



MCB Bank Limited

Financial Statements  
For the year ended December 31, 2011

---

**MCB BANK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011**

	Note	2011 (Rupees in thousand)	2010
<b>ASSETS</b>			
Cash and balances with treasury banks	6	53,122,522	45,407,183
Balances with other banks	7	2,281,263	1,478,569
Lendings to financial institutions	8	955,087	4,401,781
Investments - net	9	316,651,613	213,060,882
Advances - net	10	225,801,259	254,551,589
Operating fixed assets	11	22,007,903	20,947,540
Deferred tax assets - net		-	-
Other assets - net	12	32,413,576	27,705,069
		653,233,223	567,552,613
<b>LIABILITIES</b>			
Bills payable	14	9,466,818	10,265,537
Borrowings	15	39,100,627	25,684,593
Deposits and other accounts	16	491,188,710	431,371,937
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	17	6,294,886	4,934,018
Other liabilities	18	18,379,700	16,092,319
		564,430,741	488,348,404
<b>NET ASSETS</b>		<b>88,802,482</b>	<b>79,204,209</b>
<b>Represented by</b>			
Share capital	19	8,362,365	7,602,150
Reserves	20	42,186,467	40,162,906
Unappropriated profit		28,366,171	21,414,955
		78,915,003	69,180,011
Surplus on revaluation of assets - net of tax	21	9,887,479	10,024,198
		88,802,482	79,204,209
Contingencies and commitments	22		

The annexed notes 1 to 46 and Annexures I to V form an integral part of these financial statements.

**President and Chief Executive**

**Director**

**Director**

**Director**

**MCB BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Note	2011 (Rupees in thousand)	2010
Mark-up / return / interest earned	24	68,146,588	54,821,296
Mark-up / return / interest expensed	25	23,620,274	17,987,767
Net mark-up / interest income		44,526,314	36,833,529
Provision for diminution in the value of investments - net	9.3	778,526	444,476
Provision against loans and advances - net	10.4.2	2,846,523	3,100,594
Bad debts written off directly	10.5.1	28,565	52,047
		3,653,614	3,597,117
Net mark-up / interest income after provisions		40,872,700	33,236,412
<b>Non-mark-up / interest income</b>			
Fee, commission and brokerage income		4,921,383	4,129,540
Dividend income		1,003,272	543,906
Income from dealing in foreign currencies		921,262	632,346
Gain on sale of securities - net	26	735,639	411,834
Unrealized gain on revaluation of investments classified as held for trading		-	-
Other income	27	530,635	547,680
Total non-mark-up / interest income		8,112,191	6,265,306
		48,984,891	39,501,718
<b>Non-mark-up / interest expenses</b>			
Administrative expenses	28	15,584,687	12,173,942
Other provision - net	12.3	514,646	88,261
Other charges	29	1,402,379	986,440
Total non-mark-up / interest expenses		17,501,712	13,248,643
Extra ordinary / unusual item		-	-
Profit before taxation		31,483,179	26,253,075
Taxation - Current year		9,724,467	8,027,433
- Prior years		1,037,910	-
- Deferred		1,295,896	1,352,467
	30	12,058,273	9,379,900
Profit after taxation		19,424,906	16,873,175
Unappropriated profit brought forward		21,414,955	15,779,127
Transfer from surplus on revaluation of fixed assets - net of tax		35,788	21,792
		21,450,743	15,800,919
Profit available for appropriation		40,875,649	32,674,094
Basic and diluted earnings - after tax	<b>Rupees per share</b>	33	23.23
			20.18

The annexed notes 1 to 46 and Annexures I to V form an integral part of these financial statements.

President and Chief Executive

Director

Director

Director

**MCB BANK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>2011</b>	<b>2010</b>
	<b>(Rupees in thousand)</b>	
Profit after tax for the year	19,424,906	16,873,175
<b>Other comprehensive income</b>		
Effect of translation of net investment in foreign branches	81,070	89,828
<b>Comprehensive income transferred to equity</b>	<u>19,505,976</u>	<u>16,963,003</u>
<b>Components of comprehensive income not reflected in equity</b>		
Net change in fair value of available for sale securities	<span style="border: 1px solid black; padding: 2px;">(35,958)</span>	<span style="border: 1px solid black; padding: 2px;">216,561</span>
Deferred tax	<span style="border: 1px solid black; padding: 2px;">(64,973)</span>	<span style="border: 1px solid black; padding: 2px;">(74,473)</span>
	(100,931)	142,088
<b>Total comprehensive income for the year</b>	<u><u>19,405,045</u></u>	<u><u>17,105,091</u></u>

The annexed notes 1 to 46 and Annexures I to V form an integral part of these financial statements.

**President and Chief Executive**

**Director**

**Director**

**Director**

**MCB BANK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Note	2011 (Rupees in thousand)	2010
<b>Cash flows from operating activities</b>			
Profit before taxation		31,483,179	26,253,075
Less: Dividend income		<u>(1,003,272)</u>	<u>(543,906)</u>
		30,479,907	25,709,169
Adjustments for non-cash charges			
Depreciation	11.2	1,114,998	1,012,161
Amortization	11.3	250,400	160,352
Provision against loans and advances - net	10.4.2	2,846,523	3,100,594
Provision for diminution in the value of investments - net	9.3	778,526	444,476
Provision against other assets - net	12.3	514,646	88,261
Bad debts written off directly	10.5.1	28,565	52,047
Gain on disposal of fixed assets - net	27	<u>(24,291)</u>	<u>(15,993)</u>
		5,509,367	4,841,898
		<u>35,989,274</u>	<u>30,551,067</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		3,446,694	(1,401,781)
Net investments in 'held for trading' securities		-	-
Advances - net		25,875,242	(4,454,823)
Other assets - net		<u>(1,764,929)</u>	<u>(2,246,347)</u>
		27,557,007	(8,102,951)
Increase / (decrease) in operating liabilities			
Bills payable		(798,719)	2,064,447
Borrowings		13,416,034	(18,977,495)
Deposits and other accounts		59,816,773	63,767,226
Other liabilities		<u>2,783,720</u>	<u>1,056,341</u>
		75,217,808	47,910,519
		138,764,089	70,358,635
Income tax paid		<u>(14,736,896)</u>	<u>(11,657,474)</u>
Net cash flows from operating activities		124,027,193	58,701,161
<b>Cash flows from investing activities</b>			
Net investments in 'available for sale' securities		(107,698,843)	(47,515,913)
Net investments in 'held to maturity' securities		3,346,149	1,445,720
Investment in subsidiary company		-	(84,139)
Investment in associated undertaking		(52,521)	-
Dividends received		1,001,750	570,788
Investments in operating fixed assets		(2,446,649)	(2,572,251)
Sale proceeds of property and equipment disposed off		45,179	33,241
Net cash flows from investing activities		(105,804,935)	(48,122,554)
<b>Cash flows from financing activities</b>			
Dividend paid		<u>(9,785,295)</u>	<u>(8,567,547)</u>
Net cash flows from financing activities		(9,785,295)	(8,567,547)
Exchange differences on translation of the net investment in foreign branches			
		81,070	89,828
Increase in cash and cash equivalents		8,518,033	2,100,888
Cash and cash equivalents at beginning of the year			
		46,562,173	44,725,336
Effects of exchange rate changes on cash and cash equivalents		<u>323,579</u>	<u>59,528</u>
		46,885,752	44,784,864
Cash and cash equivalents at end of the year	34	<u>55,403,785</u>	<u>46,885,752</u>

The annexed notes 1 to 46 and Annexures I to V form an integral part of these financial statements.

President and Chief Executive

Director

Director

Director

**MCB BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Capital reserves				Revenue Reserves		Total	
	Share capital	Reserve for issue of bonus shares	Share premium	Exchange translation reserve	Statutory reserve	General reserve		Unappropriated profit
----- (Rupees in thousand) -----								
<b>Balance as at December 31, 2009</b>	3,911,045	-	9,702,528	256,151	9,827,081	18,600,000	15,779,127	#####
Profit after taxation for the year ended December 31, 2010	-	-	-	-	-	-	16,873,175	#####
Exchange differences on translation of net investment in foreign branches	-	-	-	89,828	-	-	-	89,828
Total comprehensive income for the year ended December 31, 2010	-	-	-	89,828	-	-	16,873,175	#####
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	21,792	21,792
Transferred to statutory reserve	-	-	-	-	1,687,318	-	(1,687,318)	-
Transfer to reserve for issue of bonus shares	-	691,105	-	-	-	-	(691,105)	-
Issue of bonus shares - December 2009	691,105	(691,105)	-	-	-	-	-	-
Final cash dividend - December 2009	-	-	-	-	-	-	(2,418,877)	(2,418,877)
Interim cash dividend - March 2010	-	-	-	-	-	-	(1,900,549)	(1,900,549)
Interim cash dividend - June 2010	-	-	-	-	-	-	(2,280,645)	(2,280,645)
Interim cash dividend - September 2010	-	-	-	-	-	-	(2,280,645)	(2,280,645)
<b>Balance as at December 31, 2010</b>	<b>7,602,150</b>	<b>-</b>	<b>9,702,528</b>	<b>345,979</b>	<b>11,514,399</b>	<b>18,600,000</b>	<b>21,414,955</b>	<b>#####</b>
Profit after taxation for the year ended December 31, 2011	-	-	-	-	-	-	19,424,906	#####
Exchange differences on translation of net investment in foreign branches	-	-	-	81,070	-	-	-	81,070
Total comprehensive income for the year ended December 31, 2011	-	-	-	81,070	-	-	19,424,906	#####
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	35,788	35,788
Transferred to statutory reserve	-	-	-	-	1,942,491	-	(1,942,491)	-
Transfer to reserve for issue of bonus shares	-	760,215	-	-	-	-	(760,215)	-
Issue of bonus shares - December 2010	760,215	(760,215)	-	-	-	-	-	-
Final cash dividend - December 2010	-	-	-	-	-	-	(2,280,645)	(2,280,645)
Interim cash dividend - March 2011	-	-	-	-	-	-	(2,508,709)	(2,508,709)
Interim cash dividend - June 2011	-	-	-	-	-	-	(2,508,709)	(2,508,709)
Interim cash dividend - September 2011	-	-	-	-	-	-	(2,508,709)	(2,508,709)
<b>Balance as at December 31, 2011</b>	<b>8,362,365</b>	<b>-</b>	<b>9,702,528</b>	<b>427,049</b>	<b>13,456,890</b>	<b>18,600,000</b>	<b>28,366,171</b>	<b>#####</b>

For details of dividend declaration and appropriations, please refer note 45 to these financial statements.

The annexed notes 1 to 46 and Annexures I to V form an integral part of these financial statements.

President and Chief Executive

Director

Director

Director

# **MCB BANK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2011**

#### **1. STATUS AND NATURE OF BUSINESS**

MCB Bank Limited (the 'Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) representing two ordinary shares (2010: two ordinary shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's Registered Office and Principal Office are situated at MCB Building, Jinnah Avenue, Islamabad and MCB -15 Main Gulberg, Lahore, respectively. The Bank operates 1,165 branches including 22 Islamic banking branches (2010: 1,125 branches including 14 Islamic banking branches) within Pakistan and 8 branches (2010: 7 branches) outside the country (including the Karachi Export Processing Zone branch).

#### **2. BASIS OF PRESENTATION**

- 2.1** These financial statements represent separate financial statements of MCB Bank Limited. The consolidated financial statements of the Group are being issued separately.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.3** The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure II to these financial statements.
- 2.4** For the purpose of translation, rates of Rs. 89.9457 per US Dollar (2010: Rs. 85.6367) and Rs. 0.7899 per LKR (2010: Rs.0.7718) have been used.

#### **3. STATEMENT OF COMPLIANCE**

- 3.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962. In case requirements differ, the provisions and directives given in Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 shall prevail.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) /2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

### **3.2 Standards, amendments and interpretations to published approved accounting standards that are effective in the current year**

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 01, 2011:

- IAS 24 (revised), 'Related party disclosures' issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard classifies and simplifies the definition of a related party and removes the requirement for government - related entities to disclose details of all transactions with the government and other government - related entities. The revised standard does not have any significant effect on the Bank's financial Statements.
- Prepayments of minimum funding requirements (Amendment to IFRIC 14) - effective for annual periods beginning on or after January 1, 2011. The amendment corrects an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when the IFRIC 14 was issued, and the amendments correct this. The amendment is not expected to have any significant impact on banks financial statements.
- Customer Loyalty Programmes (IFRIC 13) - effective for annual periods beginning on or after January 1, 2011. The interpretation clarifies that when measuring the fair value of an award credit, entities should take into account both the value of the award that would be offered to customers and the proportion of award credit that is not expected to be redeemed to customers. The amendment is not expected to have any significant impact on banks financial statements.
- There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2011 but are considered not relevant or do not have a significant effect on the Bank's operations and therefore are not detailed in the financial statements.

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

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

- IAS 27 Separate Financial Statements (2011) - effective for annual periods beginning on or after January 1, 2013. IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Bank.
- IAS 19 Employee Benefits (amended 2011) - effective for annual periods beginning on or after January 01, 2013. The amended IAS 19 includes the amendments that require actuarial gains and losses to be 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. The Bank does not plan to adopt this change early and the extent of the impact has not been determined.



There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2012 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

#### **4. BASIS OF MEASUREMENT**

**4.1** These financial statements have been prepared under the historical cost convention except that certain classes of fixed assets are stated at revalued amounts and certain investments, commitments in respect of certain forward exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

**4.2** The financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

#### **4.3 Critical accounting estimates and judgments**

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:

##### **a) Classification of investments**

In classifying investments the Bank follows the guidance provided in SBP circulars:

- Investments classified as 'held for trading', the Bank determines securities which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.
- Investments classified as 'held to maturity' are 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 investment to maturity.
- The investments which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'.

##### **b) Provision against advances**

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in notes 10.4.3 and 10.4.4.

##### **c) Impairment of 'available for sale' equity investments**

The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational/financial cash flows.

#### **d) Taxation**

In making the 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

#### **e) Fair value of derivatives**

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates at the balance sheet date and the rates contracted.

#### **f) Depreciation, amortization and revaluation of operating fixed assets**

In making estimates of the depreciation / amortization method, the management uses the 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 changed pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

#### **g) Staff retirement benefits**

Certain actuarial assumptions have been adopted as disclosed in these financial statements - Note 36 for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **5.1 Investments**

The Bank classifies its investments as follows:

##### **a) Held for trading**

These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

##### **b) Held to maturity**

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

##### **c) Available for sale**

These are investments, other than those in subsidiaries and associates, that do not fall under the 'held for trading' or 'held to maturity' categories.

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than those classified as 'held to maturity', investments in subsidiaries and investments in associates are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is taken to a separate account which is shown in the balance sheet below equity. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account currently.

Unquoted equity securities (excluding investments in subsidiaries and associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost. Investments in subsidiaries and investments in associates are carried at cost.

Provision for impairment in the values of securities (except debentures, participation term certificates and term finance certificates) is made currently. Provisions for impairment in value of debentures, participation term certificates and term finance certificates are made as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

## **5.2 Sale and repurchase agreements**

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. Securities purchased under an 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 difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

## **5.3 Advances**

Advances are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer loans made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. Advances are written off when there is no realistic prospect of recovery.

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as financial leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

## **5.4 Operating fixed assets and depreciation**

Property and equipment, other than land carrying value of which is not amortized, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount. Capital work-in-progress is stated at cost less accumulated impairment losses, if any. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year-end rates.

Depreciation on all operating fixed assets is charged using the diminishing balance method except for vehicles, computers, carpets and buildings which are depreciated using the straight line method in accordance with the rates specified in note 11.2 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

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 off.

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. 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 land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Gains / losses on sale of property and equipment are credited / charged to the profit and loss account currently, except that the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

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

#### **5.4.1 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

#### **5.4.2 Leases (Ijarah)**

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

Ijarah income is recognized on an accrual basis as and when the rental becomes due.

#### **5.5 Impairment**

The carrying amount of assets are reviewed at each balance sheet 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 amounts. Recoverable amount is the greater of net selling price and value in use. 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.

#### **5.6 Staff retirement benefits**

The Bank operates the following staff retirement benefits for its employees:

- a)** For clerical / non-clerical staff who did not opt for the new scheme, the Bank operates the
  - an approved contributory provident fund;
  - an approved gratuity scheme; and
  - a contributory benevolent scheme
  
- b)** For clerical / non-clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the
  - an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
  - an approved pension fund; and
  - contributory benevolent scheme

c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:

- an approved non-contributory provident fund introduced in lieu of the contributory provident fund; and
- an approved pension fund.
- contributory benevolent fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

d) For executives and officers who joined the Bank on or after January 01, 2000 the Bank operates an approved contributory provident fund.

e) Post retirement medical benefits to entitled employees.

Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the projected unit credit method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. The net cumulative actuarial gains / losses at each balance sheet date are recognized equally over a period of three years or the expected remaining average working lives

Past service cost resulting from changes to defined benefit plans to the extent the benefits are already vested is recognized immediately and the remaining unrecognized past service cost is recognized as an expense on a straight line basis over the average period until the benefits

## **5.7 Employees' compensated absences**

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains or losses if any, are recognized immediately.

## **5.8 Taxation**

### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

### **Deferred**

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the balance sheet date expected to be applicable at the time of its reversal. Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## **5.9 Provisions**

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

## **5.10 Foreign currencies**

### **5.10.1 Foreign currency transactions**

Transactions in foreign currencies other than the results of foreign operations discussed in note 5.11.2 are translated to Rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts other than those relating to foreign currency deposits are valued at the rates applicable to their respective maturities.

### **5.10.2 Foreign operations**

The assets and liabilities of foreign branches are translated to Rupees at exchange rates prevailing at the balance sheet date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

### **5.10.3 Translation gains and losses**

Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Bank's net investment in foreign branches, which are taken to the capital reserve (exchange translation reserve).

### **5.10.4 Commitments**

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

## **5.11 Revenue recognition**

- Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan (SBP) or as permitted by the regulations of the overseas regulatory authorities of the countries where the branches operate.
- 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 period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.

- Unrealized lease income is held in suspense account, where necessary, in accordance with the requirements of SBP or overseas regulatory authorities of the country where the foreign branches of the Bank operate.
- Commission income is recognized on a time proportion basis.
- Dividend income is recognized when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account currently.

## **5.12 Operating leases**

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

## **5.13 Cash and cash equivalents**

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

## **5.14 Financial instruments**

### **5.14.1 Financial assets and financial liabilities**

Financial instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments (excluding investment in associates and subsidiaries), advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

### **5.14.2 Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All the derivative financial instruments are carried as an asset when the fair value is positive and liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

### **5.14.3 Off setting**

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.

## **5.15 Share issuance cost**

Share issuance cost directly attributable to issuance of shares, is recognized as deduction from the share premium account.

## 5.16 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products 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. The Bank's primary format of reporting is based on business segments.

### 5.16.1 Business segments

#### Corporate Finance

Corporate Finance includes underwriting, securitization, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

#### Trading and Sales

It includes fixed income, equity, foreign exchange commodities, lendings to and borrowings from financial institutions and brokerage debt.

#### Retail and Consumer Banking

It includes retail lending and deposits, banking services, private lending and deposits, banking services and retail offered to its retail customers and small and medium enterprises.

#### Commercial Banking

It includes project finance, export finance, trade finance, leasing, lending, guarantees and bills of exchange relating to its corporate customers.

### 5.16.2 Geographical segments

The Bank operates in three geographic regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

## 5.17 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

	Note	2011	2010
		(Rupees in thousand)	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand - local currency	6.1	9,178,607	9,103,182
- foreign currencies		1,158,815	1,539,991
With State Bank of Pakistan (SBP) in:			
Local currency current account	6.2	23,043,958	20,062,585
Foreign currency current account	6.3	43,029	34,673
Foreign currency deposit account	6.2	4,041,566	3,966,291
With other central banks in foreign currency current account	6.2	331,050	329,632
With National Bank of Pakistan in local currency current account		15,325,497	10,370,829
		<u>53,122,522</u>	<u>45,407,183</u>



- 6.1 This includes national prize bonds amounting to Rs. 95.889 million (2010: Rs. 67.097 million).
- 6.2 Deposits with SBP are maintained to comply with their requirements issued from time to time. Deposits with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.
- 6.3 This represents US Dollar settlement account maintained with SBP.

Note	2011	2010
	(Rupees in thousand)	

## 7. BALANCES WITH OTHER BANKS

Outside Pakistan

- current account	7.1	1,654,924	1,074,315
- deposit account	7.2	626,339	404,254
		2,281,263	1,478,569
		2,281,263	1,478,569

- 7.1 This includes balance of Euro 3.2 million frozen on account of restraining order issued by court.
- 7.2 Balances with other banks outside Pakistan in deposit account carry interest at the rate of 0.50% (2010: 0.55% to 3% per annum).

Note	2011	2010
	(Rupees in thousand)	

## 8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings		-	1,500,000
Repurchase agreement lendings	8.2 & 8.3	955,087	2,901,781
		955,087	4,401,781
		955,087	4,401,781

### 8.1 Particulars of lendings

In local currency		907,693	4,391,754
In foreign currencies		47,394	10,027
		955,087	4,401,781
		955,087	4,401,781

- 8.2. These carry mark up rates ranging from 7% to 11.90% per annum (2010 : 12.8% to 12.85%).

### 8.3 Securities held as collateral against lendings to financial institutions

	2011			2010		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	------(Rupees in thousand)-----					
Market Treasury Bills	955,087	-	955,087	922,947	-	922,947
Pakistan Investment Bonds	-	-	-	1,978,834	-	1,978,834
	<u>955,087</u>	<u>-</u>	<u>955,087</u>	<u>2,901,781</u>	<u>-</u>	<u>2,901,781</u>

Market value of securities held as collateral against lendings to financial institutions as at December 31, 2011 amounted to Rs.914.027 million (2010: 2,922.541 million).

## 9. INVESTMENTS - NET

### 9.1 Investments by types

	Note / Annexure	2011			2010		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		------(Rupees in thousand)-----					
<b>Held for trading securities</b>							
- Shares in listed companies		-	-	-	-	-	-
- Market Treasury Bills		-	-	-	-	-	-
		-	-	-	-	-	-
<b>Available-for-sale securities</b>							
- Market Treasury Bills	9.4	232,284,116	24,306,386	256,590,502	174,114,758	11,840,440	185,955,198
- Pakistan Investment Bonds	9.4	33,994,184	-	33,994,184	4,764,252	-	4,764,252
- Shares in listed companies	9.4 & Annexure I (note 1)	7,832,951	-	7,832,951	6,680,635	-	6,680,635
- Units in open ended mutual fund	9.4 & Annexure I (note 1)	4,000,000	-	4,000,000	182,981	-	182,981
- Shares in unlisted companies	9.4 & Annexure I (note 2)	523,951	-	523,951	523,915	-	523,915
- NIT units		5,253	-	5,253	5,253	-	5,253
- Sukuk Bonds	9.4 & Annexure I (note 3)	4,100,000	-	4,100,000	2,100,000	-	2,100,000
- Term Finance Certificates (TFCs)	9.4 & Annexure I (note 3)	1,949,543	-	1,949,543	1,672,200	-	1,672,200
		<u>284,689,998</u>	<u>24,306,386</u>	<u>308,996,384</u>	<u>190,043,994</u>	<u>11,840,440</u>	<u>201,884,434</u>
<b>Held-to-maturity securities</b>							
- Market Treasury Bills	9.5	1,817,297	483,000	2,300,297	3,055,428	100,207	3,155,635
- Pakistan Investment Bonds	9.5	1,804,197	-	1,804,197	2,172,165	-	2,172,165
- Federal Government Securities		-	-	-	-	-	-
- Provincial Government Securities		118	-	118	118	-	118
- Sukuk Bonds	Annexure I (note 4)	1,231,964	-	1,231,964	1,427,762	-	1,427,762
- Euro Bonds	Annexure I (note 4)	1,542,470	-	1,542,470	1,446,590	-	1,446,590
- Term Finance Certificates (TFCs), Debentures, Bonds and Participation Term Certificates (PTCs)	Annexure I (note 3 & 4)	2,075,882	-	2,075,882	4,099,810	-	4,099,810
		<u>8,471,928</u>	<u>483,000</u>	<u>8,954,928</u>	<u>12,201,873</u>	<u>100,207</u>	<u>12,302,080</u>
<b>Subsidiaries</b>	Annexure I (note 5)						
- MNET Services (Private) Limited		49,975	-	49,975	49,975	-	49,975
- MCB Trade Services Limited		77	-	77	77	-	77
- Arif Habib Investments Limited	9.9	320,123	-	320,123	299,980	-	299,980
- MCB Leasing" Closed Joint Stock Company		84,533	-	84,533	84,533	-	84,533
- MCB Financial Services Limited		27,500	-	27,500	27,500	-	27,500
		<u>482,208</u>	<u>-</u>	<u>482,208</u>	<u>462,065</u>	<u>-</u>	<u>462,065</u>
<b>Associates</b>	Annexure I (note 6)						
- Adamjee Insurance Company Limited	9.6	943,600	-	943,600	943,600	-	943,600
- Euronet Pakistan (Private) Limited		52,521	-	52,521	-	-	-
- First Women Bank Limited		63,300	-	63,300	63,300	-	63,300
		<u>1,059,421</u>	<u>-</u>	<u>1,059,421</u>	<u>1,006,900</u>	<u>-</u>	<u>1,006,900</u>
<b>Investments at cost</b>		<u>294,703,555</u>	<u>24,789,386</u>	<u>319,492,941</u>	<u>203,714,832</u>	<u>11,940,647</u>	<u>215,655,479</u>
Less: Provision for diminution in value of investments	9.3	(3,327,065)	-	(3,327,065)	(3,116,292)	-	(3,116,292)
<b>Investments (net of provisions)</b>		<u>291,376,490</u>	<u>24,789,386</u>	<u>316,165,876</u>	<u>200,598,540</u>	<u>11,940,647</u>	<u>212,539,187</u>
Surplus / (Deficit) on revaluation of available for sale securities - net	21.2	472,254	13,483	485,737	534,095	(12,400)	521,695
<b>Investments at revalued amounts - net of provisions</b>		<u>291,848,744</u>	<u>24,802,869</u>	<u>316,651,613</u>	<u>201,132,635</u>	<u>11,928,247</u>	<u>213,060,882</u>

	Note / Annexure	2011 (Rupees in thousand)	2010
<b>9.2 Investments by segments</b>			
<b>Federal Government Securities:</b>			
- Market Treasury Bills	9.4	256,590,502	185,955,198
- Pakistan Investment Bonds	9.4	35,798,381	6,936,417
- Euro Bonds	Annexure I (note 4)	1,542,470	1,446,590
- Sukuk Bonds	Annexure I (note 3 & 4)	4,500,000	2,500,000
- Unlisted Term Finance Certificate	Annexure I (note 3)	-	2,250,000
<b>Overseas Government Securities</b>			
- Market Treasury Bills - Sri Lanka		2,300,297	3,155,635
<b>Provincial Government Securities</b>			
		118	118
<b>Subsidiaries and Associated Undertakings</b>			
	9.6 & Annexure I (note 5 & 6)	1,541,629	1,468,965
<b>Fully Paid-up Ordinary Shares / Certificates / Units</b>			
- Listed companies / mutual funds / modarabas	Annexure I (note 1)	7,771,349	6,619,033
- Unlisted companies / funds	Annexure I (note 2)	423,951	423,915
<b>Units of Open Ended Mutual Funds</b>			
	Annexure I (note 1)	4,000,000	182,981
<b>Fully Paid-up Preference Shares:</b>			
- Listed Companies	Annexure I (note 1)	61,602	61,602
- Unlisted Companies	Annexure I (note 2)	100,000	100,000
<b>Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:</b>			
- Listed Term Finance Certificates	Annexure I (note 3)	3,064,783	1,672,200
- Unlisted Term Finance Certificates	Annexure I (note 3)	714,183	1,758,446
- Debentures, Bonds and Participation Term Certificates (PTCs)	Annexure I (note 4)	246,459	91,364
<b>Other Investments:</b>			
- Sukuk Bonds	Annexure I (note 4)	831,964	1,027,762
- NIT Units		5,253	5,253
<b>Total investments at cost</b>		319,492,941	215,655,479
Less: Provision for diminution in the value of investments	9.3	(3,327,065)	(3,116,292)
<b>Investments (net of provisions)</b>		316,165,876	212,539,187
Surplus on revaluation of available for sale securities - net	21.2	485,737	521,695
<b>Investments at revalued amounts - net of provisions</b>		316,651,613	213,060,882

