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NIB Bank Limited
Annual Report 2010

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Proxy Form

Company Information

Board of Directors

Francis Andrew Rozario	Chairman
Syed Aamir Zahidi	Director
Tejpal Singh Hora	Director
Asif Jooma	Director
Teo Cheng San, Roland	Director
Najmus Saquib Hameed	Director
Muhammad Abdullah Yusuf	Director
Khawaja Iqbal Hassan	Director & President/CEO

Board Audit Committee

Muhammad Abdullah Yusuf	Chairman
Syed Aamir Zahidi	Member
Teo Cheng San, Roland	Member

Chief Financial Officer & Company Secretary

Yameen Kerai

Registered Office

Muhammadi House
I.I. Chundrigar Road
Karachi-74000.
UAN: (021) 111 333 111
Email: info@nibpk.com / communication@nibpk.com
URL: www.nibpk.com

Share Registrar Office

THK Associates (Pvt.) Limited
Ground Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road
Karachi-75530.
UAN: (021) 111 000 322

Auditors

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

M/s. Mandviwalla & Zafar
Advocates

Credit Rating

Long Term: AA-
Short Term: A1+
Rating Agency: PACRA

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of NIB Bank Limited ("the Bank") shall be held at 4.00 pm on Wednesday the 30th March 2011, at Moosa G. Desai Auditorium, Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 7th Annual General Meeting held on 30th March 2010.
2. To receive, consider and adopt the Audited Accounts of the Bank for the year ended 31st December 2010 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors and fix their remuneration. M/s. KPMG Taseer Hadi & Co., Chartered Accountants have offered themselves for the re-appointment.

SPECIAL BUSINESS

4. To grant post facto approval to the payment of remuneration fixed by the Board for the Non-executive Directors, in terms of State Bank of Pakistan Prudential Regulations # G-1(C)(2) for Corporate / Commercial Banking and to pass the following resolution:

RESOLVED that post facto approval for payment of remuneration fixed by the Board for Non Executive Directors in terms of State Bank of Pakistan's Prudential Regulation # G-1(C)(2) for Corporate / Commercial Banking is hereby granted.

5. To consider and approve the issuance of 6,259,124,088 right shares of Rs. 10.00 each at Rs. 1.37 per share (at a discount of Rs. 8.63 per share), in accordance with sections 84 and 86 of the Companies Ordinance, 1984 and to pass the following resolution, with or without modification, as Special Resolution, and as may be directed by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan:

RESOLVED that subject to the sanction of the Securities and Exchange Commission of Pakistan and approval by the State Bank of Pakistan, 6,259,124,088 ordinary shares of the par value of Rs. 10/- each be offered and issued to the existing shareholders at a price of Rs. 1.37 per share (at a discount of Rs. 8.63 per share) by way of right issue under Sections 84 and 86 of the Companies Ordinance, 1984, and as may be directed by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan.

FURTHER RESOLVED that these right shares shall from the date of their allotment, rank pari passu in all respects with the then existing fully paid shares of NIB and the members receiving such shares shall enjoy similar rights and entitlements in respect of the Right Shares as in respect of their previously held shares from the date of allotment.

FURTHER RESOLVED that the President / Chief Executive Officer (CEO) and the Company Secretary, be and are hereby authorized, jointly and severally, to take all necessary steps, ancillary and incidental for the issuance of the right shares of the Bank at a price of Rs. 1.37 (at a discount of Rs. 8.63 per share) and to obtain the regulatory approvals from the Securities and Exchange Commission of Pakistan the State Bank of Pakistan and the Stock Exchanges.

6. To consider the increase in authorized share capital of NIB Bank Limited and the corresponding amendments in the Memorandum and Articles of Association. Accordingly, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:

RESOLVED that the authorized share capital of the Bank be increased to Rs. 120,000,000,000/- (Rupees One Hundred Twenty Billion only) divided into 12,000,000,000 (Twelve Billion) ordinary shares of Rs. 10/- (Rs. Ten only) each and such new shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Bank.

FURTHER RESOLVED that the figures and words Rs. 50,000,000,000/- (Rs. Fifty Billion only) divided into 5,000,000,000 (Five Billion) shares of Rs. 10/- (Rs. Ten only) appearing in Clause V of the Memorandum of Association of the Bank be and are hereby amended and substituted by the figures and words Rs. 120,000,000,000/- (Rupees One Hundred Twenty Billion only) divided into 12,000,000,000 (Twelve Billion) shares of Rs. 10/- (Rs. Ten only).

FURTHER RESOLVED that the figures and words Rs. 50,000,000,000/- (Rupees Fifty Billion only) divided into 5,000,000,000 (Five Billion) shares of Rs. 10/- (Rs. Ten only) appearing in Article 6 of the Articles of Association of the Bank be and are hereby amended and substituted by the figures and words Rs. 120,000,000,000/- (Rupees One Hundred Twenty Billion only) divided into 12,000,000,000 (Twelve Billion) shares of Rs. 10/- (Rs. Ten only).

Notice of Annual General Meeting

FURTHER RESOLVED THAT the President / CEO and / or the Company Secretary be and is / are hereby authorized to sign all necessary documents singly / jointly as deemed appropriate by the President / CEO and to take such further actions / steps as may be deemed necessary by the President / CEO and the Company Secretary for the purpose of increasing the authorized capital of the Bank and all matters ancillary thereto.

7. To consider and approve the shifting of the registered office of the Bank from the Province of Sindh to Islamabad Capital Territory and to approve the corresponding amendments in the Memorandum and Articles of Association. Accordingly, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution and as may be directed by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan:

RESOLVED that the Company be and is hereby authorized to alter Clause II of the Memorandum of Association so as to substitute the words "Province of Sindh" with the words "Islamabad Capital Territory" so as to shift Bank's registered office from Karachi to Islamabad.

FURTHER RESOLVED that the President / CEO and the Company Secretary be and are hereby authorized, jointly and severally, to complete the legal formalities for giving effect to these Resolutions.

8. Any other business with the permission of the Chair.

A statement as required under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the shareholders with this notice.

By Order of the Board

Karachi
9th March 2011

Yameen Kerai
CFO & Company Secretary

Notes:

- Share Transfer Books of the Bank will remain closed from 23rd March to 30th March 2011 (both days inclusive).
- A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his / her proxy to attend and vote. Proxies, in order to be effective, must be received at the Registered Office of the Bank situated at Muhammadi House, I.I. Chundrigar Road, Karachi (Pakistan) not later than 48 (forty eight) hours before the time of meeting, and must be duly stamped, signed and witnessed.
- Shareholders are requested to notify any change in their addresses immediately to the Bank or Share Registrar, M/s. THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi (Pakistan).
- CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated the 26th January 2000 issued by the Securities and Exchange Commission of Pakistan:

For attending the meeting:

In case of individuals, the account holder or sub-account holder or investor account holder shall authenticate identity by showing his/her original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxies:

In case of individuals, the account holder or sub-account holder or investor account holder shall submit the proxy form as per the above requirement.

The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.

Attested copy of CNIC or the Passport, of the account holder or sub-account holder or investor account holder shall be furnished with the proxy form.

The proxy shall produce his original CNIC or original Passport at the time of the meeting.

In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Bank.

Notice of Annual General Meeting

Statement under Section 160(1) (b) of the Companies Ordinance, 1984

NIB Bank Limited ("NIB") was incorporated as a public limited company under the Companies Ordinance, 1984, to carry on the business of a banking company under the Banking Companies Ordinance, 1962.

1) REMUNERATION TO NON EXECUTIVE DIRECTORS AND CHAIRMAN

As per State Bank of Pakistan's Prudential Regulation G-1(C)(2), the Banks / DFIs during a calendar year may pay a reasonable and appropriate remuneration for attending the Board or its Committee(s) meeting(s) to the non-executive directors and chairman, which should be linked to the actual number of Board / Committee meetings attended by an individual director / chairman. Furthermore, the scale of remuneration to be paid to the non-executive directors / chairman for attending the Board and / or Committee meetings shall be approved by the shareholders on a pre or post facto basis in the Annual General Meeting. During 2010 an amount of Rs. 5.709 million has been paid to non-executive directors.

For the purpose aforesaid it is proposed that the resolution set out in the notice convening the Annual General Meeting of the Bank be passed as and by way of a Special Resolution.

2) ISSUE OF RIGHT SHARES AT DISCOUNT

In order to make the capital base of the Bank stronger, it was decided in the 41st Board Meeting held on 1st March 2011 that the Bank will issue 6,259,124,088 right shares.

NIB Bank Limited is the largest capitalized Bank of Pakistan having paid-up capital of Rs. 40,437,270,760/-. The objective of raising additional capital of Rs. 8,575,000,000/- at Rs. 1.37 per share (at a discount of Rs. 8.63 per share) is to meet the future capital needs of the Bank. The Bank will be able to achieve a turnaround in its business, earn greater profits and will be able to share the profits with the stakeholders.

After evaluating various options, the Board of Directors has recommended to inject additional capital through issuance of right shares. Given the prevailing market share price of NIB and investor appetite, it is proposed that right shares be issued at a price of Rs. 1.37 share i.e. at a discount of Rs. 8.63 share to par value in order to make the issue attractive to existing shareholders of NIB as well as to the new investors who may purchase the right offers from the existing shareholders.

The principal shareholder of the Bank is Messrs Bugis Investments (Mauritius) Pte Ltd, Mauritius holding 74.08% of the share capital, has already remitted Rs. 6,352,360,000/- as an advance against its portion of the right shares.

The rights issue is subject to approval of the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Stock Exchanges.

The Directors of the Bank have no interest in the issue of rights share of the Bank, whether directly or indirectly, except to the extent of shareholding held by them in the Bank. The shares and percentage of personal shareholdings by the Directors (including spouse) in proportion to the paid up capital of the Bank as are under:

Name of Directors	No. of Shares Held	Percentage (%)
Khawaja Iqbal Hassan	16,083,935	0.40

3) INCREASE OF AUTHORISED CAPITAL

It was decided by the Board of Directors of the Bank in the 41st Board Meeting held on 1st March 2011 that the Bank will increase its authorized share capital which will allow the Bank to issue Right Shares to its shareholders.

In order to make the proposed right issue of 6,259,124,088 ordinary shares of Rs. 10/- each, the Bank proposes to raise its authorized capital from Rs. 50 Billion divided into 5 Billion ordinary shares to Rs. 120 Billion divided into 12 Billion ordinary shares of Rs. 10/- each. This increase will meet the present issue of capital needs as well as any future requirement.

Notice of Annual General Meeting

As such pursuant to Article 29 of the Articles of Association of the Bank and Section 92 of the Companies Ordinance of 1984, in the 41st Board Meeting held on 1st March 2011 it was resolved that the authorized share capital of the Bank will be increased as per the Special Resolution.

4) **SHIFTING OF REGISTERED OFFICE**

For efficient and effective management of affairs of the registered office of the Bank, it was decided by the Board of Directors of the Bank, in its 41st Board Meeting held on 1st March 2011 to shift the registered office of the Bank from Karachi, in the Province of Sindh, to Islamabad, in the Islamabad Capital Territory. Accordingly, Clause II of the Memorandum of Association is to be altered to reflect the change. It is clarified that only the Registered Office will be shifted and the Head Office will remain in Karachi.

Directors' Report to the Shareholders

THE ECONOMY

Pakistan's macroeconomic indicators depicted a weakening trend during 2010 as the economy continued to struggle with slow growth and rising inflationary pressures compounded by flood losses. Heavy borrowing by the government from the SBP during the second half of CY 2010, although easing in early 2011, was mainly a consequence of fiscal expansion. Given the delays in the implementation of RGST and removal of subsidies, provisional estimate by SBP of the fiscal deficit for the year ending June 2011 is around 6%-6.5% of GDP. The primary concern remains rising inflation fuelled by increasing global commodity prices coupled with domestic supply shortages and power tariff hikes. Inflation during the second half of CY 2010 averaged 14.6% against 10.3% in the corresponding period of the previous year.

On a positive note, the external account remained strong in line with healthy inflow of remittances, improved export performance and program loans from the IMF. The country's current account balance turned positive by USD 26 mn in the second half of CY 2010 from a deficit of 2.3% of GDP in the year ended June 2010. Extension of the IMF program until September 2011 provides a shelter to the external sector of the economy while giving the government time to implement structural reforms relating to taxation and the power sector. The stock market yielded a reasonably good return of 27% in 2010 backed mainly by foreign investment in equities and healthy corporate results.

BANKING SECTOR

Total loans of the banking sector reduced by 1% from December 2009 to September 2010, whereas, total deposits of the sector increased by 5% in the same period. Total loans to the Consumer segment fell to Rs 266 bn from Rs 308 bn a year ago while in the SME segment total loans fell from Rs 331 bn to Rs 318 bn in the same period. The only growth in lending was to top tier corporate and public sector entities as well as to the government, mainly for commodity finance and circular debt resolution purposes. Total NPLs of the banking sector grew by Rs 44 bn in the first nine months of 2010 to Rs 462 bn as of September 30, 2010. In the SME segment, NPLs grew to 29% of loans as of September 2010 while in the consumer segment the rate of infection was high as well. Total NPLs of the banking sector reached 13.6% of loans as of September 2010, more than doubling from 6.7% in December 2007, clearly signifying the deterioration in the quality of loans in the sector.

OPERATING RESULTS

Given its strong focus on the consumer and SME segments, NIB Bank's performance has been affected by the poor results seen in both these sectors. As a consequence of this focus, NIB Bank's core earnings in 2010 have been impacted by an increase in non-performing loans (NPLs) and subsequent provisions in the Consumer and SME segments. In addition, portfolios acquired from PICIC and PICIC Commercial Bank continued to deteriorate in the weak economic climate and have also contributed to increased NPLs and provisions.

Net mark-up income for the Bank was lower for the year 2010 by Rs 2.4 bn compared to 2009. This was mainly due to mark-up reversals of approximately Rs 1.0 bn related to the increased NPLs, but also due to the Bank's conscious decision to limit lending to the higher yielding and higher risk Consumer and SME segments. The reduction in net mark-up income was partly offset by higher net mark-up contribution from a larger and a lower- cost deposit base.

Non mark-up income increased in the year primarily due to better foreign exchange earnings. Administrative expenses however increased by Rs 1.6 bn over 2009 due to one-time restructuring costs, the full impact of depreciation and maintenance costs of new technology platforms and the effect of high inflation on operating expenses. Such one-time charge-offs while contributing to increased administrative expenses in 2010, have enabled the Bank to reduce administrative expenses by 28% in January 2011 compared to June 2010, a trend which is expected to continue.

As a result of the deteriorating credit environment, NIB Bank's focus on the Consumer and SME segments and further weakening in the portfolios acquired from PICIC and PBCL, the Bank had to take a charge of Rs 9.9 bn in provisions for the year 2010. This includes provisions that relate to 2010, as well as some provisions that the Bank has considered prudent to recognize now on a subjective basis in the interests of proper and adequate disclosure. On an unconsolidated basis therefore, NIB Bank reported a loss after tax of Rs 10.1 bn for the year ended 2010 and on a consolidated basis the loss after tax for 2010 was Rs 9.7 bn.

As a result of the provisioning explained above as well as the repayments of other consumer instalment loans, total advances reduced from Rs 84 bn to Rs 75 bn and deferred tax asset grew from Rs 6.5 bn to Rs 9.5 bn. The Bank has prudently charged off Rs 1.1 bn of the deferred tax asset that was over and above the 5% that is currently allowed for Consumer and SME provisions on the basis of the current tax law. The law as it stands has been challenged by the banking industry and as a result may change either through an amendment or through the next Finance Bill.

Directors' Report to the Shareholders

Total deposits of the Bank grew from Rs 94 bn to Rs 99 bn. Average deposits increased by Rs 8.5 bn between December 2009 and December 2010 with the share of current and savings accounts in average total deposits increasing from 44% to 52% between the two years. This contributed to driving down total cost of funds by 1.34% in 2010 compared to 2009. Bank borrowing reduced from Rs 63 bn to Rs 42 bn as the Bank reduced its arbitrage positions with a corresponding reduction of Rs 11 bn in investments. During the year 2010 the Bank decided to write down the goodwill that it was carrying on its books as a consequence of the acquisition of PICIC. Along with incremental provisions, this caused the Bank's accumulated losses to rise to Rs 42 bn.

Consistent with the Board's intent as announced in August 2010, the Bank has decided to increase its capital through a rights issue of Rs 8.575 bn. The Board of Directors of the Bank have in their meeting held on March 01, 2011 decided to recommend to the shareholders to approve a 154.79% rights at a price of Rs 1.37 per share. The principal shareholder of the Bank has already remitted its portion of the rights issue which has increased the Bank's Tier 1 capital. The rights issue is expected to be closed by June 2011 by which time the remaining portion of Rs 2.2 bn of the rights issue will be received. The principal shareholder has provided an undertaking to subscribe to any unsubscribed portion of the rights issue.

FUTURE OUTLOOK

Despite the increased level of provisioning and the resultant impact on its profitability, NIB Bank remains liquid, well-capitalised and sound. The Board of Directors and the management of NIB Bank remain committed to building a unique Bank that will focus on market opportunities and provide innovative products to suit the specific needs of its valued customers. While the credit environment remains weak and until the economic situation in Pakistan stabilises and shows sustained improvement, the growth in SME and Consumer segments will primarily be restricted to deepening relationships with customers with a good track record or new customers with similar profiles determined by analytics applied to NIB Bank's current customer base.

In order to increase its earnings, the Bank has reduced its monthly operating costs by 28% and is focussed on growing its deposit base across all customer segments. This effort is being aided by customer and industry specific deposit and transactional banking products as well as enhanced branch traffic and cross-sell of new, fee-based products. NIB Bank's branch network has been enriched by recruiting experienced branch banking staff and by improving branch ambiance along with a relentless focus on service quality. While the credit environment remains weak and until the economic situation in Pakistan stabilises and shows sustained improvement, the growth in SME and Consumer finance will primarily be restricted to deepening relationships with customers with a good track record.

NIB Bank expects that portfolio weakening will continue in the Corporate and SME segments as loans which were previously disbursed and are currently classified may show further deterioration before recoveries set in. In the Consumer portfolio the Bank expects further flows from performing to non-performing based on the current reading of some of its customers. It is important to note that many of the loans against which NIB Bank has been required to take provisions are secured by tangible hard collateral like land, buildings, plant and machinery. However, SBP regulations only allow partial allowance of the value of such collateral when determining the provisioning charge.

In order to better manage its non-performing and weaker borrowers NIB Bank has reorganized its remedial efforts and appointed experienced individuals to recover such loans. Significant effort has gone into identifying which loans can be restructured and recovered and which customers need to be litigated against to force recovery. In the past 24 months NIB Bank has recovered Rs 2.9 bn from customers who were in default. Over time, NIB Bank expects to reverse a significant percentage of these provisions as it pursues recovery of the NPLs through negotiations as well as legal actions against defaulting customers.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) has maintained NIB's **long term rating at AA- (Double A minus)** and **short term rating at A1+ (A one plus)** in June 2010, which denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. The rating on NIB's **term finance certificates** issued in March 2008 was also maintained at **A+ (A plus)**.

CORPORATE GOVERNANCE

During the year under review, the Bank is compliant with the provisions of the Code of Corporate Governance. Being aware of their responsibilities under the Code of Corporate Governance, the Board of Directors state that:

- The Financial Statements prepared by the management of the Bank, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

Directors' Report to the Shareholders

- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies, except hereinafter mentioned, have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations of Stock Exchanges and the Company is following these meticulously.
- As of 31st December 2010, the value of investments of the Provident Fund (un-audited) was Rs 610 mn.
- No trading during the year in the shares of the Bank was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.
- Dividend has not been declared for the year due to lack of earnings.
- Six years financial data for NIB unconsolidated is provided hereunder:

SIX YEARS FINANCIAL DATA

<i>Rs mn</i>	2010	2009	2008	2007	2006	2005
Advances	74,566	84,021	80,344	81,932	31,052	19,623
Deposits and other accounts	99,169	93,920	104,586	116,671	30,566	21,124
Total Assets	164,350	208,119	178,909	176,872	46,423	32,019
Net Assets	13,663	41,528	39,699	36,453	4,327	4,213
Share capital	40,437	40,437	28,437	22,018	3,362	3,362
Net Mark-up / Interest Income	2,949	5,400	4,402	2,004	1,021	598
Total Non-Markup / Interest income	1,715	1,682	2,421	927	495	233
Total Non-Markup / Interest expense	7,235	5,243	8,164	2,146	1,224	713
Profit / (Loss) before taxation	(12,622)	644	(10,998)	(710)	22	27
Profit / (Loss) after taxation	(10,112)	691	(7,475)	(490)	118	104
Basic / diluted earnings / (loss) per share (Rupees)	(2.50)	0.17	(2.63)	(0.44)	0.21	0.45

- During 2010 seven Board meetings were held and were attended by the Directors as follows:

<u>Name of Directors</u>	<u>Total Meetings Eligible to Attend</u>	<u>Total Meetings Attended</u>	<u>Percentage</u>
Mr. Francis Andrew Rozario	7	7	100%
Syed Aamir Zahidi	7	7	100%
Mr. Tejpal Singh Hora	7	7	100%
Mr. Teo Cheng San, Roland *	6	6	100%
Mr. Asif Jooma	7	6	86%
Mr. Muhammad Abdullah Yusuf *	6	6	100%
Mr. Najmus Saquib Hameed *	6	5	83%
Khawaja Iqbal Hassan	7	7	100%
Mr. Chia Yew Hock Wilson **	1	0	0%
Mr. Mahmudul Huq Bhuiyan **	1	1	100%
Mr. Sng Seow Wah **	1	1	100%

Leave of absence was granted in case the directors were not able to attend the Board Meeting.

* Elected in March 2010

** Retired in March 2010

Directors' Report to the Shareholders

INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

The Board is pleased to endorse the statements made by the management relating to internal control and the risk assessment framework to meet the requirement of the State Bank of Pakistan (SBP) BSD Circular No. 7 of 2004, BSD Circular letter No. 2 of 2005 and Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan (SECP). The management's statements are included in the annual report.

CORPORATE SOCIAL RESPONSIBILITY

In line with the Bank's mission of improving the quality of life for millions and also being socially responsible as a corporate entity, the Bank joined the 2010 Pakistan Flood Relief efforts in partnership with Omar Asghar Khan Development Foundation (OAKDF) and other NGOs to alleviate the devastating suffering of the flood-stricken Pakistanis. The Bank's staff donated three days salary whilst all NIB branches accepted donations from the public in a special account set up for this purpose. Furthermore, the Bank's staff formed a voluntary team and visited the affected areas to assist in the relief efforts in coordination with OAKDF. In addition to the Flood Relief efforts, some branches of NIB are providing scholarships for primary and secondary education to under-privileged children in the branches' neighbourhood community.

AUDITORS

The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retire and, being eligible have offered themselves for re-appointment in the forthcoming Annual General Meeting. The Board of Directors on the suggestion of the Audit Committee recommends their appointment for the next term.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at 31st December 2010 is included in the annual report.

ACKNOWLEDGEMENT

NIB Bank is grateful to its majority shareholder, Fullerton Financial Holdings, a subsidiary of Temasek Holdings of Singapore, who have repeatedly demonstrated their commitment to the Bank. NIB Bank is also very grateful to its customers who continue to demonstrate very strong loyalty to NIB. The SBP, SECP and other regulatory bodies have, as always guided the Bank well and have given their full support which is highly appreciated. The employees also deserve special thanks for persevering and supporting the Bank.

On behalf of the Board,

Francis A. Rozario
Chairman

Khawaja Iqbal Hassan
President & CEO

Statement of Compliance with Code of Corporate Governance For the year ended December 31, 2010

This statement is being presented to comply with Code of Corporate Governance contained in Listing Regulations of stock exchanges where the Bank's shares are listed and Regulation G-1 of SBP's Prudential Regulations.

The Bank has applied the principles contained in the Code of Corporate Governance (CCG) in the following manner:

1. The Bank encourages representation of independent non-executive directors on its Board including those representing minority interests. At present all the directors are non executive (as defined under CCG) except for the Chief Executive Officer.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Bank.
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non Banking Finance Company. None of the directors of the Bank are members of any Stock Exchange.
4. No casual vacancies occurred during 2010.
5. The Bank has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Bank.
6. The Board has developed a vision/mission statement and an overall corporate strategy. Significant policies of the Bank have been prepared and approved by the Board. A complete record of particulars of significant policies along with the dates on which these were approved is being maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board at the appropriate time.
8. The meetings of the Board were presided over by the Chairman. The Board held seven meetings during the year. Written notices of Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. The CFO and Company Secretary attended all the meetings of the Board of Directors during the year.
9. The Directors of the Bank have given a declaration that they are aware of their duties, powers and responsibilities. The in-coming directors on the Board will attend talks, workshops and/or seminars on the subject of corporate governance in order to apprise themselves of their duties and responsibilities.
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit and the terms and conditions of their employment, determined by the CEO, are duly authorized by the Board of Directors.
11. The Directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the Code.
15. The Audit Committee comprises of three members, all of whom are non-executive directors as defined under the Code.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Bank as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Bank has an effective Internal Audit Department. An Internal Audit Manual is approved by the Board. The Internal Audit Department has conducted audit of branches and various departments of the Bank during the year.

Statement of Compliance with Code of Corporate Governance For the year ended December 31, 2010

18. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firms, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) Guidelines on the Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. During the year, the Risk Management sub-committee of the Board comprising of 3 members met 4 times, whereas the HR sub-committee of the Board comprising of 3 members met 3 times.
21. We confirm that all the material principles contained in the Code have been complied with.

