Road, Multan Cantt.	Zubair Ahmed Khokhar (36302-289357-1)	Malik Hazoor Buksh Khokhar	Quid-E-Azam Road Branch, Multan	Multan	164,006	-	50,530	-	214,536	-	-	8,983	
7	Capital Tower Citilink Travels, 7- Egerton Road, Lahore	Abdul Majeed Yousaf (35202-8781557-7) Sobia Majeed (35202-1013027-0) Javed Bashir Sheikh (35202-2596771-0)	Chaudhry Mohammad Yousaf Abdul Majeed Yousaf Sheikh Mohammad Bashir	Main Branch, Lahore	Lahore	80,246	-	43,606	-	123,852	-	-	16,177	
8	Ammar Textile (Pvt) Ltd. 18 KM Multan Road Lahore	Kh. Bilal Ahmad (35205-2969002-7) Sameena Bilal (35200-1448248-4)	Kh. Ghulam Mohi-ud-Din Kh. Bilal Ahmad	Main Branch, Lahore	Lahore	114,336	-	79,790	-	194,126	-	-	75,522	
9	JS Developers (Pvt) Ltd. 15-C/2, MM Alam Road, Gulberg III, Lahore.	Javed Akram (35202-5450816-7) Saad Javed Akram (35202-6575190-7) Shehla Javed Akram (35202-9317913-0)	Malik Mohammad Akram Javed Akram Saad Akram	Main Branch, Lahore	Lahore	-	-	14,076	-	14,076	-	-	12,313	
Balance c/f						615,719	-	280,684	25	896,428	-	-	131,842	229,904

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, 2012

S. No.	Name and address of the borrower	Name of Individuals/Partners/Directors with CNIC No.	Father's/Husbands 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	Total					
10	Habib Jute Mills Ltd. Rehman Plaza, 4th Floor, Shahrah-e-Fatima Jinnah, Lahore	Azhar Mehmood Peracha (35202-3050439-5) Munize Azhar Peracha (35202-278956-0) Javed Mahmood Piracha (42201-0268648-7) Muhammad Abdi Meraj (36302-0481994-1) Muhammad Abdul Qadir (36302-5193217-5)	Muzafar Din Peracha Azhar Mahmood Peracha Muzafar Din Peracha Haji Meraj Din Meraj Din	Balance c/f Main Branch, Lahore	Lahore	615,719	-	280,684	25	896,428	98,062	-	131,842	-	229,904
						24,360	-	39,205	-	63,565	-	-	21,512	-	21,512
11	Urban Developers Air Avenue Complex, D Block, DHA Phase VIII Lahore	Tahir Javed (35201-0696139-3) Riaz Ahmed Chohan (35404-1557494-5) Mohammad Yasin Javed (35201-2344360-3) Mian Mohammad Nasir (35201-2796862-5)	Chaudhry Mohammad Ashiq Saeed Ahmed Chohan Tahir Javed Mohamma Ashiq	Empire Center Branch, Lahore	Lahore	479,809	-	773,949	-	1,253,758	-	-	234,804	-	234,804
12	Imran Azam	Imran Azam (31304-2035864-7)	Sheikh Muhammad Azam	Sadiq Abad	Rahim Yar Khan	6,869	-	4,729	-	11,598	-	-	1,794	-	1,794
	Total					1,126,757	-	1,098,567	25	2,225,349	98,062	-	389,952	-	488,014

Annexure-II

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

Number of shares		Name of company/modaraba	2012	2011
2012	2011		Rupees in '000	
Held for Trading				
135,000	-	Nishat Mills Limited	8,819	-
42,000	-	Hub Power Company Limited	1,940	-
20,000	-	Pak Petroleum Limited	3,511	-
75,000	-	Pakistan Telecommunication Com. Ltd	1,290	-
55,000	-	Engro Corporation Limited	5,385	-
25,000	-	Fauji Fertilizer Bin Qasim limited	962	-
50,000	-	Engro Polymer & Chemicals Limited	540	-
			22,447	-
Available for Sale				
70,500	70,500	(Colony) Sarhad Textile Mills Limited	16	16
-	498,346	Abbot Laboratories (Pakistan) Limited	-	48,838
98,000	98,000	Accord Textile Mills Limited	59	59
12,600	12,600	Adamjee Floorings Limited *	-	-
28,500	28,500	Adil Polypropylene Products Limited	-	-
57,700	57,700	Adamjee Paper & Board Mills Limited*	-	-
13,700	13,700	Afsar Textile Mills Limited	-	-
8,526,106	-	Agritech Limited	298,413	-
13,200	13,200	Al-Hussany Industries Limited *	-	-
40,500	40,500	Arag Industries Limited *	-	-
-	305,287	Al- Abbas Sugar Mills Limited	-	27,567
100,000	168,647	Al-Abbas Cement Industries Limited	948	1,599
243,841	243,841	Al-Abid Silk Mills Limited	10,158	10,158
68,500	68,500	Alif Textile Mills Limited *	-	-
526,500	250,000	Allied Bank Limited	38,795	16,037
77,000	77,000	Al-Qaim Textile Mills(Pvt) Limited	85	85
4,500	4,500	Amazai Textile Mills Limited *	2	2
60,500	60,500	Apex Fabrics Limited *	-	-
-	14,504	Aruj Garment Accessories Limited	-	112
8,500	8,500	Aslo Electronics	-	-
244,000	244,000	Asim Textile Mills Limited	634	634
4,489,500	13,398,640	Askari Bank Limited	66,565	224,617
36,200	36,200	Aswan Tentage & Canvas Mills Limited *	-	-
-	13,377	Attock Cement Pakistan Limited	-	951
45,500	45,500	Awan Textile Mills Limited	-	-
44,500	44,500	Ayaz Textile Mills Limited	-	-
-	5,000,000	Azgard Nine Limited	-	56,524
14,000	14,000	Bahawalpur Textile Mills Limited	-	-
167,500	167,500	Baluchistan Particle Board Limited	184	184
-	1,591,508	Bank Al-Falah Limited	-	17,485
-	2,539,525	Bank Al-Habib Limited	-	68,868
-	72,705	Bankislami Pakistan Limited	-	420
57,500	57,500	Bela Engineering Limited	-	-
623,500	623,500	Bankers Equity Limited*	-	-
-	132,220	Berger Paints Pakistan Limited	-	3,082
16,000	16,000	Baluchistan Foundation Tower	-	-
-	212,923	BOC Pakistan Limited	-	26,778
-	100,000	Brothers Textile Mills Limited	-	51
18,100	18,100	Bawany Textile Mills *	-	-
378,000	400,751	Burshane LPG (Pakistan) Limited	18,411	19,520
-	37,493	Buxly Paints Limited	-	652
11,000	11,000	Casspak Industries Limited	-	-
7,500	7,500	Central Cotton *	-	-
2,000	2,000	Charsada Sugar Mills & Distillery Limited	-	-
50	50	Charsada Sugar Pref Shares	-	-
9,400	9,400	Chilya C. Board *	-	-
-	2,729,464	Cherat Cement Company Limited	-	32,208
17,500	17,500	Crescent Knitwear Limited	-	-
-	325,590	Colony Mills Limited	-	2,387