### 9.3 Particulars of provision

Opening balance	3,116,292	3,686,520
Charge during the year	786,923	458,070
Reversal made during the year	(8,397)	(13,594)
	778,526	444,476
Reversal on disposal of shares	(566,750)	(983,262)
Adjustments due to reclassification	-	(31,140)
Investment written off against provision	(1,003)	(302)
Closing balance	3,327,065	3,116,292

#### 9.3.1 Particulars of provision in respect of Type and Segment

<b>Available-for-sale securities</b>		
Listed shares / Certificates / Units	2,712,032	2,724,181
Unlisted shares	73,674	70,645
	2,785,706	2,794,826
<b>Held-to-maturity securities</b>		
Unlisted TFCs, Debentures, Bonds and Participation Term Certificates	541,359	321,466
	3,327,065	3,116,292

#### 9.4 Quality of 'available for sale' securities

Note	2011		2010	
	Market value	Credit rating	Market value	Credit rating
------(Rupees in thousand)-----				
<b>Market Treasury Bills</b>				
9.4.1	256,558,203	Unrated	185,624,971	Unrated
<b>Pakistan Investment Bonds</b>				
9.4.1	33,755,051	Unrated	4,435,059	Unrated
<b>Listed Term Finance Certificates</b>				
Askari Bank Limited	255,740	AA-	253,473	AA-
Bank Alfalah Limited	501,600	AA-	505,153	AA-
United Bank Limited	758,654	AA	686,225	AA
Allied Bank Limited	231,294	AA-	146,252	AA-
NIB Bank limited	163,443	A+	-	A+
Pak Arab Fertilizers Limited	74,332	AA	97,000	AA
	1,985,063		1,688,103	
<b>Shares in Listed Companies</b>				
Abbott Laboratories Pakistan Limited	13,532	Not available	14,881	Not available
Allied Bank Limited	340,150	AA & A1+	342,733	AA & A1+
Arif Habib Limited	1,111	Not available	2,038	Not available
Arif Habib Corporation Limited	43,603	Not available	38,079	Not available
Arif Habib Investments Limited	-	A & A1	13,826	A & A1
Askari Bank Limited	49,211	AA & A1+	113,744	AA & A1+
Atlas Bank Limited	-	A- & A2	2,465	A- & A2
Attock Petroleum Limited	152,561	Not available	132,585	Not available
Attock Refinery Limited	17,224	AA & A1+	-	-
Azgard Nine Limited - preference shares	-	D	11,602	A+ & A1
Bank Alfalah Limited	-	AA & A1+	3,382	AA & A1+
Bank Al-Habib Limited	220,604	AA+ & A1+	241,804	AA+ & A1+
Century Papers and Board Mills Limited	709	A+	919	A+
Clariant Pakistan Limited	8,381	-	-	-
Fauji Fertilizer Bin Qasim Company Limited	631,540	Not available	192,955	Not available
Fauji Fertilizer Company Limited	1,525,308	Not available	1,090,321	Not available
First AI - Noor Modaraba	23,324	BBB & A-3	16,104	BBB & A-3
Glaxo Smithkline Pakistan Limited	37,389	Not available	42,743	Not available
Habib Bank Limited	94,715	AA+ & A-1+	66,428	AA+ & A-1+
Habib Metropolitan Bank Limited	21,585	AA+ & A-1+	33,628	AA+ & A-1+
Ibrahim Fiber Limited	3,245	AA- & A1+	1,264	A+ & A1
ICI Pakistan Limited	26,459	Not available	-	-
IGI Insurance Limited	18,502	AA	26,113	AA
Indus Motors Company Limited	5,541	Not available	6,824	Not available
International Industries Limited	13,111	Not available	20,645	Not available
Kohinoor Energy Limited	867	AA & A1+	1,198	Not available
Kot Addu Power Company Limited	826	AA+ & A-1+	57,220	Not available
Maple Leaf Cement Company Limited	-	D & D	11,002	BB & B
Masood Textile Mills Limited - preference shares	50,000	Not available	50,000	Not available
Mehr Dastagir Textile Mills Limited	3,234	Not available	3,234	Not available
Millat Tractors Limited	149,708	Not available	90,990	Not available
National Refinery Limited	64,378	AAA & A1+	-	-
Oil & Gas Development Company Limited	45,052	AAA & A-1+	5,213	AAA & A-1+
Packages Limited	3,301	AA & A1+	5,133	AA & A1+
Pakistan Cables Limited	1,367	Not available	2,342	Not available

Note	2011		2010	
	Market value	Credit rating	Market value	Credit rating
------(Rupees in thousand)-----				
Pakistan Oilfields Limited	478,134	Not available	155,823	Not available
Pakistan Petroleum Limited	216,217	Not available	124,802	Not available
Pakistan State Oil Company Limited	39,303	AA+ & A1+	-	-
Pakistan Telecommunication Company Limited	2,338	Not available	98,143	Not available
Pakistan Tobacco Company Limited	2,720	Not available	5,401	Not available
Rupali Polyester Limited	4,974	Not available	23,708	Not available
Rafhan Maize Products Limited	12,086	Not available	-	-
Samba Bank Limited	44,896	A+ & A-1	60,688	A & A-1
Soneri Bank Limited	17,300	AA- & A1+	32,766	AA- & A1+
Summit Bank Limited	1,170	A & A2	-	-
** Sui Northern Gas Pipelines Limited	787,311	AA & A1+	1,276,269	AA & A1+
The Bank of Punjab	-	AA- & A1+	63,011	AA- & A1+
* Trust Securities & Brokerage Limited	330	Not available	525	Not available
Unilever Pakistan Limited	289,906	Not available	145,106	Not available
Unilever Pakistan Foods Limited	677	Not available	-	-
United Bank Limited	382,733	AA+ & A-1+	475,389	AA+ & A-1+
Wateen Telecom Limited	9,114	Under review	28,994	A & A-2
Zulfiqar Industries Limited	1,007	Not available	1,707	Not available
	5,856,754		5,133,747	
<b>Open Ended Mutual Fund</b>				
Metro-Bank Pakistan Sovereign Fund—Perpetual (MSF)	3,966,812	AM2	-	-
MCB Dynamic Allocation Fund	-	-	77,327	AM3+
MCB Dynamic Stock Fund	-	-	100,624	AM3+
	3,966,812		177,951	
<b>Shares in Un-listed Companies</b>				
	9.4.2			
* Khushhali Bank Limited	300,000	A & A-1	300,000	A- & A-2
* National Investment Trust Limited	100	AM2	100	AM2
* SME Bank Limited	10,106	BBB & A-3	10,106	BBB & A-3
First Capital Investment (Private) Limited	2,500	AM4+	2,500	AM4+
Pak Asian Fund	11,500	Not available	11,500	Not available
* Arabian Sea Country Club	2,962	Not available	4,481	Not available
* Central Depository Company of Pakistan Limited	10,000	Not available	10,000	Not available
* National Institutional Facilitation Technologies (Private) Limited	1,527	Not available	1,527	Not available
Society for Worldwide Inter Fund Transfer (SWIFT)	1,738	Not available	1,738	Not available
Fazal Cloth Mills Limited - preference share	100,000	A- & A2	100,000	A- & A2
* Next Capital Limited	8,240	Not available	9,752	Not available
Lanka Clearing (Private) Limited	790	Not available	772	Not available
Lanka Financial Services Bureau Limited	790	Not available	772	Not available
Credit Information Bureau of Sri Lanka	24	Not available	23	Not available
	450,277		453,271	
<b>Other Investment</b>				
<b>Sukuk Bonds</b>	9.4.1	4,121,390	Unrated	2,094,727
<b>N.I.T. Units</b>		2,865	AM2	3,475
		<u>306,696,415</u>		<u>199,611,304</u>

9.4.1 These are Government of Pakistan guaranteed securities.

9.4.2 Investments in unlisted companies are stated at carrying value. The above excludes unlisted shares of companies which are fully provided for in these financial statements.

\* These are the strategic investments of the Bank.

\*\* This includes 33.901 million shares valuing Rs. 532.591 million (2010: 32.287 million shares valuing Rs. 863.355 million) which are held as strategic investment by the Bank.

- 9.5** "Available for sale" Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan. The market value of Pakistan Investment Bonds and Market Treasury Bills classified as 'held to maturity' as at December 31, 2011 amounted to Rs. 1,651.687 million and Rs. 2,300.297 million (2010: Pakistan Investment Bonds Rs. 1,848.956 million and Market Treasury Bills Rs. 3,155.635 million) respectively.
- 9.6** Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 943.600 million (2010: Rs. 943.600 million) as at December 31, 2011. The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2011 amounted to Rs. 1,675.927 million (2010: Rs. 3,152.948 million).
- 9.7** Investments include Pakistan Investment Bonds amounting to Rs. 232.60 million (2010: Rs. 232.60 million) earmarked by the SBP and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (2010: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account.
- 9.8** Information relating to investments in ordinary shares and preference shares of listed companies and unlisted companies required to be disclosed as part of the financial statements under BSD Circular No.04 of 2006 dated February 17, 2006, is given in Annexure "I".
- 9.9** During the year MCB Assets Management Company amalgamated with Arif Habib Investments Limited the Bank owns 51.33% holding in merged entity.
- 9.10** Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>10. ADVANCES - NET</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		223,963,444	250,419,923
Outside Pakistan		10,959,873	9,104,266
		<u>234,923,317</u>	<u>259,524,189</u>
Net investment in finance lease	10.2		
In Pakistan		1,226,014	2,333,616
Outside Pakistan		151,463	86,429
		<u>1,377,477</u>	<u>2,420,045</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		722,522	1,274,149
Payable outside Pakistan		11,111,385	10,925,541
		<u>11,833,907</u>	<u>12,199,690</u>
Advances - gross		<u>248,134,701</u>	<u>274,143,924</u>
Provision against advances	10.4		
Specific provision	10.3	(21,869,401)	(18,930,571)
General provision	10.4.3	(248,135)	(274,144)
General provision against consumer loans	10.4.5	(198,340)	(357,352)
General provision for potential lease losses (in Sri Lanka operations)		(17,566)	(30,268)
		<u>(22,333,442)</u>	<u>(19,592,335)</u>
Advances - net of provision		<u>225,801,259</u>	<u>254,551,589</u>

#### 10.1 Particulars of advances (gross)

<b>10.1.1</b> In local currency	222,581,371	249,684,875
In foreign currencies	25,553,330	24,459,049
	<u>248,134,701</u>	<u>274,143,924</u>
<b>10.1.2</b> Short-term	186,363,648	192,749,318
Long-term	61,771,053	81,394,606
	<u>248,134,701</u>	<u>274,143,924</u>

#### 10.2 Net investment in finance lease

	2011				2010			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
------(Rupees in thousand)-----								
Lease rentals receivable	490,982	737,402	69,615	1,297,999	714,095	1,313,501	1,362	2,028,958
Guaranteed residual value	<u>176,521</u>	<u>132,488</u>	<u>-</u>	<u>309,009</u>	<u>404,732</u>	<u>294,465</u>	<u>254</u>	<u>699,451</u>
Minimum lease payments	667,503	869,890	69,615	1,607,008	1,118,827	1,607,966	1,616	2,728,409
Finance charge for future periods	<u>(73,228)</u>	<u>(144,313)</u>	<u>(11,990)</u>	<u>(229,531)</u>	<u>(117,982)</u>	<u>(190,021)</u>	<u>(361)</u>	<u>(308,364)</u>
Present value of minimum lease payments	<u>594,275</u>	<u>725,577</u>	<u>57,625</u>	<u>1,377,477</u>	<u>1,000,845</u>	<u>1,417,945</u>	<u>1,255</u>	<u>2,420,045</u>

10.3 Advances include Rs. 26,664.873 million (2010: Rs. 24,543.807 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	2011								
		Classified Advances			Specific Provision Required			Specific Provision Held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in thousand) -----										
Other Assets Especially Mentioned (OAEM)	10.3.1	-	-	-	-	-	-	-	-	-
Substandard		2,036,968	7,857	2,044,825	459,410	1,964	461,374	459,410	1,964	461,374
Doubtful		292,466	-	292,466	115,289	-	115,289	115,289	-	115,289
Loss		20,061,976	4,265,606	24,327,582	19,580,300	1,712,438	21,292,738	19,580,300	1,712,438	21,292,738
		<u>22,391,410</u>	<u>4,273,463</u>	<u>26,664,873</u>	<u>20,154,999</u>	<u>1,714,402</u>	<u>21,869,401</u>	<u>20,154,999</u>	<u>1,714,402</u>	<u>21,869,401</u>

  

Category of Classification	Note	2010								
		Classified Advances			Specific Provision Required			Specific Provision Held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in thousand) -----										
Other Assets Especially Mentioned (OAEM)	10.3.1	57,057	-	57,057	-	-	-	-	-	-
Substandard		1,539,019	864	1,539,883	349,703	216	349,919	349,703	216	349,919
Doubtful		2,139,457	2,755	2,142,212	1,014,758	1,377	1,016,135	1,014,758	1,377	1,016,135
Loss		16,688,531	4,116,124	20,804,655	16,310,419	1,254,098	17,564,517	16,310,419	1,254,098	17,564,517
		<u>20,424,064</u>	<u>4,119,743</u>	<u>24,543,807</u>	<u>17,674,880</u>	<u>1,255,691</u>	<u>18,930,571</u>	<u>17,674,880</u>	<u>1,255,691</u>	<u>18,930,571</u>

10.3.1 This represents non-performing portfolio of agricultural financing classified as OAEM as per the requirements of the Prudential Regulation for Agricultural Financing issued by the State Bank of Pakistan.

#### 10.4 Particulars of provision against advances

	Note	2011				
		Specific	General	General provision against consumer loans	Leasing (general)	Total
		----- (Rupees in thousand) -----				
Opening balance		18,930,571	274,144	357,352	30,268	19,592,335
Exchange adjustments		4,523	-	-	-	4,523
Provision made during the year		6,371,637	-	-	-	6,371,637
Reversals		(3,327,391)	(26,009)	(159,012)	(12,702)	(3,525,114)
		3,044,246	(26,009)	(159,012)	(12,702)	2,846,523
Amounts written off	10.5.1	(109,939)	-	-	-	(109,939)
Closing balance		<u>21,869,401</u>	<u>248,135</u>	<u>198,340</u>	<u>17,566</u>	<u>22,333,442</u>

  

	Note	2010				
		Specific	General	General provision against consumer loans	Leasing (general)	Total
		----- (Rupees in thousand) -----				
Opening balance		15,678,345	269,722	494,434	30,268	16,472,769
Exchange adjustments		20,890	-	-	-	20,890
Provision made during the year		5,989,585	4,422	-	-	5,994,007
Reversals		(2,756,331)	-	(137,082)	-	(2,893,413)
		3,233,254	4,422	(137,082)	-	3,100,594
Amounts written off	10.5.1	(1,918)	-	-	-	(1,918)
Closing balance		<u>18,930,571</u>	<u>274,144</u>	<u>357,352</u>	<u>30,268</u>	<u>19,592,335</u>

  

	2011			2010		
	Specific	General (total)	Total	Specific	General (total)	Total
----- (Rupees in thousand) -----						
In local currency	20,154,999	446,475	20,601,474	17,674,880	631,496	18,306,376
In foreign currencies	<u>1,714,402</u>	<u>17,566</u>	<u>1,731,968</u>	<u>1,255,691</u>	<u>30,268</u>	<u>1,285,959</u>
	<u>21,869,401</u>	<u>464,041</u>	<u>22,333,442</u>	<u>18,930,571</u>	<u>661,764</u>	<u>19,592,335</u>

#### 10.4.1 Particulars of provisions against advances

In local currency	20,154,999	446,475	20,601,474	17,674,880	631,496	18,306,376
In foreign currencies	<u>1,714,402</u>	<u>17,566</u>	<u>1,731,968</u>	<u>1,255,691</u>	<u>30,268</u>	<u>1,285,959</u>
	<u>21,869,401</u>	<u>464,041</u>	<u>22,333,442</u>	<u>18,930,571</u>	<u>661,764</u>	<u>19,592,335</u>

10.4.2 The following amounts have been charged to the profit and loss account:

	Note	2011	2010
(Rupees in thousand)			
Specific provision		3,044,246	3,233,254
General provision	10.4.3	(26,009)	4,422
General provision against consumer loans	10.4.5	(159,012)	(137,082)
General provision for potential lease losses (in Sri Lanka operations)		(12,702)	-
		<u>2,846,523</u>	<u>3,100,594</u>



- 10.4.3** General provision against advances represents provision maintained at around 0.1% of gross advances.
- 10.4.4** State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009, BSD Circular No. 10 dated October 20, 2009, BSD Circular No. 02 of 2010 dated June 03, 2010 and BSD Circular No.1 of 2011 dated October 2011 has allowed benefit of forced sale value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial & industrial properties (land and building only) held as collateral against NPLs for five years from the date of classification. However, management has not taken the said benefit in calculation of specific provision, other than mortgage financing as allowed under Prudential Regulations issued by State Bank of Pakistan.
- 10.4.5** General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>10.5 Particulars of write offs:</b>			
<b>10.5.1</b> Against provisions	10.4	109,939	1,918
Directly charged to the profit and loss account		28,565	52,047
		<u>138,504</u>	<u>53,965</u>
<b>10.5.2</b> Write offs of Rs. 500,000 and above	10.5.3	109,030	7,019
Write offs of below Rs. 500,000		29,474	46,946
		<u>138,504</u>	<u>53,965</u>

**10.5.3 Details of loan write offs of Rs. 500,000 and above**

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand Rupees or above allowed to a person(s) during the year ended December 31, 2011 is given at Annexure- III. However, this write off does not affect the Bank's right to recover the debts from these customers.

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>10.6 Particulars of advances to directors, executives, associated companies, etc.</b>			
Debts due by executives or officers of the Bank or any of them either severally or jointly with any other persons			
Balance at beginning of the year		4,660,598	4,393,286
Loans granted during the year		955,974	1,426,017
Repayments		(1,437,535)	(1,158,705)
Balance at end of the year		<u>4,179,037</u>	<u>4,660,598</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		167,022	53,735
Loans granted during the year		422,586	128,922
Repayments		(8,834)	(15,635)
Balance at end of the year		<u>580,774</u>	<u>167,022</u>
		<u>4,759,811</u>	<u>4,827,620</u>

**11. OPERATING FIXED ASSETS**

Capital work-in-progress	11.1	1,594,094	2,040,246
Property and equipment	11.2	19,992,013	18,599,703
Intangible asset	11.3	421,796	307,591
		<u>22,007,903</u>	<u>20,947,540</u>

**11.1 Capital work-in-progress**

Civil works		912,641	1,654,483
Advances to suppliers and contractors		308,946	194,751
Others		372,507	191,012
		<u>1,594,094</u>	<u>2,040,246</u>

11.2 Property and equipment

Description	2011			2011			Net book value at December 31, 2011	Annual rate of depreciation / estimated useful life
	Cost/ Revalued amount		At December 31, 2011	Accumulated depreciation				
	At January 01, 2011	Additions/ (disposals) / Exchange and other adjustments		At January 01, 2011	Charge for the year / (depreciation on disposals) exchange and other adjustments	At December 31, 2011		
------(Rupees in thousand)-----								
Land - Freehold	10,381,400	406,723	10,788,123	-	-	-	10,788,123	-
Land - Leasehold	120,100	-	120,100	-	-	-	120,100	-
Buildings on freehold land	5,276,168	296,557 - (30,088)	5,542,637	-	133,016	133,016	5,409,621	50 years
Buildings on leasehold land	161,983	111,717 - 33,312	307,012	67,896	52,089 - 923	120,908	186,104	3 to 50 years
Furniture and fixture	791,340	119,148 (9,566) 854	901,776	387,333	52,809 (8,472) 540	432,210	469,566	10% to 33%
Electrical, Computers and office Equipment	5,940,358	1,182,910 (49,448) 76,389	7,150,209	3,948,985	767,383 (46,047) 76,014	4,746,335	2,403,874	20% to 33%
Vehicles	578,171	28,372 (42,731) (1,575)	562,237	285,102	74,241 (31,315) (2,285)	325,743	236,494	20%
<b>Ijarah Assets</b>								
Assets held under Ijarah - Car	52,413	60,112 (6,988)	105,537	12,914	19,128 (2,011)	30,031	75,506	20%
Assets held under Ijarah - Equipment	-	318,957	318,957	-	16,332	16,332	302,625	20%
	22,224,222	2,524,122	24,748,344	4,722,222	1,114,222	5,836,444	18,911,900	

11.2 Property and equipment

Description	2010										
	Cost/ Revalued amount				Accumulated depreciation					Net book value at December 31, 2010	Annual rate of depreciation / estimated useful life
	At January 01, 2010	Additions/ (disposals)	Revaluation surplus	Reversal due to revaluation	At December 31, 2010	At January 01, 2010	Charge for the year / (depreciation on disposals)	Reversal due to revaluation	At December 31, 2010		
------(Rupees in thousand)-----											
Land - Freehold	9,719,130	61,451	600,819	-	10,381,400	-	-	-	-	10,381,400	-
Land - Leasehold	57,430		62,670	-	120,100	-	-	-	-	120,100	-
Buildings on freehold land	4,280,772	400,317	877,499	(282,420)	5,276,168	185,792	96,628	(282,420)	-	5,276,168	50 years
Buildings on leasehold land	76,230	76,587	9,166	-	161,983	28,854	39,042		67,896	94,087	3 to 50 years
Furniture and fixture	710,955	83,980 (3,595)	-	-	791,340	328,918	61,173 (2,758)		387,333	404,007	10% to 33%
Electrical, Computers and office Equipment	5,284,645	678,383 (22,670)	-	-	5,940,358	3,238,577	731,267 (20,859)		3,948,985	1,991,373	20% to 33%
Vehicles	541,845	88,869 (52,543)	-	-	578,171	248,725	74,320 (37,943)		285,102	293,069	20%
<b>Ijarah Assets</b>											
Assets held under Ijarah - Car	29,947	22,466	-	-	52,413	3,183	9,731		12,914	39,499	20%
	20,700,954	1,412,053 (78,808)	1,550,154	(282,420)	23,301,933	4,034,049	1,012,161 (61,560)	(282,420)	4,702,230	18,599,703	

**11.2.1** The land and buildings of the Bank were last revalued in December 2010 by independent valuers (Pee Dee Associates & Arch-e-Decon), valuation and engineering consultants, on the basis of market value. The information relating to location of revalued assets is given in Annexure V. The details of revalued amounts are as follows:

**Rupees in thousand**

Total revalued amount of land	10,501,500
Total revalued amount of buildings	5,329,945

Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at December 31, 2011 would have been as follows:

**Rupees in thousand**

Land	2,911,186
Buildings	2,950,376

**11.2.2** The gross carrying amount (cost) of fully depreciated assets that are still in use are as follows:

Furniture and fixture	2,316,130
Electrical, computers and office equipment	13,079
Vehicles	162,683
Intangible asset	785,040

**11.2.3 Details of disposal of operating fixed assets**

The information relating to disposal of operating fixed assets required to be disclosed as part of the financial statements by the State Bank of Pakistan is given in Annexure IV and is an integral part of these financial statements.

**11.3 Intangible asset**

Description	2011							Annual rate of amortization
	Cost		Accumulated amortization				Net book value at December 31, 2011	
	At January 01, 2011	Additions	At December 31, 2011	At January 01, 2011	Amortization for the year	At December 31, 2011		
(Rupees in thousand)							%	
Computer software	1,135,944	364,605	1,500,549	828,353	250,400	1,078,753	421,796	33.33
	1,135,944	364,605	1,500,549	828,353	250,400	1,078,753	421,796	

Description	2010							Annual rate of amortization
	Cost		Accumulated amortization				Net book value at December 31, 2010	
	At January 01, 2010	Additions	At December 31, 2010	At January 01, 2010	Amortization for the year	At December 31, 2010		
(Rupees in thousand)							%	
Computer software	916,243	219,701	1,135,944	668,001	160,352	828,353	307,591	33.33
	916,243	219,701	1,135,944	668,001	160,352	828,353	307,591	

	Note	2011 (Rupees in thousand)	2010
<b>12. OTHER ASSETS - NET</b>			
Income / mark-up accrued on advances and investments - local currency		7,209,696	7,738,947
Income / mark-up accrued on advances and investments - foreign currencies		187,967	66,625
Advances, deposits, advance rent and other prepayments		1,094,899	757,246
Advance against future Murabaha		1,645,531	2,212,048
Advance taxation (payments less provisions)		5,990,472	2,533,770
Compensation for delayed income tax refunds		44,802	44,802
Branch adjustment account		-	153,857
Non-banking assets acquired in satisfaction of claims	12.1	994,504	1,155,832
Unrealised gain on derivative financial instruments	12.2	311,282	278,628
Stationery and stamps on hand		64,989	94,053
Prepaid exchange risk fee		537	233
Receivable from the pension fund	36.3	14,731,898	12,542,560
Others		1,426,686	894,743
		<u>33,703,263</u>	<u>28,473,344</u>
Less: Provision held against other assets	12.3	<u>1,289,687</u>	<u>768,275</u>
		<u><u>32,413,576</u></u>	<u><u>27,705,069</u></u>

**12.1** The market value of non-banking assets with carrying value of Rs. 871.894 million (2010: Rs. 1,033.222 million) net of provision as per the valuation report dated December 31, 2011 amounted to Rs. 893.184 million (2010: Based on valuation as of December 31, 2010 Rs. 1,048.473 million).

**12.2 Unrealised gain on derivative financial instruments**

	<u>Contract / notional amount</u>		<u>Unrealised gain</u>	
	2011	2010	2011	2010
	------(Rupees in thousand)-----			
Unrealised gain on:				
Cross currency swaps	-	76,563	-	51
Forward exchange contracts	<u>29,327,087</u>	<u>23,302,853</u>	<u>311,282</u>	<u>278,577</u>
	<u>29,327,087</u>	<u>23,379,416</u>	<u>311,282</u>	<u>278,628</u>

	2011 (Rupees in thousand)	2010
<b>12.3 Provision held against other assets</b>		
Opening balance	768,275	583,953
Charge for the year	520,423	88,261
Reversal during the year	(5,777)	-
	514,646	88,261
Write off during the year	(18,286)	(111,409)
Exchange adjustments	25,052	207,470
Closing balance	<u>1,289,687</u>	<u>768,275</u>

**13. CONTINGENT ASSETS**

There were no contingent assets of the Bank as at December 31, 2011 and December 31, 2010.