On behalf of the Board,

Francis A. Rozario
Chairman

Khawaja Iqbal Hassan
President & CEO

Statement on Internal Controls

For the year ended December 31, 2010

Internal Control System

Management acknowledges its responsibility for establishing and maintaining a system of internal control directly related to and designed to provide reasonable assurance to achieve the following objectives:

- Efficiency and effectiveness of operations
- Compliance with applicable laws and regulations
- Reliability of financial reporting

The Bank is continuously adding to its internal control systems by enhancing the quality of processes, staff and IT infrastructure and will continue to do so to strengthen internal controls as it grows its business volumes and activities.

The Bank is pleased to make the following disclosures on the components of internal control system:

Control Environment

1. The Bank has written and implemented policies and procedures for most of the areas of the Bank's business, which have been approved by the Board of Directors.
2. The Bank has adopted a mission/vision statement and corporate strategy, duly approved by the Board.
3. A clear organizational structure exists which supports clear lines of communication.
4. The management has defined roles and responsibilities of key management personnel.
5. The Audit Committee, which comprises of non-executive directors, has written terms of reference and reports to the Board. It reviews the approach adopted by the Bank's internal audit department and the scope of, and the relationship with, the external auditors. It also regularly receives summary of reports from the internal audit department and the external auditors on the system of internal control and any material control weaknesses that have been identified and discusses the actions to be taken in areas of concern with the executive management.
6. An effective internal audit system exists which is responsible for evaluation of internal control system on a continuous basis and reports directly to the Audit Committee.
7. The Bank has adopted a statement of ethics and business practices that is signed by all employees. Furthermore this statement is annually signed by all Directors.
8. Management has set up an effective compliance function to ensure ongoing monitoring of the Bank's adherence with all laws and regulations.
9. The Bank has also developed a 'Regulatory Matrix' that allows mapping applicable regulations with specific controls. The underlying controls are periodically tested by means of a continuous process of self assessment.

Risk Assessment

10. The Bank is largely compliant with the risk management guidelines issued by the SBP and has given a separate statement on the same.

Control Activities

11. In 2010 all branches of NIB operated on the core banking platform leading to greater consistency in business processes and enhancing controls across the network. The Bank has also developed a Business Continuity Plan and has also successfully tested the operation of its Disaster Recovery site.
12. The Bank has strict Know Your Customer/Anti Money Laundering policies and has developed stringent anti-fraud programs and controls. The Bank continues to use an e-KYC form to further strengthen its KYC / AML regime.

Statement on Internal Controls

For the year ended December 31, 2010

Information and Communication

13. The Bank has a functioning Management Information System and has developed Key Performance Indicators for its businesses enabling it to monitor budget versus actual performance.

Monitoring

14. Internal Audit periodically carries out audits for branches and Head Office functions to monitor compliance with the Bank's standards.
15. Management gives due consideration to the recommendations made by the internal, external auditors and regulators especially for improvements in the internal control system and takes timely action to implement such recommendations.

Based on the results of an evaluation of the internal control system and key features of the control framework enumerated above, management is of the view that the internal control system during the year was acceptable in design and has been effectively implemented throughout the year.

It is pertinent to mention that development of an internal control system is an ongoing process through which management reviews and strengthens the internal control system, designed to manage rather than eliminate risks. As such, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

The acceptance and management of financial risk is inherent to banking business activities. It involves the identification, measurement, monitoring and controlling of Risk.

In accordance with the Risk Management guidelines issued by the SBP, an Integrated Risk Management Group in the Bank formulates risk management Policies and Procedures in line with Bank's defined strategies and to monitor the following areas:

- a) Credit Risk Management
- b) Market and Liquidity Risk Management
- c) Operational Risk Management

Credit Risk Management (CRM)

CRM is viewed as an ongoing activity where credit risks are regularly identified and assessed. It determines the quality of the credit portfolio and assists in balancing risk and reward. To manage credit risks appropriately, Credit Committee has been established at the Head Office and comprises of senior and seasoned members with credit, industry and business expertise.

In order to achieve earnings targets with a high degree of reliability and to avoid losses through a strong credit process, the Credit Risk Policy Manual has been developed and duly implemented. This Manual is under constant review and regular updates are made therein through the issuance of various "Credit Bulletins", thereby, not only incorporating best practices but also ensuring the establishment of a robust credit control environment.

Market Risk Management (MRM)

MRM is a control system which allows management to closely supervise and monitor risks caused by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices, resulting in a potential loss to earnings and capital.

Treasury Mid Office, under the supervision of Integrated Risk Management Group, is responsible for ensuring that market risk parameters are properly adhered to.

Statement on Internal Controls For the year ended December 31, 2010

In order to ensure adequate controls for money market, foreign exchange and equity transactions, a comprehensive control mechanism has been outlined in the Market and Liquidity risk management policies which are frequently updated in line with the changes in market dynamics.

Operational Risk Management (ORM)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank has written and implemented its Operational Risk Policy duly approved by the Board. The Bank has also implemented tools for identification, monitoring, and management of key operational risks and has also implemented a template for collecting operational loss data on a periodic basis.

Khawaja Iqbal Hassan
President & CEO

Date: 01 March 2011
Karachi

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

We have reviewed the Statement of Compliance with the Best Practices contained in the Code of Corporate Governance prepared by the Board of Directors of NIB Bank Limited to comply with listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Bank is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further sub-regulation (xiii) of Listing Regulations 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular no. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's Compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended December 31, 2010.

Date: 01 March 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed unconsolidated statement of financial position of **NIB Bank Limited** (the Bank) as at 31 December 2010 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 24 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of loans and advances covered more than 60% of the total loans and advances of the Bank, we report that:

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

Auditors' Report to the Members

standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2010 and its true balance of the loss, changes in equity and its cash flows for the year then ended; and

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

Date: 01 March 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amir Jamil Abbasi

NIB Bank Limited
Unconsolidated Statement of Financial Position
As at December 31, 2010

	Note	2010	2009
(Rupees '000')			
ASSETS			
Cash and balances with treasury banks	7	8,836,449	8,834,275
Balances with other banks	8	2,951,479	3,683,783
Lendings to financial institutions	9	6,429,166	5,681,887
Investments	10	51,789,035	62,432,977
Advances	11	74,566,015	84,021,406
Operating fixed assets	12	2,718,975	3,114,632
Intangible assets	13	2,419,148	26,943,271
Deferred tax assets	14	9,480,983	6,474,384
Other assets	15	5,158,789	6,932,348
		164,350,039	208,118,963
LIABILITIES			
Bills payable	16	1,335,493	1,574,207
Borrowings	17	42,361,934	62,523,365
Deposits and other accounts	18	99,169,373	93,919,805
Sub-ordinated loans	19	3,996,000	3,997,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	20	3,824,474	4,575,741
		150,687,274	166,590,718
NET ASSETS		<u>13,662,765</u>	<u>41,528,245</u>
REPRESENTED BY:			
Share capital	21	40,437,271	40,437,271
Reserves		8,464,894	8,464,894
Accumulated loss		(41,592,479)	(7,258,893)
Shareholders' equity		7,309,686	41,643,272
Advance against proposed rights issue	21.3	6,352,360	-
		13,662,046	41,643,272
Surplus / (Deficit) on revaluation of assets - net	22	719	(115,027)
		<u>13,662,765</u>	<u>41,528,245</u>
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 42 and annexure - 1 form an integral part of these unconsolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited
Unconsolidated Profit and Loss Account
For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
Mark-up / Return / Interest earned	24	16,482,080	18,272,363
Mark-up / Return / Interest expensed	25	<u>13,533,160</u>	<u>12,872,357</u>
Net Mark-up / Interest Income		2,948,920	5,400,006
Provision against non-performing loans and advances	11.5	<u>9,872,524</u>	<u>524,505</u>
Provision for diminution in the value of investments	10.13	124,521	603,426
Bad debts written off directly		<u>53,359</u>	<u>67,398</u>
		<u>10,050,404</u>	<u>1,195,329</u>
Net Mark-up / Interest income after provisions		(7,101,484)	4,204,677
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		<u>715,279</u>	<u>729,953</u>
Dividend income		177,229	260,103
Income from dealing in foreign currencies		469,449	72,162
Gain on sale of securities	26	<u>328,920</u>	<u>598,800</u>
Unrealized gain on revaluation of investments classified as held-for-trading		-	-
Other income	27	<u>24,475</u>	<u>20,815</u>
Total Non Mark-up / Interest income		<u>1,715,352</u>	<u>1,681,833</u>
		(5,386,132)	5,886,510
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	28	<u>6,955,148</u>	<u>5,345,307</u>
Other provisions / write offs		158,359	6,229
Other charges	29	<u>121,918</u>	<u>(122,097)</u>
Workers welfare fund		-	13,000
Total Non Mark-up / Interest expense		7,235,425	5,242,439
Extraordinary / Unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		<u>(12,621,557)</u>	<u>644,071</u>
Taxation - Current	30	<u>181,974</u>	<u>99,771</u>
- Prior years	30	327,748	-
- Deferred	30	<u>(3,019,165)</u>	<u>(146,748)</u>
		(2,509,443)	(46,977)
PROFIT / (LOSS) AFTER TAXATION		<u>(10,112,114)</u>	<u>691,048</u>
Accumulated loss brought forward		(7,258,893)	(7,757,283)
ACCUMULATED LOSS CARRIED FORWARD		<u>(17,371,007)</u>	<u>(7,066,235)</u>
Basic / diluted Earnings / (Loss) per share (Rupees)	31	<u>(2.50)</u>	<u>0.17</u>

The annexed notes from 1 to 42 and annexure - 1 form an integral part of these unconsolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited
Unconsolidated Statement of Comprehensive Income
For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
Profit / (Loss) after taxation for the year	(10,112,114)	691,048
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(10,112,114)</u>	<u>691,048</u>

Surplus / deficit on revaluation of 'Available-for-Sale' securities is presented under a separate head below equity as 'Surplus / deficit on revaluation of assets' in accordance with the requirements specified by the Companies Ordinance, 1984, and the State Bank of Pakistan vide its BSD Circular 20 dated August 4, 2000 and BSD Circular 10 dated July 13, 2004.

The annexed notes from 1 to 42 and annexure - 1 form an integral part of these unconsolidated financial statements.

Khawaja Iqbal Hassan
President / Chief Executive

Francis Andrew Rozario
Chairman / Director

Muhammad Abdullah Yusuf
Director

Syed Aamir Zahidi
Director

NIB Bank Limited
Unconsolidated Statement of Changes in Equity
For the year ended December 31, 2010

	Note	Reserves						Total
		Share capital	Share deposit money	Share premium	Statutory reserve	General reserve	Accumulated loss	
(Rupees '000')								
Balance as at December 31, 2008		28,437,271	12,000,000	8,246,618	74,594	5,472	(7,757,283)	41,006,672
Total comprehensive income for the year								
Profit after taxation for the year		-	-	-	-	-	691,048	691,048
Transaction with owners, recorded directly in equity								
Issue of share capital		12,000,000	(12,000,000)	-	-	-	-	-
Right shares issue cost (net of tax)		-	-	-	-	-	(54,448)	(54,448)
		12,000,000	(12,000,000)	-	-	-	(54,448)	(54,448)
Transfer to statutory reserve		-	-	-	138,210	-	(138,210)	-
Balance as at December 31, 2009		40,437,271	-	8,246,618	212,804	5,472	(7,258,893)	41,643,272
Total comprehensive income for the year								
Loss after taxation for the year		-	-	-	-	-	(10,112,114)	(10,112,114)
Goodwill adjustment	13.2	-	-	-	-	-	(24,221,472)	(24,221,472)
Balance as at December 31, 2010		40,437,271	-	8,246,618	212,804	5,472	(41,592,479)	7,309,686

The annexed notes from 1 to 42 and annexure - 1 form an integral part of these unconsolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited
Unconsolidated Statement of Cash Flows
For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(12,621,557)	644,071
Dividend income	(177,229)	(260,103)
	<u>(12,798,786)</u>	<u>383,968</u>
Adjustments for non-cash items		
Depreciation	386,964	465,298
Amortization	371,225	308,062
Workers welfare fund	-	13,000
Gain on sale of securities	(328,920)	(598,800)
Gain on sale of operating fixed assets	732	(1,716)
Provision against non-performing loans and advances	9,872,524	524,505
Bad debts written off directly	53,359	67,398
Fixed assets written off	159,680	1,312
Provision for diminution in the value of investments	124,521	603,426
Other provisions / write offs	158,359	6,229
	<u>10,798,444</u>	<u>1,388,714</u>
	(2,000,342)	1,772,682
(Increase) / decrease in operating assets		
Lendings to financial institutions	(747,279)	6,777,734
Advances	(470,492)	(4,269,115)
Other assets (excluding advance taxation)	1,781,836	(2,346,427)
Increase / (decrease) in operating liabilities		
Bills payable	(238,714)	142,123
Borrowings	(20,161,431)	38,871,999
Deposits and other accounts	5,249,568	(10,666,362)
Other liabilities (excluding current taxation)	(754,759)	(978,974)
	<u>(17,341,613)</u>	<u>29,303,660</u>
Income tax paid	(676,360)	(796,592)
Net cash (used in) / from operating activities	<u>(18,017,973)</u>	<u>28,507,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in available-for-sale securities	10,731,652	(26,264,742)
Net Investments in held-to-maturity securities	(35,501)	(21,061)
Net Investments in associates	284,134	223,751
Net Investments in subsidiaries	-	200,000
Dividend received	177,229	273,531
Payments for capital work in progress	(126,035)	(275,439)
Acquisition of property and equipment	(93,286)	(125,290)
Acquisition of intangible assets	(4,050)	(68,649)
Sale proceeds of property and equipment disposed of	3,078	5,383
Net cash from / (used in) investing activities	<u>10,937,221</u>	<u>(26,052,516)</u>

NIB Bank Limited
Unconsolidated Statement of Cash Flows
For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of sub-ordinated loans		(1,600)	(1,600)
Advance against proposed rights issue		6,352,360	-
Dividend paid		(138)	(75)
Right shares issue cost		-	(83,766)
Net cash from / (used in) financing activities		6,350,622	(85,441)
Net (decrease) / increase in cash and cash equivalents		(730,130)	2,369,111
Cash and cash equivalents at beginning of the year		12,518,058	10,148,947
Cash and cash equivalents at end of the year	32	11,787,928	12,518,058

The annexed notes from 1 to 42 and annexure - 1 form an integral part of these unconsolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

1. STATUS AND NATURE OF BUSINESS

NIB Bank Limited "the Bank" is incorporated in Pakistan and its registered office is situated at Muhammadi House, I.I. Chundrigar Road, Karachi in the province of Sindh. The Bank is listed on all the stock exchanges in Pakistan and has 178 branches (2009: 223 branches). The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962.

NIB Bank Limited is a subsidiary of Bugis Investments (Mauritius) Pte. Limited which is a wholly owned subsidiary of Fullerton Financial Holdings Pte. Limited which in turn is a wholly owned subsidiary of Temasek Holdings, an investment arm of the Government of Singapore.

2. BASIS OF PRESENTATION

These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank, its subsidiary and associates are presented separately.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) 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 unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

These unconsolidated financial statements have been presented in Pakistan Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

3. STATEMENT OF COMPLIANCE

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

3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011:

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Bank's unconsolidated financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on Bank's unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

- IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after January 1, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Bank's unconsolidated financial statements.
- Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the unconsolidated financial statements.
- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The amendment has no impact on unconsolidated financial statements of the Bank.

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention, except for the measurement of certain investments and commitments in respect of forward foreign exchange contracts that are stated at revalued amounts / fair values, staff retirement benefits (Gratuity) which are stated at present value and certain financial assets that are stated net of provisions..

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. 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 experience, 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 application of accounting policies are as follows:

5.1 Investments

Held-to-maturity securities

As described in note 6.4, held-to-maturity securities are investments where the management has positive intent and ability to hold to maturity. The classification of these securities involves management judgment as to whether the financial assets are held-to-maturity investments.

Held-for-trading securities

Investments classified as held-for-trading are those which the Bank has acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

Available-for-sale securities

Investments which are not classified as held-for-trading or held-to-maturity are classified as available-for-sale.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

5.2 Impairment

Valuation and impairment of available-for-sale equity investments

The Bank determines that an available-for-sale equity investment is 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, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Impairment of investments in associates and subsidiaries

The Bank considers that a significant or prolonged decline in the recoverable value of investments in associates and subsidiaries below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognized when the recoverable value falls below the carrying value and is charged to the profit and loss account. Subsequent reversal of impairment loss, upto the cost of investments in associates and subsidiaries, are credited to the profit and loss account.

Impairment of non financial assets (excluding deferred tax and goodwill)

Non financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Bank estimates the recoverable amount of the asset and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risks specific to the asset. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the profit and loss account and the carrying value of the asset reduced by the amount of the loss. A reversal of an impairment loss on intangible assets (excluding goodwill) is recognized as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognized.

Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business.

5.3 Provision against non-performing advances

Apart from the provision determined on the basis of time based criteria given in the Prudential Regulations of the SBP, management also applies subjective criteria of classification and accordingly the classification of an advance may be downgraded on the basis of evaluation of the credit worthiness of the borrower, its cash flows, operations in its account and adequacy of security in order to ensure accurate measurement of the provision.

5.4 Retirement Benefits

The key actuarial assumptions concerning the valuation of the defined benefit plan and the sources of estimation are disclosed in note 34.2 to these unconsolidated financial statements.

5.5 Useful life of property and equipment

Estimates of useful life of property and equipment are based on management's best estimate.

5.6 Income Taxes

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Bank's future taxable profits are taken into account.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2009 and are enumerated as follows:

6.1 Business combinations

Business combinations are accounted for using the purchase method. Under this method, identified assets acquired, liabilities and contingent liabilities assumed are fair valued at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill.

6.2 Revenue recognition

Mark-up / return on performing loans / advances and investments is recognized on time proportionate basis. Where debt securities are purchased at a premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity using the effective interest rate method so as to produce a constant rate of return. Interest or mark-up recovered on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP as amended from time to time.

The financing method is used in accounting for income on finance leases and hire purchase transactions. Under this method, the unearned income, i.e. the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is deferred and then amortized to income over the term of the lease on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Rental income from assets given on operating lease is recognized on time proportionate basis over the lease period.

Gains / losses on termination of lease contracts, documentation charges and other lease income are recognized as income when they are realized.

Fee, commission and brokerage income is recognized at the time of performance of the service.

Dividend income is recorded when the right to receive the dividend is established.

6.3 Grants and assistance

In terms of Kreditanstalt für Wiederaufbau (KfW) loan re-lent by the Government of Pakistan (GoP), the Bank was required to bear interest at 11 percent per annum and pay interest to the GoP at 10 percent per annum and transfer the remaining 1 percent per annum margin to a counter part fund to be used by the Bank for financing feasibility surveys, market surveys and similar investigations destined for the preparation of projects.

6.4 Investments

Investments of the Bank, other than investments in subsidiaries and associates are classified as held-to-maturity, held-for-trading and available-for-sale.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity and the Bank has the positive intent and ability to hold upto maturity.

Held-for-trading

These securities are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in the portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

Available-for-sale

These are securities which do not fall under the classification of held-for-trading or held-to-maturity securities.

Initial measurement

All "regular way" purchases and sales of investments are recognized on the trade date, i.e., the date that the Bank commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investments are initially recognized at fair value which, in the case of investments other than held-for-trading, includes transaction costs associated with the investments.

Subsequent measurement

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

Available-for-sale

Quoted-securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the balance sheet below equity and taken to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. A decline in the carrying value is charged to the profit and loss account. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses.

Provision for diminution in the value of securities (except Term Finance Certificates) is made for impairment, if any. Provision for diminution in the value of Term Finance Certificates is made as per the aging criteria prescribed by the Prudential Regulations issued by the SBP.

Investment in Subsidiaries and Associates

Investments in subsidiaries and associates are valued at cost less impairment, if any. A reversal of an impairment loss on associates and subsidiaries is recognized as it arises provided the increased carrying value does not exceed that it would have been had no impairment loss been recognized.

Gain or loss on sale of investments in subsidiaries and associates is included in the profit and loss account for the year.

6.5 Lendings to / borrowings from financial institutions

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 agreement to resale (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. In the case of the continuous funding system, transactions are shown under advances. The difference between sale and repurchase price is treated as mark-up / return expensed whereas difference between purchase and resale price is treated as mark-up / return earned.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

6.6 Advances

Advances including continuous funding system and net investment in finance lease are stated net of provisions.

Provision

Specific and general provisions are made based on an appraisal of the loan portfolio that takes into account Prudential Regulations issued by the State Bank of Pakistan from time to time. Specific provisions are made where the repayment of identified loans is in doubt and reflects an estimate of the amount of loss expected. The general provision is for the inherent risk of losses which are known from experience to be present in any loan portfolio. Provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against advances.

Advances are written off when there is no realistic prospect of recovery.

Net investment in finance lease

Leases include hire purchase where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset and are classified as finance leases. Net investment in finance lease is recognized at an amount equal to the aggregate of minimum lease payments and any guaranteed residual value less unearned finance income, if any.

6.7 Operating fixed assets

Owned

Property and equipment except freehold and leasehold land is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold and leasehold land is stated at cost.

Depreciation is charged to income applying the straight line method over the estimated useful lives of the assets while taking into account any residual value, at the rates given in Note 12.2 to these unconsolidated financial statements. In respect of additions and deletions to assets during the year, depreciation is charged from the month of acquisition while depreciation on disposals during the year is charged upto the month of disposal.

Normal repairs and maintenance are charged to the profit and loss account for the year as and when incurred. Major repairs and improvements are capitalized and assets so replaced are retired.

Gains and losses on disposal of property and equipment if any, are taken to the profit and loss account for the year.

Assets held under finance lease

Leasehold land is stated at cost.

Assets held under finance lease are stated at cost less accumulated depreciation. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Bank.

Finance charges are allocated to accounting periods so as to provide a constant periodic rate of return on the outstanding liability.

Assets held under operating lease

Operating lease assets are stated at cost less accumulated depreciation and impairment, if any.

Repairs and maintenance are charged to the profit and loss account as and when incurred.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

Capital work in progress

These assets are stated at cost.

6.8 Intangible assets

Intangible assets include the value of the brand, core deposit relationships, and core overdraft / working capital loan relationships and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the profit and loss account on a straight line basis over the assets' useful lives which are determined using methods that best reflect the pattern of economic benefits. The estimated useful lives are as follows:

Brand	5 years
Core deposit relationships	11 years
Core overdraft / working capital loan relationships	11 years

Computer software is stated at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is carried out on the straight line method at the rates given in Note 13 to these unconsolidated financial statements.

6.9 Sub-Ordinated loans

Sub-ordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on these loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

6.10 Staff retirement benefits

Defined contribution plan

The Bank operates a defined contribution provident fund for all its permanent employees. Equal monthly contributions are made to the fund by both the Bank and the employees at the rate of 10% of basic salary.

Defined benefit plan

The Bank operates an unfunded gratuity scheme covering all eligible employees who have attained the minimum qualifying period of five years. Eligible employees are those employees who have joined the service of the Bank on or before March 31, 2006. Provision is made in accordance with actuarial recommendations. Actuarial valuation is carried out periodically using the "Projected Unit Credit Method".

Actuarial gain / loss is recognized using the 10% corridor approach. Corridor is defined as the greater of 10% of the present value of defined benefit obligations and plan assets.

6.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity.

Current

Provision for current taxation is based on taxable income at the current rates of taxation in accordance with the prevailing laws for taxation on income earned after taking into consideration tax credits and rebates available and any adjustments to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences as at the balance sheet date 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 tax rates, enacted or substantially enacted at the balance sheet date, that are expected to be applicable at the time of their reversal.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Bank recognizes a deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 "Income Taxes". The related deferred tax asset / liability is adjusted against the related deficit / surplus.

The Bank recognizes a deferred tax asset for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized in accordance with the requirements of IAS 12 "Income Taxes".

6.12 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) 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 quarterly and are adjusted to reflect the current best estimate.

6.13 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Bank intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items relating to such assets and liabilities are also offset and the net amount is reported in the financial statements.

6.14 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared.

6.15 Distributions of bonus shares and other appropriations to reserves

The Bank recognizes all appropriations, other than statutory appropriations, to reserves including those in respect of bonus shares made after the balance sheet date, in the period in which such appropriations are approved.

6.16 Foreign currencies

Transactions in foreign currencies are translated to Rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the balance sheet date. Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated 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 approximating those prevailing at the balance sheet date.

Assets against which the constituents have exercised their option to transfer exchange risk to the Bank and liabilities for which the Bank has exercised its option to transfer exchange risk to the Government, are translated at the rates of exchange guaranteed by the Bank and the Government, respectively.

Assets, liabilities, commitments and contingent liabilities in respect of Bangladesh are translated at foreign exchange rates approximating those prevailing prior to August 15, 1971.

Exchange gains and losses are included in income currently except net unrealized exchange gain on long-term monetary items which, as a matter of prudence, is carried forward as unrealized gain in view of the uncertainty associated with its realization.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

6.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks.

6.18 Financial instruments

All financial assets and liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the balance sheet include cash and bank balances, lendings to financial institutions, investments, advances and certain receivables. Financial liabilities include borrowings, deposits, bills payable and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.19 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into and subsequently these instruments are marked to market and changes in fair values are taken to the profit and loss account. Fair values are obtained from quoted market prices in active markets.

6.20 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.

6.20.1 Business Segments

Corporate and Investment Banking

It represents all funded and non funded credit facilities of working capital financing including seasonal finance, trade finance, cash finance, running finance, guarantees and bills of exchange relating to corporate customers, as well as for long term expansion, BMR, Project financing, syndicated financing along with advisory, underwriting, transactional banking, and IPO related activities.

Retail

It represents banking services offered to individuals and small businesses through a retail branch banking and alternate distribution network. These banking services include lending, deposits and distribution of insurance products along with other financial products and services tailored for such customers.

Small & Medium Enterprises and Commercial

It represents all funded and non funded credit facilities, deposit products & transaction services offered by the Bank to small & medium enterprises and commercial businesses operating in the manufacturing, trading, wholesale and service sectors.