Number of shares		Name of company/modaraba	2012	2011
2012	2011		Rupees in '000	
-	71,829	Colony Sugar Mills Limited	-	606
182,456	182,456	Crescent Fibres Limited	2,427	2,427
275,000	314,853	Crescent Jute Products Limited	344	394
156,000	156,000	Crescent Spinning Mills Limited	-	-
200,000	725,000	Crescent Steel & Allied & Products Limited	5,403	19,585
440,811	440,811	Crescent Textile Mills Limited	12,563	12,563
68,000	68,000	Crown Textile *	-	-
-	3,468,418	D.G.Khan Cement Company Limited	-	84,063
-	190,051	D.S. Industries Limited	-	582
15,000	15,000	Dadabhoy Construction Technology Limited	26	26
79,500	79,500	Dadabhoy Leasing Company Limited *	-	-
21,000	21,000	Data Agro Limited	-	-
50,000	119,286	Data Textile Limited	21	50
-	142,045	Dawood Capital Management Limited	-	369
353,996	353,996	Dawood Hercules Chemicals Limited	23,259	23,259
-	56,859	Dawood Lawrancepur Limited	-	2,918
-	1,027,047	Dewan Cement Limited	-	3,174
-	59,804	Dewan Khalid Textile Mills Limited	-	149
-	350,000	Dynea Pakistan Limited	-	4,176
-	100,000	Ellicot Spinning Mills Limited	-	2,461
161,500	161,539	Emco Industries Limited	717	717
151,339	151,339	English Leasing	168	168
130,000	100,000	Engro Corporation Limited	20,166	20,166
4,900	4,900	Fateh Industries Limited	29	29
9,700	9,700	Fateh Sports Wear Limited	-	-
4,975	4,975	Fateh Textile Mills Limited	1,741	1,741
1,101,900	-	Fauji Fertilizer Company Limited	128,087	-
14,498	14,498	Fazal Textile Mills Limited	5,799	5,799
9,000	9,000	Fazal Vegetable Ghee Mills (Pvt) Limited	-	-
-	50,606	First Elite Capital Modaraba	-	134
-	369,654	Fecto Cement Limited	-	3,549
-	350,000	First Equity Modaraba	-	609
152,265	190,015	Ferozsons Laboratories Limited	11,753	15,400
-	219,987	First Fidelity Leasing Modaraba	-	462
1,000	860,101	First Capital Securities Corporation Limited	7	5,825
305,299	305,299	First IBL Modaraba	760	760
978,000	978,000	First National Bank Modaraba	9,780	9,780
13,551,129	13,570,629	First Punjab Modaraba	165,289	165,318
62,610	62,610	First Tri-Star Modaraba	85	85
12,600	12,600	Greaves Airconditioning (Pvt) Limited*	-	-
35,300	35,300	Gypsum Corporation *	-	-
666,839	830,839	General Tyre And Rubber Co. ofPakistan Ltd.	17,860	22,252
70,000	125,000	Ghandara Nissan Limited	350	625
10,000	10,000	Ghulam Dadabhoy *	-	-
2,548,195	2,316,541	GlaxoSmithKline (Pakistan) Limited	188,859	188,859
14,500	14,500	Globe Textile Mills Limited	239	239
-	67,598	Grays of Cambridge (Pakistan) Limited	-	3,651
9,900	9,900	Ghaffar Textile Mills	-	-
277,500	277,500	Gulistan Spinning Mills Limited	2,067	2,067
484,500	484,500	Gulistan Textile Mills Limited	12,010	12,010
12,611,321	12,611,321	Habib Metropolitan Bank Limited	260,180	260,180
-	25,467	Habib-Adm Limited	-	407
1,500	1,500	Hafiz Textile Mills Limited	23	23
90,000	105,855	Hajra Textile Mills Limited	57	68
55,500	55,500	Hakkim Textile Mills Limited	49	49
34,500	34,500	Hashmi Can Company Limited	207	207
-	92,049	Highnoon Laboratories Limited	-	2,594
98,000	108,948	Hinopak Motors Limited	17,258	19,186
-	853,595	Honda Atlas Cars (Pakistan) Limited	-	13,931
24,200	24,200	H-Shaikh M. Hussain	-	-
1,395,000	500,000	Hub Power Company Limited	63,367	20,935
-	291,523	Huffaz Seamless Pipe Industries Limited	-	5,329
21,000	21,000	Hyderabad Electronic *	-	-

Number of shares		Name of company/modaraba	Rupees in '000	
2012	2011		2012	2011
-	259,000	Ibrahim Fibre Limited	-	11,961
425	425	Industrial Development Bank of Pakistan	-	-
7,538	7,538	Innovative Invest Bank Limited	-	-
746,256	746,256	International Industries Limited	38,649	38,649
25,495	25,495	International Knit Wear Limited	293	293
1,540,000	1,555,914	Invest Capital Investment Bank Limited	2,234	2,256
35,500	35,500	Ittefaq Textile Mills Limited *	34	34
136,935	136,935	J. A. Textile Mills Limited	375	375
30,423	72,923	J. K. Spinning Mills Limited	234	563
361,097	361,097	Javed Omer Vohra And Company Limited	2,820	2,820
100,500	122,893	Johnson And Phillips (Pakistan) Limited	1,336	1,634
-	4,382,370	JS Bank Limited	-	17,617
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	-	-
300,000	385,267	KASB Bank Limited	1,344	1,726
34,700	34,700	Saleem Denim Industries Ltd. (Kapoor Tex)*	35	35
100,000	100,000	Khalid Siraj Textile Mills Limited	118	118
13,500	13,500	Kohinoor Cotton Mills Limited*	-	-
50,000	71,569	Kohinoor Industries Limited	106	152
36,500	36,500	Kohinoor Looms Limited	-	-
400,000	520,684	Kohinoor Mills Limited	1,332	1,734
-	62,088	Kohinoor Power Company Limited	-	416
-	128,885	Kohinoor Spinning Mills Limited	-	251
151,223	151,223	Kohinoor Sugar Mills Limited	752	752
-	691,753	Kohinoor Textile Mills Limited	-	5,340
-	56,833	Kohinoor Energy Limited	-	1,796
33,498	33,498	Karachi Pipe Mills Limited*	-	-
-	4,447,965	Lafarge Pakistan Cement Limited	-	20,461
70,500	95,846	Land Mark Spinning Industries Limited	190	259
5,837	5,837	Leiner Pak Gelatine Limited	146	146
19,000	19,000	Lafayette Industries Synthetics Limited *	-	-
3,742,375	3,742,375	Lotte Pakistan PTA Limited	58,710	58,710
-	243,093	Maple Leaf Cement Factory Limited	-	1,094
80,008	356,508	Maqbool Textile Mills Limited	921	4,103
753,840	753,840	Mari Gas Company Limited	82,814	82,814
25,300	25,300	Marr Fabrics Limited *	-	-
432,500	433,485	Masood Textile Mills Limited	10,361	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	-	-
-	21,081	Metropolitan Steel Corporation Limited	-	270
37,500	37,500	Mian Mohammed Sugar Mills Limited	-	-
-	42,563	Mian Textile Industries Limited	-	17
266,329	231,591	Mirpurkhas Sugar Mills Limited	12,911	12,911
390,000	398,060	Mohammad Farooq Textile Mills Limited	1,014	1,035
34,300	34,300	Mohib Textile Mills Limited	-	-
22,500	24,494	Moonlite (Pak) Limited	249	271
12,000	12,000	Morafco Industries Limited	-	-
12,000	12,000	Mubarak Dairies Limited	-	-
-	60,229	Mustehkam Cement Limited	-	-
553,500	100,000	National Bank Of Pakistan	26,051	4,486
15,100	15,100	Naveed Textile Mills Limited	-	-
5,600	5,600	Nowshera Engineering Company Limited	-	-
2,225,000	2,225,000	NIB Bank Limited	9,189	9,189
810,500	1,900,000	Nishat (Chunian) Limited	19,499	50,281
-	316,312	Nishat Chunian Power Limited	-	4,808
89,000	200,000	Nishat Mills Limited	5,298	11,905
156,065	156,065	Natover Lease & Refinance Limited	-	-
5,600	5,600	National Match Industries	-	-

Number of shares		Name of company/modaraba	2012	2011
2012	2011		Rupees in '000	
29,207	29,207	Norrie Textile Mills Limited	-	-
5,300	5,300	National Overseas	-	-
65,600	65,600	Nusrat Textile Mills Limited	-	-
-	9,170	Olympia Spinning And Weaving Mills Limited	-	25
-	76,681	Olympia Textile Mills Limited	-	173
22,514	22,514	Otsuka Pakistan Limited	889	889
2,280,789	1,315,789	Pak Gen Power Limited	45,553	24,988
-	30,625	Pak Datacom Limited	-	3,139
65,877	65,877	Pak Elektron Limited Convrt Preference Shares	-	7
-	324,795	Pak Elektron Limited	-	4,453
12,500	12,500	Pak Ghee Industries Limited	2	2
-	614,122	Pak Suzuki Motor Company Limited	-	49,244
197,632	197,632	Pak Elektron Limited-Non Convertible	-	-
-	20,769	Pakistan Gum & Chemicals Limited	-	613
-	93,415	Pakistan National Shipping Corporation	-	4,670
22,200	22,200	Pakistan Paper Products Limited	-	-
391,700	391,700	Pakistan Refinery Limited	38,335	38,335
-	2,350,000	Pakistan Reinsurance Company Limited	-	38,621
170,726	175,725	Pakistan Services Limited	19,969	20,553
98,240	80,200	Pakistan State Oil Company Limited	24,115	23,688
-	3,550,000	Pakistan Telecommunication Company Ltd.	-	66,906
-	17,998	Pakistan Telephone Cables Limited	-	40
300	300	Pakistan Tobacco Company Limited	33	33
166,865	166,865	Pangrio Sugar Mills Limited	1,001	1,001
95,100	95,100	Punjab Building	-	-
12,000	12,000	Punjab Cotton Mills Limited	-	-
49,200	49,200	Pearl Fabrics Company	-	-
-	272,088	Pioneer Cement Limited	-	2,860
-	99,990	Premium Textile Mills Limited	-	2,665
23,100	23,100	Punjab Lamp Works Limited	-	-
-	23,870	Punjab Oil Mills Limited	-	651
15,500	15,500	Qayyum Spinning Mills Limited	-	-
500	500	Quality Steel Works Limited	-	-
-	74,173	Ravi Textile Mills Limited	-	990
12,000	12,000	Rex Baren Batteries Limited	-	-
4,200	4,200	Rcd Ball Barings	-	-
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
77,000	77,000	Saitex Spinning Mills Limited	-	-
-	11,021	Salman Noman Enterprise Limited	-	17
150,000	2,584,177	Samba Bank Limited	450	7,753
-	29,945	Samin Textiles Limited	-	284
110,000	227,582	Sanghar Sugar Mills Limited	1,375	2,845
31,500	31,500	Sardar Chemical Industries Limited	49	49
-	70,000	Saritow Spinning Mills Limited	-	126
600,885	664,565	Saudi Pak Leasing Company Limited	721	797
55,000	55,000	Schon Textiles Limited	-	-
-	165,603	ScII-Standard Chartered Leasing Limited	-	609
182,611	392,611	Security Paper Limited	8,617	18,527
35,000	35,000	Service Industries Textile Limited	26	26
289,000	289,000	Service Fabrics Limited	72	72
347,807	359,907	Service Industries Limited (Shoes)	108,091	111,852
751,615	756,615	Shabbir Tiles And Ceramics Limited	8,644	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 (O&E)Textile Mills Limited	-	2
325,643	1,400,000	Shakeranj Mills Limited	2,117	9,100
-	200,000	Shams Textile Mills Limited	-	3,768
-	293,951	Shezan International Limited	-	44,182
202,871	202,871	Siemens Pakistan Engineering Company Ltd.	273,696	273,696
23,500	23,500	Siftaq International Limited	24	24