	Note	2011 (Rupees in thousand)	2010
<b>14. BILLS PAYABLE</b>			
In Pakistan		9,435,321	10,218,142
Outside Pakistan		31,497	47,395
		<u>9,466,818</u>	<u>10,265,537</u>
<b>15. BORROWINGS</b>			
In Pakistan		37,397,843	24,324,510
Outside Pakistan		1,702,784	1,360,083
		<u>39,100,627</u>	<u>25,684,593</u>
<b>15.1 Particulars of borrowings with respect to currencies</b>			
In local currency		37,397,843	24,324,510
In foreign currencies		1,702,784	1,360,083
		<u>39,100,627</u>	<u>25,684,593</u>
<b>15.2 Details of borrowings (secured / unsecured)</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Export refinance scheme	15.3 & 15.5	9,903,657	9,880,240
Long term financing facility	15.4 & 15.5	2,026,175	721,000
Long term financing - export oriented projects scheme	15.4 & 15.5	949,375	1,444,542
Financing Facility for Storage of Agricultural Produce		219,932	-
Scheme for Revival of SMEs & Agricultural Activities in Flood Affected Areas		450	-
		<u>13,099,589</u>	<u>12,045,782</u>
Borrowings from other financial institution	15.6	293,113	618,163
Repurchase agreement borrowings	15.7	24,781,254	12,027,499
		<u>38,173,956</u>	<u>24,691,444</u>
<b>Unsecured</b>			
Call borrowings	15.8	816,139	449,860
Overdrawn nostro accounts		110,532	543,289
		<u>926,671</u>	<u>993,149</u>
		<u>39,100,627</u>	<u>25,684,593</u>
<b>15.3</b> The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted 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 SBP.			
<b>15.4</b> The amount is due to SBP and has been obtained for providing long term finance to customers for export oriented projects. As per the agreements with SBP, the Bank has granted 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 SBP.			
<b>15.5</b> Borrowings from SBP under the export refinance and long term financing for export oriented projects schemes are secured against the Bank's cash and security balances held by the SBP.			
<b>15.6</b> These carry mark-up ranging from 2.80% to 9.50% per annum (2010: 2% to 3.15% per annum).			
<b>15.7</b> These carry mark-up rates ranging from 6.30% to 12.50% per annum (2010: 12.75% to 14% per annum) and are secured against government securities of carrying value of Rs. 24,802.869 million (2010: Rs. 11,928.247 million). These are repayable by April, 2012.			
<b>15.8</b> These carry mark-up ranging from 2.24% to 9.10% per annum (2010: 0.75% to 8.10% per annum). These are repayable by April, 2012.			

	2011	2010
	(Rupees in thousand)	
<b>16. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	91,501,846	80,073,848
Saving deposits	225,920,953	196,015,213
Current accounts	161,680,596	144,545,488
Margin accounts	3,511,830	3,482,526
	<u>482,615,225</u>	<u>424,117,075</u>
<b>Financial institutions</b>		
Remunerative deposits	6,319,827	4,128,090
Non-remunerative deposits	2,253,658	3,126,772
	<u>8,573,485</u>	<u>7,254,862</u>
	<u>491,188,710</u>	<u>431,371,937</u>
<b>16.1 Particulars of deposits</b>		
In local currency	463,540,941	404,168,939
In foreign currencies	27,647,769	27,202,998
	<u>491,188,710</u>	<u>431,371,937</u>

**16.2** Deposits include deposits from related parties amounting to Rs. 30,652.979 million (2010: Rs. 27,889.250 million).

## 17. DEFERRED TAX LIABILITY / (ASSET) - NET

The details of the tax effect of taxable and deductible temporary differences are as follows:

	Note	2011	2010
		(Rupees in thousand)	
<b>Taxable temporary differences on:</b>			
Surplus on revaluation of operating fixed assets	21.1	782,977	802,248
Accelerated tax depreciation		1,033,028	839,989
Receivable from pension fund		5,156,165	4,389,896
Net investment in finance lease receivable		-	119,394
Surplus / deficit on revaluation of securities		49,393	-
		<u>7,021,563</u>	<u>6,151,527</u>
<b>Deductible temporary differences on:</b>			
Surplus / deficit on revaluation of securities	21.2	-	(15,580)
Provision for bad debts		(414,114)	(821,631)
Provision for contributory benevolent scheme		(5,655)	(27,128)
Provision for post retirement medical benefits		(306,908)	(353,170)
		<u>(726,677)</u>	<u>(1,217,509)</u>
		<u>6,294,886</u>	<u>4,934,018</u>

**17.1** The Finance Act, 2010 and 2011 have made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. The deduction for provision for doubtful and loss categories of advances and off balance sheet items is allowable up to a maximum of 1% of total advances whereas provisions for advances and off-balance sheet items for consumers and Small and Medium Enterprises (SMEs) ("as defined under the SBP's Prudential Regulations") is now allowed at 5% of gross consumer and SME portfolio. The amount of bad debts classified as substandard under Prudential Regulations issued by State Bank of Pakistan would not be allowed as an expense.

	Note	2011 (Rupees in thousand)	2010
<b>18. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		7,101,705	6,292,926
Mark-up / return / interest payable in foreign currencies		68,145	44,443
Accrued expenses		3,528,593	2,641,056
Unclaimed dividend		628,228	606,751
Staff welfare fund		36,871	46,777
Unrealised loss on derivative financial instruments	18.1	434,278	264,411
Provision for employees' compensated absences	36.3	535,870	555,792
Provision for post retirement medical benefits	36.3	1,411,744	1,374,293
Provision for employees' contributory benevolent scheme	36.3	262,029	262,263
Security deposits received in respect of finance lease		391,952	713,392
Branch adjustment account		175,079	-
Retention money		33,382	32,067
Insurance payable against consumer assets		124,749	196,806
Others		3,647,075	3,061,342
		<u>18,379,700</u>	<u>16,092,319</u>

#### 18.1 Unrealised loss on derivative financial instruments

	Contract / Notional amount		Unrealised loss	
	2011	2010	2011	2010
	----- (Rupees in thousand) -----			
Unrealised loss on:				
Cross currency swaps	-	76,563	-	51
Forward exchange contracts	38,099,258	19,097,040	434,278	264,360
	<u>38,099,258</u>	<u>19,173,603</u>	<u>434,278</u>	<u>264,411</u>

#### 19. SHARE CAPITAL

##### 19.1 Authorised Capital

2011 (Number of shares)	2010 (Number of shares)		2011 (Rupees in thousand)	2010 (Rupees in thousand)
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs 10 each	<u>10,000,000</u>	<u>10,000,000</u>

##### 19.2 Issued, subscribed and paid-up capital

2011			2010			2011	2010	
Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus	Total	(Rupees in thousand)	(Rupees in thousand)	
----- (Number of shares) -----								
197,253,795	562,961,185	760,214,980	197,253,795	493,850,732	691,104,527	Opening balance	7,602,150	6,911,045
-	76,021,496	76,021,496	-	69,110,453	69,110,453	Shares issued during the year	760,215	691,105
<u>197,253,795</u>	<u>638,982,681</u>	<u>836,236,476</u>	<u>197,253,795</u>	<u>562,961,185</u>	<u>760,214,980</u>	Closing balance	<u>8,362,365</u>	<u>7,602,150</u>

##### 19.3 Number of shares held by the associated undertakings as at December 31, are as follows:

	2011 (Number of shares)	2010 (Number of shares)
Adamjee Insurance Company Limited	26,037,715	23,263,378
Nishat Mills Limited	59,201,892	53,411,266
D.G. Khan Cement Company Limited	76,842,402	69,856,731
Din Leather (Private) Limited	5,211,371	4,737,611
Siddiqsons Limited	10,726,120	34,708,948
Mayban International Trust (Labuan) Berhad	167,247,294	152,042,995
	<u>345,266,794</u>	<u>338,020,929</u>

#### 20. RESERVES

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Share premium		9,702,528	9,702,528
Exchange translation reserve		427,049	345,979
Statutory reserve	20.1	13,456,890	11,514,399
General reserve		18,600,000	18,600,000
		<u>42,186,467</u>	<u>40,162,906</u>

20.1 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.



	Note	2011 (Rupees in thousand)	2010
<b>21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus / (deficit) arising on revaluation (net of tax) of:			
- fixed assets	21.1	9,451,135	9,486,923
- available-for-sale securities	21.2	436,344	537,275
		<u>9,887,479</u>	<u>10,024,198</u>
<b>21.1 Surplus on revaluation of fixed assets-net of tax</b>			
Surplus on revaluation of fixed assets as at January 01		10,289,171	8,772,543
Surplus during the year		-	1,550,154
Surplus realised on disposal of revalued properties - net of deferred tax		-	-
Related deferred tax liability		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(35,788)	(21,792)
Related deferred tax liability		(19,271)	(11,734)
		<u>(55,059)</u>	<u>(33,526)</u>
Surplus on revaluation of fixed assets as at December 31		10,234,112	10,289,171
Less: Related deferred tax liability on:			
Revaluation as at January 01		802,248	503,649
Surplus during the year		-	310,333
Disposal of revalued properties during the year transferred to profit and loss account		-	-
Incremental depreciation charged during the year transferred to profit and loss account		(19,271)	(11,734)
		<u>782,977</u>	<u>802,248</u>
		<u>9,451,135</u>	<u>9,486,923</u>
<b>21.2 Surplus / (deficit) on revaluation of available- for-sale securities - net of tax</b>			
Federal Government Securities			
- Market Treasury Bills		(32,299)	(330,227)
- Pakistan Investment Bonds		(239,133)	(329,193)
Listed Securities			
- Shares / Certificates / Units		733,928	1,089,882
- Open Ended Mutual Funds		(33,669)	80,603
- Term Finance Certificates		35,520	15,903
		<u>735,779</u>	<u>1,186,388</u>
Sukuk Bonds		21,390	(5,273)
		<u>485,737</u>	<u>521,695</u>
Add: Related deferred tax asset	17	(49,393)	15,580
		<u>436,344</u>	<u>537,275</u>

## 22. CONTINGENCIES AND COMMITMENTS

	2011	2010
	(Rupees in thousand)	
<b>22.1 Direct credit substitutes</b>		
Contingent liabilities in respect of guarantees given favouring		
Government	2,634,218	2,080,334
Banks and financial institutions	2,519,451	1,455,621
Others	4,885,951	1,967,610
	<u>10,039,620</u>	<u>5,503,565</u>
<b>22.2 Transaction-related contingent liabilities</b>		
Guarantees in favour of		
Government	2,761,601	2,452,921
Others	4,217,157	5,827,049
Suppliers' credit / payee guarantee	2,373,006	2,326,818
	<u>9,351,764</u>	<u>10,606,788</u>
<b>22.3 Trade-related contingent liabilities</b>	77,075,699	76,856,249
<b>22.4 Other contingencies</b>		
Claims against the Bank not acknowledged as debts	844,099	674,032

### 22.5 Commitments to extend credit

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

	Note	2011	2010
		(Rupees in thousand)	
<b>22.6 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<u>32,395,900</u>	<u>20,154,200</u>
Sale		<u>35,030,445</u>	<u>22,245,693</u>
<b>22.7 Commitments for the acquisition of fixed assets</b>		276,277	51,944
<b>22.8 Other commitments</b>			
Cross currency swaps (notional amount)	23.1 & 23.2	-	153,126

### 22.9 Taxation

The income tax assessments of the Bank have been framed upto and including the Tax Year 2011. For the Assessment Year 1988-89 through tax year 2010, the department has amended the assessments on certain issues against the Bank. The Bank has filed appeals which are pending at various appellate forums. In addition, certain decision made in favour of the Bank are being contested by the department at higher forums. No provision has been made in the financial statements as the management and the Bank's legal counsel are of the view that the issues will be decided in the Bank's favour as and when these are taken up by the appellate authorities.

## 23. DERIVATIVE INSTRUMENTS

Most corporate (counter parties) have either interest rate exposures arising from debt financing or excess liquidity or currency exposures arising out of commercial and business transactions. In the event of a shift in interest or foreign exchange (FX) rates, these corporate may incur higher borrowing costs or higher cash outflows that will adversely affect profitability.

The Bank is providing solutions to this conundrum through derivatives. Through this, counterparties will be hedging exposure to adverse price movements in a security, typically when the counterparty has a concentrated position in the security and is acutely exposed to movements in the underlying risk factors. The Bank is in a better position to hedge that risk, and is thus able to provide cost efficient hedging solutions to the counterparties enabling them to concentrate on their business

Other Objectives include:

- contribution to the development of Pakistani financial markets.
- provision of financial solutions to the counterparties.

In light of the above the Bank is actively marketing interest rate risk and FX risk management tools, including:

- Interest Rate Swaps
- Third Currency FX options
- Currency Swaps.

Risk management is performed at:

- a) Strategic level: By senior management Assets and Liabilities Management Committee (ALCO), Risk Management Committee (RMC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank-wide basis.
- b) Macro Level: By Financial Institution Public Sector (FIPS) & Market Risk Management (MRM) Division, responsible for policy formulation, procedure development & implementation, monitoring and reporting.
- c) Micro Level: Treasury Derivatives & Structured Product Desk and Treasury Operations, where risks are actually created.

FIPS & MRM Division is responsible for coordinating for risk management of derivatives.

The risk management system generates marked to market risk numbers (i.e. VaR, PVBP, duration, etc.) of Interest rate derivative portfolio. These numbers are reported to senior management on a daily basis.

As per the State Bank of Pakistan's (SBP) regulations, currency options are hedged back to back and thus the risk associated with such transactions are minimal.

### **Risk Limits**

Before initiating any new derivative transaction, Treasury Division requests the FIPS & MRM Division for risk limits. Limit requests are approved by the appropriate level of authority. Presently the Bank has notional limits (both for the portfolio and the counterparty).

### 23.1 Product analysis

Counter parties	2011					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	No. of Contracts	Notional Principal (Rupees in thousand)	No. of Contracts	Notional Principal (Rupees in thousand)	No. of Contracts	Notional Principal (Rupees in thousand)
<b>With Banks for</b>						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
<b>With other entities for</b>						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
<b>Total</b>						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
	2010					
Counter parties	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	No. of Contracts	Notional Principal (Rupees in thousand)	No. of Contracts	Notional Principal (Rupees in thousand)	No. of Contracts	Notional Principal (Rupees in thousand)
<b>With Banks for</b>						
Hedging	2	76,563	-	-	-	-
Market Making	-	-	-	-	-	-
<b>With other entities for</b>						
Hedging	-	-	-	-	-	-
Market Making	2	76,563	-	-	-	-
<b>Total</b>						
Hedging	2	76,563	-	-	-	-
Market Making	2	76,563	-	-	-	-

### 23.2 Maturity analysis

Remaining maturity	2011				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
------(Rupees in thousand)-----					
<b>Cross currency swaps</b>					
1 to 2 Year	-	-	-	-	-
	2010				
Remaining maturity	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
------(Rupees in thousand)-----					
<b>Cross currency swaps</b>					
1 to 2 Year	4	153,126	(51)	51	-
	2011				
Remaining maturity	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
------(Rupees in thousand)-----					
<b>Interest rate swaps</b>					
6 month to 1 year	-	-	-	-	-
	2010				
Remaining maturity	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
------(Rupees in thousand)-----					
<b>Interest rate swaps</b>					
6 month to 1 year	-	-	-	-	-

**2011**                      **2010**  
**(Rupees in thousand)**

**24. MARK-UP / RETURN / INTEREST EARNED**

**On loans and advances to:**

Customers 33,769,826 32,598,604

**On investments in:**

Held for trading securities	-	-
Available for sale securities	31,944,698	19,009,859
Held to maturity securities	1,174,867	1,310,394
	33,119,565	20,320,253

On deposits with financial institutions	11,828	16,105
On securities purchased under resale agreements	958,125	1,563,520
On money at call	71,626	105,031
Others	215,618	217,783
	<u>68,146,588</u>	<u>54,821,296</u>

**25. MARK-UP / RETURN / INTEREST EXPENSED**

Deposits	20,083,248	15,805,828
Securities sold under repurchase agreements	1,574,909	622,999
Other short-term borrowings	1,210,856	901,916
Discount, commission and brokerage	662,115	553,809
Others	89,146	103,215
	<u>23,620,274</u>	<u>17,987,767</u>

**26. GAIN ON SALE OF SECURITIES - NET**

Federal Government Securities		
Market Treasury Bills	47,461	965
Pakistan Investment Bonds	8,717	30,880
Sukuk Bonds	13,500	1,800
Shares- Listed	665,961	378,189
	<u>735,639</u>	<u>411,834</u>

**27. OTHER INCOME**

Rent on property / lockers	129,722	84,396
Net profit on sale of property and equipment	24,291	15,993
Bad debts recovered	39,140	58,981
Others	337,482	388,310
	<u>530,635</u>	<u>547,680</u>

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>28. ADMINISTRATIVE EXPENSES</b>			
Salaries and allowances		8,307,442	7,218,085
Charge / (reversal) for defined benefit plans and other benefits:			
- Approved pension fund	36.7	(2,189,338)	(3,220,256)
- Post retirement medical benefits	36.7	169,629	136,014
- Employees' contributory benevolent scheme	36.7	51,422	71,464
- Employees' compensated absences	36.7	180,647	190,821
		(1,787,640)	(2,821,957)
Contributions to defined contribution plan - provident fund		176,510	158,724
Non-executive directors' fees		35,838	31,956
Rent, taxes, insurance and electricity		1,694,705	1,569,381
Legal and professional charges		186,917	221,954
Communications		935,531	841,915
Repairs and maintenance		948,994	681,026
Stationery and printing		385,384	362,691
Advertisement and publicity		426,513	232,432
Cash transportation charges		449,670	403,427
Instrument clearing charges		197,851	165,519
Donations	28.1	83,506	15,000
Auditors' remuneration	28.2	25,128	15,000
Depreciation	11.2	1,114,998	1,012,161
Amortization of intangible asset	11.3	250,400	160,352
Travelling, conveyance and fuel		728,167	683,651
Subscription		28,141	25,776
Entertainment		102,470	68,851
Training Expenses		46,298	57,798
Petty Capital items		55,907	63,924
Credit Card Related Expenses		129,396	129,184
Others		1,062,561	877,092
		<u>15,584,687</u>	<u>12,173,942</u>

**28.1** None of the directors, executives or their spouses had any interest in the donee. Detail of donations made during the year is as follows:

	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Construction of houses in flood affected areas	77,988	-
Cancer Detection Center - Rotary Club of Colombo	783	-
Cost of establishing of centre of learning in collaboration with CISCO system and CARE foundation	4,735	-
Mosque of Armed forces Institute of Cardiology and National Institute of Heart Diseases, Rawalpindi	-	500
Chief Minister's Flood Relief and Rehabilitation Account for relief of flood	-	10,000
CAS flood relief fund for flood victims	-	2,500
Aitmaad Pakistan Trust for relief to the flood calamity masses of Pakistan	-	2,000
	<u>83,506</u>	<u>15,000</u>

**28.2 Auditors' remuneration**

Annual Audit fee	2,988	2,716
Fee for the audit of branches	3,964	3,604
Fee for audit and other certifications of overseas branches	6,932	4,593
Fee for half year review	1,331	1,210
Special certifications and sundry advisory services	9,308	1,920
Out-of-pocket expenses	605	957
	<u>25,128</u>	<u>15,000</u>

**2011**                      **2010**  
**(Rupees in thousand)**

**29. OTHER CHARGES**

Provision for Penalties of State Bank of Pakistan	150,000	366,251
Workers welfare fund	629,664	525,062
VAT Sri Lanka	33,448	89,216
Loss on Sale of Non-Banking Assets	182,595	-
Others	406,672	5,911
	<u>1,402,379</u>	<u>986,440</u>

**30. TAXATION**

**For the year**

Current	9,724,467	8,027,433
Deferred	1,153,561	1,352,467
	<u>10,878,028</u>	<u>9,379,900</u>

**Prior years**

Current	1,037,910	-
Deferred	142,335	-
	<u>1,180,245</u>	<u>-</u>
	<u>12,058,273</u>	<u>9,379,900</u>

**30.1 Relationship between tax expense and accounting profit**

Accounting profit for the year	<u>31,483,179</u>	<u>26,253,075</u>
Tax rate	<u>35%</u>	<u>35%</u>
Tax on income	11,019,113	9,188,576
Tax effect on separate block of income (taxable at reduced rate)	(242,275)	(135,976)
Tax effect of permanent differences	81,727	339,034
Tax effect of prior years provisions	1,180,245	-
Others	19,463	(11,734)
Tax charge for the year	<u>12,058,273</u>	<u>9,379,900</u>

**31. CREDIT RATING**

PACRA through its notification in June 2011, has maintained long term credit rating of AA+ [double A plus] and short-term credit rating of A1+ [A one plus] to the Bank (2010: AA+ [Double A plus] for long term and A1+ [A one plus] for short term rating).

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>32. BASIC AND DILUTED EARNINGS PER SHARE - PRE TAX</b>			
Profit before taxation		<u>31,483,179</u>	<u>26,253,075</u>
		<b>Number of shares</b>	
Weighted average number of shares outstanding during the year		<u>836,236,476</u>	<u>836,236,476</u>
		<b>Rupees</b>	
Basic and diluted earnings per share - pre tax		<u>37.65</u>	<u>31.39</u>
		<b>Rupees in thousand</b>	
<b>33. BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX</b>			
Profit after taxation		<u>19,424,906</u>	<u>16,873,175</u>
		<b>Number of shares</b>	
Weighted average number of shares outstanding during the year		<u>836,236,476</u>	<u>836,236,476</u>
		<b>Rupees</b>	
Basic and diluted earnings per share - after tax		<u>23.23</u>	<u>20.18</u>
* Weighted average number of shares outstanding for 2010 have been restated to give effect of bonus shares issued during the year.			
		<b>(Rupees in thousand)</b>	
<b>34. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	53,122,522	45,407,183
Balances with other banks	7	<u>2,281,263</u>	<u>1,478,569</u>
		<u>55,403,785</u>	<u>46,885,752</u>
		<b>Numbers</b>	
<b>35. STAFF STRENGTH</b>			
Permanent		10,090	9,583
Temporary/on contractual basis		<u>64</u>	<u>57</u>
Bank's own staff strength at the end of the year		10,154	9,640
Outsourced		<u>2,892</u>	<u>3,740</u>
Total staff strength		<u>13,046</u>	<u>13,380</u>



### 36. DEFINED BENEFIT PLANS AND OTHER BENEFITS

#### 36.1 General description

The Bank operates the following retirement benefits for its employees:

- Pension fund (final salary plan) - funded
- Benevolent scheme - unfunded
- Post retirement medical benefits - unfunded
- Employees compensated absence - unfunded

#### 36.2 Principal actuarial assumptions

The latest actuarial valuations of the approved pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employee's compensated absences were carried out at December 31, 2011. The principal actuarial assumptions used are as follows:

	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2011 %	2010 %	2011 %	2010 %	2011 %	2010 %	2011 %	2010 %
Valuation discount rate	13	13	13	13	13	13	13	13
Expected rate of return on plan assets	13	13	-	-	-	-	-	-
Salary increase rate	10	10	10	10	10	10	10	10
Medical cost inflation rate	-	-	-	-	7	7	-	-
Exposure inflation rate	-	-	-	-	3	3	-	-

The expected return on plan assets is based on the market expectations and depends on the asset portfolio of the Bank, at the beginning of the period, for returns over the entire life of the related obligation.

#### 36.3 (Receivable from) / payable to defined benefit plans and other benefits

Note	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences		
	2011	2010	2011	2010	2011	2010	2011	2010	
	----- (Rupees in thousand) -----								
Present value of defined benefit obligations	36.5	4,262,421	4,217,507	283,477	314,414	1,388,970	1,320,933	535,870	555,792
Fair value of plan assets	36.6	(19,543,388)	(19,303,801)	-	-	-	-	-	-
Net actuarial gains / (losses) not recognised		549,069	2,543,734	(21,448)	(52,151)	22,774	53,360	-	-
Unrecognised negative past service cost		-	-	-	-	-	-	-	-
Unrecognised past service cost		-	-	-	-	-	-	-	-
Net (receivable) / payable recognised as at the year-end		<u>(14,731,898)</u>	<u>(12,542,560)</u>	<u>262,029</u>	<u>262,263</u>	<u>1,411,744</u>	<u>1,374,293</u>	<u>535,870</u>	<u>555,792</u>

The effect of increase of one percent and the effect of a decrease of one percent in the medical trend rates on the present value of medial obligation at December 31, 2011 would be Rs. 81.262 million (2010: Rs. 82.189 million) and Rs. 69.891 million (2010: Rs. 68.517 million) respectively.

#### 36.4 Movement in balance (receivable) / payable

Note	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences		
	2011	2010	2011	2010	2011	2010	2011	2010	
	----- (Rupees in thousand) -----								
Opening balance of (receivable) / payable		(12,542,560)	(9,322,304)	262,263	246,444	1,374,293	1,370,424	555,792	541,116
Expense recognised	36.7	(2,189,338)	(3,220,256)	51,422	71,464	169,629	136,014	180,647	190,821
- Employees' contribution		-	-	9,694	10,972	-	-	-	-
Benefits paid		-	-	(61,350)	(66,617)	(132,178)	(132,145)	(200,569)	(176,145)
Closing balance of (receivable) / payable		<u>(14,731,898)</u>	<u>(12,542,560)</u>	<u>262,029</u>	<u>262,263</u>	<u>1,411,744</u>	<u>1,374,293</u>	<u>535,870</u>	<u>555,792</u>

**36.5 Reconciliation of the present value of the defined benefit obligations**

Note	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2011	2010	2011	2010	2011	2010	2011	2010
	----- (Rupees in thousand) -----							
Present value of obligation as at January 01,	4,217,507	4,072,653	314,414	299,388	1,320,933	1,287,348	555,792	541,116
Current service cost	46,415	37,135	13,506	14,447	17,887	16,172	32,693	33,927
Interest cost	503,085	570,171	36,886	41,914	163,130	180,229	72,253	75,756
Benefits paid	(695,247)	(654,204)	(61,350)	(66,617)	(132,178)	(132,145)	(200,569)	(176,145)
Actuarial (gains) / losses	190,661	191,752	(19,979)	25,282	19,198	(30,671)	75,701	81,138
Present value of obligation as at December 31,	<u>4,262,421</u>	<u>4,217,507</u>	<u>283,477</u>	<u>314,414</u>	<u>1,388,970</u>	<u>1,320,933</u>	<u>535,870</u>	<u>555,792</u>

**36.6 Changes in fair values of plan assets**

Net assets as at January 01,	19,303,801	18,254,967	-	-	-	-	-	-
Expected return on plan assets	2,464,303	2,555,695	-	-	-	-	-	-
Benefits paid	(695,247)	(654,204)	-	-	-	-	-	-
Actuarial gain / (loss)	(1,529,469)	(852,657)	-	-	-	-	-	-
Net assets as at December 31, 36.9	<u>19,543,388</u>	<u>19,303,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**36.7 Charge for defined benefit plans and other benefits**

The following amounts have been charged to the profit and loss account in respect of defined benefit plans and other benefits:

	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2011	2010	2011	2010	2011	2010	2011	2010
	----- (Rupees in thousand) -----							
Current service cost	46,415	37,135	13,506	14,447	17,887	16,172	32,693	33,927
Interest cost	503,085	570,171	36,886	41,914	163,130	180,229	72,253	75,756
Expected return on plan assets	(2,464,303)	(2,555,695)	-	-	-	-	-	-
Net actuarial (gain) / loss recognised	(274,535)	(1,271,867)	10,724	26,075	(11,388)	(26,680)	75,701	81,138
Contributions employees	-	-	(9,694)	(10,972)	-	-	-	-
Recognised past service cost	-	-	-	-	-	-	-	-
Recognised negative past service cost	-	-	-	-	-	(33,707)	-	-
	<u>(2,189,338)</u>	<u>(3,220,256)</u>	<u>51,422</u>	<u>71,464</u>	<u>169,629</u>	<u>136,014</u>	<u>180,647</u>	<u>190,821</u>

The effect of increase of one percent and the effect of a decrease of one percent in the medical trend rates on the aggregate of the current service cost and interest cost components of net period post - employment medical costs would be Rs. 11.622 million (2010: Rs. 11.502 million) and Rs. 9.922 million (2010: Rs. 9.550 million) respectively.