Treasury

Treasury manages the asset and liability mix of the Bank, and provides customers with products that meet their demands for management of liquidity, cash flow, interest rate fluctuations and foreign exchange risk.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

6.20.2 Geographical segments

The Bank operates in Pakistan only.

6.21 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at the lower of the carrying value of the related advances and the current fair value of such assets.

6.22 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportionate basis.

6.23 Earnings per share

The Bank presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

7. CASH AND BALANCES WITH TREASURY BANKS	Note	2010	2009
		(Rupees '000')	
In hand			
Local currency	7.1	2,155,334	2,560,507
Foreign currencies		277,891	418,759
With State Bank of Pakistan in			
Local currency current accounts	7.2	4,287,132	3,638,671
Foreign currency current account	7.3	308,292	400,148
Foreign currency deposit accounts	7.4	1,034,595	1,233,705
With National Bank of Pakistan in local currency current accounts		773,205	582,485
		<u>8,836,449</u>	<u>8,834,275</u>

7.1 This includes National Prize Bonds of Rs. 4.611 million (2009: Rs. 7.010 million).

7.2 The current account is maintained under the requirements of Section 22 of the Banking Companies Ordinance, 1962.

7.3 This includes special cash reserve at Nil return (2009: Nil) required to be maintained with the SBP on deposits held under the new foreign currency accounts scheme.

7.4 This represents special cash reserve of 15% required to be maintained with the SBP on deposits held under the new foreign currency accounts scheme at Nil return (2009: Nil) per annum.

8. BALANCES WITH OTHER BANKS

In Pakistan in current accounts		309,957	373,354
Outside Pakistan in current accounts	8.1	<u>2,645,486</u>	<u>3,314,393</u>
		2,955,443	3,687,747
Provision against doubtful balances		<u>(3,964)</u>	<u>(3,964)</u>
		<u>2,951,479</u>	<u>3,683,783</u>

8.1 This includes amount held in automated investment plans. This balance is current by nature and on increase in the balance over a specified amount, interest is received from the correspondent banks at various rates.

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	9.2	725,000	725,000
Repurchase agreement lendings (Reverse Repo)	9.3 & 9.4	<u>5,704,166</u>	<u>4,956,887</u>
		<u>6,429,166</u>	<u>5,681,887</u>

9.1 Particulars of Lendings

In local currency		6,429,166	5,681,887
In foreign currencies		-	-
		<u>6,429,166</u>	<u>5,681,887</u>

9.2 These represent unsecured call money lendings to financial institutions carrying mark-up rates ranging from 12.75% to 15.00% (2009: 12.10% to 13.50%) per annum and having maturities upto two weeks.

9.3 These represent repurchase agreement lendings to financial institutions carrying mark-up rates ranging from 12.70% to 13.90% (2009: 11.97% to 12.40%) per annum and having maturities upto three months.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

9.4 Securities held as collateral against lendings to financial institutions

	2010			2009		
	Held by Bank	Further given as collateral / sold	Total	Held by Bank	Further given as collateral / sold	Total
(Rupees '000')						
Market Treasury Bills	499,931	3,461,900	3,961,831	2,154,092	1,961,844	4,115,936
Pakistan Investment Bonds	1,429,763	312,572	1,742,335	138,120	702,831	840,951
	<u>1,929,694</u>	<u>3,774,472</u>	<u>5,704,166</u>	<u>2,292,212</u>	<u>2,664,675</u>	<u>4,956,887</u>

9.4.1 The market value of securities held as collateral against lendings to financial institutions as at December 31, 2010 amounted to Rs. 5,717.943 million (2009: Rs. 4,964.548 million).

10. INVESTMENTS

10.1 (a) Investments by type:

Note	2010			2009		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
(Rupees '000')						
Held-for-trading securities	-	-	-	-	-	-
Available-for-sale securities						
Market Treasury Bills	10.2	12,450,355	18,562,576	31,012,931	4,691,032	37,923,905
Pakistan Investment Bonds	10.2	2,612,273	961,963	3,574,236	2,698,926	832,385
Defense Savings Certificates	10.3	5,771	2,730	8,501	5,771	2,730
Sukuk Bonds	10.4	505,126	-	505,126	205,304	-
Cumulative Preference Shares	10.5	50,000	-	50,000	50,000	-
Ordinary Shares / Certificates in Listed Companies / Modarabas	10.6	1,053,073	112,373	1,165,446	1,015,819	66,572
Ordinary Shares of Unlisted Companies	10.7	66,049	-	66,049	66,217	-
Term Finance Certificates	10.8 & 10.9	5,171,496	-	5,171,496	4,424,427	-
Units / Certificates of Mutual Funds	10.10	269,172	-	269,172	430,765	-
		<u>22,183,315</u>	<u>19,639,642</u>	<u>41,822,957</u>	<u>13,588,261</u>	<u>38,825,592</u>
Held-to-maturity securities						
Pakistan Investment Bonds	10.2	4,691,896	-	4,691,896	4,652,033	-
Term Finance Certificates	10.8 & 10.9	118,961	-	118,961	123,323	-
		<u>4,810,857</u>	<u>-</u>	<u>4,810,857</u>	<u>4,775,356</u>	<u>-</u>
Associates	10.11 & 10.16	1,573,832	-	1,573,832	1,899,518	-
Subsidiaries	10.12 & 10.16	4,584,741	-	4,584,741	4,584,741	-
Investments at cost		<u>33,152,745</u>	<u>19,639,642</u>	<u>52,792,387</u>	<u>24,847,876</u>	<u>38,825,592</u>
Provision for diminution in value of investments	10.13 & 10.14	(923,899)	(24,873)	(948,772)	(1,033,551)	(20,418)
Investments - net of provisions		<u>32,228,846</u>	<u>19,614,769</u>	<u>51,843,615</u>	<u>23,814,325</u>	<u>38,805,174</u>
Deficit on revaluation of available-for-sale securities	22	22,924	(77,504)	(54,580)	(126,674)	(59,848)
Net Investments		<u>32,251,770</u>	<u>19,537,265</u>	<u>51,789,035</u>	<u>23,687,651</u>	<u>38,745,326</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
10.1(b) Investments by segments:			
Federal Government Securities			
Market Treasury Bills	10.2	31,012,931	42,614,937
Pakistan Investment Bonds	10.2	8,266,132	8,183,344
Defense Savings Certificates	10.3	8,501	8,501
Sukuk Bonds	10.4	505,126	205,304
Cumulative Preference Shares	10.5	50,000	50,000
Fully Paid-up Ordinary Shares & Modaraba Certificates			
Listed	10.6	1,165,446	1,082,391
Unlisted	10.7	66,049	66,217
Term Finance Certificates			
Listed	10.8	2,321,843	1,553,191
Unlisted	10.9	2,968,614	2,994,559
Units / Certificates of Mutual Funds	10.10	269,172	430,765
Associates	10.11 & 10.16	1,573,832	1,899,518
Subsidiaries	10.12 & 10.16	4,584,741	4,584,741
Total investments at cost		<u>52,792,387</u>	<u>63,673,468</u>
Provision for diminution in value of investments	10.13 & 10.14	(948,772)	(1,053,969)
Investments - Net of Provisions		<u>51,843,615</u>	<u>62,619,499</u>
Deficit on revaluation of available-for-sale securities	22	(54,580)	(186,522)
Net Investments		<u><u>51,789,035</u></u>	<u><u>62,432,977</u></u>

10.2 Market Treasury Bills and Pakistan Investment Bonds are held with the SBP and are eligible for rediscounting. Market Treasury Bills embody effective yields ranging from 12.02% to 13.78% (2009: 11.76% to 12.47%) with remaining maturities of 13 days to 12 months and Pakistan Investment Bonds carry mark-up ranging from 8% to 14% (2009: 8.84% to 12.88%) per annum on semi-annual basis with remaining maturities of 45 days to 11 years. Certain government securities are required to be maintained with the SBP to meet statutory liquidity requirements calculated on the basis of demand and time liabilities.

10.2.1 This includes Rs. 100 million PIB outstanding as at December 31, 2010, which was pledged against borrowing from a Company in 2004. As the lender had failed to return the pledged PIB upon the maturity of the contract period, this amount is appearing as investment in PIBs with a corresponding amount appearing in Borrowings. No interest is accrued either as income from the PIB or as expense on this borrowing since the filing of the dispute between the Bank and the Company.

10.3 In 2007, the SBP issued Defense Savings Certificates (DSCs) of Rs 5.771 million against lost Foreign Exchange Bearer Certificates (FEBCs) to the Bank with 2 years restriction on disposal. These certificates carry interest rate of 6.5% per annum. Further, the Bank has purchased DSCs of Rs. 2.730 million carrying interest rate of 12.15 % which are pledged as security.

10.4 These Sukuk Bonds of Liberty Power Tech Limited carry mark-up rate of 3 months KIBOR + 300 bps and have an original maturity of 12 years.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

10.5 Particulars of investment in Cumulative Preference Shares

Investee	Note	Number of Shares held		Total nominal value	
		2010	2009	2010	2009
				(Rupees '000')	
Pak Elektron Limited (PEL) - Convertible Loaded	10.5.1	625,000	625,000	6,250	6,250
Pak Elektron Limited (PEL) - Non-Convertible	10.5.1	1,875,000	1,875,000	18,750	18,750
Fazal Cloth Mills Limited	10.5.2	2,500,000	2,500,000	25,000	25,000
				50,000	50,000

10.5.1 These preference shares carry fixed dividend of 9.5% on cumulative basis payable when and if declared by the Board of Directors. For redemption, the call option can be exercised by PEL up to 100% after three years of the issue date at 1% premium on the issue price.

10.5.2 These preference shares are redeemable upon the exercise of a call option by the company after completion of three years from the issue date.

10.6 Particulars of investment in Listed Shares / Certificates

	Number of Shares / Certificates held		Cost of Investment	
	2010	2009	2010	2009
			(Rupees '000')	
Available-for-sale				
Abbott Laboratories (Pakistan) Limited	738,086	869,228	151,814	184,146
Adamjee Insurance Company Limited	1,533,330	–	172,304	–
Agriauto Industries Limited	311,572	–	21,504	–
Askari Bank Limited	–	250,000	–	6,674
Awan Textile Mills Limited	39,000	39,000	390	390
Bank Alfalah Limited	1,000,000	–	14,339	–
Bank AL Habib Limited	742,041	179,287	24,023	8,350
Berger Paints Pakistan Limited	–	441,310	–	65,093
Brother Textile Mills Limited	87	87	2	2
Century Paper & Board Mills Limited	–	9	–	–
Dewan Farooq Motors Limited	944,225	944,225	30,184	30,184
Fatima Fertilizer Company Limited	195,349	–	2,755	–
First Fidelity Lease Modaraba	1	1	–	–
First National Bank Modaraba	699,751	699,751	5,948	5,948
First Tawakal Modaraba	446,774	446,774	–	–
Glamour Textile Mills Limited	200,000	200,000	5,016	5,016
GlaxoSmithKline Pakistan Limited	576,254	655,735	110,407	126,164
Habib Insurance Company Limited	*1,533,457	*1,526,179	89,231	89,140
Ibrahim Fibres Limited	300	300	5	5
Karam Ceramics Limited	430,146	425,656	8,326	8,300
KSB Pumps Company Limited	114,774	124,894	20,554	22,549
Lafarge Pakistan Cement Limited (formerly Pakistan Cement Limited)	10,000	10,000	2,819	2,819

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Number of Shares / Certificates held		Cost of Investment	
	2010	2009	2010	2009
			(Rupees '000')	
LTV Capital Modaraba	*171,473	*171,473	5,573	5,573
Millat Tractors Limited	413,592	450,855	150,910	142,442
Mohib Textile Mills Limited	5	5	-	-
Pakistan Oilfields Limited	-	227,600	-	75,759
Security Investment Bank Limited	10	10	-	-
Security Papers Limited	151,538	-	7,442	-
Sitara Chemical Industries Limited	105,862	112,120	33,735	37,672
Tariq Glass Industries Limited	2,116,404	2,021,904	37,113	61,466
Tawakal Garment Limited	150,000	150,000	-	-
The Hub Power Company Limited	8,314,581	6,415,477	271,049	204,696
Trust Modaraba	100	100	1	1
Yousuf Weaving Mills Limited	100	100	2	2
Total Listed Shares / Certificates			1,165,446	1,082,391

	Note	Percentage of holding	Number of Shares held		Cost of Investment	
			2010	2009	2010	2009
					(Rupees '000')	
10.7 Particulars of Unlisted Shares						
Pakistan Export Finance Guarantee Agency Limited Chief Executive: Syed Mohammad Zaeem	10.7.1	5.26%	568,044	568,044	5,680	5,680
Central Depository Company of Pakistan Limited Chief Executive: Mr. Muhammad Hanif Jakhura	10.7.2	5.00%	2,500,000	2,500,000	5,000	5,000
Crescent Capital Management (Private) Limited Chief Executive: Mr. Mahmood Ahmed	10.7.3	4.88%	100,000	100,000	1,000	1,000
Equity Participation Fund Limited Chief Executive: Mr. S. Shabahat Hussain	10.7.4	0.97%	**5,087	**5,087	509	509
Pakistan Textile City (Private) Limited Chief Executive: Mr. Zaheer A. Hussain	10.7.5	4.00%	5,000,000	5,000,000	50,000	50,000
National Investment Trust Limited Chief Executive: Mr. Wazir Ali Khoja	10.7.6	8.33%	**79,200	**79,200	100	100
Sunbiz (Private) Limited Chief Executive: Mr. Nisar Ahmed	10.7.7	4.65%	10,000	10,000	1,000	1,000
SWIFT Chief Executive: Mr. Lazaro Campos	10.7.8	0.01%	***9	***9	2,760	2,928
					66,049	66,217

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

- 10.7.1** This investment is fully provided in these unconsolidated financial statements.
- 10.7.2** Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2010 amounts to Rs. 79.194 million.
- 10.7.3** This investment is fully provided in these unconsolidated financial statements.
- 10.7.4** Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2008 amounts to Rs. 11.477 million.
- 10.7.5** Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2010 amounts to Rs. 41.843 million.
- 10.7.6** Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2010 amounts to Rs. 974.920 million.
- 10.7.7** This investment is fully provided in these unconsolidated financial statements.
- 10.7.8** Value of investment, based on the net assets stated in the audited financial statements of investee company as at December 31, 2009 amounts to Rs. 2.638 million.

	Note	Number of Certificates held		Amortized cost	
		2010	2009	2010	2009
(Rupees '000')					
10.8 Particulars of investment in Listed Term Finance Certificates					
Investee					
Allied Bank Limited		–	6,000	–	28,525
Askari Bank Limited		37,320	3,184	186,500	15,895
Azgard Nine Limited		10,000	10,000	37,584	37,649
Bank Alfalah Limited		60,000	–	300,197	–
Bank AL Habib Limited		8,500	17,247	42,398	82,439
Engro Fertilizer Limited (formerly Engro Corporation Limited)		199,038	50,000	978,687	246,055
Escorts Investment Bank Limited		2,016	2,016	5,036	8,393
Orix Leasing Pakistan Limited		71,400	33,900	173,912	133,119
PACE Pakistan Limited		6,000	6,000	29,976	29,982
Pakistan Mobile Communications Limited		24,000	60,000	99,840	299,580
Soneri Bank Limited		6,000	6,000	29,934	29,946
Telecard Limited		74,888	74,888	136,052	164,606
Trust Investment Bank Limited		–	10,000	–	10,428
United Bank Limited		65,000	101,443	301,727	466,574
				2,321,843	1,553,191

10.9 Particulars of investment in Unlisted Term Finance Certificates

Avari Hotels Limited		30,400	30,400	129,070	152,000
New Khan Transport Company (Private) Limited		20,000	20,000	50,544	53,559
Power Holdings (Private) Limited	10.9.1	557,800	557,800	2,789,000	2,789,000
				2,968,614	2,994,559

- 10.9.1** These Term Finance Certificates carry mark-up rate of 6 months KIBOR plus 2% (2009: 6 months KIBOR plus 2%) per annum. The principal is receivable in six equal semi-annual instalments after a grace period of twenty four months from the first disbursement date i.e. September 18, 2009.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	Number of Units / Certificates held		Cost of Investment	
		2010	2009	2010	2009
10.10 Particulars of investment in Mutual Funds					
AKD Opportunity Fund		–	587,679	–	32,493
Atlas Money Market Fund		98,500	–	50,000	–
Askari Sovereign Cash Fund		–	971,110	–	100,000
Faysal Savings Growth Fund		951,022	–	100,000	–
First Dawood Mutual Fund		900,000	900,000	6,975	6,975
JS Growth Fund		227,410	227,410	2,911	2,911
JS Income Fund		–	970,402	–	100,000
JS Large Capital Fund		38,509	11,385,092	3,119	92,219
Lakson Money Market Fund		–	200,120	–	20,000
NAFA Government Securities Liquid Fund		1,500,000	–	15,000	–
NAFA Savings Plus Fund		1,500,000	–	15,000	–
Pakistan Strategic Allocation Fund		8,370,000	8,370,000	76,167	76,167
				<u>269,172</u>	<u>430,765</u>

	Note	Number of Shares / Units / Certificates		Cost of Investment	
		2010	2009	2010	2009
10.11 Particulars of investment in Associates					
NAFA Government Securities Liquid Fund		–	1,500,000	–	15,000
NAFA Islamic Multi Asset Fund		–	7,500,000	–	75,000
NAFA Islamic Income Fund		–	7,500,000	–	75,000
NAFA Savings Plus Fund		–	3,000,000	–	30,000
NAFA Stock Fund		–	7,500,000	–	63,186
National Fullerton Asset Management Limited	10.11.1	–	6,749,998	–	67,500
PICIC Energy Fund		11,130,160	11,130,160	83,476	83,476
PICIC Growth Fund		15,132,858	15,132,858	510,917	510,917
PICIC Insurance Limited		10,499,993	10,499,993	345,900	345,900
PICIC Investment Fund		41,544,649	41,544,649	633,539	633,539
				<u>1,573,832</u>	<u>1,899,518</u>

10.11.1 During the year, the Bank has disinvested its twenty seven percent holding in National Fullerton Asset Management Limited (NAFA) to National Bank of Pakistan, as under the NBFC Regulations, an entity cannot have an interest in two asset management companies. Subsequent to this sale, NAFA Funds have ceased to be Associates of the Bank. The Bank has reclassified its investment in NAFA Funds from Investment in Associates to Investment in Available-for-sale securities.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	Number of Shares / Units / Certificates		Cost of Investment	
		2010	2009	2010	2009
				(Rupees '000')	
10.12 Particulars of investment in Subsidiaries					
PICIC Asset Management Company Limited Financial and Management Services (Private) Limited	10.16 **	299,999,995 88,850	299,999,995 88,850	4,584,017 724	4,584,017 724
				4,584,741	4,584,741

Unless otherwise stated, holdings in modaraba certificates and ordinary shares are of Rs. 10 each.

* Shares / Modaraba Certificates of Face Value of Rs. 5 each

** Shares / Modaraba Certificates of Face Value of Rs. 100 each

*** Shares of Face Value of Euro 2,680 each

All Term Finance Certificates are of Original Face Value of Rs. 5,000 each

	2010	2009
	(Rupees '000')	
10.13 Particulars of provision for diminution in value of investments		
Opening balance	1,053,969	901,791
Charge for the year	284,915	699,960
Reversals for the year		
- Term Finance Certificates	(3,015)	(1,138)
- Associates	(157,379)	(38,469)
- Subsidiary	-	(56,927)
	124,521	603,426
Reversal due to sale / change in category	(229,718)	(451,248)
Closing balance	948,772	1,053,969

10.14 Particulars of Provision in respect of Type and Segment

Available-for-sale securities		
- Listed shares / Certificates / Units	407,436	497,940
- Unlisted shares	15,837	6,510
- Unlisted Term Finance Certificates	50,544	53,559
	473,817	558,009
Associates		
- Listed shares / Certificates / Units	474,231	495,236
Subsidiaries		
- Unlisted shares	724	724
	948,772	1,053,969

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2010		2009	
	(Rupees '000')	Rating	(Rupees '000')	Rating
10.15 Quality of Available-for-Sale				
 Securities - at Market Value				
 Federal Government Securities				
Market Treasury Bills	30,956,373	Unrated	42,594,390	Unrated
Pakistan Investment Bonds	3,389,587	Unrated	3,373,840	Unrated
Defense Savings Certificates	8,501	Unrated	8,501	Unrated
 Sukuk Bonds	505,126	Unrated	205,304	Unrated
 Cumulative Preference shares				
Pak Elektron Limited	25,000	A/A1	25,000	A/A1
Fazal Cloth Mills Limited	25,000	A-/A2	25,000	*
 Ordinary shares of Listed Companies				
Abbott Laboratories Pakistan Limited	80,998	*	105,368	*
Adamjee Insurance Company Limited	134,166	AA	-	-
Agriauto Industries Limited	23,742	*	-	-
Askari Bank Limited	-	-	6,825	AA/A1+
Bank AL Habib Limited	26,906	AA+/A1+	5,873	AA+/A1+
Bank Alfalah Limited	11,210	AA / A1+	-	-
Berger Paints (Pakistan) Limited	-	-	13,950	*
Dewan Farooq Motors Limited	2,153	*	1,407	*
Fatima Fertilizer Company Limited	2,204	A/A1	-	-
First National Bank Modaraba	4,604	A+/A-1	2,428	A+/A-1
GlaxoSmithKline Pakistan Limited	50,820	*	71,652	*
Habib Insurance Company Limited	21,545	A+	24,419	A+
Karam Ceramics Limited	3,355	*	3,831	*
K.S.B. Pumps Limited	6,899	*	9,370	*
Millat Tractors Limited	206,705	*	171,235	*
Pakistan Oilfields Limited	-	-	52,523	*
Security Papers Limited	6,798	AAA / A-1+	-	-
Sitara Chemicals Industries Limited	13,524	AA-/A-1	17,941	AA-/A-1
Tariq Glass Limited	43,429	*	16,195	*
The Hub Power Company Limited	311,048	AA+/A1+	199,393	*
 Ordinary shares of Unlisted Companies				
Central Depository Company of Pakistan Limited	5,000	*	5,000	*
Crescent Capital Management (Private) Limited	1,000	*	1,000	*
Equity Participation Fund Limited	509	*	509	*
National Investment Trust Limited	100	AM2	100	AM2
Pakistan Export Finance Guarantee Agency Limited	5,680	*	5,680	*
Pakistan Textile City (Private) Limited	50,000	*	50,000	*
Sun Biz (Private) Limited	1,000	*	1,000	*
SWIFT	2,760	*	2,928	*
 Units / Certificates of Mutual Funds				
AKD Opportunity Fund	-	*	25,476	*
Askari Sovereign Cash Fund	-	-	100,013	*

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2010		2009	
	(Rupees '000')	Rating	(Rupees '000')	Rating
Atlas Money Market Fund	50,777	AA+(f)	-	-
Faysal Saving Growth Fund	100,000	A(f)	-	-
First Dawood Mutual Fund	1,800	FR 2-STAR / 3-STAR	1,521	FR 4-STAR
JS Growth Fund	1,262	FR 3-STAR	1,123	FR 3-STAR
JS Income Fund	-	-	100,126	FR 5-STAR
JS Large Capital Fund	2,509	*	52,371	FR 4-STAR
Lakson Money Market Fund	-	-	20,278	*
NAFA Government Securities Liquid Fund	15,467	AAA(f)	-	-
NAFA Savings Plus Fund	15,424	AA-(f)	-	-
Pakistan Strategic Allocation Fund	70,308	FR 4-STAR	37,163	FR 4-STAR
Term Finance Certificates				
Allied Bank Limited	-	-	29,029	AA-
Askari Bank Limited	188,735	AA-	15,277	AA-
Avari Hotels Limited	129,070	A-	152,000	A-
Azgard Nine Limited	18,110	CCC(RW)	18,665	AA-
Bank Alfalah Limited	294,916	AA-	-	-
Bank AL Habib Limited	-	-	40,070	AA
Engro Fertilizer Limited (formerly Engro Corporation Limited)	982,381	AA	232,314	AA
Escorts Investment Bank Limited	4,996	A	8,321	A+
New Khan Transport Company (Private) Limited	50,544	*	53,559	*
Orix Leasing Pakistan Limited	176,941	AA+	141,730	AA+
PACE Pakistan Limited	29,096	A+(-)	29,100	A+
Pakistan Mobile Communication Limited	99,822	A+	300,419	AA-
Power Holdings (Private) Limited	2,789,000	*	2,789,000	*
Telecard Limited	128,904	BBB	146,626	BBB
Trust Investment Bank Limited	-	-	9,584	BBB
United Bank Limited	285,137	AA	424,963	AA
	<u>41,360,941</u>		<u>51,729,390</u>	

* Rating not available

10.16 As per BSD circular No. 6 of 2007 dated September 6, 2007, investments in subsidiaries and associates are required to be reported separately and should be carried at cost. However, as per IAS 36, these need to be tested for impairment, if there is indication that such impairment may exist.

Management has tested the investment in its subsidiary, PICIC Asset Management Company Limited for impairment using a value in use calculation. The value in use calculation indicates that the value of the investment in the subsidiary exceeds the cost of investment, therefore no impairment was made during the year. Further, at the year end, the net assets value of investment in associates is greater than the carrying value, the increase over carrying value was recorded as reversal of impairment in these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	2010 (Rupees '000')	2009
11. ADVANCES			
Loans, cash credits, running finance, etc. - in Pakistan	11.1	91,956,269	93,847,123
Net investment in finance lease - in Pakistan	11.3	2,310,162	3,061,322
Bills discounted and purchased (excluding Treasury Bills)			
Payable in Pakistan		247,310	412,889
Payable outside Pakistan		3,830,813	2,679,423
Advances - Gross		98,344,554	100,000,757
Provision against non performing advances - Specific	11.4	(22,826,463)	(15,746,457)
- General		(952,076)	(232,894)
	11.5	(23,778,539)	(15,979,351)
Advances - Net of provision		74,566,015	84,021,406

11.1 This includes a sum of Rs. 72.337 million (2009: Rs. 79.074 million) representing unrealized exchange gain, which has not been recognised as income and deferred in these unconsolidated financial statements, in accordance with the policy of the Bank, as stated in note 6.16.