Number of shares		Name of company/modaraba	2012	2011
2012	2011		Rupees in '000	
3,717,000	3,717,343	Silkbank Limited	11,785	11,786
151,000	151,000	Sindh Alkalis Limited	-	-
16,500	16,500	Sindh Fine Textile Mills Limited	148	148
-	153,248	Sitara Chemical Industries Limited	-	22,951
54,804	54,804	Sitara Energy Limited	1,178	1,178
94,300	94,300	Sunshine Cloth Limited	-	-
3,300	3,300	Sunrise Textile Limited	-	-
3,478,683	16,949,575	Soneri Bank Limited	24,317	131,517
47,500	47,500	Shahyar Textile Mill	-	-
710,500	3,040,800	Sui Northern Gas Pipelines Limited	21,230	90,859
-	2,000,000	Summit Bank Limited	-	11,462
91,500	91,500	Sunshine Cotton Mills Limited	29	29
11,500	11,500	Suraj Ghee Industries Limited	-	-
-	3,500	Syed Match Company 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	Tawakal Garments Industries	-	-
24,000	24,000	Tawakkal Limited	-	-
101,000	101,000	First Tawakal Modaraba	-	-
-	1,819,461	Treet Corporation Limited	-	120,207
134,563	134,695	Tristar Polyester Limited	153	154
3,850,537	3,881,537	Trust Investment Bank Limited	99,100	99,907
500	500	Trust Modaraba	6	6
37,000	37,000	Turbo Tubes Limited	-	-
-	25	Unilever Pakistan Limited	-	101
350,000	1,024,570	United Bank Limited	29,308	66,733
96,797	96,797	United Distributors Pakistan Limited	1,939	1,939
29,500	29,500	Uqab Breeding Farms Limited	-	-
130,000	136,224	Wah-Nobel Chemicals Limited	6,487	6,798
23,875	23,875	Wyeth Pak Limited	26,263	26,263
219,000	254,340	Yousuf Weaving Mills Limited	462	537
88,000	88,000	Zahur Textile Mills Limited	-	-
104,047	104,047	Zeal Pak Cement Factory Limited	-	-
4,296,556	3,822,698	Zephyr Textiles Limited	40,206	38,227
14,200	14,200	Zaffar Textile Mills Limited	-	-
			2,480,125	3,279,733
			2,502,572	3,279,733

* Delisted Companies

2. Preference shares of listed companies - at cost

Number of shares		Name of company	2012	2011
2012	2011		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
32,499,661	-	Agritech Limited**	324,997	-
			520,451	195,454

** Strategic Investment

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.
Agritech Limited	10	Fixed dividend of 11.00 % per annum on annual basis by the company on a cumulative basis.	Annually	The company will have the option to redeem the preference shares in full or in part with in ninety days after the expiry of the each anniversary of the completion date by giving at least thirty days notice. Preference shares can be converted in to ordinary shares from the fifth anniversary of the completion date.

3. Ordinary shares of unlisted company - at cost

Number of shares		Name of company	Rupees in '000	
2012	2011		2012	2011
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	Rupees in '000	
2012	2011		2012	2011
Open ended mutual funds				
-	29,718,333	ABL Income Fund	-	300,000
2,133,322	2,133,322	Faysal Assets & Allocation Fund**	200,000	200,000
498,449	498,449	Faysal Assets & Allocation Fund	46,730	46,730
22,956	3,014,323	Askari Sovereign Cash Fund	2,165	300,000
-	279,705	Atlas Income Fund	-	-
297,082	297,082	Atlas Stock Market Fund**	200,000	200,000
-	272,903	IGI Income Fund	-	27,737
2,241,707	2,230,513	KASB Asset Allocation Fund	112,028	112,028
2,005,311	2,005,311	MCB Dynamic Stock Fund**	200,000	200,000
16,873,263	16,873,263	NAFA Stock Fund**	200,000	200,000
2,006,451	2,003,442	Pakistan International Element Islamic Fund**	100,000	100,000
10,414,713	9,499,407	Reliance Income Fund	450,000	450,000
2,747,393	2,747,393	United Growth & Income Fund (Income)	294,234	294,235
-	4,983,079	UBL Liquidity Plus Fund	-	500,000
17,113,202	14,370,315	IGI Aggressive Income Fund	750,000	750,000
Close ended mutual funds				
156,200	1,253,700	Atlas Fund of Funds	965	11,940
-	1,814,184	JS Growth Fund	-	7,710
8,270,100	7,500,000	NAMCO Balance Fund	75,000	75,000
-	1,380,758	PICIC Growth Fund	-	17,674
2,140,424	2,162,924	PICIC Investment Fund	11,751	11,875
			2,642,873	3,804,928

* Delisted Companies

5. Listed Term Finance Certificates- at cost

Number of certificates		Nominal value per certificate	Name of company / Modaraba	2012	2011
2012	2011	Rupees in '000'		Rupees in '000'	
10,000	10,000	5	Askari Bank Limited	49,940	49,960
7,369	7,369	5	Azgard Nine Limited	10,362	25,969
35,000	35,000	5	Bank AL Habib Limited	174,510	174,650
	2,000	5	Bank AL Habib Limited - 1st issue	-	6,649
10,000	10,000	5	Engro Chemical Pak Limited	48,776	48,796
-	1,178	5	Jahangir Siddiqui & Co Limited	-	3,075
-	5,000	5	Jahangir Siddiqui & Co Limited	-	12,475
13,886	13,886	5	Financial Receivables Sec Company Class B	17,351	28,918
3,406	3,406		NIB Bank Limited	14,060	14,067
-	40,000	5	Orix Leasing Pakistan Limited	-	33,307
16,655	16,655	5	Pak Arab Fertilizers Limited	12,946	49,587
-	-	5	Trust Investment Bank Limited - 3rd issue	-	-
8,782	8,782		United Bank Limited	37,364	37,382
10,000	10,000		United Bank Limited - 1st issue	-	33,250
				365,308	518,085

Other particulars of Listed TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank Limited	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 installment of 24.92% each starting from the 102nd from issue date.
Azgard Nine Limited	6 months KIBOR + 125 bps without any floor or cap.	Semi-annually	In nine 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 Limited	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 Limited	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 Limited	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.
Financial Receivables Sec Company Class B	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.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
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.
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.

6. Unlisted Term Finance Certificates-at cost

Number of certificates		Nominal value per certificate	Name of company	2012	2011
2012	2011	Rupees in '000		Rupees in '000	
33,000	33,000	5	Agritech Limited	131,843	131,843
8,516	8,516	5	Agritech Limited	38,449	38,449
260,000	260,000	5	Agritech Limited	1,298,924	1,298,924
7,000	7,000	5	Al Abbas Sugar Mills Limited	5,456	12,456
32,000	32,000	5	Arzoo Textile Mills Limited	160,000	160,000
100,000	100,000	5	Azgard Nine Limited	216,753	499,600
34,456	-	5	Azgard Nine Limited	172,280	-
10,000	10,000	5	Bank Alfalah Limited	49,938	49,960
30,000	30,000	5	Eden Housing (SUKUK)	189,003	264,003
12,521	12,521	5	Engro Chemical Pakistan Limited	48,832	48,832
5,000	5,000	5	Jahangir Siddiqui & Company Limited	21,764	21,774
80,000	80,000	5	JDW Sugar Mills Limited	133,333	222,222
6,114	6,114	5	Financial Receivables Sec Company Class B	11,450	19,083
20,000	20,000	5	Kohat Cement (SUKUK)	2,491	54,450
23,951	23,951	5	Maple Leaf Cement Factory Limited	104,531	107,575
40,000	-	5	Martin dow Pharmaceuticals Pakistan Limited	106,720	-
-	2,661	5	Optimus Limited	-	7,818
798	798	100	Orix Leasing Pakistan Limited	13,203	39,803
26,000	26,000	5	Pakistan Mobile Company Limited - 3rd issue	21,632	64,896
8,000	8,000	5	PEL (Sukuk)	15,483	15,483
16,000	16,000	5	PEL (Sukuk)	70,743	70,743
50,000	50,000	5	PEL (Sukuk)	202,381	202,381
90,000	90,000	5	PEL (Sukuk)	450,000	450,000
21,000	21,000	5	Pakistan International Airlines (PIA)	74,312	74,312
10,000	10,000	5	Security Leasing (SUKUK)	14,940	18,366
15,000	15,000	5	Security Leasing (SUKUK)	18,823	24,080
30,000	300,000	5	Sui Southern Gas Company Limited	150,000	750,000
24,711	24,711	15000	Syed Bhai (Pvt) Limited	100,299	110,499
				3,823,583	4,757,551