**36.8 Actual return on plan assets**

	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absences	
	2011	2010	2011	2010	2011	2010	2011	2010
	----- (Rupees in thousand) -----							
Actual return on plan assets	<u>934,834</u>	<u>1,703,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**36.9 Composition of fair value of plan assets**

	Approved Pension Fund			
	2011		2010	
	Fair value (Rupees in '000)	Percentage (%)	Fair value (Rupees in '000)	Percentage (%)
Term deposit receipts	15,535,472	79.49	14,855,349	76.96
Listed equity shares	2,187,870	11.19	3,380,334	17.51
Open ended mutual funds units	182,438	0.93	222,605	1.15
Term Finance certificates	183,552	0.94	197,652	1.02
Cash and bank balances	1,454,056	7.44	647,861	3.36
Fair value of plan total assets	<u>19,543,388</u>	<u>100</u>	<u>19,303,801</u>	<u>100</u>

**36.9.1 Fair value of the Bank's financial instruments included in plan assets**

Shares of MCB	1,728,172	2,667,543
TDRs of MCB	15,535,472	14,855,349
Bank balance with MCB	<u>1,442,065</u>	<u>634,567</u>
	<u>18,705,709</u>	<u>18,157,459</u>

**36.10 Other relevant details of above funds are as follows:**

**36.10.1 Pension Fund**

	2011	2010	2009	2008	2007
	----- <b>(Rupees in thousand)</b> -----				
Present value of defined benefit obligation	4,262,421	4,217,507	4,072,653	4,295,986	4,747,389
Fair value of plan assets	(19,543,388)	(19,303,801)	(18,254,967)	(15,953,712)	(25,095,113)
(Surplus) / deficit	<u>(15,280,967)</u>	<u>(15,086,294)</u>	<u>(14,182,314)</u>	<u>(11,657,726)</u>	<u>(20,347,724)</u>
<b>Actuarial gain / (loss) on obligation</b>					
Experience adjustment	(190,661)	(191,752)	(368,717)	167,695	(325,849)
Assumptions gain / (loss)	-	-	-	-	-
	<u>(190,661)</u>	<u>(191,752)</u>	<u>(368,717)</u>	<u>167,695</u>	<u>(325,849)</u>
<b>Actuarial gain / (loss) on assets</b>					
Experience adjustment	(1,529,469)	(852,657)	1,400,023	(476,313)	9,694,483
Assumptions gain / (loss)	-	-	-	-	-
	<u>(1,529,469)</u>	<u>(852,657)</u>	<u>1,400,023</u>	<u>(476,313)</u>	<u>9,694,483</u>

**36.10.2 Employees' Contributory Benevolent Scheme**

Present value of defined benefit obligation	283,477	314,414	299,388	300,162	355,340
Fair value of plan assets	-	-	-	-	-
	<u>283,477</u>	<u>314,414</u>	<u>299,388</u>	<u>300,162</u>	<u>355,340</u>
<b>Actuarial gain / (loss) on obligation</b>					
Experience adjustment	19,979	(25,282)	(53,700)	-	(60,968)
Assumptions gain / (loss)	-	-	-	-	-
	<u>19,979</u>	<u>(25,282)</u>	<u>(53,700)</u>	<u>-</u>	<u>(60,968)</u>
<b>Actuarial gain / (loss) on assets</b>					
Experience adjustment	-	-	-	-	(1,529)
Assumptions gain / (loss)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,529)</u>

**36.10.3 Post Retirement Medical Benefits**

Present value of defined benefit obligation	1,388,970	1,320,933	1,287,348	1,269,622	1,422,918
Fair value of plan assets	-	-	-	-	-
	<u>1,388,970</u>	<u>1,320,933</u>	<u>1,287,348</u>	<u>1,269,622</u>	<u>1,422,918</u>
<b>Actuarial gain / (loss) on obligation</b>					
Experience adjustment	(19,198)	30,671	2,101	159,682	(40,893)
Assumptions gain / (loss)	-	-	-	-	-
	<u>(19,198)</u>	<u>30,671</u>	<u>2,101</u>	<u>159,682</u>	<u>(40,893)</u>

**36.10.4 Compensated absences**

Present value of defined benefit obligation	535,870	555,792	541,116	752,947	974,464
Fair value of plan assets	-	-	-	-	-
	<u>535,870</u>	<u>555,792</u>	<u>541,116</u>	<u>752,947</u>	<u>974,464</u>
Actuarial gain / (loss) on obligation	<u>(75,701)</u>	<u>(81,138)</u>	<u>(5,687)</u>	<u>-</u>	<u>-</u>

**36.11.** No contribution to the pension fund is expected in the next year.

**37. DEFINED CONTRIBUTION PLAN**

The Bank operates an approved contributory provident fund for 7,331 (2010: 6,616) employees where contributions are made by the Bank and employees at 8.33% per annum (2010: 8.33% per annum) of the basic salary. During the year, the Bank contributed Rs. 176.510 million (2010: Rs. 158.724 million) in respect of this fund.

The Bank also operates an approved non-contributory provident fund for 1,999 (2010: 2,114) employees who have opted for the new scheme, where contributions are made by the employees at 12% per annum (2010: 12% per annum) of the basic salary.

### 38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for compensation, including all benefits, to the Chief Executive, Directors and Executives of the Bank was as follows:

	Note	President / Chief		Directors		Executives	
		2011	2010	2011	2010	2011	2010
------(Rupees in thousand)-----							
Fees		-	-	35,838	31,956	-	-
Managerial remuneration		20,600	22,597	-	-	925,273	876,574
Bonus and others		11,071	20,654	-	-	484,211	445,012
Retirement benefits		-	1,463	-	-	61,583	56,505
Rent and house maintenance		9,200	10,078	-	-	355,603	325,092
Utilities		2,044	2,240	-	-	74,847	69,663
Medical		-	-	-	-	20,388	19,086
Conveyance		-	-	-	-	393,443	317,945
	38.1	<u>42,915</u>	<u>57,032</u>	<u>35,838</u>	<u>31,956</u>	<u>2,315,348</u>	<u>2,109,877</u>
Number of persons		<u>1</u>	<u>2</u>	<u>14</u>	<u>12</u>	<u>863</u>	<u>827</u>

38.1. The chairman has been provided with free use of the Bank maintained car. The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipments in accordance with the terms of their employment.

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.3 to these financial statements.

The maturity and repricing profile and effective rates are stated in notes 43.3, 43.4.1 and 43.4.2 respectively.

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

#### 40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Total
------(Rupees in thousand)-----					
<b>2011</b>					
Total income	101,719	35,521,188	13,262,524	27,373,348	76,258,779
Total expenses	(27,540)	(6,345,536)	(32,731,707)	(5,670,817)	(44,775,600)
Income tax expense	-	-	-	-	(12,058,273)
Net income	<u>74,179</u>	<u>29,175,652</u>	<u>(19,469,183)</u>	<u>21,702,531</u>	<u>19,424,906</u>
Segment assets - (Gross of NPL's provision)	16,975	341,301,414	133,459,223	194,334,540	669,112,152
Advance taxation (payments less provisions)	-	-	-	-	5,990,472
Total assets	<u>16,975</u>	<u>341,301,414</u>	<u>133,459,223</u>	<u>194,334,540</u>	<u>675,102,624</u>
Segment non performing loans	-	-	8,195,846	18,469,027	26,664,873
Segment specific provision required	-	-	6,721,886	15,147,515	21,869,401
Segment liabilities	3,059	33,200,175	495,618,587	29,314,034	558,135,855
Deferred tax liability	-	-	-	-	6,294,886
Total liabilities - net	<u>3,059</u>	<u>33,200,175</u>	<u>495,618,587</u>	<u>29,314,034</u>	<u>564,430,741</u>
Segment return on assets (ROA) (%)	-	10.41%	10.46%	15.28%	-
Segment cost of fund (%)	-	12.04%	4.25%	5.85%	-
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Total
------(Rupees in thousand)-----					
<b>2010</b>					
Total income	105,897	22,832,746	12,907,394	25,240,565	61,086,602
Total expenses	(22,504)	(2,346,148)	(28,634,106)	(3,830,769)	(34,833,527)
Income tax expense	-	-	-	-	(9,379,900)
Net income	<u>83,393</u>	<u>20,486,598</u>	<u>(15,726,712)</u>	<u>21,409,796</u>	<u>16,873,175</u>
Segment assets - (Gross of NPL's provision)	-	244,173,082	122,032,226	217,744,106	583,949,414
Advance taxation (payments less provisions)	-	-	-	-	2,533,770
Total assets	-	<u>244,173,082</u>	<u>122,032,226</u>	<u>217,744,106</u>	<u>586,483,184</u>
Segment non performing loans	-	-	7,892,471	16,651,336	24,543,807
Segment specific provision required	-	-	6,087,441	12,843,130	18,930,571
Segment liabilities	-	20,269,951	437,756,727	25,387,708	483,414,386
Deferred tax liability	-	-	-	-	4,934,018
Total liabilities - net	-	<u>20,269,951</u>	<u>437,756,727</u>	<u>25,387,708</u>	<u>488,348,404</u>
Segment return on assets (ROA) (%)	-	9.35%	11.13%	12.32%	-
Segment cost of fund (%)	-	10.99%	4.00%	4.96%	-

#### 41. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associates, subsidiaries, employee benefit plans and its key management personnel (including their associates) and companies with common directors. The detail of investment in subsidiary companies and associated undertakings are stated in Annexure I (note 5 & 6) to these financial statements.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk. There are no transactions with key management personnel other than under their terms of employment. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan as disclosed in notes 36 and 37. Remuneration to executives is disclosed in note 38 to these financial statements.

	Directors		Associates		Subsidiaries		Other related parties		Key management	
	2011	2010	2011	2010	2011	2010	2011	2010		
------(Rupees in thousand)-----										
<b>A. Balances</b>										
<b>Deposits</b>										
Deposits at beginning of the year	2,088,985	1,390,799	955,014	789,205	77,043	40,644	24,677,392	18,203,007	90,816	32,289
Deposits received during the year	20,407,581	51,651,335	169,261,154	108,743,238	986,420	827,231	250,452,445	224,246,290	830,780	415,414
Deposits repaid during the year	(18,097,810)	(50,953,149)	(169,449,781)	(108,577,429)	(1,019,609)	(790,832)	(249,736,033)	(217,771,905)	(871,418)	(356,887)
Deposits at end of the year	<u>4,398,756</u>	<u>2,088,985</u>	<u>766,387</u>	<u>955,014</u>	<u>43,854</u>	<u>77,043</u>	<u>25,393,804</u>	<u>24,677,392</u>	<u>50,178</u>	<u>90,816</u>
Mark-up expense on deposits	140,834	227,084	78,244	74,666	1,593	1,292	2,571,745	2,135,133	2,732	1,227
<b>Advances (secured )</b>										
Balance at beginning of the year	-	-	-	-	112,548	1,141	-	-	54,474	52,594
Loans granted during the year	-	-	-	-	337,759	111,970	81,302	-	3,525	16,952
Repayments received during the year	-	-	-	-	(578)	(563)	-	-	(8,256)	(15,072)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,729</u>	<u>112,548</u>	<u>81,302</u>	<u>-</u>	<u>49,743</u>	<u>54,474</u>
Markup income of advances	-	-	-	-	14,946	304	7,125	-	2,747	3,014
<b>Outstanding Balance of credit card - unsecured</b>	1,137	848	-	-	-	-	-	-	856	903
Receivable from Pension fund	-	-	-	-	-	-	14,731,898	12,542,560	-	-
<b>B. Other transactions (including profit and loss related transactions)</b>										
	Directors		Associates		Subsidiaries		Other related parties		Key management	
	2011	2010	2011	2010	2011	2010	2011	2010		
------(Rupees in thousand)-----										
<b>Associates</b>										
<b>Adamjee Insurance Company Limited</b>										
Insurance premium paid-net of refund	-	-	230,104	215,735	-	-	-	-	-	-
Insurance claim settled	-	-	55,452	166,315	-	-	-	-	-	-
Rent Income received	-	-	3,516	6,954	-	-	-	-	-	-
Dividend received	-	-	90,084	85,171	-	-	-	-	-	-
Commission income from bancassurance	-	-	330,816	111,677	-	-	-	-	-	-
Outstanding commitments and contingent liabilities	-	-	8,365	4,842	-	-	-	-	-	-
Purchase of vehicle	-	-	-	26,000	-	-	-	-	-	-
<b>Adamjee Life Assurance Company Limited</b>										
Insurance Premium Paid	-	-	86,501	69,396	-	-	-	-	-	-
Insurance claim settled	-	-	71,596	70,866	-	-	-	-	-	-
Outstanding commitments and contingent liabilities	-	-	500	-	-	-	-	-	-	-
<b>Euronet Pakistan Private Limited</b>										
ATM Outsourcing Revenue	-	-	101,233	-	-	-	-	-	-	-

**B. Other transactions (including profit and loss related transactions)**

	<b>Directors</b>		<b>Associates</b>		<b>Subsidiaries</b>		<b>Other related parties</b>		<b>Key management</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>		
	----- <b>(Rupees in thousand)</b> -----									
Sale of hardware	-	-	39,522	-	-	-	-	-	-	-
Capital injection	-	-	52,519	-	-	-	-	-	-	-
Trade payable	-	-	7,317	-	-	-	-	-	-	-
<b>Mayban International Trust (Labuan) Berhad</b>										
Dividend paid	-	-	-	-	-	-	1,961,355	1,776,139	-	-
Bonus shares issued	-	-	-	-	-	-	152,043	138,221	-	-
Forward foreign exchange contracts (Notional)	-	-	-	-	-	-	1,913,753	-	-	-
Unrealized loss on forward foreign exchange contracts	-	-	-	-	-	-	40,914	-	-	-
<b>Subsidiary Companies</b>										
<b>MNET Services (Private) Limited</b>										
Dividend received	-	-	-	-	35,000	-	-	-	-	-
Outsourcing service expenses	-	-	-	-	74,739	79,697	-	-	-	-
Networking service expenses	-	-	-	-	-	15,276	-	-	-	-
Switch expense	-	-	-	-	261	124	-	-	-	-
Payment system managed service revenue (PSM)	-	-	-	-	8,599	26,721	-	-	-	-
Payable for trade debts	-	-	-	-	16,506	24,544	-	-	-	-
Receivable for other expenses	-	-	-	-	-	13,578	-	-	-	-
Other expenses paid by MCB	-	-	-	-	3,490	23,414	-	-	-	-
<b>MCB Leasing" Closed Joint Stock Company</b>										
Capital injection	-	-	-	-	-	84,138	-	-	-	-
Markup Receivable	-	-	-	-	4,265	274	-	-	-	-
<b>MCB Financial Services Limited</b>										
Dividend received	-	-	-	-	2,750	-	-	-	-	-
<b>MCB Trade Services Limited</b>										
Dividend received	-	-	-	-	4,664	9,929	-	-	-	-
<b>Arif Habib Investments Limited (amalgamated with MCB Asset Management Company Limited)</b>										
Dividend received	-	-	-	-	85,433	-	-	-	-	-
Markup paid	-	-	-	-	2,068	666	-	-	-	-
Markup payable	-	-	-	-	610	185	-	-	-	-
Commission Receivable	-	-	-	-	1,924	-	-	-	-	-
Management fee sharing	-	-	-	-	8,529	-	-	-	-	-
Others	-	-	-	-	7,472	4,073	-	-	-	-

**B. Other transactions (including profit and loss related transactions)**

	<b>Directors</b>		<b>Associates</b>		<b>Subsidiaries</b>		<b>Other related parties</b>		<b>Key management</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>		
	----- <b>(Rupees in thousand)</b> -----									
<b>Other related parties</b>										
<b>MCB Employees Foundation</b>										
Service expenses	-	-	-	-	-	-	20,898	17,287	-	-
Cash sorting expenses	-	-	-	-	-	-	32,286	28,027	-	-
Stationery Expenses	-	-	-	-	-	-	185,832	121,791	-	-
Cash in transit expenses	-	-	-	-	-	-	-	220	-	-
Advance receivable	-	-	-	-	-	-	20,000	20,000	-	-
Payable for stationery expenses	-	-	-	-	-	-	1,255	394	-	-
Gain on sale of fixed assets	-	-	-	-	-	-	-	56	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	178	-	-
<b>MCB Employees Security System and Services (Private) Limited</b>										
Security guard expenses	-	-	-	-	-	-	226,417	168,823	-	-
<b>Others</b>										
Remuneration of key management personnel	-	-	-	-	-	-	-	-	238,783	229,195
Dividend Income	-	-	-	-	-	-	285,017	143,136	-	-
Proceeds from sale of vehicles to key management personr	-	-	-	-	-	-	-	-	-	6,003
Advisory fee received	-	-	-	3,428	-	-	-	13,696	-	-
Clearing expenses paid to NIFT	-	-	-	-	-	-	123,198	103,266	-	-
Other miscellaneous expenses	-	-	-	-	-	-	11,326	9,347	-	-
Investment in Metro-Bank Pakistan Sovereign Fund-Perpetual	-	-	-	-	-	-	4,000,000	-	-	-
Contribution to provident fund	-	-	-	-	-	-	176,510	158,724	-	-
Rent paid	-	-	-	-	-	-	191	169	-	-

The details of director's compensations are given in note 38 to these financial statements.



## 42. CAPITAL ASSESSMENT AND ADEQUACY

### 42.1 Scope of Applications

The Basel II Framework is applicable to the bank both at the consolidated level (comprising of wholly/partially owned subsidiaries & associates undertaking) and also on a stand alone basis. Subsidiaries are included while calculating Consolidated Capital Adequacy for the Bank using full consolidation method whereas associates in which the bank has significant influence on equity method. Standardized Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

### 42.2 Capital Management

#### Objectives and goals of managing capital

The objectives and goals of managing capital of the Bank are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to
- maintain strong ratings and to protect the Bank against unexpected events;
- availability of adequate capital (including the quantum) at a reasonable cost so as to enable the Bank to expand; and
- achieve low overall cost of capital with appropriate mix of capital elements.

#### Statutory minimum capital requirement and management of capital

The State Bank of Pakistan through its BSD Circular No.07 of 2009 dated April 15, 2009 requires the minimum paid up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ending on December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.8 billion paid up capital (net of losses) by the end of the financial year 2011. The paid up capital of the Bank for the year ended December 31, 2011 stands at Rs. 8.3 billion and is in compliance with the SBP requirement for the said year. In addition the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 10 % of the risk weighted exposure. The Bank's CAR as at December 31, 2011 is 21.79% of its risk weighted exposure.

Bank's regulatory capital is analysed into two tiers.

- Tier 1 capital, which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves as per the financial statements and net unappropriated profits, etc after deductions for deficit on revaluation of available for sale investments and 50% deduction for investments in the equity of subsidiary companies and significant minority investments in entities engaged in banking and financial activities and reciprocal investments advised by BSD circular letter No.6 of 2010 by SBP.
- Tier 2 capital, which includes general provisions for loan losses (up to a maximum of 1.25 % of risk weighted assets), reserves on revaluation of fixed assets and equity investments up to a maximum of 45 % the balance, foreign exchange translation reserves, etc after 50% deduction for investments in the equity of subsidiary companies and significant minority investments in entities engaged in banking and financial activities.

Tier 3 capital has also been prescribed by the State Bank of Pakistan. However, the bank currently does not have any Tier III capital.

The Capital of the Bank is managed keeping in view the minimum "Capital Adequacy Ratio" required by SBP through BSD Circular No. 30 dated November 25, 2008 and BSD Circular No.07 of 2009 dated April 15, 2009 . The adequacy of the capital is tested with reference to the risk-weighted assets of the Bank.

The required capital adequacy ratio (10% of the risk-weighted assets) is achieved by the Bank through improvement in the asset quality at the existing volume level, ensuring better recovery management and striking compromise proposal and settlement and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise the credit risk, market risk and operational risk.

The calculation of capital adequacy enables the Bank to assess the long-term soundness. As the bank carry on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across entire organization and aggregate the risks so as to take an integrated approach/view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Bank to particular operations or activities.

The Bank has complied with all externally imposed capital requirements through out the year. Further, there has been no material change in the Bank's management of capital during the year.

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>42.3 Capital Structure</b>			
<b>Tier 1 Capital</b>			
Shareholders equity /assigned capital		8,362,365	7,602,150
Share premium		9,702,528	9,702,528
Reserves		32,056,890	30,114,399
Unappropriated profits		28,366,171	21,414,955
		78,487,954	68,834,032
<b>Deductions:</b>			
Book value of intangible		630,734	407,346
Other deductions	42.3.1	827,293	725,412
		1,458,027	1,132,758
<b>Total Tier 1 capital</b>		77,029,927	67,701,274
<b>Tier 2 Capital</b>			
General provisions subject to 1.25% of total risk weighted assets		464,041	661,764
Revaluation reserves up to 45%		4,823,932	4,864,890
Foreign exchange translation reserves		427,049	345,979
		5,715,022	5,872,633
<b>Deductions:</b>			
Other deductions	42.3.1	731,228	717,547
<b>Total Tier 2 Capital</b>		4,983,794	5,155,086
<b>Total Regulatory Capital Base</b>	<b>A</b>	<b>82,013,721</b>	<b>72,856,360</b>

42.3.1 Other deduction includes investments in equity of financial subsidiaries not consolidated in the balance sheet and significant minority investments in banking, securities and other financial entities.

#### 42.4 Capital Adequacy

The risk weighted assets to capital ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy was as

	Capital Requirements		Risk Weighted Assets	
	2011	2010	2011	2010
	------(Rupees in thousand)-----			
<b>Credit Risk</b>				
Portfolios subject to standardized approach (simple or comprehensive)				
<b>On-Balance Sheet</b>				
Corporate portfolio	13,180,451	12,444,765	119,181,894	115,459,216
Banks / DFIs	611,137	444,321	5,526,096	4,122,296
Public sector entities	68,081	330,845	615,611	3,069,491
Sovereigns / cash & cash equivalents	472,916	537,630	4,276,258	4,987,985
Loans secured against residential property	178,010	189,672	1,609,627	1,759,731
Retail	2,238,162	3,161,672	20,238,188	29,333,155
Past due loans	545,338	660,003	4,931,118	6,123,329
Operating fixed assets	2,364,123	2,213,923	21,377,169	20,540,194
Other assets	2,883,415	2,133,269	26,072,770	19,791,909
	22,541,633	22,116,100	203,828,731	205,187,306
<b>Off-Balance Sheet</b>				
Non-market related	4,355,994	3,178,387	39,388,306	29,488,233
Market related	29,718	18,134	268,724	168,239
	4,385,712	3,196,521	39,657,030	29,656,472
<b>Equity Exposure Risk in the Banking Book</b>				
Listed	198,799	219,616	1,797,606	2,037,538
Unlisted	91,698	81,364	829,160	754,869
	290,497	300,979	2,626,766	2,792,407
<b>Total Credit Risk</b>	27,217,842	25,613,601	246,112,527	237,636,185
<b>Market Risk</b>				
Capital requirement for portfolios subject to standardized approach				
Interest rate risk	2,004,519	684,116	25,056,492	8,551,446
Equity position risk	1,483,230	712,207	18,540,375	8,902,587
Foreign exchange risk	167,728	157,520	2,096,602	1,969,001
<b>Total Market Risk</b>	3,655,478	1,553,843	45,693,469	19,423,034
<b>Operational Risk</b>				
Capital requirement for operational risks	6,770,883	5,846,092	84,636,037	73,076,148
<b>Total</b>	<b>B</b>	<b>37,644,203</b>	<b>33,013,535</b>	<b>376,442,033</b>
				<b>330,135,367</b>

		2011 (Rupees in thousand)	2010 (Rupees in thousand)
<b>Capital Adequacy Ratio</b>			
Total eligible regulatory capital held	<b>A</b>	82,013,721	72,856,360
Total Risk Weighted Assets	<b>B</b>	376,442,033	330,135,367
Capital Adequacy Ratio	<b>A / B</b>	21.79%	22.07%

\* As SBP capital requirement of 10% (10% in 2010) is calculated on overall basis therefore, capital charge for credit risk is calculated after excluding capital requirements against market and operational risk from the total capital required.

## 43 RISK MANAGEMENT

MCB defines risk as any deviation from an anticipated outcome that may affect the value, capital or earnings of the Bank. Identifying and managing exposure to risk is an integral part of strategic and operational activities of risk management. Bank's risk management policy is aimed at setting the best course of action under uncertainty by identifying, prioritizing, mitigating and monitoring risk issues. With the goal of enhancing shareholders' value, following are the five guiding principles of robust risk management structure:

- Optimizing risk/return in a controlled manner
- Establishing clear responsibility and accountability
- Establishing independent and properly resourced risk management function.
- Promoting open risk culture
- Adopting international best practices in risk management

Keeping in view dynamics of internal and external environment, the bank regularly reviews and updates policy manuals / frameworks and procedures in accordance with domestic regulatory environment and international standards.

The Bank executes its risk strategy and undertakes controlled risk-taking activities within its risk management framework. This framework combines core policies, procedures and process design with broad oversight and is supported by risk monitoring across the bank. The Board of Directors and its relevant committee, i.e. the Risk Management & Portfolio Review Committee (RM&PRC) and the senior management and its relevant committees, i.e. the Management Committee (MC), Asset Liability Committee (ALCO), etc., are responsible to ensure formulation and implementation of comprehensive Risk Management Framework. This framework is based on prudent risk identification, measurement, management and monitoring process which are closely aligned with the activities of the bank so as to ensure that risks are kept within an acceptable level.

As part of risk assessment process, the Bank ensures that not only the relevant risks are identified but their implications are considered and basis provided for managing and measuring the risks. Through Internal Control units, the Bank ensures that effective controls are in place to mitigate each of the identified risk.

Independent from business groups, Head of Risk Management reports functionally to the Risk Management & Portfolio Review Committee (RM&PRC) and administratively to the President; the RM&PRC committee convenes regularly to evaluate bank's risk and portfolio concentrations. The Risk Management Group performs the following critical functions:

- Credit Risk Management
- Credit Review
- Credit Risk Control
- Market Risk Management
- Liquidity Risk Management
- Operational Risk Management

In context of the financial services industry and the requirements laid down via BSD Circular No. 03 of 2007 dated April 14, 2007 by the State Bank of Pakistan (SBP) and Pillar II of Basel II, defining and operational risk appetite has assumed critical importance. The financial industry is now widely seen recognizing the importance of articulating risk appetite and also linking it to limit setting, risk control and performance measurement.

Keeping in view the international best practices and SBP requirements, Board of Directors of the Bank has approved a Risk Appetite Statement, which takes into account quantitative and qualitative risk indicators, covering target ratios, credit, market, operational, liquidity and business risks.