11.2 Particulars of advances

11.2.1 In local currency	93,953,934	97,048,697
In foreign currencies	4,390,620	2,952,060
	98,344,554	100,000,757
11.2.2 Short term (up to one year)	54,098,217	61,555,478
Long term (over one year)	44,246,337	38,445,279
	98,344,554	100,000,757

11.3 Net Investment in Finance Lease

	2010			Total
	Not later than one year	Later than one and less than five years	Over five years	
	(Rupees '000')			
Lease rentals receivable	1,940,975	48,101	-	1,989,076
Residual value	731,926	25,282	-	757,208
Minimum lease payments	2,672,901	73,383	-	2,746,284
Financial charges for future periods (including income suspended)	(428,917)	(7,205)	-	(436,122)
Present value of minimum lease payments	2,243,984	66,178	-	2,310,162

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2009			Total
	Not later than one year	Later than one and less than five years	Over five years	
	(Rupees '000')			
Lease rentals receivable	2,150,226	218,485	–	2,368,711
Residual value	860,316	131,710	–	992,026
Minimum lease payments	3,010,542	350,195	–	3,360,737
Financial charges for future periods (including income suspended)	(267,863)	(31,552)	–	(299,415)
Present value of minimum lease payments	2,742,679	318,643	–	3,061,322

Minimum lease payments receivable includes a sum of Nil (2009: Nil) due from an associated undertaking.

11.4 Advances include Rs. 34,711.468 million (2009: Rs. 23,429.526 million) which have been placed under non-performing status as detailed below:

Note	2010								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees '000')								
Category of Classification									
Substandard	6,276,443	–	6,276,443	1,353,623	–	1,353,623	1,353,623	–	1,353,623
Doubtful	5,966,804	–	5,966,804	2,859,483	–	2,859,483	2,859,483	–	2,859,483
Loss	11.4.1	22,468,221	–	22,468,221	18,613,357	–	18,613,357	–	18,613,357
		34,711,468	–	34,711,468	22,826,463	–	22,826,463	–	22,826,463

11.4.1 Included in the Provision required is an amount of Rs. 1,329.967 million (2009: Rs. 1,565.496 million) which represents provision in excess of the requirements of the State Bank of Pakistan.

	2009								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees '000')								
Category of Classification									
Substandard	4,197,868	–	4,197,868	855,910	–	855,910	855,910	–	855,910
Doubtful	4,123,923	–	4,123,923	1,516,249	–	1,516,249	1,516,249	–	1,516,249
Loss	15,107,735	–	15,107,735	13,374,298	–	13,374,298	13,374,298	–	13,374,298
	23,429,526	–	23,429,526	15,746,457	–	15,746,457	15,746,457	–	15,746,457

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

In accordance with BSD Circular No. 2 dated January 27, 2009 and BSD Circular No. 10 dated October 20, 2009 issued by the State Bank of Pakistan, the Bank has availed the benefit of FSV against the non-performing advances. Had the benefit of FSV not been availed by the Bank, the specific provision against non-performing advances for the current year would have been higher by Rs. 1,019.690 million (cumulative upto December 31, 2010: Rs. 3,124.368 million) and loss after tax for the current year would have been higher by approximately Rs. 662.798 million (cumulative upto December 31, 2010: Rs. 2,030.839 million). Increase in profit would not be available for the distribution of cash and stock dividend to shareholders.

11.5 Particulars of provision against non-performing advances

Note	2010			2009		
	Specific	General	Total	Specific	General	Total
(Rupees '000')						
Opening balance	15,746,457	232,894	15,979,351	16,715,515	262,773	16,978,288
Charge for the year	10,603,469	804,406	11,407,875	3,754,080	59,681	3,813,761
Reversals	(1,450,127)	(85,224)	(1,535,351)	(3,199,696)	(89,560)	(3,289,256)
	9,153,342	719,182	9,872,524	554,384	(29,879)	524,505
Amounts written off	11.6 (2,073,336)	-	(2,073,336)	(1,523,442)	-	(1,523,442)
Closing balance	22,826,463	952,076	23,778,539	15,746,457	232,894	15,979,351

11.5.1 Particulars of provision against non-performing advances - currency wise

	2010			2009		
	Specific	General	Total	Specific	General	Total
(Rupees '000')						
In local currency	22,826,463	952,076	23,778,539	15,746,457	232,894	15,979,351
In foreign currencies	-	-	-	-	-	-
	22,826,463	952,076	23,778,539	15,746,457	232,894	15,979,351

11.6 Particulars of write offs:

	Note	2010	2009
(Rupees '000')			
11.6.1 Against provisions		2,073,336	1,523,442
Directly charged to profit and loss account		53,359	67,398
		2,126,695	1,590,840
11.6.2 Write offs of Rs. 500,000 and above	11.7	222,174	208,576
Write offs of below Rs. 500,000	11.7	1,904,521	1,382,264
		2,126,695	1,590,840

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

11.7 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 financial relief of five hundred thousand rupees or above allowed to person(s) during the year ended December 31, 2010 is given in Annexure 1. However, this write off does not affect the Bank's right to recover these debts from any of its customers.

11.8 Particulars of loans and advances to directors, associated companies etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons

	Note	2010	2009
		(Rupees '000')	
Balance at the beginning of the year		1,347,471	1,010,321
Additions during the year		150,947	88,422
Loans granted during the year		452,684	565,909
Repayments during the year		(566,943)	(317,181)
Balance at the end of the year		<u>1,384,159</u>	<u>1,347,471</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at the beginning of the year		-	305,248
Loans granted during the year		53,170	300,000
Repayments during the year		(23,373)	(605,248)
Balance at the end of the year		<u>29,797</u>	<u>-</u>

12. OPERATING FIXED ASSETS

Capital work in progress	12.1	59,678	164,380
Property and equipment	12.2	<u>2,659,297</u>	<u>2,950,252</u>
		<u>2,718,975</u>	<u>3,114,632</u>

12.1 Capital work in progress

Civil works	49,652	62,236
Equipment and electrical work	2,431	16,313
Advances to suppliers and contractors	2,460	1,141
Advance for computer software	4,114	83,926
Others	1,021	764
	<u>59,678</u>	<u>164,380</u>

12.1.1 During the year, an amount of Rs. 62.630 million (2009: Rs. 1.030 million) was written off due to discontinuation of certain projects no longer necessary as a result of restructuring.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

12.2 Property and Equipment

2010

Particulars	Note	C O S T		DEPRECIATION		Net Book value as at December 31, 2010	Rate of Depreciation % per annum
		As at January 01, 2010	As at December 31, 2010	Accumulated as at January 01, 2010	For the year / (on deletions) Transfers (write-offs)		
Freehold land		336,617	-	-	-	336,617	-
Leasehold land	12.2.3	1,064,456	-	15,634	-	1,048,822	-
Buildings on freehold land		584,330	-	161,563	27,442	395,325	5%
Buildings on leasehold land		158,073	-	158,073	7,639	124,883	5%
Furniture and fixtures		241,668	825	98,852	22,371	113,406	10%
			(5,459)		(2,717)		
Electrical, office and computer equipment		1,358,350	111,891	1,345,818	227,579	953,708	10% to 33%
			(5,446)		(4,682)		
Vehicles		35,472	39	18,190	5,515	11,800	20%
			(537)		(531)		
Leasehold Improvements		957,151	54,762	624,343	96,418	520,476	10%
			(1,103)		(805)		
		4,736,117	170,390	4,503,200	386,964	1,843,903	
			(12,545)		(8,735)		

12.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs. 748.266 million (2009: Rs. 605.509 million).

12.2.2 Carrying amount of temporarily idle property is Rs. 910.138 million (2009: Rs. 526.184 million).

12.2.3 This includes a plot of land costing Rs. 9.240 million in Block-6, KDA Scheme-5, Clifton, Karachi (the "Plot"), possession of which was taken by the Bank (formerly PICIC) in April 1983 pursuant to an allotment order by City District Government Karachi ("CDGK") (formerly Karachi Development Authority). All the legal dues in respect of the Plot including Non-utilization Fees have been paid. In 2000, CDGK cancelled the allotment unilaterally based on certain building and construction restrictions. The Bank filed a Civil Suit against CDGK before the High Court of Sindh in respect of the said unilateral cancellation of the allotment. Meanwhile, also in 2000, a dispute arose with KPT in respect of construction of a boundary wall on the Plot by KPT as KPT claimed that the land had been reverted to KPT. The said claim by KPT was also challenged by way of Civil Suit before the High Court of Sindh. The High Court of Sindh initially issued restraining orders against CDGK and KPT in the respective suits in respect of cancellation of the allotment of the Plot. Subsequently, both the suits were decided in favor of the Bank. In the suit filed against CDGK, the High Court of Sindh held that the action of cancellation of the allotment by CDGK was improper and void, whereas, in the suit against KPT, the High Court of Sindh held that since allotment in favor of the Bank was valid therefore, KPT had no standing to claim that the land had been reverted back to KPT. Both the decisions of the High Court of Sindh are currently being challenged in two separate High Court Appeals by CDGK and KPT and the same are still pending. Furthermore, in November 2008, KPT filed a Civil Suit seeking a declaration from the High Court of Sindh to the effect that the Plot had been validly reverted to KPT. At present, the Bank is actively defending the case.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

12.2.4 During the current year, the management has revised the estimate relating to useful life of certain operating fixed assets and accordingly the life of Leasehold Improvements and Generators have been increased from 5 years to 10 years. The said change in accounting estimate has been recognized in accordance with the requirements of International Accounting Standard (IAS) 8 "Accounting Policies, Change in Accounting Estimates and Errors". Had there been no change in accounting estimate, the loss before taxation for the year would have been higher by Rs. 45.416 million and the depreciation and accumulated depreciation would have been higher by the same amount.

Particulars	Note	C O S T		DEPRECIATION			Net Book value as at		Rate of Depreciation %
		As at January 01, 2009	As at December 31, 2009	Accumulated as at January 01, 2009	For the year / (on deletions) Transfers (write-offs)	Accumulated as at December 31, 2009	December 31, 2009		
Freehold land		336,617	-	-	-	-	-	336,617	-
Leasehold land	12.2.3	1,064,456	-	1,064,456	-	-	15,634	1,048,822	-
Buildings on freehold land		583,397	933	584,330	28,583	-	161,563	422,767	5%
Buildings on leasehold land		158,073	-	158,073	7,648	-	25,551	132,522	5%
Furniture and fixtures		224,652	24,937	241,668	22,552	-	98,852	142,816	10%
			(7,921)		(6,378)				
Electrical, office and computer equipment		1,072,279	330,249	1,358,350	234,108	-	(1,641)	841,732	20% & 33%
			(44,178)		(44,111)				
Vehicles		35,372	7,197	35,472	6,866	-	-	18,190	20%
			(5,174)		(3,124)				
Leasehold Improvements		842,529	114,639	957,151	165,541	-	-	624,343	20%
			(17)		(10)				
		4,317,375	477,955	4,736,117	465,298	-	(1,641)	1,785,865	2,950,252
			(57,290)		(53,623)				

12.2.5 Detail of disposal of property and equipment during the year

Description	Cost	Accumulated depreciation value	Sales proceeds
Items individually having cost less than Rs. 1 million or net book value not exceeding Rs. 0.25 million			
- Computer Equipment	58	58	-
- Vehicles	537	531	67
- Furniture and fixtures	5,459	2,717	2,057
- Leasehold improvements	1,103	805	363
- Office equipment	5,388	4,624	591
2010	12,545	8,735	3,078
2009	57,290	53,623	5,383

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	2010 (Rupees '000')	2009
14. DEFERRED TAX ASSETS			
Deferred debits arising due to:			
Provision against loans and advances		7,329,965	6,393,933
Provision against other receivables		281,304	281,314
Provision against balances with other banks		1,387	1,387
Deficit on revaluation of securities		55,299	71,495
Gratuity		6,943	14,762
Unused tax losses		5,066,344	2,135,530
Excess of tax base of government securities / investments over accounting base		413,992	412,465
		13,155,234	9,310,886
Deferred credits arising due to:			
Excess of accounting base of leased asset over tax base		(116,322)	(218,511)
Accelerated accounting depreciation on owned assets		(736,614)	(712,584)
Intangibles including goodwill		(2,252,620)	(1,344,257)
Fair valuation of subsidiaries and associates		(532,714)	(521,539)
Unrealised exchange gains	14.1	(2,377)	(6,007)
Unrealised exchange losses	14.2	(33,604)	(33,604)
		<u>(3,674,251)</u>	<u>(2,836,502)</u>
		<u>9,480,983</u>	<u>6,474,384</u>

14.1 In 1987 and 1989, the Bank (formerly PICIC) exercised its option to avail the exchange risk coverage offered by the Government of Pakistan, Ministry of Finance and Economic Affairs (Economic Affairs Division), through Office Memo 1(16)/50/DM/86 dated July 8, 1987 and 1(12)/50/DM/89 dated June 1, 1989 respectively and, in turn the Bank offered the risk coverage to its Borrowers.

14.2 The unrealised exchange losses of the Bank as on April 21, 1987, the effective date of exercise of both the options arising on related borrowings as reduced by gains arising on related advances was claimed as loss for tax purposes.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

14.3 Movement in temporary differences during the year:

	2010			Balance as at December 31, 2010
	Balance as at January 01, 2010	Recognised in profit and loss account	Recognised in equity / others	
	(Rupees '000')			
Deferred debits arising due to:				
Provision against loans and advances	6,393,933	1,287,791	(351,759)	7,329,965
Provision against other receivables	281,314	(10)	–	281,304
Provision against balances with other banks	1,387	–	–	1,387
Deficit on revaluation of securities	71,495	–	(16,196)	55,299
Gratuity	14,762	(7,819)	–	6,943
Unused tax losses	2,135,530	2,579,055	351,759	5,066,344
Excess of tax base of government securities / investments over accounting base	412,465	1,527	–	413,992
Deferred credits arising due to:				
Excess of accounting base of leased asset over tax base	(218,511)	102,189	–	(116,322)
Accelerated accounting depreciation on owned assets	(712,584)	(24,030)	–	(736,614)
Intangibles including goodwill	(1,344,257)	(908,363)	–	(2,252,620)
Fair valuation of subsidiaries and associates	(521,539)	(11,175)	–	(532,714)
Unrealised exchange gains	(6,007)	–	3,630	(2,377)
Unrealised exchange losses	(33,604)	–	–	(33,604)
	<u>6,474,384</u>	<u>3,019,165</u>	<u>(12,566)</u>	<u>9,480,983</u>
	2009			
	Balance as at January 01, 2009	Recognised in profit and loss account	Recognised in equity	Balance as at December 31, 2009
	(Rupees '000')			
Deferred debits arising due to:				
Provision against loans and advances	6,606,954	(213,021)	–	6,393,933
Provision against other receivables	288,338	(7,024)	–	281,314
Provision against balances with other banks	1,387	–	–	1,387
Deficit on revaluation of securities	277,087	–	(205,592)	71,495
Gratuity	15,482	(720)	–	14,762
Unused tax losses	472,939	1,662,591	–	2,135,530
Excess of tax base of government securities / investments over accounting base	461,239	(48,774)	–	412,465
Deferred credits arising due to:				
Excess of accounting base of leased asset over tax base	(328,460)	109,949	–	(218,511)
Accelerated accounting depreciation on owned assets	(650,583)	(62,001)	–	(712,584)
Intangibles including goodwill	–	(1,344,257)	–	(1,344,257)
Fair valuation of subsidiaries and associates	(571,544)	50,005	–	(521,539)
Unrealised exchange gains	(6,007)	–	–	(6,007)
Unrealised exchange losses	(33,604)	–	–	(33,604)
	<u>6,533,228</u>	<u>146,748</u>	<u>(205,592)</u>	<u>6,474,384</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

14.4 Deferred tax asset

The Finance Act, 2009 had made significant amendments to the Seventh Schedule to the Income Tax Ordinance, 2001. The deduction for provisions for doubtful and loss categories of advances and off-balance sheet items was allowed up to a maximum of 1% of total advances. As per the said amendments provision in excess of 1% of total advances was allowed to be carried over to succeeding years.

Further, as per the said amendments the amount of bad debts classified as Substandard under the Prudential Regulations issued by the State Bank of Pakistan would not be allowed as an expense.

The Finance Act, 2010 has made certain further amendments to the Seventh Schedule to allow provisions for advances and off-balance sheet items relating to Consumer and SME advances up to 5% of such advances. Provisions for advances and off-balance sheet items relating to advances other than Consumer and SME would continue to be allowed up to 1% of such advances and provision in excess of 1% of total of such advances would be allowed to be carried forward to succeeding years.

However, while amending the relevant provisions of the Seventh Schedule through Finance Act, 2010, the laws relating to carry forward of provisions for advances and off-balance sheet items in excess of 5% of Consumer and SME advances and limiting the allowance up to the actual provisions have not been amended. The current law, by permanently disallowing Consumer and SME provisions in excess of 5% is unprecedented and widely recognized as being inequitable not only for Banks that are currently active in lending to customers in the Consumer and SME segments but also for Banks who would be contemplating to do so in the future.

The Pakistan Banks' Association (PBA) as well as the Presidents of some banks have made and are continuing to make representations to the Federal Board of Revenue (FBR) to issue the necessary clarification in the law. The State Bank of Pakistan (SBP) has also documented its support in obtaining this clarification from the FBR. However being prudent, the Bank has not booked a deferred tax asset of Rs. 1,085 million for provisions in 2010 of Rs. 3,100 million in excess over 5% of gross advances to Consumer and SMEs.

For provisions relating to other than Consumer and SME customers in 2010 and all customers (no distinction between consumer & SME and others) in 2008 and 2009 deferred tax asset of Rs. 4,669 million has been recorded on provisions of Rs. 13,341 million in excess of 1% of gross advances.

	Note	2010 (Rupees '000')	2009
15. OTHER ASSETS			
Income / mark-up accrued			
Local currency	15.1 & 15.6	3,272,003	4,295,703
Foreign currencies		29,561	31,732
Advances, deposits, advance rent and other prepayments	15.2	426,344	547,284
Advance taxation - net		1,142,143	975,505
Non-banking assets acquired in satisfaction of claims	15.3	541,913	611,663
Unrealized gain on forward foreign exchange contracts - net		-	36,380
Receivable against sale of investments		18,928	299,210
Stationery and stamps on hand		3,279	1,626
Branch adjustment account		106,579	-
Advance for purchase of Term Finance Certificates		285,000	755,832
Assets in respect of Bangladesh	15.4	425,409	425,409
Insurance claim		156,298	105,242
Others		67,624	95,769
		<u>6,475,081</u>	<u>8,181,355</u>
Liabilities in respect of Bangladesh	15.4	(342,416)	(342,416)
Rupee Borrowings from Government of Pakistan in respect of Bangladesh		(82,993)	(82,993)
Provisions held against other assets	15.5	(890,883)	(823,598)
Other assets - net of provisions		<u>5,158,789</u>	<u>6,932,348</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

15.1 This includes Rs. 1.027 million (2009: Rs. Nil) in respect of related parties.

	2010	2009
	(Rupees '000')	
15.2 Advances, deposits, advance rent and other prepayments		
Advances	40,716	45,893
Deposits	36,813	40,807
Advance rent	249,071	340,439
Prepayments	99,744	120,145
	<u>426,344</u>	<u>547,284</u>

15.3 Represents cost of land, plant and machinery acquired by the Bank against advances and held for resale. The market value of the subject assets as of December 31, 2010 was Rs. 560 million (2009: Rs. 667 million).

15.4 All the assets and liabilities as of November 30, 1971 clearly identifiable as being in or in respect of the areas now under Bangladesh and referred to above were segregated as of that date and in such segregation, for purposes of conversion of foreign currency amounts, generally speaking, the parity rates ruling prior to August 15, 1971 were used, and all income accrued or due in 1971 but not received in that year and interest accrued but not due on borrowings in 1971 was eliminated. Subsequently, consequent to the assuming by Bangladesh of certain foreign currency loan obligations as of July 1, 1974, including amounts previously identified by the Bank (formerly PICIC) as its foreign currency liabilities in respect of Bangladesh, such amounts were eliminated from the books of the Bank by reducing an equivalent sum from its related foreign assets in that area.

Arising from advices received from the lenders and as a result of diversion of shipments and of the meeting of certain contingent liabilities, there have been certain modifications to the foreign currency advances relating to Bangladesh. Furthermore, the difference between the actual amount of rupees required to remit maturities of foreign currency borrowings in respect of Bangladesh and the figures at which they appeared in the books and the interest paid to foreign lenders has been treated as increasing the rupee assets in that area.

The Government of Pakistan, while initially agreeing to provide the rupee finance required for discharging current maturities of foreign currency borrowings and interest related to Bangladesh, did not accept any responsibility for PICIC's assets in that area. However, following an agreement reached between PICIC and the Government of Pakistan during 1976, the Government has agreed that it would continue to provide the funds for servicing PICIC's foreign currency liabilities relating to Bangladesh and has further agreed that an amount equivalent to the rupee assets in Bangladesh financed from PICIC's own funds not exceeding Rs. 82 million would be deemed to have been allocated out of the rupee loans by the Government and that such allocated amount together with the rupee finance being provided by the Government including any interest thereon would not be recovered from PICIC until such time as PICIC recovers the related assets from Bangladesh and only to the extent of such recovery.

Accordingly, such allocated amounts, together with the rupee finance being provided by the Government for discharging the current maturities of foreign currency borrowings (including the interest and charges thereon and any exchange difference between the final rupee payment and the amount at which the liability, commitment or contingent liability as appearing in the books relating to Bangladesh) have been treated as liabilities in respect of Bangladesh. Further, in view of the aforesaid agreement no interest is being accrued on the allocated amount of rupee loans or in respect of the rupee finance provided by the Government related to PICIC's assets in Bangladesh nor is it considered necessary to provide for any loss that may arise in respect of PICIC's assets in Bangladesh.

	2010	2009
	(Rupees '000')	
15.5 Particulars of provision against other assets		
Opening balance	823,598	823,826
Charge for the year	67,316	19,841
Reversals	(31)	-
Write offs	-	(20,069)
Closing balance	<u>890,883</u>	<u>823,598</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

15.6 This includes a sum of Rs. 30.466 million (2009: Rs. 34.099 million) representing unrealised exchange gain, which has not been recognised as income and deferred in the financial statements, in accordance with the policy of the Bank, as stated in note 6.16.

	Note	2010	2009
(Rupees '000')			
16. BILLS PAYABLE			
In Pakistan		1,266,884	1,499,314
Outside Pakistan		68,609	74,893
		<u>1,335,493</u>	<u>1,574,207</u>
17. BORROWINGS			
In Pakistan		42,320,085	62,481,033
Outside Pakistan		41,849	42,332
		<u>42,361,934</u>	<u>62,523,365</u>
17.1 Particulars of borrowings with respect to currencies			
In local currency		42,320,085	62,481,033
In foreign currencies		41,849	42,332
		<u>42,361,934</u>	<u>62,523,365</u>
17.2 Details of borrowings - secured / unsecured			
Secured			
Borrowings from SBP under			
Export Refinance Scheme	17.3	10,956,241	11,933,100
Long Term Financing Facility	17.4	261,962	116,261
Long Term Finance for Export Oriented Projects	17.5	1,683,880	2,245,680
Repurchase agreement borrowings	17.6 & 17.6.1	22,869,493	41,323,706
Unsecured			
Call borrowings	17.7	6,059,036	6,700,000
Overdrawn nostro accounts		41,849	42,332
Foreign borrowings payable in local currency	17.8	162,286	162,286
Trading liabilities		327,187	-
		<u>42,361,934</u>	<u>62,523,365</u>

17.3 Borrowings from SBP under Export Refinance Scheme are subject to mark-up ranging from 8.50% to 9.00% (2009: 6.50% to 7.00%) per annum maturing within six months.

17.4 Borrowings from SBP under Long Term Financing Facility (LTFF) are subject to mark up ranging from 6.50% to 8.20% (2009: 6.50%) per annum maturing within ten years.

17.5 Borrowings from SBP under Long Term Finance for Export Oriented Projects are subject to mark up ranging from 4.00% to 5.00% (2009: 4.00% to 5.00%) per annum maturing within six years.

17.6 These borrowings are subject to mark-up at rates ranging from 12.51% to 13.90% (2009: 11.60% to 12.41%) per annum maturing within two months. Government securities have been given as collateral against these borrowings.

17.6.1 These include Rs. 100 million outstanding as at December 31, 2010, which were borrowed from a Company in 2004 against pledge of a PIB. As the lender had failed to return the pledged PIB upon the maturity of the contract period, this amount is appearing as a pending transaction with a corresponding amount appearing as investment in PIBs. No interest is accrued either as expense on this borrowing or as income from the PIB since the filing of the dispute between the Bank and the Company.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

17.7 These borrowings are subject to mark-up at rates ranging from 12.15% to 13.40% (2009: 11.40% to 12.90%) per annum maturing within six months.

17.8 The Government of Pakistan (GoP) has claimed an amount of Rs. 162.286 million in respect of liabilities against German credit representing principal amount of loan and Rs. 45.444 million as interest thereon till June 30, 2006. The principal amount has been accounted for and shown as payable to the GoP whereas interest has been accounted for in Other Liabilities (note 20). However, the Bank is contending that any amount of principal and interest is payable to the GoP only when recovered from the related sub-borrowers, who have availed the German credit. This also includes unrealized exchange loss of Rs. 96.011 million (2009: Rs. 96.011 million) which has been netted off against unrealized exchange gain (note 20) as it is payable when recovered from sub-borrowers, who have availed the related German credit.