Other particulars of unlisted TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Agritech Limited	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.
Agritech Limited	6 months KIBOR + 200 bps without any floor or cap	Semi-annually	Up to ten consecutive equal semi-annual installments starting from 30th month from the issue date.
Agritech 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 Mills Limited	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	6 months KIBOR + 125 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.
Azgard Nine Limited	NIL	NIL	Bi Annually payments of principal starting from 24th 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 Housing (SUKUK)	6 months KIBOR + 300 bps with a Floor of 12.00% . 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 Pakistan Limited	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 Limited	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.
Financial Receivables Sec Company Class B	6 months KIBOR + 200 bps with a floor 8% and Cap 16%	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 + 150 bps without any floor or cap	Quarterly	In quarterly installments with first installment due on 20 September 2011.
Maple Leaf Cement Factory Limited	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Martin Dow Pharmaceuticals Pakistan Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Monthly	In sixteen equal quarterly installments starting from 15th month from the issue date.
Optimus Limited	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 + 120 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 Airlines (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.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Security Leasing(SUKUK)	NIL	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.
Security Leasing(SUKUK)	NIL	Semi-annually	In eight equal semi-annual installments starting from 18th month.
Sui Southern Gas Company Limited	3 months KIBOR (ask) + 20 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 Bhais (Pvt) Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Quarterly	In sixteen equal quarterly installments starting from 27th month from the issue date.
Syed Bhais (Pvt) Limited	Average ask rate of 3 months KIBOR + 300 bps with no floor or cap	Quarterly	Principal to be repaid in 16 quarterly installments after grace period of 2 years.

7. Quality of available-for-sale securities

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Federal government securities				
Pakistan Market Treasury Bills	88,196,849	Un-rated	73,761,233	Un-rated
Pakistan Investment Bonds	19,530,518	Un-rated	8,266,352	Un-rated
	107,727,367		82,027,585	

Ordinary shares of listed companies

(Colony) Sarhad Textile Mills Limited	-	Un-rated	53	Un-rated
Abbot Laboratories (Pakistan) Limited	-	Un-rated	49,730	Un-rated
Accord Textile Mills Limited	-	Un-rated	39	Un-rated
Adamjee Floorings Limited*	-	Un-rated	-	Un-rated
Adil Polypropylene Products Limited	-	Un-rated	-	Un-rated
Adamjee Paper & Board Mills Limited *	-	Un-rated	-	Un-rated
Afsar Textile Mills Limited	-	Un-rated	-	Un-rated
Agritech Limited	99,500	Un-rated	-	Un-rated
Al-Hussany Industries Limited *	-	Un-rated	-	Un-rated
Arag Industries Limited *	-	Un-rated	-	Un-rated
Al- Abbas Sugar Mills Limited	-	A, A1	27,412	A, A1
Al-Abbas Cement Industries Limited	589	Un-rated	422	Un-rated
Al-Abid Silk Mills Limited	4,270	Un-rated	5,974	Un-rated
Alif Textile Mills Limited *	-	Un-rated	-	Un-rated
Allied Bank Limited	38,692	AA+, A1+	13,468	AA, A1+
Al-Qaim Textile Mills Limited	-	Un-rated	31	Un-rated
Amazai Textile Mills Limited *	-	Un-rated	2	Un-rated
Apex Fabrics Limited *	-	Un-rated	-	Un-rated
Aruj Garment Accessories Limited	-	Un-rated	65	Un-rated
Aslo Electronics	-	Un-rated	-	Un-rated
Asim Textile Mills Limited	-	Un-rated	317	Un-rated
Askari Bank Limited	77,309	AA, A1+	134,388	AA, A1+
Aswan Tentage & Canvas Mills Limited *	-	Un-rated	-	Un-rated
Attock Cement Pakistan Limited	-	Un-rated	682	Un-rated
Awan Textile Mills Limited	-	Un-rated	-	Un-rated
Ayaz Textile Mills Limited	-	Un-rated	-	Un-rated
Azgard Nine Limited	-	D	14,250	D
Bahawalpur Textile Mills Limited	-	Un-rated	-	Un-rated
Baluchistan Particle Board Limited	-	Un-rated	117	Un-rated
Bank Al-Falah Limited	-	AA, A1+	17,904	AA, A1+
Bank Al-Habib Limited	-	AA+, A1+	72,453	AA+, A1+