## Credit Risk

Credit risk arises from our dealings with individuals, corporate, financial institutions, sovereigns etc. The Bank is exposed to credit risk through its lending and investment activities. It also stems from activities both on and off-balance sheet activities. Credit risk makes up the largest part of the Bank's exposure. Purpose of credit risk function is to identify measure, manage, monitor and mitigate credit risk. Organizational structure of this function ensures pre and post-facto management of credit risk. While, Credit Review function provides pre-fact evaluation of counterparties, the Credit Risk Control (CRC) performs post-fact evaluation of financing facilities and review clients' performance as an ongoing process.

The Bank has adopted standardized approach to measure Credit risk regulatory charge in compliance with Basel-II requirements. The approach is reliant upon the assessment of external credit rating agencies. In line with SBP guidelines on Internal Credit Ratings Systems the Bank has developed a system and all its corporate borrowers are internally rated. Bank is in the process of continuously improving the system and bringing it inline with the Basel framework requirements.

In order to manage bank's credit risk, the bank has the following policies and procedures in place:

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- The approval of credit limits to counter parties are subject to pre-fact review;
- Extension in credit facility or material change to the credit facility is subject to credit review;
- Approval and review process is reviewed by RM&PRC and internal audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities.

As a part of credit assessment Bank uses internal rating framework as well as the ratings assigned by the external credit rating agencies, wherever available.

Ongoing administration of the credit portfolio is an essential part of the credit process that supports and controls extension and maintenance of credit. The Bank's Credit Risk Control, being an independent function from the business and operations groups, is responsible for performing following activities:

- Credit disbursement authorization;
- Collateral coverage and monitoring;
- Compliance of loan covenants/ terms of approval;
- Maintenance/ custody of collateral and security documentation.

Credit Risk Monitoring is based on a comprehensive reporting framework, continuous monitoring of the credit portfolio and the risks attached thereto are carried out at different levels including businesses, Audit & Risk Assets Review, Credit Risk Control, Credit Risk Management Division, etc.

To ensure a prudent distribution of asset portfolio, the Bank manages its lending and investment activities within a framework of risk profile benchmarks. Per party exposure limit is maintained in accordance with SBP Prudential Regulation R-1.

The Bank creates specific provision against Non- Performing Loans (NPLs) in accordance with the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision against consumer loans made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. Please refer note No. 10.4 for reconciliation of changes in specific and general provisions.

### Management of Non Performing Loans

The Bank has a Special Asset Management Group (SAMG), which is responsible for management of non performing loans. SAMG undertakes restructuring / rescheduling of problem loans, as well as litigation both civil and criminal cases for collection of debt.

### Stress Testing

The Bank also conducts stress testing of its existing portfolio, which includes all assets, i.e., advances as well as investments. This exercise is conducted on a semi-annual basis through assigning shocks to all assets of the Bank and assessing its resulting affect on capital adequacy inline with SBP requirements.

### 43.1.1 Segmental information

Segmental Information is presented in respect of the class of business and geographical distribution of advances (gross), deposits, contingencies and commitments.

	2011					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)
<b>43.1.1.1 Segments by class of business</b>						
Agriculture, forestry, hunting and fishing	2,612,658	1.05	44,566,552	9.07	672,350	0.41
Mining and quarrying	161,133	0.06	411,287	0.08	205,147	0.12
Textile	37,394,234	15.07	2,733,369	0.56	16,803,887	10.18
Chemical and pharmaceuticals	13,430,355	5.41	2,657,125	0.54	7,239,080	4.39
Cement	2,391,098	0.96	419,559	0.09	825,748	0.50
Sugar	8,881,126	3.58	1,414,904	0.29	631,717	0.38
Footwear and leather garments	3,935,811	1.59	177,103	0.04	821,071	0.50
Automobile and transportation equipment	516,726	0.21	1,288,471	0.26	721,457	0.44
Electronics and electrical appliances	2,919,572	1.18	1,698,872	0.35	1,031,045	0.62
Construction	2,357,006	0.95	2,331,527	0.47	3,068,731	1.86
Power (electricity), gas, water, sanitary	20,846,124	8.40	7,435,537	1.51	8,769,317	5.31
Wholesale and Retail Trade	20,128,987	8.11	32,261,864	6.57	4,385,744	2.66
Transport, storage and communication	56,787,492	22.89	3,714,596	0.76	3,228,083	1.96
Financial	3,444,795	1.39	5,839,647	1.19	63,991,114	38.78
Insurance	99	0.00	2,733,849	0.56	5,790	0.00
Services	5,565,010	2.24	91,900,646	18.71	13,820,292	8.38
Individuals	17,455,692	7.03	267,484,500	54.46	1,337,904	0.81
Others	49,306,783	19.87	22,119,302	4.50	37,455,327	22.70
	<u>248,134,701</u>	<u>100</u>	<u>491,188,710</u>	<u>100</u>	<u>165,013,804</u>	<u>100</u>

	2010					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)
Agriculture, forestry, hunting and fishing	2,541,907	0.93	39,865,496	9.24	366,696	0.27
Mining and quarrying	157,736	0.06	371,755	0.09	388,575	0.29
Textile	40,354,192	14.72	1,669,316	0.39	26,185,570	19.22
Chemical and pharmaceuticals	12,990,612	4.74	1,600,137	0.37	5,219,494	3.83
Cement	3,648,217	1.33	417,445	0.10	694,911	0.51
Sugar	9,062,880	3.31	728,325	0.17	734,344	0.54
Footwear and leather garments	2,782,358	1.01	164,847	0.04	1,017,338	0.75
Automobile and transportation equipment	476,630	0.17	510,051	0.12	760,204	0.56
Electronics and electrical appliances	2,202,681	0.80	168,801	0.04	756,986	0.56
Construction	2,434,904	0.89	1,912,202	0.44	2,606,377	1.91
Power (electricity), gas, water, sanitary	36,348,248	13.26	724,626	0.17	4,617,725	3.39
Wholesale and Retail Trade	22,119,616	8.07	33,305,764	7.72	3,143,491	2.31
Transport, storage and communication	67,013,507	24.44	2,486,246	0.58	2,952,413	2.17
Financial	4,268,631	1.56	5,642,220	1.31	38,254,338	28.08
Insurance	426	0.00	1,612,642	0.37	8,429	0.01
Services	4,536,701	1.65	91,980,482	21.32	2,791,931	2.05
Individuals	22,007,235	8.03	223,040,400	51.70	18,413	0.01
Others	41,197,443	15.02	25,171,182	5.83	45,728,362	33.55
	<u>274,143,924</u>	<u>100</u>	<u>431,371,937</u>	<u>100</u>	<u>136,245,597</u>	<u>100</u>

	2011					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)
<b>43.1.1.2 Segment by sector</b>						
Public / Government	49,079,118	19.78	15,279,097	3.11	43,860,105	26.58
Private	199,055,583	80.22	475,909,613	96.89	121,153,699	73.42
	<u>248,134,701</u>	<u>100</u>	<u>491,188,710</u>	<u>100</u>	<u>165,013,804</u>	<u>100</u>

	2010					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)	(Rupees in thousand)	Percent (%)
Public / Government	78,725,414	28.72	14,673,234	3.40	35,044,121	25.72
Private	195,418,510	71.28	416,698,703	96.60	101,201,476	74.28
	<u>274,143,924</u>	<u>100</u>	<u>431,371,937</u>	<u>100</u>	<u>136,245,597</u>	<u>100</u>

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

	2011		2010	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
------(Rupees in thousand)-----				
Agriculture, forestry, hunting and fishing	416,111	416,111	417,169	290,886
Mining and quarrying	251	251	-	-
Textile	5,225,087	4,166,475	4,258,684	3,691,316
Chemical and pharmaceuticals	203,886	203,886	148,866	148,866
Cement	362,230	362,230	531,715	265,857
Sugar	1,265,828	1,265,828	1,160,081	1,059,540
Footwear and leather garments	126,591	126,591	128,292	128,292
Automobile and transportation equipment	68,865	53,860	114,482	84,721
Electronics and electrical appliances	340,410	340,410	323,271	322,558
Construction	172,091	170,245	127,404	116,056
Power (electricity), gas, water, sanitary	10	10	2,000	500
Wholesale and retail trade	4,631,382	4,621,737	4,516,086	4,254,729
Exports / imports	305,992	305,824	320,868	316,530
Transport, storage and communication	125,852	83,183	139,397	69,707
Financial	1,447,782	1,117,472	1,275,315	998,750
Services	938,661	924,310	615,006	568,668
Individuals	3,625,053	2,979,078	3,605,321	2,778,450
Others	7,408,791	4,731,900	6,859,850	3,835,145
	<u>26,664,873</u>	<u>21,869,401</u>	<u>24,543,807</u>	<u>18,930,571</u>

#### 43.1.1.4 Details of non-performing advances and specific provisions by sector

Public/ Government	-	-	-	-
Private	26,664,873	21,869,401	24,543,807	18,930,571
	<u>26,664,873</u>	<u>21,869,401</u>	<u>24,543,807</u>	<u>18,930,571</u>

#### 43.1.1.5 Geographical segment analysis

	2011			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
------(Rupees in thousand)-----				
Pakistan	31,061,946	640,639,202	88,372,243	156,761,215
Asia Pacific (including South Asia)	243,661	9,125,866	245,934	6,370,552
Middle East	177,572	3,468,155	184,305	1,882,037
	<u>31,483,179</u>	<u>653,233,223</u>	<u>88,802,482</u>	<u>165,013,804</u>
	2010			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
------(Rupees in thousand)-----				
Pakistan	25,806,227	556,339,307	78,756,846	130,676,444
Asia Pacific (including South Asia)	289,426	8,233,398	290,102	5,127,310
Middle East	157,422	2,979,908	157,261	441,843
	<u>26,253,075</u>	<u>567,552,613</u>	<u>79,204,209</u>	<u>136,245,597</u>

Total assets employed include intra group items of Rs. NIL (2010: Rs. NIL).

### 43.1.2 Credit Risk - General Disclosures

The Bank has adopted Standardized approach of Basel II for calculation of capital charge against credit risk in line with SBP's requirements.

#### 43.1.2.1 Credit Risk: Disclosures for portfolio subject to the Standardized Approach

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company– Vital Information Systems), Fitch, Moody's and Standard & Poors . Credit rating data for advances is obtained from recognized External Credit Assessment Institutions and then mapped to State Bank of Pakistan's

Type of Exposures for which the ratings from the External Credit Rating Agencies are used by the Bank.

Exposures	JCR-VIS	PACRA	Other (S&P / Moody's / Fitch)
Corporate	Yes	Yes	-
Banks	Yes	Yes	Yes
Sovereigns	-	-	Yes
SME's	Yes	Yes	-

The criteria for transfer public issue ratings onto comparable assets in the banking book and the alignment of the alphanumeric scale of each agency used with risk buckets is the same as specified by the banking regulator SBP in BSD

#### Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5,6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and Below	CCC+ and below	7

### Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F1	P-1	A-1+, A-1
S2	A-2	A-2	F2	P-2	A-2
S3	A-3	A-3	F3	P-3	A-3
S4	Others	Others	Others	Others	Others

### Credit Exposures subject to Standardized approach

Exposures	Rating	2011			2010		
		Amount Outstanding	Deduction CRM	Net amount	Amount Outstanding	Deduction CRM	Net amount
----- (Rupees in thousand) -----							
Corporate	1	21,642,750	-	21,642,750	8,813,855	-	8,813,855
	2	13,722,126	-	13,722,126	11,067,495	-	11,067,495
	3,4	867,994	-	867,994	1,736,237	-	1,736,237
	5,6	172,685	-	172,685	-	-	-
	Unrated	106,865,261	-	106,865,261	106,426,460	-	106,426,460
Bank	1	17,953,697	-	17,953,697	18,116,088	-	18,116,088
	2,3	1,808,433	-	1,808,433	929,748	-	929,748
	4,5	165,978	-	165,978	943	-	943
	6	245,538	-	245,538	6,344	-	6,344
	Unrated	1,060,436	-	1,060,436	91,104	-	91,104
Public Sector Entities in Pakistan	1	1,428,701	-	1,428,701	3,039,527	-	3,039,527
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	48,544,287	47,884,545	659,742	81,068,380	76,145,209	4,923,171
Sovereigns and on Government of Pakistan or provincial governments or SBP or Cash		40,491,533	-	40,491,533	37,863,496	-	37,863,496
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	4,276,258	-	4,276,258	4,987,985	-	4,987,985
	6	-	-	-	-	-	-
Unrated	-	-	-	-	-	-	
Mortgage		4,598,934	-	4,598,934	5,027,804	-	5,027,804
Retail		26,984,250	-	26,984,250	39,110,873	-	39,110,873



### 43.1.3 Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

The Bank does not make use of on and off-balance sheet netting in capital charge calculations under Basel-II's Standardized Approach for Credit Risk.

#### 43.1.3.1 Credit Risk: Disclosures for portfolio subject to the Standardized Approach

The Bank has strong policies and processes for collateral valuation and collateral management thus ensuring that collateral valuation happens at regular defined intervals. Collaterals are normally held for the life of exposure. Regular monitoring of coverage of exposure by the collateral and lien/ charge registered over the collaterals is carried out besides ensuring that collateral matches the purpose, nature and structure of the transaction and also reflect the form and capacity of the obligor, its operations, nature of business and economic environment. The Bank mitigates its risk by taking collaterals that may include assets acquired through the funding provided, as well as cash, government securities, marketable securities, current assets, fixed assets, and specific equipment, commercial and personal real estate.

The Standardized Approach of Basel-II guidelines allows the Bank to take benefit of credit risk mitigation of financial collaterals against total exposures in the related loan facilities. As a prudent and conservative measure while calculating capital charge for credit risk of on balance sheet activities, bank has taken only the benefit of Sovereign guarantee.

MCB manages limits and controls concentrations of credit risk as identified, in particular, to individual counterparties and groups, and also reviews exposure to industry sectors and geographical regions on a regular basis. Limits are applied in a variety of forms to portfolios or sectors where MCB considers it appropriate to restrict credit risk concentrations or areas of higher risk, or to control the rate of portfolio growth.

#### Concentration of risk

Out of the total financial assets of Rs. 612,822.990 million (2010: Rs. 530,304.938 million) the financial assets which are subject to credit risk amounting to Rs. 602,485.568 million (2010: Rs. 519,661.765 million). To manage credit risk the bank applies credit limits to its customers and obtains adequate collaterals. Investments amounting to Rs.298,431.353 million (2010: Rs. 199,088.205 million) are guaranteed by the Government of Pakistan. In addition, an amount of Rs.27,459.603 million (2010: Rs. 24,393.181 million) are held by the Bank with the State Bank of Pakistan and central banks of other countries.

#### 43.1.3.2 Equity position risk in the banking book

The Bank takes proprietary equity positions for both trading and strategic purposes. The Bank has invested in its subsidiaries and associated companies to achieve long term strategic objectives. As of December 31, 2011 the composition of equity investments subsidiaries and associated companies is as follows:

#### Composition of equity investments

Exposures	Held for trading	Available for Sale	Subsidiary and Associates
	------(Rupees in thousand)-----		
Equity investments – publicly traded	-	11,838,204	1,263,723
Equity investments - others	-	523,951	277,906
Total value	-	12,362,155	1,541,629

#### Classification of equity investments

Banks classify its equity investment portfolio in accordance with the directives of SBP as follows:

- Investments - Held for trading
- Investments - Available for sale
- Investments in associates
- Investments in subsidiaries

#### Policies, valuation and accounting of equity investments

The accounting policies for equity investments are designed and their valuation is carried out under the provisions and directives of State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the requirements of approved International Accounting Standards as applicable in Pakistan.

In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than investments in subsidiaries and investments in associates are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is taken to a separate account which is shown in the balance sheet below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realized upon disposal. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account currently.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

The cumulative realized gain of Rs. 665.961 million has been charged to profit & loss account from sale of equity securities; however unrealized gain of Rs. 700.259 million was recognized in the balance sheet in respect of "AFS" securities. Further a provision for impairment in value of equity investments amounting to Rs. 557.629 million has been charged to profit and loss account.

## **43.2 Market Risk Management**

Market risk arises from changes in market rates such as Interest Rates, Foreign Exchange Rates and Equity Prices. MCB is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Foreign exchange and the Capital market groups. Market risk also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes bank to interest rate risk, foreign exchange risk and equity price risk. Market risk is also assumed as a result of bank's balance sheet and capital management activities.

The Bank's Market Risk Management structure consists of Risk Management & Portfolio Review Committee (RM&PRC) of the Board, ALCO, and independent Market Risk Management Division reporting directly to Group Head Risk Management. Market Risk Management Division is responsible for policy formulation, controlling of market risk including monitoring of exposures against limits; assessment of risks in new business; developing procedures, market risk measurement and reporting system. Market risk authority, including both approval of market risk limits and approval of market risks is vested in the ALCO.

As per SBP instructions (BSD Circular 8, 2006) trading book shall consist of positions in financial instruments held with trading intent or in order to hedge other elements of the trading book. Hence the bank has clearly defined, in its Risk Management Policy, the positions which shall be subject to market risk. The definition covers the accounting classifications as well as positions booked by different business groups under "Available for Sale" category. The assets subject to trading book treatment are frequently valued and actively managed. The positions which does not fulfill the criteria of Trading book falls under the Banking Book and are treated as per SBP requirements.

The Bank measures and manages Market risk by using conventional methods i.e. notional amounts and sensitivity. Bank has established a specific Market Risk Limit Policy providing guideline for assuming controlled market risk, its monitoring and management. A reasonable number of limits are set and approved. These Limits are compared with the numbers generated by the market risk management system based on the trading activity and the outstanding position on risk measurement date.

Besides conventional methods, the Bank uses VaR (Value at Risk) technique for market risk assessment of assets booked by its treasury and capital market groups. Automated systems are used for calculating mark to market value of positions and generating VaR and sensitivity numbers. Variance co-variance approach of VaR measure for conventional products and Monte Carlo simulation approach for derivative and structured products are being used by the bank.

Stress testing of both banking and trading books as per SBP guidelines is a regular feature.

The Bank is exposed to interest rate risk both in trading and banking books. Risk numbers alongwith the marked to market values of government securities held by the Bank's treasury are generated on daily basis. The risk numbers include duration, PVBP, and VaR on individual security basis as well as on portfolio basis. These reports are presented to the senior management for review on a daily basis.

### **43.2.1 Foreign Exchange Risk Management**

Foreign exchange risk represents exposures the bank has due to changes in the values of current holdings and future cash flows denominated in currencies other than home currency. The types of instruments exposed to this risk include investments in foreign branches, foreign currency-denominated loans, foreign currency-denominated deposits, future cash flows in foreign currencies arising from foreign exchange transactions, etc.

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Bank remain within defined risk appetite and insulate bank against losses that may arise due to volatile movements in foreign exchange rates or interest rates.

Limit structure to manage Foreign exchange risk is in place. Gap limits on different tenures have been introduced for USD exposures. Gap limit for other major currencies will be introduced depending upon the significance of exposure in that currency. Bank's net open position and Foreign Exchange Exposure Limit (FEEL) is monitored and reported on daily basis. Additionally, daily reports are generated to evaluate the exposure in different currencies. Risk management system generates VaR and PVBP numbers for foreign exchange portfolio to estimate the potential loss under normal conditions. Stress testing of foreign exchange portfolio is also performed and reported to senior management. All these activities are performed on a daily basis.

	<b>2011</b>			
	<b>Assets</b>	<b>Liabilities</b>	<b>Off-balance sheet items</b>	<b>Net foreign currency exposure</b>
	----- <b>(Rupees in thousand)</b> -----			
Pakistan Rupee	630,458,241	544,128,255	2,268,342	88,598,328
United States Dollar	21,290,894	13,975,283	(7,196,737)	118,874
Pound Sterling	360,752	2,276,866	1,918,925	2,811
Japanese Yen	4,686	69	1	4,618
Euro	1,021,009	4,050,268	3,040,324	11,065
Other currencies	97,641	-	(30,855)	66,786
	<u>653,233,223</u>	<u>564,430,741</u>	<u>-</u>	<u>88,802,482</u>

	<b>2010</b>			
	<b>Assets</b>	<b>Liabilities</b>	<b>Off-balance sheet items</b>	<b>Net foreign currency exposure</b>
	----- <b>(Rupees in thousand)</b> -----			
Pakistan Rupee	545,689,856	468,137,556	1,740,181	79,292,481
United States Dollar	20,279,528	13,920,166	(6,665,221)	(305,859)
Pound Sterling	473,095	2,170,830	1,696,111	(1,624)
Japanese Yen	544	44,138	47,434	3,840
Euro	820,530	4,002,992	3,181,495	(967)
Other currencies	289,060	72,722	-	216,338
	<u>567,552,613</u>	<u>488,348,404</u>	<u>-</u>	<u>79,204,209</u>

#### **43.2.2 Equity Price Risk**

Bank's proprietary positions in the equity instruments expose it to the equity price risk in its trading and banking books. Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR numbers generation and stress testing of the equity portfolio are also performed and reported to senior management on daily basis. The stress test for equity price risk assesses the impact of the fall in the stock market index. This exercise is done on internal based assumptions in addition to the criteria advised by the SBP for Stress Testing on Equities.

## Mismatch of Interest Rate Sensitive Assets and Liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

Effective Yield/ Interest rate	Total	2011										Not exposed to Yield/ Interest Risk
		Exposed to Yield/ Interest risk										
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
------(Rupees in '000)-----												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks	0%	53,122,522	2,974,718	-	-	-	-	-	-	-	-	50,147,804
Balances with other banks	0.50%	2,281,263	626,339	-	-	-	-	-	-	-	-	1,654,924
Lendings to financial institutions	7% to 11.90%	955,087	47,394	907,693	-	-	-	-	-	-	-	-
Investments - net	4.5% to 15%	315,109,984	32,389,246	75,507,096	90,520,065	72,587,281	8,522,746	4,483,175	18,704,852	2,268,814	-	10,126,709
Advances - net	14.75%	225,801,259	201,686,722	4,212,143	1,667,716	4,954,184	6,904,334	2,678,429	2,068,180	1,467,001	162,550	-
Other assets - net		15,552,875	-	-	-	-	-	-	-	-	-	15,552,875
		612,822,990	237,724,419	80,626,932	92,187,781	77,541,465	15,427,080	7,161,604	20,773,032	3,735,815	162,550	77,482,312
<b>Liabilities</b>												
Bills payable		9,466,818	-	-	-	-	-	-	-	-	-	9,466,818
Borrowings	2.24% to 12.50%	39,100,627	25,282,290	5,484,553	5,137,852	1,597,966	1,597,966	-	-	-	-	-
Deposits and other accounts	5% to 13.7%	491,188,710	251,868,386	23,935,840	18,912,035	26,469,225	362,204	302,486	1,303,997	588,453	-	167,446,084
Other liabilities		15,168,748	-	-	-	-	-	-	-	-	-	15,168,748
		554,924,903	277,150,676	29,420,393	24,049,887	28,067,191	1,960,170	302,486	1,303,997	588,453	-	192,081,650
<b>On-balance sheet gap</b>		<b>57,898,087</b>	<b>(39,426,257)</b>	<b>51,206,539</b>	<b>68,137,894</b>	<b>49,474,274</b>	<b>13,466,910</b>	<b>6,859,118</b>	<b>19,469,035</b>	<b>3,147,362</b>	<b>162,550</b>	<b>(114,599,338)</b>
<b>Off-balance sheet financial instruments</b>												
Foreign exchange contracts Purchase		32,395,900	17,321,000	10,873,338	3,823,771	377,791	-	-	-	-	-	-
Cross currency swaps - long position		-	-	-	-	-	-	-	-	-	-	-
		32,395,900	17,321,000	10,873,338	3,823,771	377,791	-	-	-	-	-	-
Foreign exchange contracts Sale		35,030,445	14,883,187	14,064,664	5,886,996	195,598	-	-	-	-	-	-
Cross currency swaps - short position		-	-	-	-	-	-	-	-	-	-	-
		35,030,445	14,883,187	14,064,664	5,886,996	195,598	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		<b>(2,634,545)</b>	<b>2,437,813</b>	<b>(3,191,326)</b>	<b>(2,063,225)</b>	<b>182,193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total yield / interest risk sensitivity gap</b>			<b>(36,988,444)</b>	<b>48,015,213</b>	<b>66,074,669</b>	<b>49,656,467</b>	<b>13,466,910</b>	<b>6,859,118</b>	<b>19,469,035</b>	<b>3,147,362</b>	<b>162,550</b>	
<b>Cumulative yield / interest risk sensitivity gap</b>			<b>(36,988,444)</b>	<b>11,026,769</b>	<b>77,101,438</b>	<b>126,757,905</b>	<b>140,224,815</b>	<b>147,083,933</b>	<b>166,552,968</b>	<b>169,700,330</b>	<b>169,862,880</b>	

## Mismatch of Interest Rate Sensitive Assets and Liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

Effective Yield/ Interest rate	Total	2010 Exposed to Yield/ Interest risk									Not exposed to Yield/ Interest Risk	
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		(Rupees in '000)										
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks	0%	45,407,183	2,974,718	-	-	-	-	-	-	-	-	42,432,465
Balances with other banks	0.55% to 3%	1,478,569	404,254	-	-	-	-	-	-	-	-	1,074,315
Lendings to financial institutions	12.80% to 13.50%	4,401,781	1,510,027	-	2,891,754	-	-	-	-	-	-	-
Investments - net	4.5% to 16.12%	211,591,917	52,052,595	69,509,187	77,743,838	1,049,725	1,567,893	2,622,223	-	1,439,615	-	5,606,841
Advances - net	15.00%	254,551,589	152,730,953	50,910,318	38,182,738	12,727,579	-	-	-	-	-	-
Other assets - net		<u>12,873,899</u>	-	-	-	-	-	-	-	-	-	<u>12,873,899</u>
		530,304,938	209,672,547	120,419,505	118,818,330	13,777,304	1,567,893	2,622,223	-	1,439,615	-	61,987,520
<b>Liabilities</b>												
Bills payable		10,265,537	-	-	-	-	-	-	-	-	-	10,265,537
Borrowings	6% to 14%	25,684,593	13,638,811	4,940,120	4,940,120	1,082,771	1,082,771	-	-	-	-	-
Deposits and other accounts	5% to 13%	431,371,937	221,149,086	16,906,178	13,768,970	23,497,887	930,669	669,222	2,249,840	1,045,299	-	151,154,786
Other liabilities		<u>12,922,168</u>	-	-	-	-	-	-	-	-	-	<u>12,922,168</u>
		480,244,235	234,787,897	21,846,298	18,709,090	24,580,658	2,013,440	669,222	2,249,840	1,045,299	-	174,342,491
<b>On-balance sheet gap</b>		<u>50,060,703</u>	<u>(25,115,350)</u>	<u>98,573,207</u>	<u>100,109,240</u>	<u>(10,803,354)</u>	<u>(445,547)</u>	<u>1,953,001</u>	<u>(2,249,840)</u>	<u>394,316</u>	-	<u>(112,354,971)</u>
<b>Off-balance sheet financial instruments</b>												
Foreign exchange contracts Purchase		20,154,200	12,279,293	4,980,758	2,226,096	668,052	-	-	-	-	-	-
Cross currency swaps - long position		<u>76,563</u>	-	-	-	-	76,563	-	-	-	-	-
		20,230,763	12,279,293	4,980,758	2,226,096	668,052	76,563	-	-	-	-	-
Foreign exchange contracts Sale		22,245,693	12,917,004	6,180,514	3,148,175	-	-	-	-	-	-	-
Cross currency swaps - short position		<u>76,563</u>	-	-	-	-	76,563	-	-	-	-	-
		22,322,256	12,917,004	6,180,514	3,148,175	-	76,563	-	-	-	-	-
<b>Off-balance sheet gap</b>		<u>(2,091,493)</u>	<u>(637,711)</u>	<u>(1,199,756)</u>	<u>(922,079)</u>	<u>668,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total yield / interest risk sensitivity gap			<u>(25,753,060)</u>	<u>97,373,451</u>	<u>99,187,162</u>	<u>(10,135,301)</u>	<u>(445,547)</u>	<u>1,953,001</u>	<u>(2,249,840)</u>	<u>394,316</u>	-	
Cumulative yield / interest risk sensitivity gap			<u>(25,753,060)</u>	<u>71,620,391</u>	<u>170,807,552</u>	<u>160,672,251</u>	<u>160,226,704</u>	<u>162,179,705</u>	<u>159,929,865</u>	<u>160,324,181</u>	<u>160,324,181</u>	
Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.												
Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.												