	2010	2009
	(Rupees '000')	
18. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	39,939,138	35,912,235
Savings deposits	29,087,951	27,598,044
Current accounts - Non remunerative	24,120,456	23,578,156
Margin accounts	532,237	993,430
Financial institutions		
Remunerative deposits	5,162,128	5,616,126
Non-remunerative deposits	327,463	221,814
	99,169,373	93,919,805
18.1 Particulars of deposits		
In local currency	93,179,816	85,978,909
In foreign currencies	5,989,557	7,940,896
	99,169,373	93,919,805
19. SUB-ORDINATED LOANS		
Term Finance Certificates - Quoted, Unsecured	3,996,000	3,997,600

Mark-up Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR"))

Subordination The TFCs are subordinated to all other indebtedness of the Bank including deposits

Issue Date March 5, 2008

Issue Amount Rs. 4,000 million

Rating A+ (A plus)

Tenor 8 years from the Issue Date

Redemption Ten equal semi-annual instalments of 0.02% of the Issue Amount for the first sixty months followed by six equal semi-annual instalments of 16.63% of the Issue Amount from the sixty-sixth month onwards

Maturity March 5, 2016

Call Option The Bank can also exercise a Call Option or a Partial Call Option after obtaining written approval from the State Bank of Pakistan at any time after a period of sixty months from the Issue Date

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in:			
Local currency		1,304,830	1,890,142
Foreign currencies		11,167	11,266
Unearned income on inland bills		10,135	4,886
Accrued expenses		987,405	414,776
Insurance premium payable		55,371	68,155
Advance from lessees		135,850	154,752
Unclaimed dividend		45,051	45,189
Borrowing from Government of Pakistan		2,095	2,095
Branch adjustment account		-	310,036
Unrealized exchange loss - net		43,386	-
Security and other deposits		29,408	31,441
Payable to IBRD - Managed Fund		68,220	68,220
Payable against purchase of investments		18,443	7,574
Payable to Workers Welfare Fund		13,000	13,000
Payable to defined benefit plan	34.5	76,115	73,731
Security deposits against lease		754,435	992,026
Others		269,563	488,452
		3,824,474	4,575,741

21. SHARE CAPITAL

21.1 Authorized

2010	2009		2010	2009
(Number of Shares)			(Rupees '000')	
5,000,000,000	5,000,000,000	Ordinary shares of Rs. 10 each	50,000,000	50,000,000

21.2 Issued, subscribed and paid up

Fully paid up ordinary shares of Rs. 10 each

3,278,902,659	3,278,902,659	Fully paid in cash	32,789,027	32,789,027
764,824,417	764,824,417	Issued for consideration other than cash (under schemes of amalgamation)	7,648,244	7,648,244
4,043,727,076	4,043,727,076		40,437,271	40,437,271

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

21.2.1 The holding company Bugis Investments (Mauritius) Pte. Limited holds 2,995,744,425 (2009: 2,995,744,425) ordinary shares.

	2010	2009
	(Number of Shares)	
21.2.2 Reconciliation of number of ordinary shares of Rs. 10 each		
At the beginning of the year	4,043,727,076	2,843,727,076
Issued during the year for cash	—	1,200,000,000
At the end of the year	<u>4,043,727,076</u>	<u>4,043,727,076</u>

21.3 The issued, subscribed and paid-up capital of the Bank was Rs. 40,437.271 million as at December 31, 2010, comprising of 4,043.727 million shares of Rs. 10 each. In February 2011, the Bank announced a rights issue at discount for which the sponsor shareholder has already remitted its portion of the rights amounting to Rs. 6,352.360 million before December 31, 2010. The State Bank of Pakistan has allowed the portion of the rights already remitted by the sponsor shareholder, shown as advance against proposed rights issue, to be treated as Tier 1 Capital for the purposes of calculation of Capital Adequacy. For the remaining Rs. 2,222.640 million portion of the total rights issue of Rs. 8,575.000 million, the sponsor shareholder has provided an undertaking to take up any unsubscribed portion of the rights. The rights issue has been approved by the Board of Directors in their meeting held on March 01, 2011 and will be put forward for approval by the shareholders in the forthcoming Annual General Meeting of the Bank.

	2010	2009
	(Rupees '000')	
22. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - Net Surplus / (Deficit) on revaluation of available-for-sale securities		
Market Treasury Bills	(56,558)	(20,547)
Pakistan Investment Bonds	(184,648)	(157,471)
Term Finance Certificates	6,157	(33,770)
Mutual Funds	36,587	417
Investment in Shares of Listed Companies	143,882	24,849
	<u>(54,580)</u>	<u>(186,522)</u>
Related deferred tax asset	55,299	71,495
	<u>719</u>	<u>(115,027)</u>

23. CONTINGENCIES AND COMMITMENTS

23.1 Direct credit substitutes

Contingent liability in respect of guarantees given favouring:

Government	63,116	222,841
Others	—	75,000
	63,116	297,841

23.2 Transaction-related contingent liabilities / commitments

Guarantees given in favour of:

Government	8,138,146	4,842,809
Financial Institutions	500,856	—
Others	714,525	873,666
	9,353,527	5,716,475

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
23.3 Trade-related contingent liabilities		
Letters of credit	7,919,441	6,353,446
Acceptances	1,067,720	1,459,864
	8,987,161	7,813,310
23.4 Other contingencies		
Claims against the Bank not acknowledged as debts	390,783	469,156
23.5 Commitments in respect of forward lending		
Commitments to extend credit	314,372	294,696
<p>The Bank makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is ultimately withdrawn except commitments mentioned above.</p>		
23.6 Commitments in respect of forward exchange contracts		
Purchase	66,004,625	54,098,436
Sale	67,312,030	54,609,998
	133,316,655	108,708,434
23.7 Commitments for the acquisition of operating fixed assets	86,310	205,275
23.8 Tax contingencies		
<p>The returns of income of NIB Bank Limited have been filed up to and including tax year 2010 relevant to the financial year ended December 31, 2009. The tax authorities have made certain disallowances including additions on account of proration of expenses against dividends and capital gains, disallowances of interest and administrative expenses and renovation expenses incurred on rented premises (allowed historically) pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited. These disallowances may result in additional tax aggregating to Rs. 1,370 million (2009: 1,104 million), which the management of the Bank in discussion with their tax consultants believes to be unjustified and not in accordance with the true interpretation of the law.</p> <p>Appeals filed against orders are pending at various appellate forums. Management is confident that the eventual outcome of the cases will be in favour of the Bank.</p>		
24. MARK-UP / RETURN / INTEREST EARNED	2010	2009
	(Rupees '000')	
On loans and advances to customers	10,219,090	12,679,321
On investments in:		
Available-for-sale securities	4,595,211	3,868,916
Held-to-maturity securities	463,487	462,514
On deposits with financial institutions	10,260	21,277
On securities purchased under resale agreements	1,094,491	1,066,747
On call money lendings	99,541	173,588
	<u>16,482,080</u>	<u>18,272,363</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		7,225,240	8,859,600
Securities sold under repurchase agreements		3,342,862	2,282,740
Other short term borrowings		2,312,127	1,051,022
Long term borrowings		652,931	652,687
Others		-	26,308
		13,533,160	12,872,357
26. GAIN ON SALE OF SECURITIES			
Market Treasury Bills		(5,359)	158,553
Pakistan Investment Bonds		(8,185)	3,460
Term Finance Certificates		15,088	46,244
Ordinary Shares of Listed and Unlisted Companies		292,514	283,661
Units of Mutual Funds		26,794	58,282
Others		8,068	48,600
		328,920	598,800
27. OTHER INCOME			
Gain / (loss) on disposal of property and equipment		(732)	1,716
Service charges		7,977	15,837
Rent		3,262	3,262
Gain on trading liabilities		3,417	-
Income from non-banking assets and profit from sale of / or dealing with such assets		10,551	-
		24,475	20,815
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		3,715,562	2,367,736
Charge for defined benefit plan	34.4	24,727	17,901
Contribution to defined contribution plan		121,204	116,633
Non-executive directors' fees, allowances and other expenses		5,709	6,558
Brokerage and commission		44,530	22,627
Rent, taxes, insurance, electricity, etc.		967,484	920,336
Legal and professional charges		196,743	98,596
Communication		207,399	281,747
Repairs and maintenance		284,665	227,789
Stationery and printing		81,377	114,879
Advertisement and publicity		20,816	73,441
Fees and subscriptions		74,706	74,125
Auditors' remuneration	28.1	8,201	8,140
Depreciation	12.2	386,964	465,298
Amortization	13	371,225	308,062
Donation	28.2	-	54
Traveling, conveyance and vehicles running		30,153	43,585
Security services		137,628	122,841
Fixed assets written off		159,680	1,312
Others		116,375	73,647
		6,955,148	5,345,307

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
28.1 Auditors' remuneration		
Audit fee including fee for branch audit	4,300	4,300
Audit fee of consolidated financial statements	750	750
Review fee	1,100	1,100
Special certifications and sundry advisory services	1,375	1,375
Out-of-pocket expenses	676	615
	<u>8,201</u>	<u>8,140</u>
28.2 No donation was paid during the year in which any of the Directors or their spouses had any interest.		
29. OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	135,126	1,335
Others	<u>(13,208)</u>	<u>(123,432)</u>
	<u>121,918</u>	<u>(122,097)</u>
30. TAXATION		
For the year		
Current	181,974	99,771
Prior years	327,748	-
Deferred	<u>(3,019,165)</u>	<u>(146,748)</u>
	<u>(2,509,443)</u>	<u>(46,977)</u>
30.1 Relationship between tax expense and accounting profit		
Accounting Profit / (loss) for the year	<u>(12,621,557)</u>	<u>644,071</u>
Tax on income @ 35%	<u>(4,417,545)</u>	225,425
Effect of permanent differences	47,294	(8,187)
Adjustment in respect of tax at reduced rates	-	(91,036)
Effect of provision against Consumer and SME advances in excess of 5%	1,085,172	-
Effect of general provision against advances	279,583	-
Minimum tax	181,974	99,771
Tax charge for prior year	327,748	-
Others	<u>(13,669)</u>	<u>(272,950)</u>
Tax charge for the year	<u>(2,509,443)</u>	<u>(46,977)</u>
31. BASIC / DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (Loss) after taxation (Rs. '000')	<u>(10,112,114)</u>	<u>691,048</u>
Weighted average number of ordinary shares outstanding during the year (in '000')	<u>4,043,727</u>	<u>4,043,727</u>
Earnings / (Loss) per share - basic / diluted (Rupees)	<u>(2.50)</u>	<u>0.17</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
32. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	8,836,449	8,834,275
Balances with other banks (net of provision)	2,951,479	3,683,783
	11,787,928	12,518,058

	(Numbers)	
33. STAFF STRENGTH		
Permanent	2,853	4,890
Temporary / on contractual basis	29	65
Bank's own staff strength at the end of the year	2,882	4,955
Outsourced	713	1,430
Total staff strength	3,595	6,385

34. DEFINED BENEFIT PLAN

34.1 The benefits under the gratuity scheme are payable in lumpsum on retirement at the age of 60 years or earlier cessation of services. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

34.2 Principal actuarial assumptions

The actuarial valuation is carried out periodically. The actuarial valuation was carried out for the year ended December 31, 2010 using the "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	Gratuity	
	2010	2009
- Valuation discount rate	14.5%	12%
- Salary increase rate	13.5%	11%
- Mortality rate	Based on LIC 1975-79 Ultimate Mortality table	
- Withdrawal rate	Heavy (double of moderate) Age - Wise withdrawal rates	

	Note	2010	2009	2008	2007	2006
		(Rupees '000')				
34.3 Reconciliation of (receivable from) / payable to defined benefit plan						
Present value of defined benefit obligations	34.6	79,459	81,502	58,963	33,919	22,109
Unrecognized prior service cost		-	-	1,630	3,261	4,892
Net actuarial gains / (loss) not recognized		(3,344)	(7,771)	(3,536)	7,326	5,858
		76,115	73,731	57,057	44,506	32,859
Assumed on amalgamation		-	-	-	(76,634)	-
Net liability / (receivable)		76,115	73,731	57,057	(32,128)	32,859
34.4 (Income) / charge for defined benefit plan						
Current service cost		14,660	13,962	10,922	10,808	9,357
Software project expense capitalized		-	(829)	-	-	-
Interest cost		10,067	6,398	3,834	2,751	1,651
Actuarial (gain) recognized		-	-	(303)	(281)	-
Amortization of prior service cost		-	(1,630)	(1,631)	(1,631)	(1,631)
		24,727	17,901	12,822	11,647	9,377

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

Note	2010	2009	2008	2007	2006
	(Rupees '000')				
34.5 Movement in balance (receivable) / payable					
Opening balance	73,731	57,057	(32,128)	32,859	23,482
Expense recognized	24,727	17,901	12,822	11,647	9,377
Software project expense capitalized	-	829	-	-	-
Benefits paid to outgoing members	(22,343)	(2,056)	(271)	-	-
	76,115	73,731	(19,577)	44,506	32,859
Assumed on amalgamation	-	-	76,634	(76,634)	-
Closing balance	<u>76,115</u>	<u>73,731</u>	<u>57,057</u>	<u>(32,128)</u>	<u>32,859</u>

34.6 Summary of valuation results for the current and previous periods

Present value of defined benefit obligations	79,459	81,502	58,963	33,919	22,109
Fair value of plan assets	-	-	-	-	-
Deficit	<u>79,459</u>	<u>81,502</u>	<u>58,963</u>	<u>33,919</u>	<u>22,109</u>
Actuarial (gain) / loss on obligation	(4,427)	4,235	10,559	(1,749)	(823)

2010 **2009**
(Rupees '000')

34.7 Reconciliation of present value of defined benefit obligations

Opening balance	81,502	58,963
Current service cost	14,660	13,962
Interest cost	10,067	6,398
Benefits paid	(22,343)	(2,056)
Actuarial (gain) / loss on obligations	(4,427)	4,235
Closing balance	<u>79,459</u>	<u>81,502</u>

34.8 Expected contribution for the next one year

The Bank provides for gratuity as per the actuary's expected charge for the next one year. Based on actuarial advice, management estimates that the charge in respect of the defined benefit plan for the year ending December 31, 2011 would be Rs. 23.194 million.

35. DEFINED CONTRIBUTION PLAN

The Bank has established a provident fund scheme administered by the Board of Trustees for all permanent employees. Equal monthly contributions are made to the Fund by both the Bank and the employees @ 10% of basic salary.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	(Rupees '000')					
Fees	–	–	5,709	1,864	–	–
Managerial remuneration	17,419	17,419	–	–	787,164	692,637
Charge for defined benefit plan	2,461	2,433	–	–	14,142	13,238
Contribution to defined contribution plan	1,742	1,742	–	–	56,478	48,508
Rent and house maintenance	6,097	6,097	–	–	218,355	184,086
Utilities	1,742	1,742	–	–	62,387	52,596
Others	1,742	1,742	–	–	62,387	52,596
	<u>31,203</u>	<u>31,175</u>	<u>5,709</u>	<u>1,864</u>	<u>1,200,913</u>	<u>1,043,661</u>
Number of persons as at year-end	<u>1</u>	<u>1</u>	<u>5</u>	<u>4</u>	<u>496</u>	<u>505</u>

The President / Chief Executive is also provided with free use of a Bank maintained car, travel and medical insurance, security arrangements and reimbursement of household utilities, as per the terms of his employment.

Directors fees are paid to non executive directors only.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

37.1 On-balance sheet financial instruments

	2010		2009	
	Book value	Fair value	Book value	Fair value
	(Rupees '000')			
Assets				
Cash and balances with treasury banks	8,836,449	8,836,449	8,834,275	8,834,275
Balances with other banks	2,951,479	2,951,479	3,683,783	3,683,783
Lendings to financial institutions	6,429,166	6,429,166	5,681,887	5,681,887
Investments	51,789,035	50,824,544	62,432,977	61,475,237
Advances	74,566,015	74,566,015	84,021,406	84,021,406
Other assets	3,449,633	3,449,633	5,352,971	5,352,971
	<u>148,021,777</u>	<u>147,057,286</u>	<u>170,007,299</u>	<u>169,049,559</u>
Liabilities				
Bills payable	1,335,493	1,335,493	1,574,207	1,574,207
Borrowings	42,361,934	42,361,934	62,523,365	62,523,365
Deposits and other accounts	99,169,373	99,169,373	93,919,805	93,919,805
Sub-ordinated loans	3,996,000	3,889,706	3,997,600	3,677,792
Other liabilities	3,582,055	3,582,055	3,808,217	3,808,217
	<u>150,444,855</u>	<u>150,338,561</u>	<u>165,823,194</u>	<u>165,503,386</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2010		2009	
	Book value	Fair value	Book value	Fair value
(Rupees '000')				
37.2 Off-balance sheet financial instruments				
Forward purchase of foreign exchange	<u>66,004,625</u>	<u>65,049,598</u>	<u>54,098,436</u>	<u>53,754,151</u>
Forward sale of foreign exchange	<u>67,312,030</u>	<u>66,429,843</u>	<u>54,609,998</u>	<u>54,292,292</u>

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Fair values of held-to-maturity securities, sub-ordinated loans and investment in quoted associates have been stated at market values.

Fair value of unquoted equity securities have been stated at the lower of cost and Net Assets Value.

Except for investment in unquoted subsidiaries, fixed term advances of over one year, staff loans and fixed term deposits of over one year, the fair value of other on balance sheet financial assets and liabilities are not significantly different from their book value as these assets and liabilities are either short term in nature or are frequently re-priced.

The fair value of unquoted subsidiaries, fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active markets for similar assets and liabilities.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Bank is organised into reportable segments as disclosed in note 6.20.1. These segments are managed by respective segment heads and the results of these segments are regularly reviewed by the Bank's President / Chief Executive. Segment performance is reviewed on the basis of various factors including profit before taxation.

Transactions between reportable segments are carried out on an arms length basis.

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

For the Year ended December 31, 2010						
	Corporate and Investment Banking	Small & Medium Enterprises and Commercial	Retail	Treasury	Head Office / Other	*Adjustments
(Rupees '000')						
Net Interest Income	(198,579)	(215,919)	3,771,921	(248,521)	(159,982)	-
Non Funded Income	320,382	183,957	306,493	673,585	230,935	-
Net Interest and non mark-up Income	121,803	(31,962)	4,078,414	425,064	70,953	-
Total expenses including provisions (excluding Impairment)	2,738,512	5,080,278	7,648,615	166,708	1,527,195	-
Impairment against Investment	-	-	-	115,134	9,387	-
Total expenses including provisions	2,738,512	5,080,278	7,648,615	281,842	1,536,582	-
Segment Net income / (loss) before tax	(2,616,709)	(5,112,240)	(3,570,201)	143,222	(1,465,629)	-
Segment Return on net assets (ROA) (%)	(3.36%)	(13.35%)	(2.80%)	0.22%	-	N/A
Segment Cost of funds (%)	11.50%	6.64%	6.24%	12.47%	-	N/A
For the Year ended December 31, 2009						
Net Interest Income	169,850	1,360,095	4,103,465	428,333	(661,737)	-
Non Funded Income	212,812	293,881	315,341	787,150	72,649	-
Net Interest and non mark-up Income	382,662	1,653,976	4,418,806	1,215,483	(589,088)	-
Total expenses including provisions (excluding Impairment)	(1,098,212)	1,903,413	4,865,986	179,294	(16,139)	-
Impairment against Investment	-	-	-	575,705	27,721	-
Total expenses including provisions	(1,098,212)	1,903,413	4,865,986	754,999	11,582	-
Segment Net income / (loss) before tax	1,480,874	(249,437)	(447,180)	460,484	(600,670)	-
Segment Return on net assets (ROA) (%)	2.16%	(0.33%)	(0.34%)	0.68%	-	N/A
Segment Cost of funds (%)	11.35%	8.03%	7.85%	10.24%	-	N/A
As at December 31, 2010						
Segment Assets (Gross)	65,288,984	31,301,155	85,301,088	42,382,391	7,019,972	(43,165,012)
Segment Non Performing Loans	18,814,492	10,795,340	4,904,273	-	197,363	-
Segment Provision (including general provisions)	14,712,848	6,415,309	2,524,598	-	125,784	-
Segment Assets (Net)	50,576,136	24,885,846	82,776,490	42,382,391	6,894,188	(43,165,012)
Segment Liabilities	46,112,224	23,016,713	79,530,605	41,401,559	3,791,185	(43,165,012)
As at December 31, 2009						
Segment Assets (Gross)	60,818,284	47,006,481	81,323,632	52,711,667	6,225,250	(23,987,000)
Segment Non Performing Loans	15,704,688	4,439,824	3,190,204	-	94,810	-
Segment Provision (including general provisions)	12,453,510	2,021,756	1,431,033	-	73,052	-
Segment Assets (Net)	48,364,774	44,984,725	79,892,599	52,711,667	6,152,198	(23,987,000)
Segment Liabilities	44,384,145	32,632,054	61,727,499	48,743,572	3,090,448	(23,987,000)

* The respective segment assets and liabilities incorporate intersegment lending and borrowing, with appropriate transfer pricing. The adjustments column eliminates intersegment lending and borrowing.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

39. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its holding company (refer note 1), subsidiaries (refer note 10.11), associated undertakings (refer note 10.10), employee benefit plans (refer note 34) and its key management personnel.

Transactions with related parties are executed on the same terms as those prevailing at the time for comparable transactions with unrelated parties. The detail of transactions with related parties is given below:

	Holding company		Subsidiaries		Associates		Key Management Personnel			Other related parties		
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2009	
39.1 Balances outstanding as at the year end (Rupees '000')											
Advances												
At the beginning of the year	-	-	-	-	-	-	305,248	104,275	-	-	-	-
Addition during the year	-	-	-	-	-	-	300,000	92,848	53,170	-	-	-
Repaid during the year	-	-	-	-	-	-	(605,248)	(24,217)	(23,373)	-	-	-
At the end of the year	-	-	-	-	-	-	-	172,906	104,275	29,797	-	-
Deposits												
At the beginning of the year	66,305	66,809	1,080,927	788,343	1,135,995	510,344	7,295	34,534	257,861	264,199	-	-
Deposits during the year	-	-	503,372	1,429,377	15,952,374	32,224,078	287,847	189,459	5,052,179	5,943,782	-	-
Exchange difference	381	1,376	-	18	-	-	-	-	-	-	-	-
Withdrawal during the year	(8,336)	(1,880)	(1,526,666)	(1,136,811)	(16,344,171)	(31,598,427)	(271,578)	(216,698)	(5,009,583)	(5,950,120)	-	-
NAFA Funds ceased to be associates	-	-	-	-	(200,972)	-	-	-	-	-	-	-
At the end of the year	58,350	66,305	57,633	1,080,927	543,226	1,135,995	23,564	7,295	300,457	257,861	-	-
Investment in shares / mutual funds - cost												
At the beginning of the year	-	-	4,584,741	4,790,704	1,899,518	2,097,647	-	-	184,146	191,968	-	-
Investments made during the year	-	-	-	-	-	60,000	-	-	7,286	-	-	-
Investments sold / liquidated during the year	-	-	-	(205,963)	(82,500)	(258,129)	-	-	(39,617)	(7,822)	-	-
NAFA Funds ceased to be associates	-	-	-	-	(243,186)	-	-	-	-	-	-	-
At the end of the year	-	-	4,584,741	4,584,741	1,573,832	1,899,518	-	-	151,815	184,146	-	-
Investment in Term Finance Certificates - cost												
At the end of the year	-	-	-	-	-	-	-	-	978,687	-	-	-
Receivables												
At the end of the year	117	133	-	698	-	-	-	-	3,795	-	-	-
Insurance claim receivable												
At the end of the year	-	-	-	-	50,000	84,083	-	-	-	-	-	-
Payables												
At the end of the year	738	2,563	-	-	-	-	-	-	184	269	-	-
Brokerage payable												
At the end of the year	-	-	-	-	-	-	-	-	104	161	-	-

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Holding company		Subsidiaries		Associates		Key Management Personnel		Other related parties	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Payable to Directors										
At the end of the year	-	-	-	-	-	-	-	-	174	-
Insurance premium payable										
At the end of the year	-	-	-	-	4,691	4,691	-	-	-	-
Sub-ordinated loans										
At the end of the year	-	-	-	-	-	-	-	-	49,950	49,970
Advance against proposed rights issue (Note 21.3)										
39.2 Income / Expense for the year										
Mark-up / return / interest earned on advances	-	-	-	-	-	8,963	6,101	5,840	2,240	-
Mark-up / return / interest expensed on deposits	-	-	65,634	99,040	102,446	198,350	754	466	48,049	39,207
Mark-up / return / interest earned on Term Finance Certificates	-	-	-	-	-	-	-	-	91,251	-
Dividend income from Shares / Mutual Funds	-	-	-	17,744	26,713	61,797	-	-	3,675	10,874
Brokerage expense	-	-	-	-	-	-	-	-	3,131	2,348
Directors remuneration	-	-	-	-	-	-	-	-	5,709	1,864
Directors travelling expense	3,418	4,694	-	-	-	-	-	-	184	-
Insurance premium expense	-	-	-	-	-	4,395	-	-	-	-
Remuneration to key management personnel	-	-	-	-	-	-	139,524	149,838	-	-
Contribution to Provident Fund	-	-	-	-	-	-	-	-	115,909	118,031
Mark-up expense on sub-ordinated loans	-	-	-	-	-	-	-	-	6,862	7,163

Last year operating fixed assets amounting to Rs. 171,383 were purchased from PICIC Exchange Company (Private) Limited

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

40. CAPITAL-ASSESSMENT AND ADEQUACY BASEL II SPECIFIC

40.1 Scope of Applications

Capital Adequacy Ratio (CAR) has been calculated in accordance with the guidelines given by the SBP through BSD Circular No. 8 dated June 27, 2006. The Bank has adopted the Standardized Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The current requirement for CAR is 10% as per BSD Circular No. 07 dated April 15, 2009.