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Bankislami Pakistan Limited	-	A, A1	225	A, A1
Bela Engineering Limited	-	Un-rated	-	Un-rated
Bankers Equity Limited*	-	Un-rated	1	Un-rated
Berger Paints Pakistan Limited	-	Un-rated	1,745	Un-rated
Baluchistan Foundation Tower	-	Un-rated	-	Un-rated
BOC (Pakistan) Limited	-	Un-rated	21,505	Un-rated
Brothers Textile Mills Limited	-	Un-rated	43	Un-rated
Bawany Textile Mills *	-	Un-rated	-	Un-rated
Burshane LPG (Pakistan) Limited	13,623	Un-rated	9,025	Un-rated
Buxly Paints Limited	-	Un-rated	210	Un-rated
Casspak Industries Limited	-	Un-rated	-	Un-rated
Central Cotton *	-	Un-rated	-	Un-rated
Charsada Sugar Mills & Distillery Limited	-	Un-rated	14	Un-rated
Charsada Sugar Preference Shares	-	Un-rated	-	Un-rated
Chilya C. Board *	-	Un-rated	-	Un-rated
Cherat Cement Company Limited	-	Un-rated	19,679	Un-rated
Crescent Knitwear Limited	-	Un-rated	-	Un-rated
Colony Mills Limited	-	Un-rated	326	Un-rated
Colony Sugar Mills Limited	-	Un-rated	108	Un-rated
Crescent Fibers Limited	4,924	Un-rated	1,679	Un-rated
Crescent Jute Products Limited	498	Un-rated	129	Un-rated
Crescent Spinning Mills Limited	-	Un-rated	-	Un-rated
Crescent Steel & Allied Products Limited	7,030	Un-rated	13,159	Un-rated
Crescent Textile Mills Limited	6,837	Un-rated	3,628	Un-rated
Crown Textile *	-	Un-rated	-	Un-rated
D.G.Khan Cement Company Limited	-	Un-rated	66,004	Un-rated
D.S. Industries Limited	-	Un-rated	146	Un-rated
Dadabhoy Leasing Company Limited *	-	Un-rated	8	Un-rated
Dadabhoy Leasing Company Limited	-	Un-rated	-	Un-rated
Data Agro Limited	-	Un-rated	-	Un-rated
Data Textile Limited	25	Un-rated	30	Un-rated
Dawood Capital Management Limited	-	AM3-	92	AM3-
Dawood Hercules Chemicals Limited	11,519	Un-rated	15,006	Un-rated
Dawood Lawrancepur Limited	-	Un-rated	1,789	Un-rated
Dewan Cement Limited	-	Un-rated	1,284	Un-rated
Dewan Khalid Textile Mills Limited	-	Un-rated	60	Un-rated
Dynea Pakistan Limited	-	Un-rated	2,986	Un-rated
Ellicot Spinning Mills Limited	-	Un-rated	1,850	Un-rated
Emco Industries Limited	735	Un-rated	312	Un-rated
English Leasing	98	Un-rated	98	Un-rated
Engro Corporation Limited	11,965	A, A1	9,270	Un-rated
Fateh Industries Limited	-	Un-rated	27	Un-rated
Fateh Sports Wear Limited	-	Un-rated	-	Un-rated
Fateh Textile Mills Limited	498	Un-rated	506	Un-rated
Fatima Enterprises Limited	-	Un-rated	-	Un-rated
Fauji Fertilizer Company Limited	129,077	Un-rated	-	Un-rated
Fazal Textile Mills Limited	3,554	Un-rated	3,575	Un-rated
Fazal Vegetable Ghee Mills (Pvt) Limited	-	Un-rated	-	Un-rated
First Elite Capital Modaraba	-	Un-rated	129	Un-rated
Fecto Cement Limited	-	Un-rated	1,442	Un-rated
First Equity Modaraba	-	Un-rated	263	Un-rated
Ferozsons Laboratories Limited	12,198	Un-rated	15,579	Un-rated
First Fidelity Leasing Modaraba	-	BBB+, A2	334	BBB+, A2
First Capital Securities Corporation Limited	4	Un-rated	1,600	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
First IBL Modaraba	687	Un-rated	611	Un-rated
First National Bank Mod	5,477	A+, A1	6,993	A+, A1
First Punjab Modaraba	33,750	BBB, A3	76,652	A-, A2
First Tri-Star Modaraba	110	Un-rated	69	Un-rated
Greaves Airconditioning (Pvt) Limited*	-	Un-rated	-	Un-rated
Gypsum Corporation *	-	Un-rated	-	Un-rated
General Tyre And Rubber Company Of Pakistan Ltd.	17,698	Un-rated	17,374	Un-rated
Ghandara Nissan Limited	415	Un-rated	303	Un-rated
Ghulam Dadabhoy *	-	Un-rated	-	Un-rated
GlaxoSmithKline (Pakistan) Limited	186,859	Un-rated	155,394	Un-rated
Globe Textile Mills Limited	-	Un-rated	138	Un-rated
Grays of Cambridge (Pakistan) Limited	-	Un-rated	1,555	Un-rated
Ghaffar Textile Mills	-	Un-rated	-	Un-rated
Gulistan Spinning Mills Limited	1,593	Un-rated	1,138	Un-rated
Gulistan Textile Mills Limited	7,268	Un-rated	12,088	Un-rated
Habib Metropolitan Bank Limited	237,723	AA+, A1+	213,005	AA+, A1+
Habib-Adm Limited	-	Un-rated	348	Un-rated
Hafiz Textile Mills Limited	-	Un-rated	27	Un-rated
Hajra Textile Mills Limited	65	Un-rated	23	Un-rated
Hakkim Textile Mills Limited	-	Un-rated	28	Un-rated
Hashmi Can Company Limited	-	Un-rated	283	Un-rated
Hignnoon Laboratories Limited	-	Un-rated	2,610	Un-rated
Hinopak Motors Limited	8,599	Un-rated	7,632	Un-rated
Honda Atlas Cars (Pakistan) Limited	-	Un-rated	7,375	Un-rated
H-Shaikh M. Hussain	-	Un-rated	-	Un-rated
Hub Power Company Limited	63,110	AA+, A1+	17,100	AA+, A1+
Huffaz Seamless Pipe Industries Limited	-	Un-rated	2,358	Un-rated
Hyderabad Electronic *	-	Un-rated	-	Un-rated
Ibrahim Fibre Limited	-	AA-, A1+	7,003	AA, A1+
Industrial Development Bank of Pakistan	-	Un-rated	-	Un-rated
Innovative Invest Bank Limited	-	Un-rated	1	Un-rated
International Industries Limited	24,559	Un-rated	28,365	Un-rated
International Knit Wear Limited	164	Un-rated	104	Un-rated
Invest Capital Investment Bank Limited	2,618	Un-rated	311	Un-rated
Ittefaq Textile Mills Limited *	-	Un-rated	32	Un-rated
J. A. Textile Mills Limited	739	Un-rated	274	Un-rated
J. K. Spinning Mills Limited	756	Un-rated	402	Un-rated
Javed Omer Vohra And Company Limited	-	Un-rated	412	Un-rated
Johnson And Phillips (Pakistan) Limited	1,347	Un-rated	860	Un-rated
JS Bank Limited	-	A+, A1	7,231	A, A1
Junaid Cotton Mills Limited	-	Un-rated	-	Un-rated
Kaiser Art And Kraft Mills Limited	-	Un-rated	-	Un-rated
Karam Ceramics Limited	606	Un-rated	391	Un-rated
Karim Cotton Mills Limited	-	Un-rated	-	Un-rated
Karim Silk Mills Limited	-	Un-rated	-	Un-rated
KASB Bank Limited	729	BBB, A3	424	BBB, A3
Kaytex Mills (Saleem Denim) *	-	Un-rated	35	Un-rated
Khalid Siraj Textile Mills Limited	255	Un-rated	101	Un-rated
Kohat Textile Mills Limited	-	Un-rated	-	Un-rated
Kohinoor Cotton Mills Limited*	-	Un-rated	-	Un-rated
Kohinoor Industries Limited	151	Un-rated	64	Un-rated
Kohinoor Looms Limited	-	Un-rated	-	Un-rated
Kohinoor Mills Limited	4,448	Un-rated	838	Un-rated
Kohinoor Power Company Limited	-	Un-rated	94	Un-rated
Kohinoor Spinning Mills Limited	-	Un-rated	135	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Kohinoor Sugar Mills Limited	832	Un-rated	543	Un-rated
Kohinoor Textile Mills Limited	-	Un-rated	2,338	Un-rated
Kohinoor Energy Limited	-	AA, A1+	896	AA, A1+
Karachi Pipe Mills Limited*	-	Un-rated	-	Un-rated
Lafarge Pakistan Cement Limited	-	Un-rated	8,362	Un-rated
Land Mark Spinning Industries Limited	282	Un-rated	105	Un-rated
Leiner Pak Gelatine Limited	120	Un-rated	128	Un-rated
Lafayette Industries Synthetics Limited *	-	Un-rated	-	Un-rated
Lotte Pakistan PTA Limited	27,506	Un-rated	34,692	Un-rated
Maple Leaf Cement Factory Limited	-	BB, B	450	D
Maqbool Textile Mills Limited	1,537	Un-rated	2,720	Un-rated
Mari Gas Company Limited	74,140	Un-rated	61,061	Un-rated
Marr Fabrics Limited *	-	Un-rated	-	Un-rated
Masood Textile Mills Limited	11,310	Un-rated	6,762	Un-rated
Mehran Bank Limited	-	Un-rated	-	Un-rated
Medi Glass Limited	-	Un-rated	28	Un-rated
Mehr Dastgir Textile Mills Limited	-	Un-rated	20	Un-rated
Mehran Jute Mills Limited	-	Un-rated	-	Un-rated
Metropolitan Steel Corporation Limited	-	Un-rated	202	Un-rated
Mian Mohammed Sugar Mills Limited	-	Un-rated	-	Un-rated
Mian Textile Industries Limited	-	Un-rated	15	Un-rated
Mirpurkhas Sugar Mills Limited	10,959	Un-rated	9,410	Un-rated
Mohammad Farooq Textile Mills Limited	1,170	Un-rated	219	Un-rated
Mohib Textile Mills Limited	-	Un-rated	-	Un-rated
Moonlite (Pak) Limited	161	Un-rated	114	Un-rated
Morafco Industries Limited	-	Un-rated	123	Un-rated
Mubarik Dairies Limited	-	Un-rated	6	Un-rated
Mustehkam Cement Limited	-	Un-rated	662	Un-rated
National Bank of Pakistan	27,337	AAA, A1+	4,105	AAA, A1+
National Refinery Limited	-	AAA, A1+	-	AAA, A1+
Naveed Textile Mills Limited	-	Un-rated	-	Un-rated
Nowshera Engineering Company Limited	-	Un-rated	-	Un-rated
NIB Bank Limited	5,852	AA-, A1+	3,849	AA-, A1+
Nishat (Chunian) Limited	28,400	A-, A2	33,934	A-, A2
Nishat Chunian Power Limited	-	A-, A2	4,033	Un-rated
Nishat Mills Limited	5,683	AA-, A1+	8,090	AA-, A1+
Natover Lease & Refinance Limited	-	Un-rated	-	Un-rated
National Match Industries	-	Un-rated	-	Un-rated
Norrie Textile Mills Limited	-	Un-rated	-	Un-rated
National Overseas	-	Un-rated	-	Un-rated
Nusrat Textile Mills Limited	-	Un-rated	-	Un-rated
Olympia Spinning And Weaving Mills Limited	-	Un-rated	16	Un-rated
Olympia Textile Mills Limited	-	Un-rated	16	Un-rated
Otsuka Pakistan Limited	850	Un-rated	738	Un-rated
Pak Gen Power Limited	47,988	AA, A1+	14,727	Un-rated
Pak Datacom Limited	-	Un-rated	1,057	Un-rated
Pak Elektron Limited Convrt Preference Shares	-	Un-rated	7	Un-rated
Pak Elektron Limited	-	Un-rated	1,134	D
Pak Ghee Industries Limited	-	Un-rated	6	Un-rated
Pak Suzuki Motor Company Limited	-	Un-rated	36,252	Un-rated
Pak-Elektron Limited-Non Convertible	-	Un-rated	-	Un-rated
Pakistan Gum & Chemicals Limited	-	Un-rated	847	Un-rated
Pakistan National Shipping Corporation	-	AA-, A1+	1,187	AA-, A1+
Pakistan Paper Products Limited	-	Un-rated	-	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Pakistan Refinery Limited	27,145	Un-rated	26,522	Un-rated
Pakistan Reinsurance Company Limited	-	AA	36,425	AA
Pakistan Services Limited	27,658	Un-rated	24,364	Un-rated
Pakistan State Oil Company Limited	22,812	AA+, A1+	18,222	AA+, A1+
Pakistan Telecommunication Company Limited	-	Un-rated	36,885	Un-rated
Pakistan Telephone Cables Limited	-	Un-rated	39	Un-rated
Pakistan Tobacco Company Limited	-	Un-rated	17	Un-rated
Pangrio Sugar Mills Limited	567	Un-rated	462	Un-rated
Paramount Spinning Mills Limited	-	Un-rated	-	Un-rated
Punjab Building	-	Un-rated	-	Un-rated
Punjab Cotton Mills Limited	-	Un-rated	-	Un-rated
Pearl Fabrics Company	-	Un-rated	-	Un-rated
Pioneer Cement Limited	-	Un-rated	898	Un-rated
Premium Textile Mills Limited	-	Un-rated	2,276	Un-rated
Punjab Lamp Works Limited	-	Un-rated	-	Un-rated
Punjab Oil Mills Limited	-	Un-rated	955	Un-rated
Qayyum Spinning Mills Limited	-	Un-rated	6	Un-rated
Quality Steel Works Limited	-	Un-rated	6	Un-rated
Ravi Textile Mills Limited	-	Un-rated	41	Un-rated
Rex Baren Batteries Limited	-	Un-rated	-	Un-rated
Rcd Ball	-	Un-rated	-	Un-rated
Redco Textiles Limited	-	Un-rated	50	Un-rated
Regal Ceramics Limited	-	Un-rated	-	Un-rated
Ruby Textile Mills Limited	504	Un-rated	849	Un-rated
Saitex Spinning Mills Limited	-	Un-rated	-	Un-rated
Salman Noman Enterprises Limited	-	Un-rated	17	Un-rated
Samba Bank Limited	449	AA-, A-1	3,747	A+, A1
Samin Textiles Limited	-	Un-rated	121	Un-rated
Sanghar Sugar Mills Limited	2,409	Un-rated	2,390	Un-rated
Sardar Chemical Industries Limited	-	Un-rated	38	Un-rated
Saritow Spinning Mills Limited	-	Un-rated	70	Un-rated
Saudi Pak Leasing Company Limited	1,953	Un-rated	319	D
Schon Textiles Limited	-	Un-rated	-	Un-rated
Sell-Standard Chartered Leasing	-	AA+, A1+	497	AA, A1+
Security Paper Limited	9,372	AAA, A1+	13,898	AAA, A1+
Service Industries Textile Limited	-	Un-rated	18	Un-rated
Service Fabrics Limited	-	Un-rated	69	Un-rated
Service Industries Limited (Shoes)	58,084	Un-rated	70,178	Un-rated
Shabbir Tiles And Ceramics Limited	6,501	Un-rated	6,091	Un-rated
Shahmurad Sugar Mills Limited	7,908	BBB+, A2	5,044	BBB+, A2
Shahpur Textile Mills Limited	-	Un-rated	12	Un-rated
Shahtaj Sugar Mills Limited	13,742	Un-rated	15,298	Un-rated
Shahyar Textile Mills Limited	-	Un-rated	2	Un-rated
Shakerganj Mills Limited	3,940	Un-rated	6,748	Un-rated
Shams Textile Mills Limited	-	Un-rated	1,398	Un-rated
Shezan International Limited	-	Un-rated	32,355	Un-rated
Siemens Pakistan Engineering Company Limited	157,160	Un-rated	214,384	Un-rated
Siftaq International Limited	-	Un-rated	23	Un-rated
Silkbank Limited	8,475	A-, A3	6,580	A-, A2
Sindh Alkalis Limited	-	Un-rated	-	Un-rated
Sindh Fine Textile Mills Limited	-	Un-rated	116	Un-rated
Sitara Chemical Industries Limited	-	A+, A1	11,065	A+, A1
Sitara Energy Limited	1,562	Un-rated	929	Un-rated
Sunshine Cloth Mills Limited	-	Un-rated	-	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Sunrise Textile Mills Limited	-	Un-rated	-	Un-rated
Soneri Bank Limited	24,664	AA-, A1+	66,103	AA-, A1+
Shahyar (O&E)Textile Mills Limited	-	Un-rated	-	Un-rated
Sui Northern Gas Pipelines Limited	16,519	AA, A1+	47,771	AA, A1+
Summit Bank Limited	-	A-, A2	3,440	A, A2
Sunshine Cotton Mills Limited	-	Un-rated	30	Un-rated
Suraj Ghee Industries Limited	-	Un-rated	115	Un-rated
Syed Match Company Limited	-	Un-rated	49	Un-rated
Taga Pakistan Limited	-	Un-rated	-	Un-rated
Taj Textile Mills Limited	-	Un-rated	75	Un-rated
Tariq Cotton Mills Limited	-	Un-rated	-	Un-rated
Tawakal Garments Industries	-	Un-rated	-	Un-rated
Tawakkal Limited	-	Un-rated	-	Un-rated
First Tawakkal Modaraba	-	Un-rated	-	Un-rated
Treet Corporation Limited	-	AA-, A1	70,868	AA-, A1
Tristar Polyester Limited	303	Un-rated	133	Un-rated
Trust Investment Bank Limited	9,626	Un-rated	2,717	BBB-, A3
Trust Modaraba	2	Un-rated	1	Un-rated
Turbo Tubes Limited	-	Un-rated	-	Un-rated
Unilever Pakistan Limited	-	Un-rated	139	Un-rated
Unim-Unicap Modaraba	-	Un-rated	-	Un-rated
United Bank Limited	29,285	AA+, A1+	53,677	AA+, A1+
United Distributors Pakistan Limited	958	Un-rated	973	Un-rated
Uqab Breeding Farms Limited	-	Un-rated	-	Un-rated
Wah-Nobel Chemicals Limited	5,616	Un-rated	4,768	Un-rated
Wyeth Pak Limited	22,800	Un-rated	19,576	Un-rated
Yousuf Weaving Mills Limited	996	Un-rated	254	Un-rated
Zahur Textile Mills Limited	-	Un-rated	-	Un-rated
Zephyr Textile Mills	27,283	Un-rated	6,919	Un-rated
Zaffar Textile Mills Limited	-	Un-rated	-	Un-rated
	<u>1,755,091</u>		<u>2,157,236</u>	
* Delisted Companies				
Preference shares of listed companies				
Azgard Nine Limited	-	Un-rated	15,145	D
Fazal Cloth Mills Limited	25,000	A-, A2	25,000	A-, A2
Pak Elektron Limited	40,000	Un-rated	80,000	D, D
Shakarganj Mills Limited	22,650	Un-rated	23,250	Un-rated
Agritech Limited**	328,246	Un-rated	-	
	<u>415,896</u>		<u>143,395</u>	
Listed Term Finance Certificates				
Askari Bank Limited	55,151	AA-	51,148	AA, A1+
Azgard Nine Limited	-	D	-	D
Bank AL Habib Limited	195,591	AA	187,292	AA+, AA1+
Bank AL Habib Limited - 1st issue	-	Un-rated	6,036	AA+, AA1+
Engro Chemical	48,669	Un-rated	48,926	Un-rated
Jahangir Siddiqui & Co Limited	-	Un-rated	2,958	AA, A1+
Jahangir Siddiqui & Co Limited	-	Un-rated	12,555	AA, A1+
JS ABAMCO	17,482	Un-rated	28,768	Un-rated