## Reconciliation to total assets

2011  
(Rupees in thousand)

Balance as per balance sheet 653,233,223 567,552,613

## Less: Non financial assets

Investments	1,541,629	1,468,965
Operating fixed assets	22,007,903	20,947,540
Other assets	16,860,701	14,831,170
	40,410,233	37,247,675

Total financial assets 612,822,990 530,304,938

## Reconciliation to total liabilities

2011  
(Rupees in thousand)

Balance as per balance sheet 564,430,741 488,348,404

## Less: Non financial liabilities

Other liabilities	3,210,952	3,170,151
Deferred tax liability	6,294,886	4,934,018
	9,505,838	8,104,169

Total financial liabilities 554,924,903 480,244,235



43.4.1 Maturities of Assets and Liabilities - Based on contractual maturity of the assets and liabilities of the Bank

2010

	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
------(Rupees in thousand)-----										
<b>Assets</b>										
Cash and balances with treasury banks	45,407,183	45,407,183	-	-	-	-	-	-	-	-
Balances with other banks	1,478,569	1,478,569	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,401,781	1,510,027	-	2,891,754	-	-	-	-	-	-
Investments - net	213,060,882	41,715,017	69,523,376	79,607,464	4,805,688	5,267,577	5,203,638	784,119	4,685,038	1,468,965
Advances - net	254,551,589	32,663,674	50,898,988	12,553,379	80,993,551	23,826,658	19,863,742	22,173,449	11,319,171	258,977
Operating fixed assets	20,947,540	97,709	195,419	293,128	586,257	1,172,513	1,172,513	2,345,026	5,862,565	9,222,410
Deferred tax assets	1,217,509	18,893	62,718	18,892	388,317	383,669	59,565	92,500	192,955	-
Other assets - net	27,705,069	5,340,702	5,365,939	126,263	3,173,722	51	-	13,698,392	-	-
	568,770,122	128,231,774	126,046,440	95,490,880	89,947,535	30,650,468	26,299,458	39,093,486	22,059,729	10,950,352
<b>Liabilities</b>										
Bills payable	10,265,537	10,265,537	-	-	-	-	-	-	-	-
Borrowings	25,684,593	13,638,811	4,940,120	4,940,120	1,082,771	1,082,771	-	-	-	-
Deposits and other accounts	431,371,937	372,303,872	16,906,178	13,768,971	23,497,887	930,669	669,222	2,249,840	1,045,298	-
Deferred tax liabilities	6,151,527	18,441	36,880	55,321	110,647	101,895	101,895	4,593,686	447,854	684,908
Other liabilities	16,092,319	7,936,734	1,192,525	1,992,157	1,288,856	1,719,647	376,097	733,870	852,433	-
	489,565,913	404,163,395	23,075,703	20,756,569	25,980,161	3,834,982	1,147,214	7,577,396	2,345,585	684,908
<b>Net assets</b>	79,204,209	(275,931,621)	102,970,737	74,734,311	63,967,374	26,815,486	25,152,244	31,516,090	19,714,144	10,265,444
Share capital	7,602,150									
Reserves	40,162,906									
Unappropriated profit	21,414,955									
Surplus on revaluation of assets - net of tax	10,024,198									
	79,204,209									

When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity.

43.4.2 Maturities of Assets and Liabilities - Based on the working prepared by the Asset and Liabilities Management Committee (ALCO) of the Bank

	2011									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
------(Rupees in '000)-----										
<b>Assets</b>										
Cash and balances with treasury banks	53,122,522	53,122,522	-	-	-	-	-	-	-	-
Balances with other banks	2,281,263	2,281,263	-	-	-	-	-	-	-	-
Lendings to financial institutions	955,087	47,394	907,693	-	-	-	-	-	-	-
Investments - net	316,651,613	21,963,174	75,567,196	92,046,853	80,162,316	11,808,837	8,686,030	19,691,671	5,183,907	1,541,629
Advances - net	225,801,259	63,219,542	19,191,252	13,543,505	12,848,552	37,172,633	34,101,020	32,676,683	12,899,727	148,345
Operating fixed assets	22,007,903	113,783	227,566	341,350	682,699	1,365,398	1,365,398	2,730,796	6,826,990	8,353,923
Deferred tax assets	726,677	5,645	11,289	11,852	230,188	253,319	46,262	92,524	75,598	-
Other assets - net	32,413,576	6,962,140	6,994,623	61,114	2,791,907	-	-	15,603,792	-	-
	<u>653,959,900</u>	<u>147,715,463</u>	<u>102,899,619</u>	<u>106,004,674</u>	<u>96,715,662</u>	<u>50,600,187</u>	<u>44,198,710</u>	<u>70,795,466</u>	<u>24,986,222</u>	<u>10,043,897</u>
<b>Liabilities</b>										
Bills payable	9,466,818	9,466,818	-	-	-	-	-	-	-	-
Borrowings	39,100,627	25,282,290	5,484,553	5,137,852	1,597,966	1,597,966	-	-	-	-
Deposits and other accounts	491,188,710	42,739,164	45,922,760	44,482,217	26,890,645	98,916,656	98,716,465	99,998,923	33,521,880	-
Deferred tax liabilities	7,021,563	15,586	61,576	69,512	118,276	329,706	208,133	5,523,061	105,446	590,267
Other liabilities	18,379,700	9,255,663	1,575,594	2,563,784	1,465,355	1,914,159	337,304	386,820	881,021	-
	<u>565,157,418</u>	<u>86,759,521</u>	<u>53,044,483</u>	<u>52,253,365</u>	<u>30,072,242</u>	<u>102,758,487</u>	<u>99,261,902</u>	<u>105,908,804</u>	<u>34,508,347</u>	<u>590,267</u>
<b>Net assets</b>	<u>88,802,482</u>	<u>60,955,942</u>	<u>49,855,136</u>	<u>53,751,309</u>	<u>66,643,420</u>	<u>(52,158,300)</u>	<u>(55,063,192)</u>	<u>(35,113,338)</u>	<u>(9,522,125)</u>	<u>9,453,630</u>
Share capital	8,362,365									
Reserves	42,186,467									
Unappropriated profit	28,366,171									
Surplus on revaluation of assets - net of	<u>9,887,479</u>									
	<u>88,802,482</u>									

Refer the sub-note to note 43.4.1 also. Current and saving deposits do not have any contractual maturity. Therefore, current deposits and saving accounts have been classified between all nine maturities. Further, it has been assumed that on a going concern basis, these deposits are not expected to fall below the current year's level.



43.4.2 Maturities of Assets and Liabilities - Based on the working prepared by the Asset and Liabilities Management Committee (ALCO) of the Bank

	2010									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
------(Rupees in thousand)-----										
<b>Assets</b>										
Cash and balances with treasury banks	45,407,183	45,407,183	-	-	-	-	-	-	-	-
Balances with other banks	1,478,569	1,478,569	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,401,781	1,510,027	-	2,891,754	-	-	-	-	-	-
Investments - net	213,060,882	41,715,017	69,523,376	79,607,464	4,805,688	5,267,577	5,203,638	784,119	4,685,038	1,468,965
Advances - net	254,551,589	32,663,674	50,898,988	12,553,379	80,993,551	23,826,658	19,863,742	22,173,449	11,319,171	258,977
Operating fixed assets	20,947,540	97,709	195,419	293,128	586,257	1,172,513	1,172,513	2,345,026	5,862,565	9,222,410
Deferred tax assets	1,217,509	18,893	62,718	18,892	388,317	383,669	59,565	92,500	192,955	-
Other assets - net	27,705,069	5,340,702	5,365,939	126,263	3,173,722	51	-	13,698,392	-	-
	<u>568,770,122</u>	<u>128,231,774</u>	<u>126,046,440</u>	<u>95,490,880</u>	<u>89,947,535</u>	<u>30,650,468</u>	<u>26,299,458</u>	<u>39,093,486</u>	<u>22,059,729</u>	<u>10,950,352</u>
<b>Liabilities</b>										
Bills payable	10,265,537	10,265,537	-	-	-	-	-	-	-	-
Borrowings	25,684,593	13,638,811	4,940,120	4,940,120	1,082,771	1,082,771	-	-	-	-
Deposits and other accounts	431,371,937	65,162,986	50,524,439	43,874,251	67,655,091	64,654,210	48,339,407	78,023,871	13,137,682	-
Deferred tax liabilities	6,151,527	18,441	36,880	55,321	110,647	101,895	101,895	4,593,686	447,854	684,908
Other liabilities	16,092,319	7,936,734	1,192,525	1,992,157	1,288,856	1,719,647	376,097	733,870	852,433	-
	<u>489,565,913</u>	<u>97,022,509</u>	<u>56,693,964</u>	<u>50,861,849</u>	<u>70,137,365</u>	<u>67,558,523</u>	<u>48,817,399</u>	<u>83,351,427</u>	<u>14,437,969</u>	<u>684,908</u>
<b>Net assets</b>	<u>79,204,209</u>	<u>31,209,265</u>	<u>69,352,476</u>	<u>44,629,031</u>	<u>19,810,170</u>	<u>(36,908,055)</u>	<u>(22,517,941)</u>	<u>(44,257,941)</u>	<u>7,621,760</u>	<u>10,265,444</u>
Share capital	7,602,150									
Reserves	40,162,906									
Unappropriated profit	21,414,955									
Surplus on revaluation of assets - net of	10,024,198									
	<u>79,204,209</u>									

Refer sub-note to note 43.4.1 also. Current and saving deposits do not have any contractual maturity. Therefore, current deposits and saving accounts have been classified between all nine maturities. Further, it has been assumed that on a going concern basis, these deposits are not expected to fall below the current year's level.

### **43.5 Operational Risk**

Operational Risk is risk of loss resulting from an inadequacy or a failure ascribable to people, processes, systems or external events. This definition includes legal risk, but excludes strategic and

Operational Risk Management Division (ORMD) within Risk Management Group (RMG) is primarily responsible for oversight of bank-wide operational risk management. ORMD is independent of revenue generating functions. Although, respective business and support functions are the risk takers / owners, ORMD provides assistance and guidance for proactive operational risk management. The Risk Management Policy and bank-wide Operational Risk Management Framework (ORMF) have been developed in line with international best practices. The policy and framework are reviewed periodically so as to incorporate the current changes.

Major processes for operational risk management include, but not limited to Risk and Control Self Assessment, loss database management, enhancing operational risk awareness through workshops and sessions. ORMD has active coordination with audit and compliance for information sharing on Key Risk Indicators (KRIs) with respect to management of various operational risk aspects within the bank.

#### **43.5.1 Operational Risk-Disclosures Basel II Specific**

Currently, the bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, a number of initiatives are underway for adoption of The Standardized Approach (TSA) / Alternative Standardized Approach (ASA) like business line mapping, risk and control self assessment exercises.

ORMD initiated the process of collecting loss data on key risk events in the year 2007. Based on periodical analysis of loss data, ORMD generates reports for senior management and Risk Management and Portfolio Review Committee (RM&PRC) of the Board. The report covers the significant risk events, impact analysis and recommendations for improvement in control / risk mitigation.

### **44. GENERAL**

Comparative information has been reclassified and rearranged in these financial statements for the purpose of comparison.

### **45. NON-ADJUSTING EVENT**

The Board of Directors in its meeting held on February 21, 2012 has announced a final cash dividend in respect of the year ended December 31, 2011 of Rs.3.0 per share (2010: Rs. 3.0 per share) and bonus shares of 10% (2010: 10%). These financial statements for the year ended December 31, 2011 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

### **46. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 21, 2012.

**President and Chief Executive**

**Director**

**Director**

**Director**

## 1 Particulars of Investments in listed companies, mutual funds and modarabas-available for sale

Investee Entities	Note	Number of Ordinary and preference shares/certificates/units held	Paid-up value per share/certificate/unit Rupees	Total paid-up/nominal value (Rupees in thousand)	Cost as at December 31, 2011
<b>Fully Paid-up Preference Shares</b>					
Azgard Nine Limited		1,160,241	10	11,602	11,602
Masood Textile Mills Limited	1.1	5,000,000	10	50,000	50,000
					<b>61,602</b>
<b>Fully Paid-up Ordinary Shares</b>					
Abbott Laboratories Pakistan Limited		135,600	10	1,356	25,200
Allied Bank Limited		6,314,278	10	63,143	452,328
Arif Habib Limited		78,337	10	783	13,908
Arif Habib Corporation Limited		1,682,862	10	16,829	214,004
Askari Bank Limited		4,906,400	10	49,064	208,815
Attock Petroleum Limited		369,845	10	3,698	136,520
Attock Refinery Limited		160,000	10	1,600	20,394
Bank Al-Habib Limited		7,732,335	10	77,323	214,686
Century Papers & Board Mills Limited		54,540	10	545	1,556
Clariant Pakistan Limited		56,250	10	563	9,145
Fauji Fertilizer Bin Qasim Company Limited		14,884,277	10	148,843	712,264
Fauji Fertilizer Company Limited		10,200,000	10	102,000	1,016,796
Glaxo Smithkline Pakistan Limited		557,372	10	5,574	64,437
Habib Bank Limited		892,863	10	8,929	125,362
Habib Metropolitan Bank Limited		1,278,000	10	12,780	35,510
Ibrahim Fibers Limited		120,000	10	1,200	5,200
ICI Pakistan Limited		220,000	10	2,200	34,040
IGI Insurance Company of Pakistan Limited		418,413	10	4,184	42,529
Indus Motor Company Limited		27,027	10	270	5,566
International Industries Limited		344,942	10	3,449	26,427
Kohinoor Energy Limited		55,000	10	550	1,566
Kot Addu Power Company Limited		20,000	10	200	895
Mehr Dastagir Textile Mills Limited		1,616,912	10	16,169	16,169
Millat Tractors Limited		409,921	10	4,099	189,083
National Refinery Limited		265,270	10	2,653	82,498
Oil & Gas Development Company Limited		297,135	10	2,971	41,713
Packages Limited		39,911	10	399	8,368
Pakistan Cables Limited		42,716	10	427	7,098
Pakistan Oilfields Limited		1,380,095	10	13,801	455,337
Pakistan Petroleum Limited		1,284,562	10	12,846	230,356
Pakistan State Oil Limited		172,980	10	1,730	43,413
Pakistan Telecommunication Company Limited		225,000	10	2,250	2,408
Pakistan Tobacco Company Limited		49,000	10	490	7,962
Rafhan Maize Products Limited		4,809	10	48	11,905
Rupali Polyester Limited		153,045	10	1,530	10,801
Samba Bank Limited		30,963,000	10	309,630	147,150
Soneri Bank Limited		4,435,881	10	44,359	121,456
Sui Northern Gas Pipelines Limited		50,115,263	10	501,153	2,205,253
Summit Bank Limited		680,489	10	6,805	23,352
Trust Securities & Brokerage Limited		300,000	10	3,000	3,000
Unilever Pakistan Limited		52,087	50	2,604	150,970
Unilever Food Pakistan Limited		396	10	4	528
United Bank Limited		7,305,440	10	73,054	530,296
Wateen Telecom Limited		5,092,269	10	50,923	50,923
Zulfiqar Industries Limited		30,537	10	305	3,556
<b>Total</b>					<b>7,710,743</b>

Investee Entities	Name of Management Company	Number of Ordinary and preference shares/certificates/units held	Paid-up value per share/certificate/unit Rupees	Total paid-up/nominal value (Rupees in thousand)	Cost as at December 31, 2011
<b>Fully Paid-up Modaraba Certificates</b>					
First Al-Noor Modaraba	Al-Noor Modaraba Management (Private) Limited	5,553,270	10	55,532.70	60,606
<b>Total</b>					<u>60,606</u>
<b>Carrying value (before revaluation and provision) Listed Shares 'available for sale'</b>					7,832,951
<b>Provision for diminution in value of investments</b>					(2,710,124)
<b>Surplus on revaluation of securities</b>					733,928
<b>Market value as at December 31, 2011</b>					<u><u>5,856,755</u></u>

Fully Paid-up Ordinary Certificates/Units of Mutual Funds	Name of Management Company	Number of units held	Paid-up value per unit Rupees	Total paid-up/nominal value (Rupees in thousand)	Cost as at December 31, 2011
Metro-Bank Pakistan Sovereign Fund—Perpetual (MSF)	Arif Habib Investments Limited	77,461,673	50	3,873,084	4,000,000
National Investments Trust	National Investment Trust Limited	110,602	50	5,530	5,253
<b>Carrying value before revaluation &amp; provision</b>					<u>4,005,253</u>
<b>Provision for diminution in value of investments</b>					(1,907)
<b>Deficit on revaluation of securities</b>					(33,669)
<b>Market value as at December 31, 2011</b>					<u><u>3,969,677</u></u>

- 1.1 These are redeemable after the end of the fourth year from June 2005 at the option of the issuer either in whole or multiples of 10% of outstanding issue at a price of Rs. 10 per share plus any accumulated preference dividend. Dividend rate is 6 months KIBOR + 200 bps per annum.

## 2) Particulars of Investment held in unlisted companies-available for sale

ANNEXURE - I

Company Name	Percentage of holding (%)	Number of shares / certificates held	Cost as at December 31, 2011	Net Asset Value of total investment	Based on audited financial statements as at	Name of Chief Executive
------(Rs in thousand)-----						
<b>Shareholding more than 10%</b>						
<b>Fully paid up preference shares</b>						
Fazal Cloth Mills Limited (2.1)	40.00%	10,000,000	100,000	-	-	Mr. Sheikh Naseem Ahmed
<b>Fully paid up Ordinary Shares/ Certificates/ Units</b>						
Pak Asian Fund Limited	10.22%	1,150,000	11,500	18,840	June 30, 2011	Mr. Ashfaq A. Berdi
Khushhali Bank Limited	17.60%	30,000,000	300,000	388,342	December 31, 2010	Mr. Ghalib Nishtar
Next Capital Limited	10.00%	1,000,000	10,000	8,240	June 30, 2011	Mr. Najam Ali
Central Depository Company of Pakistan Limited	10.00%	6,500,000	10,000	161,292	June 30, 2011	Mr. Mohammad Hanif Jakhura
			<b>331,500</b>			
<b>Shareholding upto 10%</b>						
<b>Fully paid up Ordinary Shares/ Certificates/ Units</b>						
First Capital Investment Limited		250,000	2,500	2,767	June 30, 2011	Mr. Syed Kashan Kazmi
National Institute of Facilitation Technology Private Limited		985,485	1,527	59,255	June 30, 2011	Mr. M.M. Khan
National Investment Trust Limited		79,200	100	113,357	June 30, 2011	Mr. Wazir Ali Khoja
SME Bank Limited		1,490,619	10,106	13,169	September 30, 2011	Mr. Ihsan ul haq Khan
Arabian Sea Country Club		500,000	5,000	2,963	June 30, 2011	Mr. Arif Ali Khan Abbasi
Society for Worldwide Inter Fund Transfer (SWIFT)		18	1,738	5,569	December 31, 2010	Mr. Lazara Campos
Credit Information Bureau of Srilanka		300	24	7,843	December 31, 2010	Mr. G. P. Karunaratne
Lanka Clear (Private) Limited		100,000	790	3,443	March 31, 2011	Mr. Sunimal Weerasooriya
Lanka Financial Services Bureau Limited		100,000	790	1,163	March 31, 2011	Mr. Rajendra Thegarajah
Pakistan Agro Storage and Services corporation* Equity Participation Fund*		2,500	2,500	-	-	-
Al-Ameen Textile Mills Limited.*		15,000	1,500	-	-	-
Ayaz Textile Mills Limited.*		19,700	197	-	-	-
Custodian Management Services*		225,250	2,252	-	-	-
Musarrat Textile Mills Limited.*		100,000	1,000	-	-	-
Sadiqabad Textile Mills Limited.*		3,604,500	36,045	-	-	-
		2,638,261	26,382	-	-	-
			<b>92,451</b>			
Cost of unlisted shares/ certificates/ units			<b>523,951</b>			
Provision against unlisted shares			<b>(73,674)</b>			
Carrying value of unlisted shares/ certificates/ units			<b>450,277</b>			

\* These are fully provided unlisted shares.

2.1 These carry dividend rate of 6 months KIBOR + 2.5% per annum. The percentage of holding disclosed is in proportion to the preference share paid up capital.

3. Particulars of investments in Term Finance Certificates and Sukuk Bonds- (refer note 9)

ANNEXURE - I

Investee	Number of certificates held	Paid up value per certificate	Total Paid up Value (before redemption)	Profit	Principal Redemption	Balance as at December 31, 2011	Name of Chief Executive
						(Rupees in thousand)	
<b>LISTED TERM FINANCE CERTIFICATES - available for sale</b>							
Askari Bank Limited - issue no. III	50,000	5,000	250,000,000	6 months KIBOR + 2.5% p.a. for first five years & 6 months KIBOR +2.95% for next five years	0.32% of principal amount in the first 96 months and remaining principal in four equal semi annual installments starting from the 102nd month from issue.	249,800	Mr.R. Mehakri
Bank Alfalah Limited - issue no. III	100,000	5,000	500,000,000	6 months KIBOR + 2.5% p.a.	0.26% of principal amount in the first 78 months and remaining principal in three semi -annual installment starting from the 84th month.	499,600	Mr. Atif Bajwa
Pak Arab Fertilizers Limited	20,000	5,000	100,000,000	6 months KIBOR + 1.5% p.a.	In six stepped-up semi-annual installments starting from the 30th month from July 2007.	74,000	Mr. Fawad Ahmed Mukhtar
United Bank Limited - issue no. IV	152,399	5,000	761,995,000	6 months KIBOR + 0.85% p.a for first five years & 6 months KIBOR + 1.35% for remaining term	0.2% of the principal in the first 60 months and remaining principal in 6 equal semi annual installments from September 2006.	727,111	Mr. Atif R. Bokhari
Allied Bank Limited - issue no. I	11,196	5,000	55,980,000	6 months KIBOR + 1.90%	0.38% of principal amount in the first 114 months and remaining principal will be paid at maturity	55,791	Mr. Khalid Sherwani
Allied Bank Limited - issue no. II	37,000	5,000	185,000,000	6 months KIBOR + 0.85% p.a. for first five years & 6 months KIBOR+1.30% for next 5 years.	0.38% of principal amount in the first 114 months and remaining principal will be paid at maturity	180,699	Mr. Khalid Sherwani
NIB Bank Limited	33,400	5,000	167,000,000	6 months KIBOR + 1.15% p.a.	0.02% of principal amount in the first 10 equal semi annual installments and remaining principal will be paid in six equal semi -annual installment from the sixth-sixth month onward	162,542	Mr. Baddar Kazmi

Carrying value before revaluation

1,949,543

Surplus on revaluation of securities

35,520

Market value of listed TFCs (revalued amount)

1,985,063

**SUKUK BONDS - available for sale**

	Terms of Redemption		Rate of interest	Currency		
	Principal	Interest				
WAPDA Sukuk Bonds	At maturity	Half-yearly	6 Month KIBOR+0.35%	PKR	400,000	Mr. Muhammad Shakil Durra
Government of Pakistan Ijara Sukuks	At maturity	Half-yearly	6-Month MTB Auction Weighted Average Yield.	PKR	3,700,000	

Surplus on revaluation of securities

21,390

Market value of Sukuk bonds

4,121,390

**TERM FINANCE CERTIFICATES - held to maturity**

Investee	Number of certificates held	Paid up value per certificate	Total Paid up Value (before redemption)	Profit	Principal Redemption	Balance as at December 31, 2011	Name of Chief Executive
Askari Bank Limited - issue no. I	20,000	5,000	100,000,000	6 months KIBOR + 1.5% p.a.	0.3% of principal amount in the first 90 months and the remaining principal in the 96th month from February 2005.	98,714	Mr.R. Mehakri
- issue no. II	19,980	5,000	99,900,000	6 months KIBOR + 1.5% p.a.	0.3% of principal amount in the first 90 months and the remaining principal in the 96th month from October 2005.	97,782	--do--
	39,980		199,900,000				
Bank Alfalah Limited - issue no. II	10,000	5,000	50,000,000	6 months KIBOR + 1.5% p.a.	0.25% of principal in the first 78 months and remaining principal in 3 semi-annual installments of 33.25% each of the issue amount starting from the 84th month from November 2004.	33,059	Mr. Atif Bajwa
- issue no. II	39,720	5,000	198,600,000	6 months KIBOR + 1.5% p.a.	0.25% of the principal in the first 78 months and remaining in 3 semi annual installments of 33.25% each starting from the 84th month from November 2005.	194,745	--do--
	49,720		248,600,000				
Bank Al Habib Limited- issue no. I	20,000	5,000	100,000,000	6 months KIBOR + 1.5% p.a.with a floor and cap of 3.5% and 10% per annum respectively.	0.02% of total issue in equal installments in first 78 months and the remaining principal in 3 semi-annual installments from the 84th month from July 2004.	65,771	Mr. Abbas D. Habib
- issue no. IV	20,000	5,000	100,000,000	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each	100,000	--do--
	40,000		200,000,000				
Jahangir Siddiqui and Company Limited	56	5,000,000	280,000,000	6 months KIBOR + 1.5% to 2.2% p.a. over 10 years	In 4 equal semi-annual installments, starting from 8-1/2 years from December 2004.	279,160	Mr. Munaf Ibrahim
Soneri Bank Limited	30,000	5,000	150,000,000	6 months KIBOR + 1.6% p.a.	In 4 semi annual equal installments starting from the 78th month from May 2005.	110,719	Mr. Aftab Manzoor
United Bank Limited - issue no. III	56,978	5,000	284,890,000	6 months KIBOR + 1.7% p.a.	0.2% of the principal in the first 60 months and remaining principal in 6 equal semi annual installments from September 2006.	282,635	Mr. Atif R. Bokhari
Allied Bank Limited - issue no. II	46,400	5,000	232,000,000	6 months KIBOR + 0.85% p.a. for first five years & 6 months KIBOR+1.30% for next 5 years.	0.38% of principal amount in the first 114 months and remaining principal will be paid at maturity	231,814	Mr. Khalid Sherwani
JDW Sugar Mills Limited	45,000	5,000	225,000,000	3 months KIBOR + 1.25% p.a.	Quarterly installments starting from March 23, 2010	125,000	Mr. Jehangir Khan Tareen
Shakarqanj Mills Limited	16,000	5,000	80,000,000	6 Month KIBOR +2.25% p.a. from March 2012	In 10 equal semi-annual installments starting from March 2012 .	80,000	Mr. Ahsan Saleem
Pakistan Mobile Corporation Limited	20,000	5,000	100,000,000	3 Month KIBOR +2.65% p.a.	In 13 equal quarterly installments starting from 24th month after first disbursement and subsequently every three months.	98,856	Mr. Rashid Khan

Carrying value of TFCs - HTM

1,798,255

The above excludes unlisted term finance certificates, debentures, bonds and participation term certificates of companies which are fully provided for in these financial statements.