40.2 Capital Structure

The Bank's regulatory capital base comprises of:

(a) Tier I capital which includes share capital, reserves and accumulated losses / unappropriated profit.

(b) Tier II capital which consists of sub-ordinated loans (subject to 50% of eligible Tier I capital), revaluation reserves (subject to 45% of balance in revaluation reserve) and general provision for loan losses (subject to 1.25% of Risk Weighted Assets).

The issued, subscribed and paid-up capital of the Bank was Rs. 40,437.271 million as at December 31, 2010, comprising of 4,043.727 million shares of Rs. 10 each. In February 2011, the Bank announced a rights issue at discount for which the sponsor shareholder has already remitted its portion of the rights amounting to Rs. 6,352.360 million before December 31, 2010. The State Bank of Pakistan has allowed the portion of the rights already remitted by the sponsor shareholder, shown as advance against proposed rights issue, to be treated as Tier 1 Capital for the purposes of calculation of Capital Adequacy. For the remaining Rs. 2,222.640 million portion of the total rights issue of Rs. 8,575.000 million, the sponsor shareholder has provided an undertaking to take up any unsubscribed portion of the rights. The rights issue has been approved by the Board of Directors in their meeting held on March 01, 2011 and will be put forward for approval by the shareholders in the forthcoming Annual General Meeting of the Bank.

The sub-ordinated loans amounting to Rs. 3,996.000 million represents unsecured TFCs of the Bank. The amount raised through the issue contributed towards the Bank's Tier II capital for Capital Adequacy Ratio requirements as per the guidelines of the SBP.

Details of the Bank's regulatory capital are as under:

	Note	2010	2009
		(Rupees '000')	
Tier I Capital			
Fully paid-up capital		40,437,271	40,437,271
Share premium		8,246,618	8,246,618
Advance against proposed rights issue		6,352,360	–
Statutory and general reserves		218,276	218,276
Accumulated loss		(41,592,479)	(7,258,893)
		<u>13,662,046</u>	<u>41,643,272</u>
Less:			
Goodwill and intangibles	40.2.1	2,419,147	24,860,657
Deficit on account of revaluation of investments held as available-for-sale		–	186,522
Other deductions (representing 50% of investment in subsidiary and other significant associates)	40.2.1	<u>905,416</u>	<u>61,050</u>
Total Tier I Capital		<u>10,337,483</u>	<u>16,535,043</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
(Rupees '000')			
Tier II Capital			
Sub-ordinated loans (up to 50% of total Tier I Capital)		3,946,000	3,997,600
General Provision for loan losses (subject to 1.25% of Total Risk Weighted Assets)		952,076	232,894
Revaluation Reserve (up to 45%)		323	-
Less:			
Other deductions (representing 50% of investment in subsidiary and other significant associates)	40.2.1	905,416	61,050
Total Tier II Capital		3,992,983	4,169,444
Eligible Tier III Capital			
Total Regulatory Capital Base (a)		14,330,466	20,704,487

40.2.1 The SBP has allowed the Bank to break its investment in PICIC Asset Management Company Limited (PICIC AMC) into tangible and other components for the purpose of calculating CAR on unconsolidated basis. The tangible assets of PICIC AMC may be treated as a single asset in the banking book and assigned 100% risk weight. The difference between cost of PICIC AMC and tangible portion would be required to be deducted from Tier I capital. This relaxation is granted from December 2010 up to and including December 2011. In 2009 the total investment of PICIC AMC was exempt from deduction.

40.2.2 In 2009, Intangible assets (other than Goodwill and Computer software) were exempted from deduction in arriving at Tier I capital. No exemption in 2010.

40.3 Capital Adequacy

The purpose of capital management at the Bank is to ensure efficient utilization of capital in relation to business requirements, growth, risk appetite, shareholders' returns and expectations.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions, regulatory requirements and the risk profile of its activities. In order to maintain or adjust the capital structure, the Bank may issue capital / Tier II securities.

The Bank's capital adequacy ratio as at December 31, 2010 was 14.73% compared to the minimum regulatory requirement of 10%. The Bank ensures adherence to SBP's requirements by monitoring its capital adequacy on a regular basis.

Banking operations are categorised as either Trading book or Banking book, and Risk-Weighted Assets are determined according to SBP requirements that seek to reflect the varying levels of risk attached to the Bank's On and Off-balance sheet exposures.

Collateral, if any, is used as an outflow adjustment. Risk weights notified are applied to Net Adjusted Exposure.

Cash and near Cash collateral includes Government of Pakistan securities, shares listed on the stock exchanges, cash and cash equivalents (deposits / margins, lien on deposits).

The Bank has complied with all regulatory capital requirements as at the reporting date.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

The capital requirements for the Bank as per the major risk categories is indicated below:

	Capital Requirements		Risk Weighted Assets	
	2010	2009	2010	2009
	(Rupees '000')			
Credit Risk				
Corporate	3,123,936	3,595,913	31,239,360	35,959,134
Sovereign	15,981	4,520	159,811	45,204
Retail	1,334,830	2,526,923	13,348,303	25,269,230
Banks	297,586	200,249	2,975,859	2,002,495
Equity investments	124,227	989,672	1,242,268	9,896,717
Public sector entities	63,230	30,240	632,296	302,399
Past due loans	1,120,452	799,374	11,204,520	7,993,743
Claims against residential mortgage	62,833	75,086	628,330	750,860
Investments in premises, plant and equipment and all other fixed assets	271,897	311,463	2,718,974	3,114,632
Other assets	1,361,644	456,556	13,616,442	4,565,558
Off balance sheet market related exposures	56,528	37,476	565,284	374,760
	<u>7,833,144</u>	<u>9,027,472</u>	<u>78,331,447</u>	<u>90,274,732</u>
Market Risk				
Interest Rate Risk	372,617	427,603	3,726,166	4,276,027
Equity Position Risk	239,567	–	2,395,668	–
Foreign Exchange Risk	118,058	6,650	1,180,579	66,499
	<u>730,242</u>	<u>434,253</u>	<u>7,302,413</u>	<u>4,342,526</u>
Operational Risk				
	<u>1,168,224</u>	<u>1,113,750</u>	<u>11,682,242</u>	<u>11,137,496</u>
TOTAL	(b) <u>9,731,610</u>	<u>10,575,475</u>	<u>97,316,102</u>	<u>105,754,754</u>
			2010	2009
			(Rupees '000')	
Capital Adequacy Ratio				
Total eligible regulatory capital held			14,330,466	20,704,487
Total Risk Weighted Assets			97,316,102	105,754,754
Capital Adequacy Ratio	(a) / (b)		<u>14.73%</u>	<u>19.58%</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

40.4 Types of Exposures and ECAs used

The Bank uses external ratings from local and foreign rating agencies. The Bank has obtained ratings from the websites of External Credit Assessment Institutions (ECAIs) and followed the SBP rating grade for mapping.

Exposures	JCR-VIS	PACRA	Fitch	Moody's	Standard & Poor
Corporate	✓	✓	-	-	-
Sovereign	-	-	-	-	-
Retail	-	-	-	-	-
Banks	✓	✓	✓	✓	✓

40.5 Credit exposure subject to Standardized Approach

Exposure	2010			
	Rating Category	Amount Outstanding	Deduction CRM	Net Amount
Corporate	1	453,453	-	453,453
Corporate	2	2,520,883	86,512	2,434,371
Corporate	3,4	321,240	618	320,622
Corporate	5,6	1,144,716	48,227	1,096,489
Corporate	Unrated	30,005,899	2,039,771	27,966,128
Retail		22,153,604	4,355,867	17,797,737
Banks				
- Over 3 Months	1	3,108,021	214,328	2,893,693
- Over 3 Months	2,3	1,826,251	399,945	1,426,306
- Over 3 Months	4,5	91,480	-	91,480
- Over 3 Months	Unrated	388,014	-	388,014
- Maturity Upto and under 3 Months in FCY	1,2,3	3,854,511	-	3,854,511
- Maturity Upto and under 3 Months in FCY	4,5	-	-	-
- Maturity Upto and under 3 Months in FCY	6	-	-	-
- Maturity Upto and under 3 Months in FCY	Unrated	462,572	-	462,572
- Maturity Upto and under 3 Months in PKR		6,220,194	3,544,872	2,675,322
Public Sector Entities	1	2,483,157	-	2,483,157
	Unrated	1,782,456	1,511,127	271,329
Sovereign		25,045,558	7,522,558	17,523,000
Others		32,649,609	6,652	32,642,957
Total		134,511,618	19,730,477	114,781,141

Notes to the Unconsolidated Financial Statements

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41. RISK MANAGEMENT

While the overall responsibility of risk management rests with the Board of Directors, the Bank's senior management has implemented a risk management framework with well defined policies and procedures, duly approved by the Board, for mitigating, monitoring and controlling risks.

The Board of Directors of the Bank has approved the risk management strategy of the Bank and entrusted the implementation to the Board's Risk Management Committee (BRMC).

The Integrated Risk Management Committee (IRMC) is responsible for reviewing and highlighting key risk issues that require senior management's attention. IRMC comprises of members from business units and the risk functions. An enterprise level assessment of risk composition is made at this platform and where necessary, recommendations are made to improve upon processes and procedures to further strengthen the risk framework.

Risk management heads for the business segments report to the Chief Risk Officer (CRO). The risk management heads are responsible for ensuring the implementation of the Bank's risk framework in their respective domains in line with the business model of the Bank and also in compliance with SBP guidelines.

The Bank also conducts stress testing analysis across portfolios, by anticipating changes and applying shocks of different intensity values, thereby evaluating their effects on the value of the portfolios.

41.1 Credit Risk

Credit risk is the risk of failure by a client or counterparty to meet its contractual obligations. It is inherent in loans, commitments to lend and contingent liabilities, such as letters of credit, repurchase agreements (repos and reverse repos) and securities borrowing and lending transactions.

The objective of credit risk management by the Bank is to ensure that the risk of default by a client or counterparty is reduced to a minimum, keeping in view the risk management policies of the Bank.

The Bank has established an appropriate credit risk environment which is operating under a sound credit-granting process, maintaining an appropriate credit administration, measurement and monitoring process and ensuring adequate controls.

A credit approval process has been defined and is followed by all businesses in the Bank. Initial credit approvals and extensions are only approved by Credit Committees established at various levels. In order to measure credit risk, an internally developed rating system is followed, which addresses Basel –II requirements.

Following are the basic guiding principles of credit risk management that are embedded in the Bank and across business segments:

- Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control.
- A well constituted organizational structure clearly defining roles and responsibilities of individuals involved in taking as well as managing risk.
- An effective management information system that ensures flow of information from the operational level to top management and a system to address any exceptions observed.
- An effective mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.
- Review of portfolios by BRMC on a quarterly basis and by IRMC on a monthly basis to evaluate the health of the portfolio.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2010

41.1.1 Segmental Information

41.1.1.1 Segments by class of business

	2010					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees '000')	Percent	(Rupees '000')	Percent	(Rupees '000')	Percent
Agriculture, Forestry, Hunting and Fishing	2,127,690	2.16	431,118	0.43	–	–
Automobile and Transportation Equipment	1,221,195	1.24	935,411	0.94	108,042	0.07
Cement, Glass and Ceramics	3,575,306	3.64	60,977	0.06	675,470	0.44
Chemicals and Pharmaceuticals	2,070,425	2.11	4,099,027	4.13	1,531,219	1.00
Construction	905,621	0.92	1,173,911	1.18	555,261	0.36
Electronics and Electrical Appliances	1,925,757	1.96	377,179	0.38	273,257	0.18
Engineering	593,436	0.60	457,706	0.46	1,215,419	0.80
Exports / Imports	2,639,680	2.68	667,950	0.67	378,194	0.25
Financial	520,367	0.53	6,397,046	6.45	130,811,534	85.79
Food and Beverages	9,819,615	9.98	659,112	0.66	1,081,074	0.71
Footwear and Leather Garments	1,055,048	1.07	115,638	0.12	34,616	0.02
Individuals	7,863,276	8.00	47,530,178	47.95	344,781	0.23
Insurance	–	–	259,553	0.26	–	–
Mining and Quarrying	244,304	0.25	1,928,351	1.94	74,453	0.05
Non Profit Organizations / Trusts	150,659	0.15	2,872,553	2.90	1,875	0.00
Oil and Gas	2,396,384	2.44	3,048,037	3.07	2,416,949	1.58
Paper and Printing	1,644,292	1.67	423,663	0.43	320,503	0.21
Power, Gas, Water and Sanitary	2,606,707	2.65	4,255,100	4.29	828,234	0.54
Services	4,549,830	4.63	2,988,233	3.01	521,661	0.34
Sugar	1,828,795	1.86	35,553	0.04	2,049	0.00
Textile	30,938,690	31.46	783,430	0.79	7,553,526	4.95
Transport, Storage and Communication	2,480,832	2.52	8,921,680	9.00	992,311	0.65
Wholesale and Retail Trade	9,519,320	9.68	2,530,102	2.55	1,323,278	0.87
Others	7,667,325	7.80	8,217,865	8.29	1,468,218	0.96
	<u>98,344,554</u>	<u>100.00</u>	<u>99,169,373</u>	<u>100.00</u>	<u>152,511,924</u>	<u>100.00</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees '000')	Percent	(Rupees '000')	Percent	(Rupees '000')	Percent
Agriculture, Forestry, Hunting and Fishing	400,966	0.40	1,261,982	1.34	1,400	0.00
Automobile and Transportation Equipment	731,475	0.73	142,459	0.15	142,596	0.12
Cement, Glass and Ceramics	2,639,775	2.64	211,520	0.23	848,778	0.68
Chemicals and Pharmaceuticals	2,322,143	2.32	1,469,676	1.56	982,228	0.80
Construction	1,051,582	1.05	1,153,125	1.23	739,228	0.60
Electronics and Electrical Appliances	1,749,316	1.75	198,077	0.21	473,028	0.38
Engineering	675,273	0.68	808,232	0.86	94,771	0.08
Exports / Imports	4,211,060	4.21	-	-	559,060	0.45
Financial	615,094	0.62	6,354,607	6.77	104,928,437	84.96
Food and Beverages	5,714,534	5.71	431,578	0.46	-	-
Footwear and Leather Garments	1,329,954	1.33	384,687	0.41	81,566	0.07
Individuals	9,953,453	9.95	43,199,123	46.00	282,525	0.22
Insurance	-	-	398,623	0.42	200	0.00
Mining and Quarrying	460,427	0.46	1,448,910	1.54	34,695	0.03
Non Profit Organizations / Trusts	855	0.00	5,023,090	5.35	-	-
Oil and Gas	363,584	0.36	3,664,433	3.90	109,252	0.09
Paper and Printing	1,338,753	1.34	187,453	0.20	302,987	0.25
Power, Gas, Water and Sanitary	2,586,385	2.59	2,204,557	2.35	1,993,607	1.61
Services	4,794,963	4.80	4,289,991	4.57	616,485	0.49
Sugar	2,109,984	2.11	139,413	0.15	19,426	0.02
Textile	30,280,691	30.28	962,298	1.02	4,494,888	3.64
Transport, Storage and Communication	1,827,523	1.83	6,972,624	7.42	2,161,623	1.75
Wholesale and Retail Trade	14,238,474	14.24	3,155,490	3.36	1,444,698	1.17
Others	10,604,493	10.60	9,857,857	10.50	3,193,709	2.59
	<u>100,000,757</u>	<u>100.00</u>	<u>93,919,805</u>	<u>100.00</u>	<u>123,505,187</u>	<u>100.00</u>

41.1.1.2 Segment by sector

	2010					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees '000')	Percent	(Rupees '000')	Percent	(Rupees '000')	Percent
Public / Government	10,904,387	11.09	12,069,277	12.17	3,076,217	2.02
Private	87,440,167	88.91	87,100,096	87.83	149,435,707	97.98
	<u>98,344,554</u>	<u>100.00</u>	<u>99,169,373</u>	<u>100.00</u>	<u>152,511,924</u>	<u>100.00</u>

	2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees '000')	Percent	(Rupees '000')	Percent	(Rupees '000')	Percent
Public / Government	5,777,183	5.78	12,131,321	12.92	2,245,237	1.82
Private	94,223,574	94.22	81,788,484	87.08	121,259,950	98.18
	<u>100,000,757</u>	<u>100.00</u>	<u>93,919,805</u>	<u>100.00</u>	<u>123,505,187</u>	<u>100.00</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2010		2009	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held

(Rupees '000')

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

Agriculture, Forestry, Hunting and Fishing	54,049	15,513	35,791	4,733
Automobile and Transportation Equipment	466,555	436,401	368,430	368,430
Cement, Glass and Ceramics	1,339,892	938,969	1,071,888	759,816
Chemicals and Pharmaceuticals	314,336	198,010	345,711	237,654
Construction	426,022	133,472	342,789	103,274
Electronics and Electrical Appliances	515,794	307,383	261,762	214,089
Engineering	270,381	121,485	616,824	532,536
Financial	182,079	73,066	4,995	3,527
Food and Beverages	1,060,392	756,651	318,148	261,955
Footwear and Leather Garments	340,708	268,207	69,376	66,076
Individuals	1,778,291	826,009	1,997,960	675,157
Mining and Quarrying	48,493	34,819	5,521	716
Oil and Gas	359,101	328,832	9,851	7,337
Paper and Printing	591,339	358,062	191,736	175,517
Power, Gas, Water and Sanitary Services	646,083	371,953	439,881	236,146
Services	2,131,558	1,096,966	349,259	179,243
Sugar	1,272,914	816,713	1,129,272	791,249
Textile	11,212,276	8,620,131	11,087,571	8,658,417
Transport, Storage and Communication	1,070,183	807,245	814,417	669,334
Wholesale and Retail Trade	6,041,388	3,962,528	3,068,280	1,334,106
Others	4,589,634	2,354,048	900,064	467,145
	<u>34,711,468</u>	<u>22,826,463</u>	<u>23,429,526</u>	<u>15,746,457</u>

	2010		2009	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held

(Rupees '000')

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

Public / Government	-	-	-	-
Private	34,711,468	22,826,463	23,429,526	15,746,457
	<u>34,711,468</u>	<u>22,826,463</u>	<u>23,429,526</u>	<u>15,746,457</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2010			
	Profit / (Loss) before taxation	Total assets employed	Net assets employed	Contingencies and commitments
(Rupees '000')				
41.1.1.5 Geographical Segment Analysis				
Pakistan	(12,621,557)	164,350,039	13,662,765	152,511,924
2009				
Pakistan	644,071	208,118,963	41,528,245	123,505,187

41.2 Market Risk

Market risk is primarily composed of price risk and arises out of treasury trading and investment activities. It is the risk that the value of on and off balance sheet positions of the Bank will be adversely affected by movements in market rates or prices.

The Bank recognizes that it may be exposed to market risk in a variety of ways. Market risk exposure may be explicit in the portfolio of equities and foreign currencies that are actively traded. Conversely, it may be implicit, such as interest rate risk due to mismatch of loans and deposits. Market risk may also arise from activities categorized as off balance sheet items.

41.2.1 Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The core objective of foreign exchange risk management is to ensure that the exposure of the Bank remains within desired levels of risk appetite.

Furthermore, the Bank monitors Value at Risk (VaR) and Price Value Basis Point (PVBP) for the foreign exchange portfolio in order to estimate any potential losses due to changes in price. The Bank also monitors maturity mismatch gaps to identify any potential risks.

The Bank has implemented global / regulatory best practices in order to manage the inherent risk of product and market, such as credit limits, monitoring of foreign exchange exposure limits, review of mark to market portfolio etc.

	2010			Net foreign currency exposure
	Assets	Liabilities	Off Balance sheet items	
(Rupees '000')				
Pakistan Rupee	155,385,408	144,575,893	1,307,404	12,116,919
United States Dollar	8,032,243	4,234,598	(2,322,995)	1,474,650
Great Britain Pound	221,540	1,018,965	843,190	45,765
Euro	671,042	848,178	172,401	(4,735)
Japanese Yen	18,618	12	-	18,606
Swiss Franc	5,569	752	-	4,817
Others	15,619	8,876	-	6,743
	<u>164,350,039</u>	<u>150,687,274</u>	<u>-</u>	<u>13,662,765</u>

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

	2009			Net foreign currency exposure
	Assets	Liabilities	Off Balance sheet items	
	(Rupees '000')			
Pakistan Rupee	199,501,186	158,625,175	511,563	41,387,574
United States Dollar	7,910,822	5,428,190	(2,476,479)	6,153
Great Britain Pound	177,869	1,299,944	1,182,588	60,513
Euro	477,273	1,209,010	782,328	50,591
Japanese Yen	11,059	5	-	11,054
Swiss Franc	23,957	19,861	-	4,096
Others	16,797	8,533	-	8,264
	<u>208,118,963</u>	<u>166,590,718</u>	<u>-</u>	<u>41,528,245</u>

41.2.2 Equity Price Risk and Fixed Income Rate Risk

The Bank has a set of approved notional & dealer limits for managing risk across the trading & banking book. Furthermore bank has also established sensitivity base limit (DVO1) for monitoring treasury portfolio. In order to manage the market risk in the trading book, the Bank periodically applies a VaR methodology to assess the market risk positions held. Currently the Bank is using variance covariance model for calculating VaR across both the equity & fixed income portfolios.

Equity Price Risk is the risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the Bank. Price risk associated with equities could be systemic or idiosyncratic. The Bank is also using Market Risk tools such as Alpha, Beta and Sharpe ratio for risk measurement and assessment.

Fixed income securities are subject to the risk of price volatility due to interest rate movements. Fixed rate debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. The Bank is using Market Risk tools such as PVBP, Duration, Parallel shift and Non Parallel shift for risk measurement and assessment.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

41.2.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield / Interest rate	Total	Exposed to Yield / Interest rate risk										Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years			
(Rupees '000')													
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	8,836,449	1,034,595	-	-	-	-	-	-	-	-	-	-	7,801,854
Balances with other banks	2,951,479	2,641,522	-	-	-	-	-	-	-	-	-	-	309,957
Lendings to financial institutions	6,429,166	5,650,258	778,908	-	-	-	-	-	-	-	-	-	-
Investments	51,789,035	1,261,164	6,438,990	6,227,196	889,674	3,235,181	1,704,227	289,342	306,563	6,991,483	-	-	
Advances	74,566,015	10,893,113	4,327,109	1,696,181	2,876,093	2,209,288	1,899,236	708,186	514,097	-	-	-	
Other assets	3,449,633	-	-	-	-	-	-	-	-	-	-	-	3,449,633
	148,021,777	21,480,652	74,666,835	10,766,099	7,923,377	5,444,469	3,603,463	997,528	820,660	18,552,927	-	-	
Liabilities													
Bills payable	1,335,493	-	-	-	-	-	-	-	-	-	-	-	1,335,493
Borrowings	42,361,934	28,563,313	7,513,257	200,912	376,794	329,268	656,699	253,135	-	-	-	-	
Deposits and other accounts	99,169,373	10,937,759	16,839,285	9,172,595	305,670	215,272	18,589	134	-	-	-	-	24,981,021
Sub-ordinated loans	3,996,000	-	-	3,996,000	-	-	-	-	-	-	-	-	-
Other liabilities	3,582,055	-	-	-	-	-	-	-	-	-	-	-	3,582,055
	150,444,855	39,501,072	24,352,542	9,373,507	682,464	544,540	675,288	253,269	744,259	29,898,569	-	-	
On-balance sheet gap	(2,423,078)	(18,020,420)	50,314,293	(1,450,130)	3,083,303	4,899,929	2,928,175	744,259	820,660	(11,345,642)	-	-	
Off-balance sheet financial instruments													
Foreign exchange contracts - purchase	66,004,625	24,112,287	22,501,915	1,853,929	-	-	-	-	-	-	-	-	-
Foreign exchange contracts - sale	67,312,030	28,820,121	24,938,063	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	(1,307,405)	(4,707,834)	(2,436,148)	1,853,929	-	-	-	-	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap		(22,728,254)	47,878,145	(30,414,857)	403,799	4,899,929	2,928,175	744,259	820,660	(11,345,642)	-	-	
Cumulative Yield / Interest Rate Risk Sensitivity Gap		(22,728,254)	25,149,891	(5,264,966)	(4,861,167)	3,122,065	6,050,240	6,794,499	7,615,159	(3,730,483)	-	-	

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

2009

Effective Yield / Interest rate	Exposed to Yield / Interest rate risk										Non-interest bearing financial instruments	
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years		
	(Rupees '000')											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	8,834,275	1,233,705	-	-	-	-	-	-	-	-	-	7,600,570
Balances with other banks	3,683,783	3,310,429	-	-	-	-	-	-	-	-	-	373,354
Lendings to financial institutions	5,681,887	5,321,887	360,000	-	-	-	-	-	-	-	-	-
Investments	62,432,977	100,015	3,367,623	18,909,992	24,988,256	1,405,060	4,958,972	46,236	899,647	628,668	7,138,488	
Advances	84,021,406	7,619,594	48,894,939	12,592,539	2,262,002	3,985,726	3,115,557	3,973,945	677,457	677,457	-	
Other assets	5,352,971	-	-	470,832	-	-	-	-	-	-	-	4,882,139
	170,007,299	17,585,630	52,622,562	31,973,363	27,250,258	5,390,786	4,005,224	8,932,917	945,883	1,306,125	19,994,551	
Liabilities												
Billis payable	1,574,207	-	-	-	-	-	-	-	-	-	-	1,574,207
Borrowings	62,523,365	45,121,109	5,780,925	9,498,678	270,770	387,841	337,411	861,019	265,612	-	-	
Deposits and other accounts	93,919,805	11,506,674	18,819,204	32,767,986	4,650,751	780,000	361,388	240,402	-	-	-	24,793,400
Sub-ordinated loans	3,997,600	-	3,997,600	-	-	-	-	-	-	-	-	-
Other liabilities	3,808,217	-	-	-	-	-	-	-	-	-	-	3,808,217
	165,823,194	56,627,783	28,597,729	42,266,664	4,921,521	1,167,841	698,799	1,101,421	265,612	-	30,175,824	
On-balance sheet gap	4,184,105	(39,042,153)	24,024,833	(10,293,301)	22,328,737	4,222,945	3,306,425	7,831,496	680,271	1,306,125	(10,181,273)	
Off-balance sheet financial instruments												
Foreign exchange contracts - purchase	54,098,436	16,997,554	28,754,551	7,378,361	967,970	-	-	-	-	-	-	-
Foreign exchange contracts - sale	54,609,998	18,178,682	29,944,602	6,486,714	-	-	-	-	-	-	-	-
Off-balance sheet gap	(511,562)	(1,181,128)	(1,190,051)	891,647	967,970	-	-	-	-	-	-	
Total Yield / Interest Rate Risk Sensitivity Gap	(40,223,281)	22,834,782	(9,401,654)	(9,401,654)	23,296,707	4,222,945	3,306,425	7,831,496	680,271	1,306,125	(10,181,273)	
Cumulative Yield / Interest Rate Risk Sensitivity Gap	(40,223,281)	(17,388,499)	(26,790,153)	(3,493,446)	(3,493,446)	729,499	4,035,924	11,867,420	12,547,691	13,853,816	3,672,543	

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

41.3 Liquidity Risk

Liquidity risk exposure is the risk caused, among others, by the inability of the Bank to settle its liabilities on their due dates.