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
NIB Bank Limited	14,095	A+	13,787	AA-, A1+
Orix Leasing Pakistan Limited	-	AA+	32,245	AA, A1+
Pak Arab Fertilizers Limited	24,991	AA	61,900	AA-, A1
Trust Investment Bank Limited	-	BBB-, A3	-	BBB-, A3
United Bank Limited	38,187	AA	31,504	AA+, A1+
United Bank Limited - 1st issue	-	Un-rated	37,270	AA+, A1+
** Strategic Investment	394,166		514,389	

	2012		2011	
	Carrying value Rupees in '000	Rating	Carrying value Rupees in '000	Rating
Un-Listed Term Finance Certificates				
Agri Tech Limited	-	D	-	D
Agri Tech Limited	-	D	-	D
Agri Tech Limited	-	D	-	D
Al Abbas Sugar Mills	5,456	A+	12,456	A, A1
Arzoo Textile Mills Limited	-	Un-rated	-	Un-rated
Azgard Nine Limited	-	D	-	D
Azgard Nine Limited	172,280	D	-	Un-rated
Bank Alfalah Limited	49,938	AA-	49,960	AA, A1+
Eden House(SUKUK)	189,003	Un-rated	198,002	D
Engro Chemical Pak Limited	48,832	Un-rated	48,832	Un-rated
Jahangir Siddiqui & Co Ltd	21,764	AA	21,774	AA, A1+
JDW Sugar Mills Limited	133,333	A+	222,222	A, A1
JS ABAMCO	11,450	Un-rated	19,083	Un-rated
Kohat Cement(SUKUK)	2,491	Un-rated	27,225	Un-rated
Maple Leaf Cement Factory Limited	104,531	D	107,575	D
Martin Dow Pharmaceuticals	106,720	A	-	Un-rated
Optimus Limited	-	A	7,818	BBB+, A2
Orix Leasing Pakistan Limited	13,203	AA+	39,803	AA, A1+
Pakistan Mobile Company Limited - 3rd issue	21,632	AA-	64,896	A+, A1
PEL(Sukuk)	15,483	Un-rated	15,483	Un-rated
PEL(Sukuk)	70,743	Un-rated	70,743	Un-rated
PEL(Sukuk)	202,381	Un-rated	202,381	Un-rated
PEL(Sukuk)	450,000	Un-rated	450,000	Un-rated
PIA	74,311	Un-rated	74,311	Un-rated
Security Leasing(SUKUK)	11,205	Un-rated	13,773	Un-rated
Security Leasing(SUKUK)	14,117	Un-rated	18,060	Un-rated
Sui Southern Gas Company	150,000	Un-rated	750,000	AA-, A1
Syed Bhais (Pvt) Limited	-	Un-rated	51,471	Un-rated
	1,868,873		2,465,868	