4. Details of Bonds, Debentures and Federal Government Securities (refer note 9) - held to maturity

ANNEXURE - I

Description	Terms of Redemption		Rate of interest	Currency	Foreign Currency Amount (in thousand)	Carrying value as at December 31, 2011 (Rupees in thousand)
	Principal	Interest				
<b>Debentures</b>						
Singer (Sri Lanka) Plc.	At maturity	Half-yearly	AWPL + 3.00 % p.a.	LKR	45,000	35,546
Bank of Ceylon	At maturity	Half-yearly	Weighted Average Six Month T Bill Rate (Before Tax) + 0.75 %	LKR	250,000	197,475
<b>Sukuk Bonds</b>						
WAPDA Sukuk Bonds	At maturity	Half-yearly	6 Month KIBOR+0.35%	PKR	-	400,000
Sui Southern Gas Company Limited Sukuk Bonds	At maturity	Quarterly	3 Month KIBOR+1.4%	PKR	-	58,333
Maple Leaf Cement Factory Limited Sukuk Bonds	In 8 unequal semi-annual installments.	Half-yearly	6 Month KIBOR+1.70%	PKR	-	374,362
Quetta Textile Mills Limited Sukuk Bonds	In 12 equal semi-annual installments.	Half-yearly	6 Month KIBOR+1.50%	PKR	-	67,500
J.D.W Sugar Mills Limited Sukuk Bonds	In 18 unequal quarterly installments.	Quarterly	3 Month KIBOR+1.25%	PKR	-	97,222
Sitara Energy Limited	In 8 equal semi-annual installments.	Half-yearly	6 Month KIBOR+1.15%	PKR	-	84,545
Century Paper and Boards Mills Limited Sukuk Bonds	At maturity	Half-yearly	6 Month KIBOR+1.35%	PKR	-	150,000
					-	<b>1,231,964</b>
<b>Euro Bonds</b>						
Pakistan Euro Bonds	At maturity	Half-yearly	7.125% & 6.875	US\$	17,149	1,542,470

5 Investment in subsidiaries

Details of the Bank's subsidiary companies are as follows:

Name	% of holding	Country of incorporation	Year of incorporation
MCB Financial Services Limited	* 99.99	Pakistan	1992
MNET Services (Private) Limited	* 99.95	Pakistan	2001
MCB Trade Services Limited	100	Hong Kong	2005
Arif Habib Investments Limited	**51.33	Pakistan	2005
"MCB Leasing" Closed Joint Stock Company	95	Azerbaijan	2009

\* Remaining shares are held by certain individuals as nominees of the Bank.

\*\* Arif Habib Investments Limited was amalgamated with MCB Assets Management Limited during the year .

6 Summarized financial information of associated undertakings (refer note 9)

The gross amount of assets, liabilities, revenue, profit and net assets of associated undertakings are as follows:

Name of associated undertaking	Country of incorporation	Assets	Liabilities	Net assets	Revenue	Profit after tax	% of interest held
----- (Rupees in thousand) -----							
<b>2011</b>							
<b>Euronet Pakistan (Private) Limited</b>							
(unaudited based on December 31, 2011)		313,117	132,129	180,988	112,493	4,651	30%
First Women Bank Limited (unaudited based on September 30, 2011)	Pakistan	19,046,454	17,800,821	1,245,633	586,146 *	71,895	26.78%
Adamjee Insurance Company Limited (unaudited based on September 30, 2011)	Pakistan	25,289,144	14,165,413	11,123,731	5,370,441 **	369,218	29.13%
<b>2010</b>							
First Women Bank Limited (unaudited based on September 30, 2010)	Pakistan	12,804,666	11,704,309	1,100,357	460,994 *	18,687	26.78%
Adamjee Insurance Company Limited (unaudited based on September 30, 2010)	Pakistan	25,809,424	15,155,098	10,654,326	5,049,611 **	133,317	29.13%

\* Represents net mark-up / interest income and non mark up income

\*\* Represents net premium revenue

## ISLAMIC BANKING BUSINESS

The Bank is operating 23 Islamic banking branches including 1 overseas branch at the end of December 31, 2011 (2010: 15 branches including 1 overseas).

### Statement of Financial Position

As at December 31, 2011

	2011	2010
	(Rupees in thousand)	
<b>ASSETS</b>		
Cash and balances with treasury banks	334,398	526,377
Investments	2,938,706	2,147,807
Financing and receivables	-	-
-Murabaha	4,094,212	2,220,459
-ljara	96,146	420,070
-Islamic export refinance	1,420,784	1,048,050
Fixed Assets	1,008,864	6,302
Deferred tax asset	-	1,846
Other assets	3,330,885	4,127,437
<b>Total Assets</b>	<b>13,223,995</b>	<b>10,498,348</b>
<b>LIABILITIES</b>		
Bills payable	45,297	74,335
Deposits and other accounts	-	-
-Current accounts	1,022,119	605,066
-Saving accounts	1,636,924	3,445,730
-Term deposits	4,565,234	3,258,942
-Others	81,503	3,424
Borrowings from SBP	1,664,996	1,079,000
Due to head office	2,558,624	657,640
Deferred tax liability	8,182	-
Other liabilities	449,518	405,088
	<u>12,032,397</u>	<u>9,529,225</u>
<b>Net Assets</b>	<b><u>1,191,598</u></b>	<b><u>969,123</u></b>
<b>REPRESENTED BY</b>		
Islamic banking fund	1,000,000	850,000
Other reserves	70	3
Unappropriated profit	176,334	122,548
	<u>1,176,404</u>	<u>972,551</u>
Surplus on revaluation of assets - net of tax	15,194	(3,428)
	<u>1,191,598</u>	<u>969,123</u>
<b>Remuneration to Shariah Advisor / Board</b>	<u>1,849</u>	<u>1,424</u>
<b>CHARITY FUND</b>		
Opening balance	1,763	1,998
<b>Additions during the year</b>		
Received from customers on delayed payments	1,397	1,621
Profit on charity saving account	122	144
	1,519	1,765
<b>Payments / utilization during the year</b>		
Social Welfare	(1,500)	-
Health	(1,000)	-
Education	-	-
Relief and disaster recovery	-	(2,000)
	<u>(2,500)</u>	<u>(2,000)</u>
Closing balance	<u>782</u>	<u>1,763</u>



## ISLAMICBANKING BUSINESS

### Profit and Loss Account

For the year ended December 31, 2011

	2011 (Rupees in thousand)	2010
Income / return / profit earned	1,422,236	993,885
Income / return / profit expensed	<u>979,325</u>	<u>663,874</u>
	442,911	330,011
Provision against loans and advances - net	(5,530)	51,054
Provision for diminution in the value of investments	42,273	-
Bad debts written off directly	-	-
	<u>36,743</u>	<u>51,054</u>
Net profit / income after provisions	406,168	278,957
<b>Other income</b>		
Fees, commission and brokerage income	43,747	26,102
Dividend income	-	-
Income from dealing in foreign currencies	9,668	7,132
Other Income	61,104	51,623
Total other income	<u>114,519</u>	<u>84,857</u>
	520,687	363,814
<b>Other expenses</b>		
Administrative expenses	342,988	239,803
Other provisions / write offs	-	-
Other charges (penalty paid to SBP)	1,365	1,463
Total other expenses	<u>344,353</u>	<u>241,266</u>
Extra ordinary / unusual items	-	-
Profit before taxation	<u>176,334</u>	<u>122,548</u>
Taxation - Current	-	-
- Prior years	-	-
- Deferred	-	-
	-	-
Profit after taxation	<u><u>176,334</u></u>	<u><u>122,548</u></u>

## Statement showing written-off loans or any other financial relief of five hundred thousand or above provided during the year 2011

Annexure III

(Rs. In '000)

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
1	<b>Unique Metal Craft &amp; Powder Coating</b> 7/B-1, Bahawalpur Road, Chuburji Lahore	Temor Rashid Farhat Temor	35201-3907403-5 35201-6494799-6	Abdul Rashid Temor Rashid	-	2,128	-	2,128	-	-	2,128	2,128
2	<b>Younus &amp; Co</b> Ghalla Mandi Sheikhpura	Muhammad Younas	35404-5542497-9	Sarwar Khan	150	1,488	-	1,638	-	-	1,488	1,488
3	<b>Ghafoor Ahmed Ch</b> House No.128, Block Iii, Sector C1, Township Lahore	Ghafoor Ahmed Ch	35202-8941615-3	Illam Ud Din Ch	875	1,465	-	2,339	-	-	1,364	1,364
4	<b>Goraya Rice Mills</b> Baddu Malhi, Narowal	Abbas Ali Goraya	35401-1859080-7	Muhammad Akbar	1,232	994	-	2,226	-	-	973	973
5	<b>Javaid Builders</b> Mohla Kalan P.O Dheerkay Tehsil & Distt Guirat	Javaid Iqbal Cheema	34101-5838951-9	Muhammad Sadiq Cheema	1,307	1,262	-	2,569	-	-	1,262	1,262
6	<b>Imperial China Industries</b> 45 C S 1 F, GT Road Guirat	Khawar Manzoor Qaiser Hakeem	34201-0362238-7 34201-0333374-7	Manzoor Hussain Abdul Hakeem	4,000	2,558	432	6,990	-	-	2,990	2,990
7	<b>Qaiser Hakeem</b> Banqla Mandi, Railway Road, Gujrat	Qaiser Hakeem	34201-0333374-7	Abdul Hakeem	1,000	625	260	1,885	-	-	885	885
8	<b>Farooq Nazir</b> 565- Umar Block. Allama Iqbal Town, Lahore	Farooq Nazir	35202-7139664-3	Muhammad Nazir	-	1,237	-	1,237	-	-	1,237	1,237
9	<b>Monarach Agro Sciencs</b> 209-A Johar Town, Lahore	Rana Muhammad Ibad	35204-2356971-5	Rana Abdul Shakoor	-	5,628	264	5,892	-	-	5,892	5,892
10	<b>Haider Rizwan Sohail</b> (Property No Swiv-69-S-2/A, Sham Nagar, New Chburji Park Lahore.)	Haider Rizwan Sohail	35202-4936182-1	Rizwan Sohail	3,248	1,259	67	4,574	-	-	865	865
11	<b>Adil Mehmood</b> 182-Atta Turk Block, New Garden Town Lahore	Adil Mehmood	517-66-025718	Mehmood Sadiq	14,067	6,576	18	20,661	-	-	6,594	6,594
12	<b>Rehman Fabrics</b> Shop# 5, Rehman Center, Ichra Bazar Lahore	Amir Siddiq	35202-5691488-7	Sheikh Muhammad Siddiq	9,999	2,949	85	13,033	-	-	3,174	3,174
13	<b>Akhtar Umer Leather</b> Muradia Road, Model Town Sialkot	Khalid Javed Samina Khalid Abbas Aslam	300-68-175971 301-65-563017 300-58-239204	Ghulam Rasool Khalid Javed Muhammad Aslam Khan	2,787	2,511	85	5,383	-	-	2,383	2,383
14	<b>Talat Masood</b> Street 7, Mohallah Dar Ul Salam Gujranwala	Tallat Masood	34101-0424960-7	Haji Muhammad Iqbal	729	1,290	55	2,074	-	-	945	945
15	<b>Shahpur Textiles Mills Limited</b> 1646/10-M Nizamabad Old Chungi No 8 Multan	Mirza Aurangzeb Baig Mirza Jahanzeb Baig Yasmeen Naz Asma Alamgeer Fahmeeda Begum Mirza Asbar Baig	36302-6507395-3 36302-1997813-3 36302-6590754-6 31202-9855777-2 36302-4002855-0 36302-6915443-9	Mirza Asbar Baig Mirza Asbar Baig Mirza Aurangzeb Baig Mirza Alamgeer Baig Mirza Asbar Baig Mirza Azhar Baig	39,678	11,290	-	50,968	39,678	-	11,290	50,968
16	<b>Sakeena Ch &amp; Muhammad Amjad</b> (H No 215-1, M.A Johar Town Lahore)	Sakeena Ch Muhammad Amjad	35202-0582765-0 35202-4641000-5	Shabir Ahmed Shabir Ahmed	5,893	993	-	6,886	-	-	977	977
17	<b>Malayzai Filling Station</b> Ward No.2 Muhallah Pathanan, Kahna Nau, Lahore	Sohail Anwar Pasha	35201-3600206-9	Anwar Ul Haq Khan	-	2,098	-	2,098	-	-	996	996
18	<b>Haji Abdul Razzaq</b>	Haji Abdul Razzaq	35201-1491918-1	Ch.Muhammad Sharif	14,998	4,414	-	19,412	-	-	4,350	4,350

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
	H/No.01 St/No.174 College Road, Bachbanpura Lahore											
19	<b>Afzal Brothers</b> Mandi Faizabad, Qadian Wali, Al-Bashir Market, Nankana Sb, Distt. Shaikpura.	Muhammad Afzal Mukhtar Ahmed Tabassum	35402-1740110-5 35402-6864698-5	Faqir Ahmed Bashir Ahmed	2,969	1,115	-	4,084	-	-	777	777
20	<b>Al Hamd Rice Mills</b> Mohallah Khawjgan, Mandi Bahaudin	Riazul Haq	34402-5068865-7	Nazar Muhammad	-	4,415	93	4,508	-	-	3,708	3,708
21	<b>Muhammad Abbas &amp; Sons</b> Sundar Road, Raiwind, Lahore	Muhammad Abbas	35202-4225424-3	Ahmad Din	-	1,435	-	1,435	-	-	1,435	1,435
22	<b>Star Leather</b> Pasrur Road, China Chowk, Lahore	Javaid Hidavat	34603-9645092-1	Hidavatullah	1,061	1,175	-	2,236	-	-	836	836
23	<b>Reliance Cold Storage (Pvt.) Limited</b> Mian Mir Road, Lahore	Mrs. Mahfooz Shoukat Mr. Munir Hussain Mr. Tajassar Shoaib Mr. Mustansar Billa	61101-4966391-6 34101-2669560-9 35201-9812701-3 42301-3998307-1	Shoukat Ali Mian Dost Muhammad Ch. Abdul Rasheed Ch. Abdul Rasheed	6,180	2,023	77	8,280	-	-	2,100	2,100
24	<b>Tariq Abdul Qadoos &amp; Nusrat Perveen</b> House No.47, Street No.10 New Super Town Lahore	Tariq Abdul Qadoos	35201-1525642-3	Abdul Qadoos Ch	5,630	2,034	45	7,709	-	-	2,308	2,308
25	<b>Imran Haider</b> House No: 142-E, Street No, 14, Sector Ghori Block, Bahria Town, Lahore	Imran Haider	35202-2947400-3	Ghulam Haider	2,691	733	-	3,424	-	-	732	732
26	<b>Farooq Hassan</b> House No: 60/E-1, Gulberg Iii, Lahore	Farooq Hassan	35200-7393752-5	Hamid Hasan Mir	12,000	3,693	-	15,693	-	-	3,693	3,693
27	<b>Kamran Sami</b> House No: 103-B, Tariq Gardens, Housing Scheme, Lahore	Kamran Sami	35202-7883439-3	Syed Sami Ullah	3,451	881	-	4,332	-	-	862	862
28	<b>Zafar Iqbal</b> House No: 47, Block-D, Phase-I, Pcsir Staff Co-Operative Societv Ltd. Lahore	Zafar Iqbal	35202-2650953-3	Iqbal Ahmed	1,191	1,587	-	2,778	-	-	1,538	1,538
29	<b>Hashmi Spinning Mills Limited</b> Plot No. 103, Golden Plaza, Blue Area, Islamabad	Shaukat Ali Quershi Nadeem Sarwar Qureshi Zaheem Shaukat Quershi Adeel Shaukat Qureshi Irshad Bequm Razia Begaum Rukhsana Kausar	61101-7300295-7 61101-3216635-3 61101-2031042-5 61101-2207152-7 37401-0301938-8 61101-6147495-6 61101-3800433-8	Muhammad Sarwar Qureshi Muhammad Sarwar Qureshi Shaukat Ali Quershi Shaukat Ali Quershi Muhammad Sarwar Shaukat Ali Quershi Shaukat Ali Quershi	101,932	367,461	2,500	471,893	-	-	369,443	369,443
30	<b>Gaash Color Lab</b> Address: Centre Plate, Chinnar Chowk, & Super Market, Kachehri Road, Muzaffarabad, Azad Kashmir.	Abdul Aziz	35200-8044506-1	Muhammad Shafi	-	2,281	-	2,281	-	-	1,914	1,914
31	<b>Skylink Communication (Pvt) Limited</b> Address: House No 32-A, Park Road, F-8/2 Islamabad	Abdul Majeed Malik Muhammad Akram Shah Muhammad Ilyas Adil Maieed Khalid Mehmood Akhtar	61101-9513546-3 37406-2034886-1 35201-5401950-7 61101-1937620-1 37405-0276168-3	Fazal Hussain Muhammad Azam Shah Muhammad Ramzan Abdul Majeed Malik Mehmood Ahmad Akhtar	981	4,282	60	5,323	-	-	2,723	2,723
32	<b>Waqar Imran</b> Address: House No 538, Block-D, Sattelite Town, Rawalpindi.	Waqar Imran	37405-7927782-5	Anwaar Feroz	2,439	1,478	122	4,039	-	-	733	733
33	<b>Falak Sair Corporation</b> Address: G.T Road, Amankot, Mingora, Swat	Khwaia Abdul Bari	15602-3908480-7	Hafiz Ghulam Umer	4,982	1,597	-	6,579	4,982	-	2,078	7,060

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
34	<b>Shuaib Enterprises</b> Address: Landi Khas, Khawaza Khaila, The & Distt Swat.	Muhammad Shuaib	15602-8424428-5	Munsif Khan	2,700	-	-	2,700	2,700	-	786	3,486
35	<b>Muhammad Mumtaz</b> Address: House No, 705 Street No, 47, G-9/1, Islamabad	Muhammad Mumtaz	61101-4410841-9	Gul Muhammad	7,455	2,437	21	9,913	-	-	2,614	2,614
36	<b>Texila Cotton Mills Limited</b> Address: 270-Sector I-9 Industrial Area, Islamabad	Farrukh Ahmd Masood Akhtar Mehboob Ellahi Mehfooz Ellahi Samina Begum Abdul Rashid Naveed Akhtar Syed M. Rounaq-Udin Fatima Begum	37405-0376518-1 61101-1903396-3 61101-1999531-3 61101-1999527-5 61101-1907703-4 61101-5788796-1 37405-0376519-1 42101-1408298-7 Not Available ( deo	Muhammad Idress Abdul Haq Haji Muhammad Hussain Mehboob Ellahi Mehboob Ellahi Abdul Majeed Muhammad Idress M. Fareed-Ud-Din Muhammad Hussain	3,710	14,797	99	18,606	-	-	14,896	14,896
37	<b>Al-Syed Furniture</b> Address: House No. C-35 S.A Road University Town, Peshawar	Haroon-Ur-Rashid	17301-11987347	Syed Iqbal Shah	748	1,926	30	2,704	-	-	708	708
38	<b>Shuffa Steel Industries</b> Address: House No 72, Street No 59, I-8/3 Islamabad & Plot No 50/2, Phase II, Road 03, Hattar Ie Haripur	Muhammad Ali	37405-63817161	Shamshad Hussain	40,000	8,854	155	49,009	-	-	4,372	4,372
39	<b>M/S. Front Line Traders</b> H. No.41 Block-2, Jauharabad, Distt. Khushab.	Mian Kamran Sarshar Afsar Mahmood	38201-1243940-5 38201-1120619-5	Mian Aman Ullah Muhammad Nazir	8,926	2,391	100	11,417	-	-	1,417	1,417
40	<b>M/S. Paragone Fashions</b> P-3 Paragon Avenue, Off Millat Road Faisalabad.	Naeem Ahmed Zaheer Iqbal Tahseen Ahmed Muhammad Idrees Muhammad Ajmal	248-85-466997 248-85-466994 248-87-466997 244-70-421459 244-76-686685	Waris Ali Waris Ali Waris Ali Muhammad Yaqoob Muhammad Yaqoob	2,563	2,094	-	4,657	-	-	2,094	2,094
41	<b>M/S. J S L International</b> P-3 Paragon Avenue. Off Millat Road Faisalabad.	Naeem Ahmed Tahseen Ahmed Muhammad Idrees Muhammad Ajmal	248-85-466997 248-87-466997 244-70-421459 244-76-686685	Waris Ali Waris Ali Muhammad Yaqoob Muhammad Yaqoob	3,000	1,909	-	4,909	-	-	1,909	1,909
42	<b>Progressive Distributors</b> P-56, Jinnah Colony, Faisalabad.	Muhammad Jamil	33303-4287122-5	Muhammad Rafique	7,499	3,301	-	10,800	-	-	860	860
43	<b>Haris Traders</b> Plot No. P-256 Main Jhang Road, Faisalabad.	Muhammad Jamil	33303-4287122-5	Muhammad Rafique	3,497	1,445	-	4,942	-	-	1,042	1,042
44	<b>Hafiz Muhammad Saadiq</b> Mondiwala Post Office Road, Bhakkar	Hafiz Muhammad Sadiq	38103-2733241-1	Muhammad Ramzan	5,000	1,253	-	6,253	-	-	895	895
45	<b>Virk Medical Complex</b> Jail Raod, Shahpur, Sargodha.	Ansar Hussain Afzal Hussain	234-89-332445 234-93-303584	Ch. Ashiq Hussain Ch. Ashiq Hussain	900	920	84	1,904	-	-	804	804
46	<b>Chemtex Enterprises</b> 89-B, Commercial Center, Shaikhpura Road Millat Chowk, Gulistan Colony, Faisalabad.	Shaikh Khalid Mahmood	265-64-221054	Shaikh Jalal	-	1,526	-	1,526	-	-	1,526	1,526
47	<b>Younis Weaving</b> Factory Are, Khalid Colony, Kamalia.	Muhammad Younis	254-91-088708	Muhammad Sharif	2,998	1,865	-	4,863	-	-	960	960
48	<b>Royal Tex</b> 69 X 101, Madina Town, Faisalabad.	Sheraz Latif Umar Latif	244-76-570965 244-78-570966	Muhammad Latif Muhammad Latif	3,999	2,533	-	6,532	-	-	501	501

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
49	<b>Kamooka Filling Station</b> Jarranwala, Satiana Road, Faisalabad.	Zafar Iqbal	33100-4902916-9	Muhammad Yousaf	4,998	1,256		6,254	-	-	2,298	2,298
50	<b>Imran Impex</b> Raja Ghulam Rasool Nagar Road, Faisalabad.	Imran Younis	33100-2328747-1	Muhammad Younis	3,500	1,958		5,458	-	-	1,233	1,233
51	<b>Atif Traders</b> P-39, Tajbah Road, Faisalabad.	Atif Mahmood	33100-0907605-3	Faiz Ahmad	-	2,716		2,716	-	-	2,716	2,716
52	<b>Pak Punjab Traders</b> Purana Adda Juharabad	Zafar Ul Islam	38201-1182586-5	Zain Ul Islam	2,497	3,920		6,417	-	-	3,920	3,920
53	<b>Chuhdary Traders</b> Shop No. 14, Fda Market, Samundri Road, Faisalabad.	Ijaz Ahmad	33100-719348-5	Ch Asghar Ali	2,400	1,491	56	3,947	-	-	1,547	1,547
54	<b>Bilal Weaving Factory</b> Garh Mohallah, Gojra.	Junaid Ahmad Bilal	33301-2117541-3	Sved Ahmad	1,415	801	60	2,276	-	-	861	861
55	<b>Al-Majeed Agro Traders</b> Chak # 358/W.B, Post Office, Tehsil Dunyapur, Distt. Lodhran	Mr. Abdul Maieed	36201-0576709-1	Barkat Ali	-	2,811	-	2,811	-	-	2,811	2,811
56	<b>Al-Qaim Seeds Corporation</b> Vehari Road Multan	Muhammad Anwar	36302-5383632-3	Ghulam Rasool	-	5,001	-	5,001	-	-	5,001	5,001
57	<b>Satluj Enterprises Pvt Ltd</b> Chak # 1 D.N.B Tehsil Yazman Distt. Bahawalpur	Mr. Khalid Pervsaiz Mr. Mumtaz Ahmed Mr. Ghulam Ahmed	31205-9389141-7 31205-9417044-5 345-87-183067	Muhammad Safdar Ghulam Hussain Noor Ahmed	6,470	5,134	155	11,759	-	-	3,959	3,959
58	<b>Gheyas Fuel Station</b> 3Km Ludden Road Vehari	Mr. Gheyyas Ud Din	36603-7734645-3	Irshad Ahmed	2,499	1,161	-	3,660	-	-	1,061	1,061
59	<b>M/S Rohi Cotton Ginners</b> Pakhi Mandi Liaquatpur Distt. Rahim Yar Khan	Muhammad Tahir	31302-9634479-1	Muhammad Ibrahim	2,499	702	100	3,301	-	-	601	601
60	<b>M/S Pak Madina Iron &amp; Sanitary Store</b> Shop # 50/H New. 132 H Block Burewala Bazar, Burewala	Fazal Mehmood Haii Chiradh	321-60-901825 321-36-159413	Muhammad Habib Fazal Din	221	1,035	17	1,273	-	-	1,052	1,052
61	<b>M/S Friends Cotton Ginners</b> Abbasia Road, Liaquatpur, Distt. Rahim Yar Khan.	Abdul Rasheed Saeed Rasheed Zeeshan Rasheed Muhammad Boota Sardar Muhammad	31302-3013574-1 31302-8787352-1	Ahmed Din Abdul Rasheed Abdul Rasheed Gulab Din Ghulam Muhammad	3,206	5,604	121	8,931	-	-	5,859	5,859
62	<b>M/S Husnain &amp; Company</b> Mauza Chadhar Bhindar, Maisi	Mehr Rabnawaz	36302-5029983-9	Ghulam Rasool	3,468	2,282	70	5,820	-	-	2,266	2,266
63	<b>M/S Pakistan Poly Propylene Packages Pvt Ltd</b> Plot # 100 Industrial Estate Multan	Asma Akram Sultan Aziz Sultan Kishwar Kamal Aisha Akram Sultan Akram Sultan Amin Akram Sultan Uzma Sultan	42301-4117698-4 42301-8637334-9 35201-1539175-6 42301-4117698-4 42301-8667546-3 61101-7931567-1 42301-6919428-6	Akram Sultan Ayub Sultan Akram Sultan Akram Sultan Haji Muhammad Sultan Akram Sultan Ayub Sultan	-	27,631	-	27,631	-	-	27,631	27,631
64	<b>M/S Light House</b> The Mall Circular Road Bahawalpur.	Muhammad Saleem	344-53-075265	Iqbal Ahmed Khan	-	1,323	-	1,323	-	-	1,323	1,323
65	<b>M/S Choudhary &amp; Sons</b> Shop # 21-B Ghalla Mandi Vehari	Sufian Ashraf	36603-6465045-1	Muhammad Ashraf	-	834	-	834	-	-	834	834
66	<b>M/S Savet Pharma</b> Iqbal Centre Jahanian Distt. Khanewal.	Waqas Ahmed	36101-2834021-5	Nazir Ahmad	2,549	1,749	74	4,372	-	-	1,617	1,617