The Bank's objective of liquidity management is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. The liquidity risk policy is formulated keeping in view SBP's guidelines on risk management and international best practices. The Bank maintains its liquidity by keeping a level of liquid assets that is considered sufficient to settle its obligations when due.

The Bank manages its liquidity risk through

- Controlling the cash flow mismatch between on and off-balance sheet assets and liabilities;
 - Maintaining stable and diversified sources of funding;
 - Ensuring the Bank has the right asset portfolio mix and sufficient liquid assets on hand in relation to its daily cash flows.
- The Bank carries out careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. Scenarios encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business. Exposure to liquidity risk is also monitored through regular review of liquidity risk limits and escalation of any liquidity risk limit excesses to senior management.

41.3.1 Maturities of Assets and Liabilities

	2010									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years
	(Rupees '000')									
Assets										
Cash and balances with treasury banks	8,836,449	8,836,449	-	-	-	-	-	-	-	-
Balances with other banks	2,951,479	2,951,479	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,429,166	5,650,258	778,908	-	-	-	-	-	-	-
Investments	51,789,035	1,261,163	25,167,345	1,539,302	6,362,527	1,122,503	4,309,570	4,368,873	1,642,224	6,015,528
Advances	74,566,015	46,084,526	8,575,231	4,829,904	2,580,891	4,034,919	3,435,273	3,346,101	1,016,741	662,429
Operating fixed assets	2,718,975	22,924	96,010	72,175	122,037	197,288	147,295	207,813	284,604	1,588,829
Intangible assets	2,419,148	30,818	61,634	92,291	183,606	345,735	324,494	600,033	780,537	-
Deferred tax assets	9,480,983	42,219	84,432	126,648	253,806	374,940	501,292	2,512,240	6,188,468	(603,062)
Other assets	5,158,789	419,205	3,320,894	181,170	21,827	323,368	297,119	583,235	11,971	-
	164,350,039	65,299,041	38,084,454	6,841,490	9,524,694	6,398,753	9,015,043	11,618,295	9,904,545	7,663,724
Liabilities										
Bills payable	1,335,493	1,335,493	-	-	-	-	-	-	-	-
Borrowings	42,361,934	28,563,313	7,513,257	4,468,556	200,912	376,794	329,268	656,699	253,135	-
Deposits and other accounts	99,169,373	69,691,133	16,839,285	2,926,695	9,172,595	305,670	215,272	18,589	134	-
Sub-ordinated loans	3,996,000	-	800	-	800	1,600	666,200	2,661,300	665,300	-
Other liabilities	3,824,474	1,192,664	1,528,186	401,424	579,639	28,664	15,412	2,370	76,115	-
	150,687,274	100,782,603	25,881,528	7,796,675	9,953,946	712,728	1,226,152	3,338,958	994,684	-
Net assets	13,662,765	(35,483,562)	12,202,926	(955,185)	(429,252)	5,686,025	7,788,891	8,279,337	8,909,861	7,663,724
Share capital	40,437,271									
Reserves	8,464,894									
Accumulated Loss	(41,592,479)									
Shareholders' equity	7,309,686									
Advance against proposed rights issue	6,352,360									
	13,662,046									
	719									
Surplus on revaluation of assets - net	13,662,765									

The above maturity profile has been prepared in accordance with International Financial Reporting Standard 7, Financial Instruments: Disclosures, based on contractual maturities. Consequently, all demand assets and liabilities such as running finance, current accounts and saving accounts are shown as having a maturity upto one month. However, based on historical behaviour, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within one month is remote, as these flows normally occur over a period of one month to three years.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

2009

	(Rupees '000')								
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years
Assets									
Cash and balances with treasury banks	8,834,275	-	-	-	-	-	-	-	-
Balances with other banks	3,683,783	-	-	-	-	-	-	-	-
Lendings to financial institutions	5,681,887	360,000	-	-	-	-	-	-	-
Investments	62,432,977	4,295,301	14,819,419	25,131,865	1,718,946	2,104,939	7,551,037	373,751	6,337,702
Advances	84,021,406	3,597,391	10,427,559	2,314,047	5,707,139	4,666,797	5,058,361	1,521,940	787,294
Operating fixed assets	3,114,632	144,940	130,297	251,020	294,030	194,151	233,384	197,053	1,623,473
Intangible assets	26,943,271	61,517	91,976	183,395	360,624	338,012	622,873	1,032,578	24,221,472
Deferred tax assets	6,474,364	248,479	360,013	1,173,929	1,434,017	1,434,017	2,430,441	(999,999)	269,249
Other assets	6,932,348	4,615,070	386,328	1,048,211	102,246	38,483	61,254	3,487	-
	208,118,963	13,322,698	26,215,592	30,102,467	9,617,002	8,776,399	15,957,350	2,128,810	33,239,190
Liabilities									
Bills payable	1,574,207	-	-	-	-	-	-	-	-
Borrowings	62,523,365	5,780,925	9,498,678	270,770	387,841	337,411	861,019	265,612	-
Deposits and other accounts	93,919,805	18,819,204	2,293,690	4,660,751	780,000	361,388	240,402	-	-
Sub-ordinated loans	3,997,600	800	-	800	1,600	1,600	1,996,800	1,996,000	-
Other liabilities	4,575,741	2,014,137	211,230	319,281	145,472	33,336	19,121	73,738	-
	166,590,718	26,615,066	12,003,598	5,241,602	1,314,913	733,735	3,117,342	2,335,350	-
Net assets	41,528,245	(46,469,657)	14,211,994	24,860,865	8,302,089	8,042,664	12,840,008	(206,540)	33,239,190
Share capital	40,437,271								
Reserves	8,464,894								
Accumulated Loss	(7,258,893)								
Deficit on revaluation of assets - net	41,643,272								
	(115,027)								
	41,528,245								

The above maturity profile has been prepared in accordance with International Financial Reporting Standard 7, Financial Instruments: Disclosures, based on contractual maturities. Consequently, all demand assets and liabilities such as running finance, current accounts and saving accounts are shown as having a maturity upto one month. However, based on historical behaviour, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within one month is remote, as these flows normally occur over a period of one month to three years.

Notes to the Unconsolidated Financial Statements For the year ended December 31, 2010

41.4 Operational Risk Management

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

The key objectives of Operational Risk measurement and management include:

- Ensuring continued solvency of the Bank through capital adequacy and enhanced understanding and management of significant operational risk exposures.
- Ensuring that customer impact is minimized through proactive and focused risk management practices.
- Ensuring senior management attention on significant operational risk exposure areas and that risk mitigation is given prioritized focus.

The IRMC has the responsibility to supervise and direct the management of operational risks and key operational risk exposures. The IRMC is also responsible for ensuring that adequate and appropriate policies and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

The Bank has undertaken the following high-level strategic initiatives for the effective implementation of Operational Risk Management:

- Recruiting skilled resources for Operational Risk Management
- Developing policies, procedures and defining end to end information flow to establish a vigorous governance infrastructure.

42. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on March 01, 2011 by the Board of Directors of the Bank.

Khawaja Iqbal Hassan
President / Chief Executive

Francis Andrew Rozario
Chairman / Director

Muhammad Abdullah Yusuf
Director

Syed Aamir Zahidi
Director

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others						Total
							Others	Total					
1	ADIL TRADERS 16-S-23 MEHMOOD ROAD, NEW SAMINABAD LAHORE	IMRAN MALIK	35202-2870670-7	MALIK ZIA UD DIN	665	327	-	992	665	327	-	992	
2	COSMOS MARKETING H NO. 24 LMH COLONY, LAHORE	M KHALID IDREES	35201-1002619-1	M IDREES	657	377	-	1,034	657	377	-	1,034	
3	ADNAN AMJAD SUITE# 409/409 4TH FLOOR, BUINESS ARCADE, SHAHRA-E-FASIAL KARACHI	ADNAN AJMAD	244-76-650936	AMJAD MEHMOOD	1,397	-	-	1,397	1,397	-	-	1,397	
4	GULSHANI RAFIQA BANO C-1 AL-ZEHRA APARTMENTS 306/2 GARDEN EAST KARACHI	GULSHANI RAFIQA BANO	42201-0424805-2	AKBAR ALI HUSSAIN	1,683	-	-	1,683	1,683	-	-	1,683	
5	CITY MEDICAL CENTRE SNPA-10, SIRAJUDDOLA ROAD, OFF. SHAHEED-E-MILLAT ROAD, KARACHI	NADEEM AKHTAR SIDDIQUI	42201-0719697-3	MASOOD UL NABI SIDDIQUI	704	-	-	704	704	-	-	704	
6	LLOYDS SONS (PVT) LTD	SAEED SAHARAN	34603-8500918-5	M HUSSAIN	1,063	-	-	1,063	1,063	-	-	1,063	
7	ISHAQ CARPETS 11/5 EMPRESS ROAD	CHAN ZAIB	13501-1337203-7	MOHAMMAD YAQOOB	750	-	-	750	750	-	-	750	
8	NISAR UD DIN 199-RAVI PARK RAVI ROAD	NISAR UD DIN	270-88-441211	M.AMIR BAKHSH	958	-	-	958	958	-	-	958	
9	SEVEN STAR TRANSPORT CO. HOUSE #53, BLOCK #1, SHOP # 9, SHREEN JINNAH COLONY, KARACHI, SINDH	MOHAMMAD HANIF	602-88-07285	HAJI SAFEER KHAN	677	242	-	919	677	242	-	919	
10	MUHAMMAD ASLAM GULZA FLAT NO. A-20, AZHAR APPARTMENT 54, GARDEN WEST KARACHI	MUHAMMAD ASLAM GULZA	42301-1043203-1	MUHAMMAD	872	-	-	872	872	-	-	872	
11	AL-MADINA GRINDING COMPANY HOUSE NO. 165 MAIN BOULEVARD DEFENCE NEAR ADIL HOSPITAL LAHORE	MUHAMMAD MASOOD	35201-1380814-3	MUHAMMAD YOUSAF	2,670	-	-	2,670	2,670	-	-	2,670	
12	MIS A K EMBROIDERY 39-KM MULTAN TOKHAR NIAZ BAIG, LAHORE	AHMAD KAMAL	35202-3649270-9	ZAFAR IOBAL	679	354	-	1,033	679	354	-	1,033	
13	MIS WIND MILL RESTAURANT 89-A-B II, GULBERG III, LAHORE	RAO NAVEED YASIN	231-89-126638	RAO M YASEEN	1,071	263	-	1,334	1,071	263	-	1,334	
14	NASREEN JAVED 555, DOHS-I, GULRANWAL CANIT	MPS. NAJREEN JAVED & M JAVED RUBBANI	34101-5411472-6 34101-9578411-1	W/O M. JAVED PABBANI & S/O CH AYUB PABBANI	934	-	-	934	934	-	-	934	
15	BISMILLAH FABRICS 602/E-4-Z, STREET NO. 06 GHOUSIA COLONY, WALTON ROAD, LAHORE	MR. IFTIKHAR NAWAZ QADRI	35201-1850455-1	M NAWAZ BHATTI	1,111	1,276	-	2,387	1,111	1,276	-	2,387	
16	UNION SOCKS PVT LTD. 51 FLOOR WARRIAM CHAMBER, AKHUND A REHMAN STREET JODIA BAZAR KARACHI	YOUNUS MANDVIWALA	42301-0853875-5	QASIM MANDVIWALA	750	-	-	750	750	-	-	750	
17	AL FALAH FEED 137, SULTAN PARK LAHORE	TAHIR IOBAL	35103-1374891-1	NAZIR AHMED	986	588	-	1,574	986	588	-	1,574	
18	WAHID OIL MILLS PLOT # 837 / 338, KOLI MAR NAWABSHAH	ZULFIQAR ALI SATHO	45402-3094997-9	WAHID BUKSH SATHO	3,999	-	-	3,999	3,999	-	-	3,999	
19	MIS SITARA TOOR H NO. 162 UNIT NO. 8, BLOCK B/2 HYDERABAD TEHSIL LATIFAABAD DISTRICT HYDERABAD	MUHAMMAD RAFIQUE	41304-2963245-5	GHULAM MUHAMMAD	1,635	-	-	1,635	1,635	-	-	1,635	
20	MIS SITARA TOOR H NO. 162 UNIT NO. 8, BLOCK B/2 HYDERABAD LATIFAABAD DISTRICT HYDERABAD	MUHAMMAD RAFIQUE	41304-2963245-5	GHULAM MUHAMMAD	505	-	-	505	505	-	-	505	
21	MUHAMMAD AZEEM SHOP NO. 157 TUFAIL MARKET, SHADAN MAIN MARKET, LAHORE	M AZEEM	35202-7025039-7	EJAZ HUSSAIN	771	905	-	1,676	771	905	-	1,676	

**Statement showing written-off loans or any other financial relief of
five hundred thousand rupees or above provided
during the year ended December 31, 2010**

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Interest/ Mark-up written off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up	Others			
22	MUHAMMAD SHAHAB SIDDIQUI H # 937-Z, STREET # 27, PHASE III DHHA LAHORE	MUHAMMAD SHAHAB SIDDIQUI	42201-0657101-9	ABDUL WAHAB SIDDIQUI	672	-	-	672	-	672
23	MUKHLAQ BUTT HOUSE # 164, BLOCK-C/1, NESPAK, EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, LAHORE	MUHAMMAD IKHLAQ BUTT	35202-1457282-3	ABDUL REHMAN	700	-	-	700	-	700
24	FAIZ HUSSAIN MULTAN	FAIZ HUSSAIN	36603-3085289-9		643	51	-	694	51	694
25	SAJID KHURSHED STREET NO 8, SIALVI COLONY, FAISALABAD	SAJID KHURSHED	33100-3571666-9	KHURSHED AHMED	722	66	-	788	66	788
26	AMEER KHAN BUSINESS RECORDER ROAD, LASBELA PATEL PARA, KARACHI	AMEER KHAN	42401-1606715-9	MOHAMMAD JAN	724	121	-	845	121	845
27	KASHIF ELLAHI PAPOSH NAGAR, NAZIMABAD, KARACHI	KASHIF ELLAHI	42101-5309082-3	MEHBOOB ELLAHI	691	115	-	806	115	806
28	SHEIKH MUHAMMAD WASEEM MULTAN	SHEIKH MUHAMMAD WASEEM	36302-9259489-3	SHEIKH NAMET ALI	1,200	201	-	1,401	201	1,401
29	ZEEHAN UDDIN BLOCK B, AZIZABAD F B AREA, KARACHI	ZEEHAN UDDIN	42101-0935498-3	AZIZ UDDIN	1,987	332	-	2,319	332	2,319
30	SYED HAMID HASAN BLOCK S, NORTH NAZIMABAD, KARACHI	SYED HAMID HASAN	42101-6425308-9	SYED SHARIF HASAN RIZVI	973	162	-	1,135	162	1,135
31	IKRAM AFZAL BLOCK B NAWAB COLONY, ITIHAD TOWN BALDIA TOWN, KARACHI	IKRAM AFZAL	42401-2002071-3	MUHAMMAD AFZAL	695	116	-	811	116	811
32	SAIFULLAH KHAN GREEN PARK, CITY QUADABAD, KARACHI	SAIFULLAH KHAN	42201-3089615-5	GUL ADAM	724	121	-	845	121	845
33	QAZI NADIM ULLAH BLOCK 16, GULISTANE-JAUHAR, KARACHI	QAZI NADIM ULLAH	42201-1197087-3	QAZI MATEEN ULLAH	730	122	-	852	122	852
34	WAQAR AHMAD MALIK MULTAN	WAQAR AHMAD MALIK	32203-6169610-1		505	41	-	546	41	546
35	ZULFIQAR AHMED MOHAJAH SHALIMAR LAREX SCHEME MUGHAL PURA, LAHORE	ZULFIQAR AHMED	35201-3051049-7	MUHAMMAD RAMZAN	712	51	-	763	51	763
36	MARATAB ALI LAHORE	MARATAB ALI	35202-2833152-7		698	57	-	755	57	755
37	MUHAMMAD WASIM FATEH GARH, MUGHAL PURA, LAHORE	MUHAMMAD WASIM	35201-1516163-7	ABDUL RASHEED	633	52	-	685	52	685
38	FAISAL AHMED SIDDIQUI KARACHI	FAISAL AHMED SIDDIQUI	42101-9468767-9		612	50	-	662	50	662
39	SYED TASNEM HUSSAIN ZAIDI BLOCK 20, F B AREA, KARACHI	SYED TASNEM HUSSAIN ZAIDI	42101-1655151-7	SYED MUJAHIR HUSSAIN ZAIDI	754	67	-	821	67	821
40	MUHAMMAD YASIR KIYANI RAWALPINDI	MUHAMMAD YASIR KIYANI	82202-5211021-5		691	63	-	754	63	754
41	FAISAL MAHMOOD STREET #12, BAHADURABAD, KARACHI	FAISAL MAHMOOD	42201-4055531-1	CHAUDHARY AHMED KHAN	525	45	-	570	45	570
42	MUHAMMAD AKBAR KAHNA NAU, FERROZPUR ROAD, LAHORE	MUHAMMAD AKBAR	35201-7573629-5	NOOR MUHAMMAD	941	157	-	1,098	157	1,098

(Rupees '000')

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others				Total
					Principal written off	Interest/ Mark-up written off	Other Financial Relief				Total
43	MUHAMMAD REHAN ALI BASTI FAROOQ ABAD, GULBAHAR NO 01 GOLIMAR, KARACHI	MUHAMMAD REHAN	42101-1845914-7	MUHAMMAD RAMZAN	965	161	-	1,126	-	1,126	
44	ADEEL BUTT LAHORE	ADEEL BUTT	35202-2388970-1	JAHANGIR BUTT	1,068	178	-	1,246	-	1,246	
45	NAVEED AKRAM REHMAT ULLAH TOWN, OKARA	NAVEED AKRAM	35302-5115589-7	MUHAMMAD AKRAM	688	100	-	788	-	788	
46	MUHAMMAD HANIF MULTAN	MUHAMMAD HANIF	36302-0451591-7	UMER DIN	745	124	-	869	-	869	
47	UMAR AZIZ BLOCK NO L, NORTH NAZIMABAD, KARACHI	UMAR AZIZ	42101-9812590-3	SHEIKH ABDUL AZIZ	980	163	-	1,143	-	1,143	
48	MUHAMMAD AFZAL SARGODHA	MUHAMMAD AFZAL	38403-5429407-9	MUHAMMAD IKRAM URF BABU	729	122	-	851	-	851	
49	MUHAMMAD RASHID UMER PLAZA KAIRY ROAD, GHANCHI PARA, KARACHI	MUHAMMAD RASHID	42301-3498181-3	MUHAMMAD ISHAQ	730	122	-	852	-	852	
50	IRSHAD BEGUM DEFENCE, LAHORE	IRSHAD BEGUM	35202-9238411-4	M RAZK BUTT	658	47	-	705	-	705	
51	YASIR BUTT NEW UNION PARK, NEW SAMANABAD, LAHORE	YASIR BUTT	35202-8861426-5	MUHAMMAD IKRAM BUTT	648	59	-	707	-	707	
52	MOHAMMAD FARHAN ANSARI BLOCK 11 F AREA SHARIFABAD, KARACHI	MOHAMMAD FARHAN ANSARI	42101-8606802-5	MOHAMMAD SHARIF	572	42	-	614	-	614	
53	MAUZAM NASIR SANT NAGAR, OUT FALL ROAD, LAHORE	MAUZAM NASIR	35202-7084996-1	INAYAT ULLAH BHATTI	599	56	-	655	-	655	
54	ABDUL MAJEED IMANJAH KHAIBER COLONY, ZARAR SHAHEER ROAD, LAHORE	ABDUL MAJEED	35201-8238603-7	BARHAT ALI	2,522	1,122	-	3,644	-	3,644	
55	HUMAYUN SIDDIQ BLOCK 18, GULSHAN-E IQBAL, KARACHI	HUMAYUN SIDDIQ	42201-0361123-1	MUHAMMAD SIDDIQ	719	120	-	839	-	839	
56	MUHAMMAD AHMED SIDDIQUI NEAR JAMIA MOSQUE NOORI, MULTAN	MUHAMMAD AHMED SIDDIQUI	36302-0478614-3	KHAWAJA HANIF UR REHMAN	950	158	-	1,108	-	1,108	
57	MAJID MAHMOOD BAHAWALPUR	MAJID MAHMOOD	36302-9828305-9	HAJI MUHAMMAD AYUB	634	86	-	720	-	720	
58	ABDULL RAZZAQ MULTAN	ABDULL RAZZAQ	36302-3234556-5	MALIK ALLAH DITTA	735	123	-	858	-	858	
59	MUHAMMAD IMRAN GUL SHAN-E RAVI, LAHORE	MUHAMMAD IMRAN	35202-3840250-3	MUHAMMAD ASLAM	587	45	-	632	-	632	
60	MUHAMMAD FASHI UDDIN SECTOR 7-A, SARJANI TOWN, KARACHI	MUHAMMAD FASHI UDDIN	42201-5365360-1	MUHAMMAD MOIN UDDIN	936	76	-	1,012	-	1,012	
61	MUHAMMAD ASHFAQ WALLA SHARPAZ COLONY RAJA W, FAISALABAD	MUHAMMAD ASHFAQ	33100-7847066-5	ABDULL SATTAR	1,085	569	-	1,654	-	1,654	
62	NOOR BAHOO IMRAN SABZADA SCHEME MULTAN ROAD, LAHORE	NOOR BAHOO IMRAN	35202-2056848-1	MUHAMMAD SHARIF	699	113	-	812	-	812	
63	ABDULLAH OSMANI LAHORE	ABDULLAH OSMANI	35202-2411519-3	ALI HAYDEER OSMANI	719	120	-	839	-	839	
64	SHAHBAZ ZAFAR BB PAK DAMAN, LAHORE	SHAHBAZ ZAFAR	35202-2793019-5	ZAFAR AHMED	862	144	-	1,006	-	1,006	

**Statement showing written-off loans or any other financial relief of
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during the year ended December 31, 2010**