	2012		2011	
	Market value Rupees in '000	Rating	Market value Rupees in '000	Rating
Mutual Funds				
Open ended mutual funds				
ABL Income Fund	-	A+(f)	297,650	A+(f)
Faysal Assets & Allocation Fund**	146,687	Un-rated	134,911	Un-rated
Faysal Assets & Allocation Fund	34,273	Un-rated	31,522	Un-rated
Askari Sovereign Cash Fund	2,308	AA+(f)	302,927	Un-rated
Atlas Income Fund	-	A+(f)	-	Un-rated
Atlas Stock Market Fund**	125,048	4-star	91,837	Un-rated
	<u>308,316</u>		<u>858,847</u>	
** Strategic Investment				
IGI Income Fund	-	Un-rated	27,455	A+(f)
KASB Asset Allocation Fund	97,335	2-Star	74,945	Un-rated
MCB Dynamic Stock Fund**	212,484	4-Star	156,815	Un-rated
NAFA Stock Fund**	153,194	3-Star	102,252	Un-rated
Pakistan International Element Islamic Fund**	91,434	3-Star	71,443	Un-rated
IGI Aggressive Income Fund	747,578	A-(f)	660,872	Un-rated
Reliance Income Fund	381,305	Un-rated	356,253	Un-rated
United Growth & Income Fund (Income)	219,847	BBB-(f)	200,397	BBB-(f)
UBL Liquidity Plus Fund	-	AA+(f)	500,722	AA+(f)
Close ended mutual funds				
Atlas Fund of Funds	1,490	Un-rated	6,895	Un-rated
JS Growth Fund	-	Un-rated	8,527	Un-rated
NAMCO Balance Fund	39,283	Un-rated	40,905	Un-rated
PICIC Growth Fund	-	Un-rated	17,204	Un-rated
PICIC Investment Fund	15,133	Un-rated	11,788	Un-rated
	<u>2,267,399</u>		<u>3,095,320</u>	

**** Strategic Investment**

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.

Pattern of Shareholding of Shares as on 31.12.2012

No. of Shareholders			From		To		Total Shares Held			Percentage
Physical	CDC	Total					Physical	CDC	Total	
1056	1642	2698	FROM	1	TO	100	38,285	72,046	110,331	0.0209
1546	2396	3942	FROM	101	TO	500	405,981	822,068	1,228,049	0.2322
657	2062	2719	FROM	501	TO	1000	489,017	1,801,898	2,290,915	0.4332
965	4383	5348	FROM	1001	TO	5000	1,929,030	11,709,722	13,638,752	2.5792
147	1296	1443	FROM	5001	TO	10000	995,515	10,113,850	11,109,365	2.1009
54	483	537	FROM	10001	TO	15000	654,736	6,150,099	6,804,835	1.2869
44	306	350	FROM	15001	TO	20000	774,552	5,626,860	6,401,412	1.2106
19	218	237	FROM	20001	TO	25000	419,777	5,045,922	5,465,699	1.0336
70	122	192	FROM	25001	TO	30000	1,841,557	3,450,389	5,291,946	1.0008
7	93	100	FROM	30001	TO	35000	221,090	3,048,250	3,269,340	0.6183
3	83	86	FROM	35001	TO	40000	112,606	3,183,344	3,295,950	0.6233
4	54	58	FROM	40001	TO	45000	171,037	2,296,688	2,467,725	0.4667
0	96	96	FROM	45001	TO	50000	-	4,700,145	4,700,145	0.8888
3	49	52	FROM	50001	TO	55000	153,750	2,592,056	2,745,806	0.5193
2	28	30	FROM	55001	TO	60000	113,377	1,640,055	1,753,432	0.3316
2	18	20	FROM	60001	TO	65000	127,706	1,148,721	1,276,427	0.2414
0	19	19	FROM	65001	TO	70000	-	1,300,915	1,300,915	0.2460
1	29	30	FROM	70001	TO	75000	74,803	2,136,306	2,211,109	0.4181
1	23	24	FROM	75001	TO	80000	79,262	1,793,645	1,872,907	0.3542
0	16	16	FROM	80001	TO	85000	-	1,311,743	1,311,743	0.2481
0	14	14	FROM	85001	TO	90000	-	1,238,303	1,238,303	0.2342
1	12	13	FROM	90001	TO	95000	91,457	1,114,538	1,205,995	0.2281
0	45	45	FROM	95001	TO	100000	-	4,486,172	4,486,172	0.8484
0	9	9	FROM	100001	TO	105000	-	922,375	922,375	0.1744
0	13	13	FROM	105001	TO	110000	-	1,415,891	1,415,891	0.2678
1	7	8	FROM	110001	TO	115000	114,528	794,035	908,563	0.1718
0	5	5	FROM	115001	TO	120000	-	592,500	592,500	0.1120
0	15	15	FROM	120001	TO	125000	-	1,854,763	1,854,763	0.3508
0	9	9	FROM	125001	TO	130000	-	1,143,921	1,143,921	0.2163
0	5	5	FROM	130001	TO	135000	-	666,607	666,607	0.1261
0	4	4	FROM	135001	TO	140000	-	551,200	551,200	0.1042
0	5	5	FROM	140001	TO	145000	-	720,546	720,546	0.1363
0	14	14	FROM	145001	TO	150000	-	2,095,000	2,095,000	0.3962
0	2	2	FROM	150001	TO	155000	-	303,053	303,053	0.0573
0	1	1	FROM	155001	TO	160000	-	160,000	160,000	0.0303
0	6	6	FROM	160001	TO	165000	-	978,825	978,825	0.1851
0	4	4	FROM	165001	TO	170000	-	672,416	672,416	0.1272
0	2	2	FROM	170001	TO	175000	-	343,766	343,766	0.0650
0	3	3	FROM	175001	TO	180000	-	538,000	538,000	0.1017
0	2	2	FROM	180001	TO	185000	-	368,000	368,000	0.0696
1	4	5	FROM	185001	TO	190000	189,640	751,233	940,873	0.1779
0	3	3	FROM	190001	TO	195000	-	578,250	578,250	0.1094
0	14	14	FROM	195001	TO	200000	-	2,794,450	2,794,450	0.5285
0	4	4	FROM	200001	TO	205000	-	803,501	803,501	0.1519
0	3	3	FROM	205001	TO	210000	-	623,500	623,500	0.1179
0	4	4	FROM	210001	TO	215000	-	853,200	853,200	0.1613
0	3	3	FROM	215001	TO	220000	-	656,000	656,000	0.1241
0	2	2	FROM	225001	TO	230000	-	458,713	458,713	0.0867
0	3	3	FROM	240001	TO	245000	-	730,065	730,065	0.1381
0	7	7	FROM	245001	TO	250000	-	1,741,117	1,741,117	0.3293
0	3	3	FROM	250001	TO	255000	-	755,040	755,040	0.1428
0	2	2	FROM	260001	TO	265000	-	527,500	527,500	0.0998
0	2	2	FROM	265001	TO	270000	-	531,489	531,489	0.1005
0	4	4	FROM	270001	TO	275000	-	1,094,725	1,094,725	0.2070
0	1	1	FROM	275001	TO	280000	-	277,978	277,978	0.0526
0	1	1	FROM	290001	TO	295000	-	294,899	294,899	0.0558
0	10	10	FROM	295001	TO	300000	-	2,991,397	2,991,397	0.5657