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
67	<b>Munir Khalid</b> 16-Ground Floor, Kse Building Karachi	Munir Khalid	42000-9556668-1	Muhammad Rashid	1,786	1,737	192	3,715	-	-	1,913	1,913
68	<b>Metropolitan Steel Corporation Limited</b> Plot No.H, Landhi Industrial Area Karachi	Abdul Razzak Noor Khawaja Maudood Ahmed Mehmood Ali Mehkri Mohammad Shakir Muhammad Jamal Dehthi Muhammad Umer Mehkri Tariq Adam Ghumra	42101-1737895-3 42301-3395663-1 42301-9714365-9 42101-2310521-9 42301-2069949-7 42301-7089962-3 42201-5397839-9	Noor Mohammad Khawaja Abdul Samad Mohammad Ali Mehkri Mohammad Tahir Haji Abdul Qadir Dehthi Mehmood Ali Mehkri Adam Ghumra	4,026	4,742	-	8,768	-	-	3,520	3,520
69	<b>Fresh Fruit International</b> 12-C, Al.Hilal Society, University Road Karachi.	Muhammad Asif	42201-9623996-7	Shaikh Mohammad Aqil	7,308	3,621	91	11,020	-	-	3,712	3,712
70	<b>Macdonald Layton &amp; Co Limited</b> 34 West Wharf Road Karachi.	Ali Raza Rizvi Ali Hassan Rizvi Brgd. (Rtd)Muhammad Mumtaz Mrs.Roshan Jahan Rizvi Muhammad Masood Ahmed Maliha Khalid	42301-1628228-3 42301-2124070-9 37405-0394125-1 42301-6390783-6 42301-8215762-7 42301-7773347-6	Syed Ali Muhammad Rizvi Sved Ali Muhammad Rizvi Muhammad Usman Khalid W/O Syed Ali Muhammad Rizvi Abdul Shakoor Warsi D/O Anwar Khan	2,225	8,172	193	10,590	-	-	4,864	4,864
71	<b>Khair Muhammad Khokhar</b> Bunglow No.4, Civil Lines, Hyderabad	Haji Khair Muhammad Khokhar Begum Shamim Noorul Ain	41303-1514274-4 41307-9906814-6 41305-9339482-4	S/O Ghulam Hussain W/O Khair Muhammad Khokhar D/O Khair Muhammad Khokhar	2,795	1,061	25	3,881	-	-	598	598
72	<b>Allied Ghee Industries Limited</b> Ayub Mension, 2-Islamia Road Peshawar	Muhammad Afzal Liaqat Ali Khan Saidullah Muhammad Adnan Muhammad Jibran Pirzada Noor-Ul-Bashir Abdul Qahar	17301-1269055-1 35202-9940181-1 17101-7637127-3 135-85-153510 135-90-153511 506-50-246200 139-41-005509	Haji Mir Afzal Haji Mir Hassan Khan Maula Dad Khan Haji Muhammad Adeel Haji Muhammad Adeel Pirzada Noor Mohammad Abdul Sattar	619	3,458	13	4,090	-	-	3,440	3,440
73	<b>World Auto Mobile</b> 44/A, 28Th Street Phase-V, D.H.A. Karachi	Mahmood Trunkwala	42301-6320217-5	Abdul Rahim	168,435	121,112	6,427	295,974	-	-	68,653	68,653
74	<b>World Trade House</b> H.No.44/A, Street No 28, Khvaban-E-Mujahid, D.H.A. Karachi.	Farzana Mahmood	42301-9494587-0	Mahmood Trunkwala	60,930	43,748	1,353	106,031	-	-	32,525	32,525
75	<b>World Auto Trade</b> 44/A, 28Th Street Phase-V, D.H .A. Karachi.	Shakeel Ahmed	42301-4446885-7	Haji Abdul Rahim	35,458	25,459	431	61,348	-	-	18,928	18,928
76	<b>World Enterprises</b> H.No.44/A, Street No 28, Khyaban-E-Mujahid, D.H.A. Karachi.	Mahmood Trunkwala	42301-6320217-5	Abdul Rahim	11,303	8,115	1,920	21,338	-	-	6,032	6,032
77	<b>World Korean Motors Limited</b> H.No.44/A, Street No 28, Khvaban-E-Mujahid, D.H.A. Karachi.	Mahmood Trunkwala Farah Naz Mohammad Munir Mohammad Junaid Shakeel Ahmed Tanweer Ansari	42301-6320217-5 42301-9494682-0 42000-8518412-5 42301-9634066-1 42301-4446885-7 42301-7442320-9	Abdul Rahim Shahzeb Mahmood Mahmood Trunkwala Shakeel Ahmed Haji Abdul Rahim Zameer Hussain	50,309	36,113	2,325	88,747	-	-	24,924	24,924
78	<b>Tes Mart (Pvt) Limited</b> 62-C25Th, Commercial Street Tauheed C, Commercial Area Phase-V Karachi.	Arsalan Mahmood Khan Bashir Ahmed Shahzeb Mahmood	35200-2438935-7 35201-5142644-9 42301-5546029-7	Asad Mahmood Khan Rehmat Ali Mahmood Trunkwala	2,903	2,089	111	5,103	-	-	1,554	1,554
79	<b>Chiltan Transport Co.</b> 2071 Pib Colony Karachi.	Abdul Hameed	42201-3616434-9	Haji Abdul Rehman	3,432	3,268	167	6,867	-	-	3,435	3,435
80	<b>Shan Enterprises</b> 2071 Pib Colony Karachi.	Abdul Hameed	42201-3616434-9	Haji Abdul Rehman	956	797	137	1,890	-	-	934	934

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
81	<b>Sajid Hameed Alvi</b> Shop No B 1 Regal Cinema Hall Road Lahore	Sajid Hameed Alvi	35202-2714750-9	Hameed Ahmed Alvi	631	89	-	720	71	627	-	697
82	<b>Sheikh Ejaz Ahmed</b> 29-Km, G.T Road, Muridkey Lahore	Sheikh Ejaz Ahmed	35202-2610941-1	Sheikh Saddiq	2,530	396	-	2,926	-	588	108	696
83	<b>Mirza Ghazanfar Shahzad Baig</b> Rex Market 6 Allama Iqbal Road, Lahore	Mirza Ghazanfar Shahzad Bai	35202-5611090-7	Mirza Muhammad Shafi	2,256	445	-	2,702	-	495	108	603
84	<b>Kashif Mazhar</b> 8 Narqis Block, Allama Iqbal Town Lahore	Kashif Mazhar	35202-2812410-1	Mazhar Hussain	7,422	1,363	-	8,785	-	797	67	864
85	<b>Tariq Pervaiz Janjua</b> Shop# 2, Abdullah Market, Near Dhama Syeda, Rawalpindi	Tariq Pervaiz Janjua	37405-9102501-3	Muhammad Ashaq Genjua	3,102	493	-	3,595	-	1,973	10	1,983

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
86	<b>Asif Ullah</b> H# 512, Main Ibn-E-Sina Road, Sec G-9/3, Islamabad	Asif Ullah	61101-9996150-9	Ehsan Ullah	9,668	1,850	-	11,519	-	1,204	107	1,311
87	<b>Buland Iqbal Khan</b> Room #508, Ismail Trade Centre, Ram Basti Street, Jodia Bazar, Karachi	Muhammad Buland Iqbal Kha	42101-5538260-7	Wahid Ali Khan	2,357	114	-	2,471	-	8,046	55	8,100
88	<b>Muhammad Amir Sheikh</b> Kashif Center, 1st Floor, Nisbat Road, Lahore	M Amir Sheikh	35202-3589840-3	Sheikh M . Arif	2,038	25	-	2,063	-	819	47	866
89	<b>Warriach &amp; Sons</b> Mehdiabad Road, Infront Of Cold Storage, Kacha Gojra	Naseer Ahmed Warriach	33301-2131792-3	Nazir Ahmed	500	378	41	919	500	378	41	919
90	<b>Ace Securities Pvt Limited</b> Office Address: Room # 515, Kse Building Karachi, Stock Exchange Road, Karachi.	Iqbal Ismail Haroon Iqbal Suleman Iqbal	42301-1091235-1 42000-0430973-9 42301-1681061-7	Ismail Haji Suleman Iqbal Ismail Iqbal Ismail	-	-	-	-	-	2,040	-	2,040
91	<b>Mohammad Aslam</b> Shop No. 56 Gole Bazar, Azam Cloth Market Lahore	Muhammad Aslam	35202-7606633-7	Muhammad Yasin	-	598	48	646	-	596	-	596
92	<b>Ghausia Filling Station</b> 37-Km. Lahore Kasur Road. Mustafa Abad, Lahore	Sheikh Ahmad Hussain	35102-0674816-7	Sheikh Muhammad Hussain	-	542	-	542	-	542	-	542
					-	101	-	101	-	101	-	101
93	<b>M Saddique Mughal Industries</b> Daska Road, Wazirabad	Muhammad Siddique	34104-2370492-9	Rukan Din	1,487	1,070	162	2,718	-	784	-	784
94	<b>Ch. Shahid Asghar</b> 217-Upper Mall, Lahore	Ch. Shahid Asghar	35202-2667010-5	Ch. Asghar Ali	-	2,211	97	2,308	-	2,211	97	2,308
95	<b>Farzad Ali,</b> Street No.3 Muhammad Qadirabad, Hafizabad	Farzad Ali	34301-7404822-8	Ghulam Muhammad	1,000	577	-	1,577	-	577	-	577
96	<b>Muhammad Idris Khuwaia</b> 27/1, Street23,Kh-E-Tanzeem, Dha. Phase V, Karachi, Pakistan	Muhammad Idris Khuwaia	42301-0889837-3	Khuwaia M. Shafi	14,995	730	-	15,725	-	2,555	113	2,668
97	<b>Marshal Engineering &amp; Electronic (Pvt) Limited</b> 42-C, 2nd Floor, 10th Street, Phase-V, Baddar Commercial, Karachi	Tariq Faud Rizvi (Director) Rana Tariq (Director)	42301-0585850-3 42301-7442560-8	Syed M. Jawad Rizvi Tariq Faud Rizvi	49,978	3,412	-	53,390	-	2,599	-	2,599
								-				
98	<b>M/S Dawood Rice Mills</b> Village & p/o Kolo Tarrar, District Hafizabad	Muhammad Fahad Khan	34301-1760446-3	Muhammad Usman	-	596	-	596	-	596	-	596
99	<b>M/S Fancy Textile Industrv</b> Race Course Road, Gujranwala	Abdul Qadeer	34101-4378368-1	Manzoor Hussain	4,982	1,517	0	6,499	-	1,177	-	1,177
100	<b>Abs Bags (Pvt) Limited</b> 10 Bolan Block, Fortress Stadium, Lahore	Mukhtar Ahmed Khalid Mukhtar	35201-7304558-5 891352-664261-1	Muhammad Chiragh Mukhtar Ahmed	14,989 11,538	5,121 4,868	- 647	20,111 17,053	- -	5,121 4,868	- 647	5,121 5,515
101	<b>Irinattech Pvt Limited</b>	Muhammad Tahir	35202-9954597-5	Muhammad Aslam	-	3,840	-	3,840	-	2,561	-	2,561



Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
	14-KM, Multan Road, Behinde Unifoam Factory, Lahore	Samina Tahir Adnan Tahir	35202-3013553-8 35201-3535148-7	Muhammad Tahir Muhammad Tahir								
102	<b>Jannat Traders</b> Power House Road Lipton Ground Abdullahpur, Faisalabad	Zahid Mumtaz (Prop)	33100-3104447-9	Inayatullah	-	713	-	713	-	513	-	513
103	<b>Hussain Enterprises</b> Jalalpur Bhattian Distt Hafizabad	Mian Murtjiz Buksh	34302-2815037-1	Khursheed Ahmed	13,368	1,336	-	14,704	-	1,215	-	1,215
104	<b>Globe Village</b> G T Road, Near Railway Pathak Shahkot, Gujranwala	Muhammad Khalid Naeem Muhammad Asif Nadeem Hamood Ul Rehman	34101-1691835-5 34101-6210912-9 34101-9600928-1	Muhammad Bashir	2,500	1,478	-	3,978	-	610	-	610
105	<b>Malik Maqsood Khalid</b> House # 52-, Block-E, Model Town, Lahore	Malik Maqsood Khalid	35202-1074927-5	Khalid Latif	5,053	2,602	-	7,655	-	2,602	-	2,602
106	<b>Ashok Kumar</b> Vill Cheena Po Daqqar	Ashok Kumar	15101-8739483-1	Moti Ram	3,996	2,047	-	6,043	3,996	1,938	-	5,934
107	<b>Moti Ram</b> Vill Cheena Po Daqqar	Moti Ram	15101-1146971-1	Bagwan Das	3,318	1,714	-	5,032	3,318	1,625	-	4,943
108	<b>Bilal Tyres Corporation</b> Village Kozkandi ,Daggar	Muhammad Khalid	15101-0324751-9	Roidad Khan	996	495	-	1,491	996	482	-	1,478
109	<b>Ali Brothers</b> Main Goqand Road ,Daggar	Ahmad Ali Khan	61101-1060848-5	Abdul Rauf	2,961	1,322	-	4,283	2,961	1,241	-	4,202
110	<b>Ali Filling Station</b> Near Dhq Hospital Daggar	Abdul Rauf	15101-0413981-3	Amir Haider	-	846	-	846	-	792	-	792
111	<b>M/S Naeem Shah &amp; Sons</b> Main Bazar Near Khawar Batkhella	M/S Naeem Shah & Sons	15402-8338374-5	Sher Muhammad	895	239	-	1,134	895	239	-	1,134
112	<b>M/S Aleem Shah</b> Purana Dir Adda Batkhella	M/S Aleem Shah	15402-1446236-9	Qadeem Shah	398	285	-	683	398	285	-	683
113	<b>M/S Muhammad Idrees &amp; M Waris</b> Main Bazar Batkhella	Muhammad Idrees M. Waris	15402-1441762-1 15402-1424661-1	Abdur Raziq Abdur Raziq	315	452	-	766	315	452	-	766
114	<b>M/S Jamal Muhammad</b> Mohaala Singina Batkhella	M/S Jamal Muhammad	15402-1126380-1	Dost Muhammad	1,871	603	-	2,473	1,871	603	-	2,473
115	<b>M/S Nasir Hussain</b> Ptcd Motle Jalawanan Batkhella	M/S Nasir Hussain	15402-3524195-9	Ahmad Hussain	999	311	-	1,310	999	311	-	1,310
116	<b>M/S Khattak Timber Traders</b> Timber Market Dargai	M/S Khattak Timber Traders	15401-5492965-1	Nasrullah Khan	1,976	1,756	-	3,731	1,976	1,756	-	3,731
117	<b>M/S Jehanzeb Khan</b> V& Po Ghawar Kili Sakjhakot Malakand Agency	M/S Jehanzeb Khan	15401-5161980-3	Haji Abdul Manan	2,783	1,437	-	4,220	2,783	1,437	-	4,220
118	<b>Zubar Shah &amp; Co.</b> Tahir Abad Mingora	Mohammad Zubar	15602-0288048-3	Mohammsd Rahim	1	422	-	422	600	422	-	1,022

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
119	<b>Shah Auto Filling Station</b> Rahimabadmingora Swat	Akbar Ali Shah	15602-3202198-3	Rahim Shah Lala	2	982	-	984	1,987	982	-	2,969
120	<b>Darul Hikmat Dawakhan</b> Vill; Delay Kabal Swat	Abdul Majeed	15602-0390905-5	Rahim Ullah	1	285	-	285	669	285	-	954
121	<b>Ellum Corporation</b> Taj Chowk Mingora Swat	Ellum Corporation	15602-6483786.1	Itbar Gul	2	963	-	964	1,600	963	-	2,563
122	<b>Usman Petroleum Service</b> Rahimabad Mingora Swat	Usman Petroleum Service	15602-7054659-3	Muhammad Usman	1	774	-	775	902	774	-	1,677
123	<b>Mangnaish Kumar</b> Saroor Art Press Makan Bahq Mingora Swat	Mangaish Kumar	15602-3006910-9	Ram Saroop	1	422	-	423	1,000	422	-	1,422
124	<b>Sami Traders</b> Dawood China Plaza Mingora Swat	Samiullah	15602-6746151-9	Muhammad Sherin	1	157	-	158	1,139	157	-	1,296
125	<b>Shah Dawran</b> Khwaza Khela Swat	Shah Dawran	15602-0486394-1	Muneer Khan	1	422	-	423	999	422	-	1,421
126	<b>Azi Khail Filling Station</b> Khwaza Khela Swat	Muhammad Shoaib	15601-1042932-9	Karim Dad	1	376	-	377	890	376	-	1,266
127	<b>Haider Ali</b> Khwaza Khela Swat	Haider Ali	15602-2381404-1	Nowsherawan	1	511	-	512	998	511	-	1,509
128	<b>Shahyar Filling Station</b> Khwaza Khela Swat	Shahyar Filling Station	15602-6228087-5	Shahyar Khan	1	392	-	393	557	392	-	949
129	<b>Bakht Biland</b> Behrain Swat	Bakht Biland	15602-4371520-9	Hasmat Ullah	1	886	-	887	990	886	-	1,876
130	<b>Arshad Hussain Khan</b> Chena Market Mingora Swat	Arshad Hussain Khan	15602-0190809-9	Mohammad Ibrahim	500	288	-	787	500	288	-	787
131	<b>Fazal Steel &amp; Plasic Furniture</b> Airport Road Mingora Swat	Fazal Ahad Abdul Ahad	15602-0515611-3 15602-6356282-9	Ali Akbar	347	179	-	525	347	179	-	525
132	<b>Saijad Filling Station</b> Waliabad Gulibaah Swat	Saijad Filling Station	15602-0244118-7 15602-0240377-7	Haji Sarbaz Khan	-	512	-	512	-	512	-	512
133	<b>Yousaf Haroon</b> Saidu Sharif Swat	Yousaf Haroon	15602-9048369-7	Hazrat Khan	390	282	-	672	390	282	-	672
134	<b>Usman Ghani</b> Malam Jaba Road Said Abad Swat	Usman Ghani	15602-6265401-1	Fazle Rahim	494	255	-	750	494	255	-	750
135	<b>S And S Traders</b> Airport Road Mingora Swat	Sherullah	15602-0489527-1	Sharif Ullah	435	129	-	563	435	129	-	563
136	<b>Muhammad Rehman General Store</b> Khwaza Khela Swat	Muhammad Rehman	116-88-00473-0	Gohar Rehman	315	345	-	659	315	345	-	659
137	<b>Hazrat Umar</b> Khwaza Khela Swat	Hazrat Umar	15602-7226112-5	Naeem Ullah	492	208	-	700	492	208	-	700
138	<b>Mian Gul Bashar</b> Khwaza Khela Swat	Mian Gul Bashar	15602-03784003	Mian Sanobar	403	209	-	612	403	209	-	612

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Markup Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Mup	Others	Total				
139	<b>Afzal Khan</b> Khwaza Khela Swat	Afzal Khan	15602-1941403-3	Mohammad Younas	399	169	-	568	399	169	-	568
140	<b>Jamil Ahmad</b> Behrain Swat	Jamil Ahmad	15602-7662608-3	Haji Gari Gul	250	299	-	549	250	299	-	549
141	<b>Amin Gul</b> Behrain Swat	Amin Gul	15602-0506758-7	Ghulam Habib	395	192	-	587	395	192	-	587
142	<b>Al-Hayatfilling Station</b> Airport Road Minqora Swat	Khizer Hayat	15602-9195972-5	Shah Rahman	-	937	-	937	-	937	-	937
143	<b>Muhammad Taqi &amp; Brothers</b> School Road Pracinar Kuram Agency	Muhammad Taqi Jan	17301-1413693-1	Haji Muhammad Jan	497	0	-	497	272	234	-	506
144	<b>Shahid Iqbal</b> House No. 428-A, Muradabad Colonv, University Road, Sargodha	Shahid Iqbal	38403-2090906-1	Muhammad Sadiq	1,796	634	37	2,467	-	634	37	671
145	<b>Shahzada Mohyud Din</b> Kalkatak, Darosh Chitral	Shahzada Mohyud Din	15201-8474756-3	Shahzada Amirud Din	7,873	-	-	7,873	3,821	51	-	6,873
146	<b>Ghafar Filling Station</b> Mori-Lasht Chitrakl	Sadar Qazafi	15201-0595969-5	Abdul Ghafar Khan	3,948	-	-	3,948	3,099	53	-	3,152
147	<b>Amir Zada</b> Main Bazar Batkhella	Amir Zada	15402-3765577-1	Amir Muhammad	4,602	79	-	4,681	4,602	79	-	4,681
148	<b>M/S Khaista Muhammad</b> Main Bazar Batkhela	Khaista Muhammad	15402-1447605-7	Amir Muhammad	798	15	-	813	798	15	-	813
149	<b>Royal Builders</b> Yar Abad Sakhakot Malakand Agency	Naik Muhammad	15401-6985852-1	Abdul Manan	639	3	-	642	639	3	-	642
150	<b>Punjab Tube Well</b> Airport Road Minqora Swat	Rehmat Ali	15602-9290877-5	Manzari	2	30	-	32	1,978	30	-	2,008
151	<b>Udigram Petroleum Services</b> Gt Road Udigram Swat	Shah Rehman	15602-0268392.9	Pinda Gul	2	32	-	34	1,998	32	-	2,030
152	<b>Salar Din, Ghulam Mohyud Din &amp; Amir Zeb</b> Airport Road Minqora Swat	Salar Din, Ghulam Mohyud Din Amir Zeb	15602-6707740-9 15602-8696766-1	Salahud Din	2	31	-	33	1,987	31	-	2,018
153	<b>Sher Alam Khan &amp; Sons</b> New Sbzi Mandi Minqora Swat	Sher Alam Khan	15602-0755374-7	Muhammad Ghani	1	18	-	19	1,155	18	-	1,173
154	<b>Saidu Medicose</b> Opp Centrel Hospital saidu Sharif Swat	Usman Ghani	15602-5200316-7	Abdul Hamid	485	8	-	493	492	8	-	500
					<b>922,650</b>	<b>884,520</b>	<b>19,722</b>	<b>1,826,892</b>	<b>109,030</b>	<b>69,135</b>	<b>722,714</b>	<b>900,879</b>

## Disposal of operating fixed assets (refer note 11.2.3)

Description	Cost/ revalued amount	Accumulated depreciation	Book value	Sales proceeds/ insurance claim	Mode of disposal/ settlement	Particulars of buyers	Location
----- (Rupees in thousand) -----							
<b><u>Furniture and fixture, electrical, computers and office equipment</u></b>							
Items having book value in aggregate more than Rs. 250,000 or cost of more than Rs. 1,000,000	12,052	11,351	701	726	Auction	Karachi Auction Mart	Karachi
	8,606	6,742	1,864	2,695	Claim	Adam Jee Insurance Company	Karachi
	17,383	17,383	-	300	Quotations	Abdur Razak & Brothers	Lahore
	15,851	14,861	990	1,164	Auction	Karachi Auction Mart	Karachi
	53,892	50,337	3,555	4,885			
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	5,122	4,183	939	1,337	Auction/Quotation	Different Buyers	All Pakistan
<b><u>Vehicles</u></b>							
Items having book value in aggregate more than Rs. 250,000 or cost of more than Rs. 1,000,000	1,233	986	247	913	Bank Car Policy	Mr. Jaudat Hussain	Lahore
Honda Civic	1,679	1,679	-	1,837	Auction	T.P.L.Shaminda I.Perera	Colombo-Sri Lanka
Honda Civic	5,569	2,228	3,341	4,176	Auction	Insurance Claim	Colombo-Sri Lanka
Honda WP	3,820	3,514	306	2,773	Auction	Mr.N.Kodithuwakku	Colombo-Sri Lanka
Honda Civic	3,820	3,565	255	2,694	Auction	Mr.A.A.Nimal Jayalath	Colombo-Sri Lanka
Honda Civic	1,036	677	359	1,152	Auction	Mr. Muhammad Ali Siddiqui	Karachi
Honda Civic	7,000	4,200	2,800	5,300	Auction	Mr. Gul Hassan	Lahore
BMW	3,526	2,821	705	2,399	Auction	Mr. Syed Riaz Ahmed	Karachi
Mercediez Benz	1,038	830	208	909	Auction	Mr. Abdul Razzak	Karachi
Honda Civic	28,721	20,500	8,221	22,153			
Other Vehicles having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	14,009	10,814	3,195	11,534			
<b><u>Ijara Assets</u></b>							
Items having book value in aggregate more than Rs. 250,000 or cost of more than Rs. 1,000,000	1,314	643	671	755	Buy Back	Interloop limited	Faisalabad
Toyota XLI	816	295	521	580	Buy Back	Interloop limited	Faisalabad
Suzuki-Cultus	1,067	361	706	764	Buy Back	Interloop limited	Faisalabad
Suzuki-Liana	1,402	633	769	855	Buy Back	Interloop limited	Faisalabad
Toyota GLI	945	14	931	931	Buy Back	Interloop limited	Faisalabad
Suzuki-Cultus	1,445	65	1,380	1,385	Buy Back	Interloop limited	Faisalabad
Toyota XLI	6,989	2,011	4,978	5,270			
2011	108,733	87,845	20,888	45,179			
2010	78,808	61,560	17,248	33,241			

## Summarized detail of the valuation of owned properties (refer note 11.2.1)

City	Land	Building	Total
	----- (Rupees in thousand) -----		
Abbottabad	20,000	2,427	22,427
Bahawalpur	14,140	7,490	21,630
Chakwal	1,800	5,062	6,862
Chistian	13,200	1,260	14,460
Dera Gazi Khan	12,600	12,255	24,855
Dir	13,000	1,680	14,680
Faisalabad	486,286	141,939	628,225
Gawadar	450	-	450
Gujranwala	141,095	81,749	222,844
Gujrat	54,000	17,292	71,292
Hafizabad	32,000	4,402	36,402
Haripur	26,915	3,507	30,422
Haroonabad	14,640	1,980	16,620
Hyderabad	186,696	67,140	253,836
Islamabad	1,274,485	225,703	1,500,188
Jehlum	24,000	20,313	44,313
Jhang	19,625	2,218	21,843
Karachi	3,460,564	2,232,035	5,692,599
Kasur	14,040	1,434	15,474
Khanpur	19,033	7,218	26,251
Lahore	3,250,068	1,812,896	5,062,964
Larkana	27,420	5,197	32,617
Mianwali	14,375	16,780	31,155
Mirpur	57,352	8,635	65,987
Mirpurkhas	22,640	4,901	27,541
Multan	99,393	318,968	418,361
Muree	20,000	901	20,901
Muridke	30,000	3,234	33,234
Muzafarabad	57,235	7,993	65,228
Naushero Feroze	5,930	1,366	7,296
Okara	16,338	10,945	27,283
Peshawar	86,000	18,207	104,207
Quetta	276,760	31,082	307,842
Rahim Yar Khan	5,940	5,270	11,210
Rawalpindi	388,593	110,430	499,023
Sadiqabad	23,595	4,130	27,725
Sahiwal	14,720	10,753	25,473
Sargodha	74,147	16,205	90,352
Shahdapur	4,850	756	5,606
Sheikhupura	40,000	8,606	48,606
Shujabad	6,400	3,250	9,650
Sialkot	40,000	10,313	50,313
Moro	8,500	2,150	10,650
Sukkur	35,920	12,853	48,773
Swat	46,600	4,568	51,168
Tando Allahyar	2,600	727	3,327
Vehari	5,555	1,637	7,192
Wazirabad	12,000	6,062	18,062
Overseas	-	54,026	54,026
<b>Grand total</b>	<b>10,501,500</b>	<b>5,329,945</b>	<b>15,831,445</b>