No. of Shareholders			From	To	Total Shares Held			Percentage
Physical	CDC	Total			Physical	CDC	Total	
0	1	1	FROM 305001	TO 310000	-	309,000	309,000	0.0584
0	1	1	FROM 310001	TO 315000	-	313,000	313,000	0.0592
0	1	1	FROM 320001	TO 325000	-	324,000	324,000	0.0613
0	1	1	FROM 325001	TO 330000	-	327,500	327,500	0.0619
0	1	1	FROM 335001	TO 340000	-	340,000	340,000	0.0643
0	4	4	FROM 345001	TO 350000	-	1,395,888	1,395,888	0.2640
0	2	2	FROM 365001	TO 370000	-	736,735	736,735	0.1393
0	3	3	FROM 380001	TO 385000	-	1,150,427	1,150,427	0.2176
0	1	1	FROM 395001	TO 400000	-	400,000	400,000	0.0756
0	1	1	FROM 405001	TO 410000	-	405,707	405,707	0.0767
0	3	3	FROM 410001	TO 415000	-	1,237,295	1,237,295	0.2340
0	1	1	FROM 415001	TO 420000	-	420,000	420,000	0.0794
0	3	3	FROM 425001	TO 430000	-	1,281,531	1,281,531	0.2423
0	1	1	FROM 440001	TO 445000	-	442,000	442,000	0.0836
0	1	1	FROM 455001	TO 460000	-	459,223	459,223	0.0868
0	1	1	FROM 465001	TO 470000	-	467,500	467,500	0.0884
0	1	1	FROM 470001	TO 475000	-	470,695	470,695	0.0890
0	1	1	FROM 475001	TO 480000	-	480,000	480,000	0.0908
0	1	1	FROM 480001	TO 485000	-	481,000	481,000	0.0910
0	1	1	FROM 495001	TO 500000	-	500,000	500,000	0.0946
0	1	1	FROM 515001	TO 520000	-	519,534	519,534	0.0982
0	2	2	FROM 535001	TO 540000	-	1,076,084	1,076,084	0.2035
0	1	1	FROM 545001	TO 550000	-	548,000	548,000	0.1036
0	2	2	FROM 595001	TO 600000	-	1,196,420	1,196,420	0.2263
0	1	1	FROM 645001	TO 650000	-	647,000	647,000	0.1224
0	1	1	FROM 650001	TO 655000	-	653,866	653,866	0.1237
0	2	2	FROM 665001	TO 670000	-	1,337,000	1,337,000	0.2528
0	1	1	FROM 705001	TO 710000	-	705,386	705,386	0.1334
0	1	1	FROM 715001	TO 720000	-	720,000	720,000	0.1362
0	1	1	FROM 740001	TO 745000	-	740,700	740,700	0.1401
0	1	1	FROM 745001	TO 750000	-	750,000	750,000	0.1418
0	1	1	FROM 850001	TO 855000	-	854,211	854,211	0.1615
0	1	1	FROM 880001	TO 885000	-	885,000	885,000	0.1674
0	1	1	FROM 995001	TO 1000000	-	1,000,000	1,000,000	0.1891
0	1	1	FROM 1055001	TO 1060000	-	1,056,000	1,056,000	0.1997
0	1	1	FROM 1165001	TO 1170000	-	1,170,000	1,170,000	0.2213
0	1	1	FROM 1215001	TO 1220000	-	1,220,000	1,220,000	0.2307
0	1	1	FROM 1295001	TO 1300000	-	1,300,000	1,300,000	0.2458
0	1	1	FROM 1310001	TO 1315000	-	1,312,612	1,312,612	0.2482
0	1	1	FROM 1320001	TO 1325000	-	1,322,479	1,322,479	0.2501
0	1	1	FROM 1435001	TO 1440000	-	1,436,307	1,436,307	0.2716
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 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 2195001	TO 2200000	-	2,200,000	2,200,000	0.4160
0	1	1	FROM 3995001	TO 4000000	-	4,000,000	4,000,000	0.7564
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 10495001	TO 10500000	-	10,500,000	10,500,000	1.9856
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
4585	13727	18312			278,684,368	250,113,008	528,797,376	100.0000

Categories of Shareholders as on 31.12.2012

Shareholder Category	No. of Shareholders			Total No. of Shares Held			%Age
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	2	2	4	5,007	6,000	11,007	0.0021%
PROVINCIAL GOVERNMENT	1	0	1	269,686,662	0	269,686,662	51.0000%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN FUNDS	46	12	58	166,577	13,240,273	13,406,850	2.5353%
INDIVIDUALS (FOREIGN)	0	11	11	0	48,702	48,702	0.0092%
INDIVIDUALS (LOCAL)	4,498	13,521	18,019	8,596,512	137,448,586	146,045,098	27.6183%
BANK/NBFI/FIN.INST./ INSURANCE CO./MODARABAS							
MUTUAL FUNDS	20	26	46	98,557	14,960,506	15,059,063	2.8478%
LEASING COMPANIES	0	3	3	0	3,981	3,981	0.0008%
CHARITABLE TRUSTS	0	5	5	0	185,911	185,911	0.0352%
COOPERATIVE SOCIETITES	0	0	0	0	0	0	0.0000%
NIT	0	1	1	0	470,695	470,695	0.0890%
ICP	1	1	2	975	7,144	8,119	0.0015%
JOINT STOCK COMPANIES	17	136	153	130,078	12,183,394	12,313,472	2.3286%
OTHERS	0	9	9	0	71,557,816	71,557,816	13.5322%
TOTAL	4,585	13,727	18,312	278,684,368	250,113,008	528,797,376	100.0000%

Catagories of Shareholding required under Code of Corporate Governance (CCG) as on 31.12.2012

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
Mutual Funds (Name Wise Detail):			
1	GROWTH MUTUAL FUND LIMITED	3,061	0.0006%
2	PRUDENTIAL STOCK FUND LIMITED	546	0.0001%
3	FIRST CAPITAL MUTUAL FUND LIMITED	30,000	0.0057%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. JUNAID ASHRAF KHAWAJA	2,505	0.0005%
2	MR. JAVED ASLAM	2,502	0.0005%
3	MR. SAEED ANWAR (CDC)	3,000	0.0006%
4	KH. FAROOQ SAEED (CDC)	3,000	0.0006%
Executives:		-	-
Public Sector Companies & Corporations (Government Holding):		269,686,662	51.0000%
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		15,029,437	2.8422%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	GOVERNMENT OF THE PUNJAB	269,686,662	51.0000%
2	EMPLOYEE'S OLD-AGE BENEFITS INSTITUTION	70,697,465	13.3695%

All trades in the shares of the listed company, carries out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	PURCHASE	SALE
1	MR. JAVED ASLAM	2,502	-
2	MR. SAEED ANWAR	3,000	-
3	KH. FAROOQ SAEED	3,000	-

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
 Raiffeisenland 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
 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 Alemão Sao Paulo

(7) Bulgaria

United Bulgarian Bank Sofia

(8) Canada

National Bank of Canada Montreal
 Royal Bank Of Canada Toronto

(9) China

The Royal Bank Of Scotland N.V.,
 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
 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
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 Geschaefstkunden Ag
Frankfurt

HSBC Trinkaus UND Burkhardt AG Duesseldorf
HSH Nordbank AG Hamburg
Kreissparkasse Koeln Koeln
Landesbank Banden-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
Deutsche 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) Ireland

Citi Bank Dublin
Bank of Scotland Dublin

(27) 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

(28) Jordan

Standard Chartered Bank Amman

(29) Japan

The Royal Bank Of Scotland
 Plc (Former ABN Amro Bank
 N.V.) 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

(30) Kenya

Standard Chartered Bank Nairobi

(31) Kazakhstan

Citi Bank Alma-ata
 Bank Turanalem Almaty

(32) Kuwait

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

(33) 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

(34) Lebanon

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

(35) 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

(36) Morocco

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

(37) Mauritius

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

(38) Myanmar

Mayanma Investment & Comm. Bank Yangon

(39) Macao

Bnp Paribas Macau Branch Macau

(40) Norway

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

(41) 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

(42) Newzealand

Australia and New Zealand Bank Wellington

(43) Nigeria

Citi Bank Lagos

(44) Oman

Bank Muscat SAOG Muscat

(45) Romania

HVB Bank Romania SA Bucharest

(46) 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
 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

(47) Philippines

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

(48) Portugal

Banco BPI SA Lisbon
 Fortis Bank Lisbon

(49) Poland

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

(50) Papua New Guinea

Bank Of South Pacific Limited Port Moresby

(51) Qatar

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

(52) Russia

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

(53) 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

(54) 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
 Union De Banques Et Francaises Singapore

(55) Slovenia

Bank Austria Creditans Anstalt Ljubljana

(56) Sudan

Blue Nile Mashreg Bank Khartoum

(57) 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

(58) Sri Lanka

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

(59) South Africa

First Rand Bank Durban
 HBZ Bank Limited Durban

(60) 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

(61) 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

(62) Scotland

Bank of Scotland Dublin
 Citibank Europe PLC Dublin

(63) Slovakia

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

(64) 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
 JP Morgan Chase Bank N.A Taipei
 Standard Chartered Bank Taipei
 Sumitomo Mitsui Banking Corporation Taipei

(65) Tunisia

Arab Banking Corporation Tunis
 Banque International Arabe De Tunisie Tunis

(66) 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

(67) 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

(68) 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
 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

(69) 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

(70) United States

The Royal Bank Of Scotland N.V. (New York) Newyork
 The Royal Bank Of Scotland N.V. (New York) Chicago
 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
 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

(71) Vietnam

Standard Chartered Bank Hanoi
 Shinanvina Bank Ho Chi Minh

(72) 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 22nd Annual General Meeting of the Bank to be held on Tuesday, 30th April, 2013 at 9:30 a.m. at Qasar-e-Noor, Main Boulevard, Gulberg-III, Lahore and at any adjournment thereof.

Signed this _____ Day _____ 2013.

WITNESSES:

1. Signature: _____

Name: _____

Address: _____

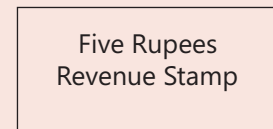
CNIC or
Passport No. _____

2. Signature: _____

Name: _____

Address: _____

CNIC or
Passport No. _____



Signature of Member(s)

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



Head Office:
BOP Tower, 10-B Block E/II, Main Boulevard,
Gulberg-III, Lahore UAN: 111-200-100
www.bop.com.pk



Head Office:
BOP Tower, 10-B Block E/II, Main Boulevard,
Gulberg-III, Lahore UAN: 111-200-100
www.bop.com.pk