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up	Others				
65	MUHAMMAD NAEEM HASSAN MULTAN	MUHAMMAD NAEEM HASSAN	36302-4879751-5	EHSAN ELAHI	1,000	167	-	1,167	167	-	1,167
66	MUJEEB UNNISA BLOCK J, TAQI CENTER, NORTH NAZIMABAD, KARACHI	MUJEEB UNNISA	42401-7252719-0	MUHAMMAD SALEEM	541	254	-	795	254	-	795
67	MUHAMMAD SULEMAN MUHAMMAD RUSTAM PARK, GULGUSHT, LAHORE	MUHAMMAD SULEMAN	35202-2386661-1	NAZIM UDDIN	620	271	-	891	271	-	891
68	MUHAMMAD RAFIQUE BLOCK 6-D, MUSHARRAF COLONY, HAWSBAY ROAD, KARACHI	MUHAMMAD RAFIQUE	42301-91164370-1	JUMMA	613	102	-	715	102	-	715
69	WAQAS MAHMOOD STREET 1, MUSTAFABAD, FAISALABAD	WAQAS MAHMOOD	33100-9227920-7	SULTAN MAHMOOD KHAN	575	47	-	622	47	-	622
70	SHEIKH RIZWAN ALI BLOCK A, GULSHAN RAVI, LAHORE	SHEIKH RIZWAN ALI	35202-5567973-3	SHEIKH MUHAMMAD WARIS	1,401	233	-	1,634	233	-	1,634
71	MUHAMMAD MOHSIN LAHORE	MUHAMMAD MOHSIN	35202-7997147-9	MUHAMMAD SHARIF MALHI	942	157	-	1,099	157	-	1,099
72	ABDUL MOJIZ MAJEED BAWANI BLOCK 7/8, OVERSEAS CORPORATI, DORAJEE COLONY, KARACHI	ABDUL MOJIZ MAJEED BAWANI	42101-7652439-7	ABDUL MAJEED BAWANI	670	91	-	761	91	-	761
73	KHALID AHMED SHAIKH UNIT NO 11, MOHALLA DASTAGIR, LATIFABAD, HYDERABAD	KHALID AHMED SHAIKH	41304-9170005-5	MUHAMMAD HANIF	500	96	-	596	96	-	596
74	AMJAD ALI MUWAHID ROAD, LAHORE	AMJAD ALI	33100-1027153-5	ASGER ALI	637	58	-	695	58	-	695
75	MASOOD AHMAD STREET 1, GULSHAN COLONY, FAISALABAD	MASOOD AHMAD	33100-8759568-1	BASHIR AHMED SHEIKH	609	88	-	697	88	-	697
76	KHALID AHMED QURESHI SUPER MARKET, LIQUATABAD, KARACHI	KHALID AHMED QURESHI	42101-3496806-9	KHURSHED AHMED JAMAL	522	35	-	557	35	-	557
77	MUHAMMAD QADEER BLOCK 19, GULISTANE-JOHAR, KARACHI	MUHAMMAD QADEER	42101-9389173-9	MUHAMMAD YOUSUF	1,081	48	-	1,129	48	-	1,129
78	MUHAMMAD NASEEM AZHAR MOHALLAH KHAIJ, MULTAN	MUHAMMAD NASEEM AZHAR	36302-5681792-1	MUHAMMAD RAMZAN	694	115	-	809	115	-	809
79	HAFIZ ABDUL SALAM GENERAL STORE STREET NO 02, MULTAN	HAFIZ ABDUL SALAM	36302-7061526-9	KHUDA BUKSH	926	154	-	1,080	154	-	1,080
80	MUHAMMAD SALMAN GATE SHAHEEN MARKET, MULTAN	MUHAMMAD SALMAN	36302-9909784-9	FIJAZ HUSSAIN	707	117	-	824	117	-	824
81	ABDUL GHAFUOR LAHORE	ABDUL GHAFUOR	35202-0107939-3	SHEIKH REHMAT ULLAH	934	155	-	1,089	155	-	1,089
82	MUHAMMAD SHAMSHAD SECTOR 11-K, NORTH KARACHI, KARACHI	MUHAMMAD SHAMSHAD	42101-9881384-7	ITRAT HUSSAIN	987	165	-	1,152	165	-	1,152
83	JAMAL AHMED BLOCK 6, AZIZABAD F.B AREA, KARACHI	JAMAL AHMED	42101-1941243-5	WAQAR AHMED SIDDIQI	856	136	-	992	136	-	992
84	MUHAMMAD SOHAIL WAHID CHAH MIRAN, LAHORE	MUHAMMAD SOHAIL WAHID	35202-2811961-9	ABDUL WAHID	730	122	-	852	122	-	852

(Rupees '000')

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others					Principal written off
							Total	Total				
85	AZAM MEHMOOD MOHALLA P BLOCK, DHA SECTOR I, LAHORE	AZAM MEHMOOD	35201-3422898-1	GHULAM RASOOL	505	42	-	547	505	42	-	547
86	RANA WAHAB, MOHALLA SANTI NAGAR, NEAR UBL BANK, LAHORE	RANA WAHAB	35202-5805449-9	MUNIR AHMAD	664	55	-	719	664	55	-	719
87	MUHAMMAD ATHAR SECTOR # L-1, SURJANI TOWN NORTH KARACHI, KARACHI	MUHAMMAD ATHAR	45504-4875132-3	GHULAM MUHAMMAD	727	67	-	794	727	67	-	794
88	MUKESH MAL SUKKUR	MUKESH MAL	45203-1852104-3	KHIYANOT MAL	735	123	-	858	735	123	-	858
89	NADEEM RAFIQ LAHORE	NADEEM RAFIQ	35201-1570964-5		660	56	-	716	660	56	-	716
90	SHER NAWAZ A-11, ASKARI SOCIETY QAZAFI TOWN LAN, KARACHI	SHER NAWAZ	42501-1387807-7	BOSTAN KHAN	686	114	-	800	686	114	-	800
91	SHAMAS FAROOQ SARGODHA	SHAMAS FAROOQ	38403-1034079-9	MUHAMMAD FAROOQ	614	27	-	641	614	27	-	641
92	FAROOQ USMAN BLOCK TD-A, GULSHAN-E-IOBAL, KARACHI	FAROOQ USMAN	42201-9997888-5	USMAN HAIDER	719	120	-	839	719	120	-	839
93	SIKANDAR ALI SEEMA BHATTI PLAZA, SADDAR, HYDERABAD	SIKANDAR ALI	41101-7148329-5	MITTAH KHAN KASAR	649	54	-	703	649	54	-	703
94	FAZAL UR REHMAN HINA ARCADE, GULSHAN-E-IOBAL, BLOCK -14, KARACHI	FAZAL UR REHMAN	42201-1425880-5	M QASIM SHAFI QADRI	568	42	-	610	568	42	-	610
95	NAZEER AHMED CHANDIO PHASE II, NORTH OASIMABAD, HYDERABAD	NAZEER AHMED CHANDIO	41201-5765858-1	BAKSHAL KHAN	737	62	-	799	737	62	-	799
96	KASHIF AMIR BAGHAT PUPA, LAHORE	KASHIF AMIR	35202-2548197-7	ASHIQ KHAN	537	43	-	580	537	43	-	580
97	BADAR ABBAS BLOCK - N, NORTH NAZIMABAD, KARACHI	BADAR ABBAS	42101-4588562-1	HASHIM ABBAS	689	58	-	747	689	58	-	747
98	ZEGHAM ABBAS GULSHAN COLONY JAHGIAN NAGRA, BUND ROAD, LAHORE	ZEGHAM ABBAS	35202-8411566-7	ANWAR ALI	591	53	-	644	591	53	-	644
99	MUHAMMAD SAEED AKHTAR KARACHI	MUHAMMAD SAEED AKHTAR	38201-1184461-5		537	44	-	581	537	44	-	581
100	SYED MUHAMMAD SULTAN ZAIDI KARACHI	SYED MUHAMMAD SULTAN ZAIDI	42301-2603696-7		615	56	-	671	615	56	-	671
101	MUHAMMAD FAYYAZ RANA LAHORE	MUHAMMAD FAYYAZ RANA	35202-2574889-1	MUHAMMAD ISLAM	701	31	-	732	701	31	-	732
102	ABDUL MAJEED SECTOR 11-L, NORTH KARACHI, KARACHI	ABDUL MAJEED	42101-7849004-9	ABDUL HAMEED	694	115	-	809	694	115	-	809
103	IMRAN RAZA LAHORE	IMRAN RAZA	35202-5801286-1	SHEIKH REHMAT ALI	688	114	-	802	688	114	-	802
104	SOHAIL MAIRAJ SECTOR 14-B, SHADMAN TOWN, NORTH KARACHI, KARACHI	SOHAIL MAIRAJ	42101-1220696-3	MAIRAJ UDDIN	980	163	-	1,143	980	163	-	1,143
105	HABIB HASAN ANCHOLI, F B AREA, KARACHI	HABIB HASAN	42101-5577141-3	HABIB MUHAMMAD	672	33	-	705	672	33	-	705
106	SYED IMRAN ALI SAGHIR CENTRE, BLOCK NO 16, FB AREA, KARACHI	SYED IMRAN ALI	42401-6681725-1	SYED HAMID ALI	1,000	177	-	1,177	1,000	177	-	1,177

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five hundred thousand rupees or above provided
during the year ended December 31, 2010**

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others					Total
107	AKHTAR IOBAL SHEIKH MULTAN	AKHTAR IOBAL SHEIKH	36302-0320818-9	SHEIKH ASHIQ HUSSAIN	707	117	-	824	707	117	-	824
108	MUHAMMAD ABDULLAH SHAHID STREET # 2, SECTOR 5, J SAEEDABAD, BALDIA TOWN, KARACHI	MUHAMMAD ABDULLAH SHAHID	42401-2047041-5	ABDUL GAHFOOR	638	106	-	744	638	106	-	744
109	KISHAN LALA BLOCK B, KARACHI CENTRE, PIB, KARACHI	KISHAN LALA	42201-2432398-1	NANGOMIL	701	116	-	817	701	116	-	817
110	FAISAL 4TH FLOOR PETAL WALA, GAW GALY KAGZI BAZAR, KHARADAR, KARACHI	FAISAL	42301-7439222-9	ABDUL GAFAR	584	97	-	681	584	97	-	681
111	MUHAMMAD NAEEM UMER KARACHI	MUHAMMAD NAEEM UMER	42101-2173377-3	MUHAMMAD YOUNUS	638	57	-	695	638	57	-	695
112	MUHAMMAD MOHSIN BUTT MUHALLAH GULFISHAN COLONY, SAMANABAD, LAHORE	MUHAMMAD MOHSIN BUTT	35202-5918621-3	MUHAMMAD YOUNUS	800	487	-	1,287	800	487	-	1,287
113	MUHAMMAD SULEMAN MUHALLAH RUSTAM PARK, GULGUSHT, LAHORE	MUHAMMAD SULEMAN	35202-2386661-1	NAZIM UD DIN	624	276	-	900	624	276	-	900
114	MUHAMMAD SULEMAN MUHALLAH RUSTAM PARK, GULGUSHT, LAHORE	MUHAMMAD SULEMAN	35202-2386661-1	NAZIM UD DIN	632	354	-	986	632	354	-	986
115	ABID AZIZ SABZAZAR SCHEME, MULTAN ROAD, LAHORE	ABID AZIZ	35202-2540694-5	ABDUL AZIZ	535	40	-	575	535	40	-	575
116	KHALIL AHMED BLOCK NO.C, LATIFABAD, HYDERABAD	KHALIL AHMED	41304-6957757-9	NABI BUX	578	50	-	628	578	50	-	628
117	MISHAL JAAN ADAM CENTER, BLOCK # 2, CLIFTON, KARACHI	MISHAL JAAN	21203-0214036-3	SYEDA JAAN	630	56	-	686	630	56	-	686
118	BARKAT ALI SECTOR B, BHITTAI COLONY, KORANGI, KARACHI	BARKAT ALI	42201-9402803-5	BASHEER AHMED	721	71	-	792	721	71	-	792
119	MANZAR TANVEER BLOCK 7, F.B AREA, KARACHI	MANZAR TANVEER	42201-5146005-5	MUHAMMAD TANVEER	780	130	-	910	780	130	-	910
120	MUHAMMAD TAYYAB LAHORE	MUHAMMAD TAYYAB	35201-6310967-1	TARIQ JAVAID	696	31	-	727	696	31	-	727
121	MUHAMMAD SALMAN MOHALLA SECTOR 34/2, KORANGI NO 3, KARACHI	MUHAMMAD SALMAN	42301-3994442-3	MUHAMMAD SHAFIQ	979	163	-	1,142	979	163	-	1,142
122	GURNO MAL MUHALLAH SHAHEED GUNJ, SUKKUR	GURNO MAL	45504-2676102-1	NAUTAFN DASS	934	155	-	1,089	934	155	-	1,089
123	AZAM KHAN STREET 156 AFZAL PARK ABDALI, ISLAM PURA, LAHORE	AZAM KHAN	35202-3035919-9	SALEEM KHAN	872	144	-	1,016	872	144	-	1,016
124	MUHAMMAD SHARIEF LIAOUTABAD NO 1 KARACHI, KARACHI	MUHAMMAD SHARIEF	42101-6389777-7	ABDUL SAEED KHAN	1,146	190	-	1,336	1,146	190	-	1,336
125	HABIB ULLAH NASIR MULTAN	HABIB ULLAH NASIR	36302-1204494-3	MUHAMMAD YAGOOB	629	104	-	733	629	104	-	733
126	SUDHAMO AHUJA HAPPY HOMES QASIMABAD, HYDERABAD	SUDHAMO AHUJA	41306-2653616-7	NIRMAL DAS AHUJA	856	136	-	992	856	136	-	992

(Rupees '000')

Annexure - 1

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(Rupees '000')

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others				Total
127	MUHAMMAD AMEER QASIM POST OFFICE, FUR SAKHUDA, TEHSEEL MULTAN SADAR DISTRICT, MULTAN	MUHAMMAD AMEER QASIM	36303-0890969-7	MALIK ALLAH BUKSH	555	92	-	647	92	-	647
128	MOHAMMAD MUSHTAQ STREET NO 24, LIAGAT ASHRAF COLONY 02 MEHMOO, KARACHI	MOHAMMAD MUSHTAQ	42201-0599884-9	MOHAMMAD GULZAR	934	155	-	1,089	155	-	1,089
129	NAZAKAT ALI F AREA, MANSEHRA COLONY, KARACHI	NAZAKAT ALI	42501-6776734-5	KHANI ZAMAN	636	105	-	741	105	-	741
130	MUHAMMAD SHAFQAT CHEEMA WAZIRABAD, GHAKKAR MANDI	MUHAMMAD SHAFQAT CHEEMA	34104-2318172-7	MUHAMMAD BASHIR CHEEMA	584	77	-	661	77	-	661
131	KHALIL UR REHMAN AMEERABAD, SHAHFAISAL COLONY M, MULTAN	KHALIL UR REHMAN	36302-1670990-3	MUHAMMAD RAFIQ	612	101	-	713	101	-	713
132	MEHMOOD RAZA BLOCK F, NORTH NAZIMABAD, KARACHI	MEHMOOD RAZA	42101-3940208-7	HABIB RAZA	989	190	-	1,179	190	-	1,179
133	NADEEM WASIF KHAN ASHA PALACE, BIHAR COLONY, LYARI, KARACHI	NADEEM WASIF KHAN	42301-1043492-9	ABDUL RAUF KHAN	741	142	-	883	142	-	883
134	SAMIA SHAHZAD FAISALABAD	SAMIA SHAHZAD	33100-3363878-6	SHAHZAD TUFAIL	599	48	-	647	48	-	647
135	SYED SHAKEEL AKHTER HUSSAINI BLOCK NO 15, F B AREA, KARACHI	SYED SHAKEEL AKHTER HUSSAINI	42301-2203179-1	SYED JAMIL AKHTER HUSSAINI	591	49	-	640	49	-	640
136	MUHAMMAD JUNAID KHAN GHORI SECTOR # 11-C-1, NORTH KARACHI, KARACHI	MUHAMMAD JUNAID KHAN GHORI	42101-1704335-5	MOHAMMAD HAFEZ KHAN	543	40	-	583	40	-	583
137	WAQAS ALI KHAN SAGAR ROAD, CANTT, LAHORE	WAQAS ALI KHAN	35201-3163246-1	GHULAM MUSTAFA KHAN	620	52	-	672	52	-	672
138	MUHAMMAD KHURRAM JOHERTOWN, LAHORE	MUHAMMAD KHURRAM	35202-2835081-9	MUHAMMAD RAFI	2,833	378	-	3,211	378	-	3,211
139	MIAN HAROON IJAZ LAHORE	MIAN HAROON IJAZ	35202-3525194-9	MIAN MUHAMMAD IJAZ	611	33	-	644	33	-	644
140	ABDUL RAZZAQ SEC 11-G, NEW KARACHI, KARACHI	ABDUL RAZZAQ	42101-5787177-7	ABDUL SALAM SHIEKH	534	73	-	607	73	-	607
141	ASLAM GHULAM HAIDER SLAM JUDGE HOUSING SOCIETY, RUBY STREET, GARDEN WEST, KARACHI	ASLAM GHULAM HAIDER	42301-2214239-5	GHULAM HAIDER HASHIM	1,108	154	-	1,262	154	-	1,262
142	MUHAMMAD ALI BALOCH MALIR CITY, MAIN NATIONAL HIGHW, KARACHI	MUHAMMAD ALI BALOCH	42501-5634246-3	FAIZ MUHAMMAD BALOCH	981	173	-	1,154	173	-	1,154
143	MUHAMMAD ADIL BLOCK N, SAMANABAD, LAHORE	MUHAMMAD ADIL	35202-3054430-9	MUHAMMAD NAWAZ	1,425	237	-	1,662	237	-	1,662
144	FARKHUNDA SAEED NAVY HOUSING SCHEME, ZAMZAMA CLIFTON, KARACHI	FARKHUNDA SAEED	42201-7141317-2	MUHAMMAD AKHTAR PARACHA	1,414	235	-	1,649	235	-	1,649
145	MUHAMMAD AKHTAR PARACHA ZAMZAMA CLIFTON, KARACHI	MUHAMMAD AKHTAR PARACHA	42201-4583354-5	MUHAMMAD ASLAM PARACHA	1,414	235	-	1,649	235	-	1,649
146	SYED MUHAMMAD ASIF TIRMIZI RANGELLA STREET MILLAT PARK SA, NEAR SHABBI MEDICAL STORE, LAHORE	SYED MUHAMMAD ASIF TIRMIZI	35202-5308016-1	SYED MUIMTAZ MOHSIN TIRMIZI	917	41	-	958	41	-	958

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others					Total
147	NAVEED IFTIKHAR TEHSIL MULTAN, MULTAN	NAVEED IFTIKHAR	36303-1007430-9	GHULAM FAREED	545	90	-	635	90	-	635	
148	RIAZ BAHADUR KHAN BLOCK-C, MANGHOPIR ROAD, KARACHI	RIAZ BAHADUR KHAN	11201-8320339-9	SHER BAHADUR	642	106	-	748	106	-	748	
149	RAMESH KUMAR PIPLOUNT, OLD SABZI MANDI, KARACHI	RAMESH KUMAR	42000-4861202-7	DHARAM DAS	660	110	-	770	110	-	770	
150	ZUFIQAR, MULTAN	ZUFIQAR	36302-0658885-7	KHUSHI MUHAMMAD	694	115	-	809	115	-	809	
151	ARSHAD HUSSAIN PLOT# 133 GREEN TOWER, GARDEN WEST, KARACHI	ARSHAD HUSSAIN	42000-0470313-7	MUHAMMAD ISMAIL	646	87	-	733	87	-	733	
152	MUHAMMAD ARSHAD KHAN ST# NO.58, BHALA STOP MULTAN ROAD, LAHORE	MUHAMMAD ARSHAD KHAN	35202-2257956-5	MUHAMMAD AKHTAR KHAN	732	140	-	872	140	-	872	
153	REHAN ALI BLOCK-8, F.B. AREA, KARACHI	REHAN ALI	42101-8037922-9	ABDUL RASHEED	541	111	-	652	111	-	652	
154	KUNWER IMRAN ALI KHAN NAZIMABAD NO 3, KARACHI	KUNWER IMRAN ALI KHAN	42101-7395518-9	KUNWER EJAZ ALI KHAN	938	78	-	1,016	78	-	1,016	
155	MUBARAK ALI MULTAN	MUBARAK ALI	36302-4574728-7	MUHAMMAD HUSSAIN MEMON	623	50	-	673	50	-	673	
156	MOHAMMAD ASLAM MEMON PHEIC TOWN CLIFTON, KARACHI	MOHAMMAD ASLAM MEMON	41409-4228282-7	MUHAMMAD HUSSAIN MEMON	526	39	-	565	39	-	565	
157	MUHAMMAD JAMEEL RAHIM YAR KHAN	MUHAMMAD JAMEEL	31303-4159796-3	ABDUL KHALIQ	1,101	567	-	1,668	567	-	1,668	
158	ABDUL FAHIM KARACHI	ABDUL FAHIM	42201-6760622-7		1,590	787	-	2,377	787	-	2,377	
159	SHAHID HASSAN SATELITE TOWN, RAWALPINDI	SHAHID HASSAN	37405-9875511-3	DILBER HASSAN	703	487	-	1,190	487	-	1,190	
160	MUHAMMAD IMRAN BUTT SATYANA ROAD, FAISALABAD	MUHAMMAD IMRAN BUTT	33100-0354095-9	MUHAMMAD ARSHAD	789	207	-	996	207	-	996	
161	NADEEM UDDIN KUCHI SE, ORANGI TOWN, KARACHI	NADEEM UDDIN	42101-9999194-3	BADAR UDDIN	899	149	-	1,048	149	-	1,048	
162	FEROZ KHAN MAIN BAZAR POONCH ROAD, SAMANABAD, LAHORE	FEROZ KHAN	35202-5674748-7	SIKANDAR KHAN	644	18	-	662	18	-	662	
163	SHEIKH MUNAWAR ALI TARIQ BIN ZIYAD HOUSING SOCIETY, KARACHI	SHEIKH MUNAWAR ALI	42201-7418283-1	SHEIKH ANWER HUSSAIN	934	155	-	1,089	155	-	1,089	
164	MUHAMMAD IMRAN SECTOR 11-L, NORTH KARACHI, KARACHI	MUHAMMAD IMRAN	42101-5149101-9	WASI AHMED	710	63	-	773	63	-	773	
165	RASHID MEHMOOD MULTAN	RASHID MEHMOOD	36302-0423858-5	MUHAMMAD QAMAR	675	60	-	735	60	-	735	
166	MUHAMMAD TARIQ ALI BLOCK 09 P.I.A HOUSING SOCIETY, GULISTAN E JOHAR, KARACHI	MUHAMMAD TARIQ ALI	45504-6410858-1	AMEER ALI	736	130	-	866	130	-	866	
167	MOHAMMAD USMAN BLOCK 13 A, GULSHAN E IQBAL, KARACHI	MOHAMMAD USMAN	42501-0705085-1	ABDUL RAUF	1,472	260	-	1,732	260	-	1,732	

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Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total			
168	ABDUL HAI MULLI, C-10, AREA AND CANT BAZAR, MALIR & TARIQ ROAD, KARACHI	ABDUL HAI	42201-0776654-5	MOHAMMAD ASLAM	795	68	-	863	68	-	863
169	M R TRADERS KARACHI	M R TRADERS			1,901	316	-	2,217	316	-	2,217
170	FAYYAZ HAIDER 50-B, HOUSE NO 3, KACHA LAWRENCE ROAD, LAHORE	FAYYAZ HAIDER	34203-9913127-1	MUHAMMAD IDREES	660	108	-	768	108	-	768
171	JAHANZAIB HOUSE NO 633, SECTOR NO 5/E, ORANGI TOWN, KARACHI	JAHANZAIB	42401-0548776-7	SARDAR KHAN	994	143	-	1,137	143	-	1,137
172	SYED MUHAMMAD ATIF ALVI HOUSE #R-918 SECTOR, A4 BUFFERZONE, NORTH KARACHI, KARACHI	SYED MUHAMMAD ATIF ALVI	42101-1807674-9	SYED ABDUL HASEEB ALVI	688	114	-	802	114	-	802
173	YOUSUF HOUSE A-3/243, SECTOR A-3, SAEEDABAD, BALDIA TOWN, KARACHI	YOUSUF	42401-3095168-1	ABDUL RAZZAQ	1,363	226	-	1,589	226	-	1,589
174	MUHAMMAD NAWAZ HOUSE NO 4/743, LIAQUATABAD NO 4, KARACHI	MUHAMMAD NAWAZ	42101-1736873-7	AIJAZ HUSSAIN	899	149	-	1,048	149	-	1,048
175	ABDUL LATIF HOUSE NO L-824, SECTOR 48-E, KORANGI NO 2-1/2, KARACHI	ABDUL LATIF	82203-5252804-1	MUHAMMAD ZAMAN	681	113	-	794	113	-	794
176	SYED HASSAN AZFAR GILLANI NAYA MUHALLA WARD NO, MUZAFFRABAD	SYED HASSAN AZFAR GILLANI	82203-1297588-7	SYED RUKAN UDDIN GILLANI	543	84	-	627	84	-	627
177	MUHAMMAD KHALID RAFIQUE HOUSE NO 3 STREET NO, MULTAN	MUHAMMAD KHALID RAFIQUE	42000-0492326-7	MUHAMMAD RAFIQ	880	145	-	1,025	145	-	1,025
178	MUHAMMAD SOHAIL FLAT NO-03, 3RD FLOOR, CHAND MANZIL, ABDUL MAJEED KHAN ROAD, KARACHI	MUHAMMAD SOHAIL	42301-8662521-7	MUHAMMAD RAFIQ	890	147	-	1,037	147	-	1,037
179	MUHAMMAD ASIF HOUSE NO B-692-693, GALI, MUHALLAH BALOCH GOTH, ORANGI TOWN, KARACHI	MUHAMMAD ASIF	42401-9431842-9	NAZIR ALI	763	94	-	857	94	-	857
180	IMTIAZ AHMED FARSHVI HOUSE NO F 371, PATEL PARA, NEW TOWN, KARACHI	IMTIAZ AHMED FARSHVI	42201-0902531-3	MALIK ALLAH BUKSH	955	85	-	1,040	85	-	1,040
181	ARIF MEHMOOD HOUSE NO 9/351, WASI, SIALKOT	ARIF MEHMOOD	34603-2320046-5	CHAUDHRY MUHAMMAD SADIQ	926	154	-	1,080	154	-	1,080
182	SYED MUHAMMAD RASHID HOUSE NO 104, SECTOR 14-D, ORANGI TOWN, KARACHI	SYED MUHAMMAD RASHID	42401-1738012-7	ABDUL MUJEET	750	125	-	875	125	-	875
183	MOHAMMAD IRFAN QADRI HOUSE NO C-10-2448, SHAHI BAZAR, HYDERABAD	MOHAMMAD IRFAN QADRI	41303-9146617-9	MOHAMMAD YAQOOB	637	104	-	741	104	-	741
184	AMIN MUHAMMAD 1695, SUL TANABAD COLONY, GULBAHAR NO 1, KARACHI	AMIN MUHAMMAD	42101-1896380-7	ANWAR ALI	966	161	-	1,127	161	-	1,127
185	MOHAMMAD AMIR HOUSE# 201 AREA 35/B, KORANGI # 4, KARACHI	MOHAMMAD AMIR	42201-0731709-5	BARKAT ULLAH	926	154	-	1,080	154	-	1,080
186	MUHAMMAD SULTAN HOUSE NO 5/12, MOHAMMADI COLONY, MUMTAZ ROAD, KARACHI	MUHAMMAD SULTAN	42301-0778065-5	MUHAMMAD SULTAN	609	100	-	709	100	-	709

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		Name	NIC No.		Principal	Accrued Mark-up	Others					Total
187	KHAWAJA MOBIN SADIQ HOUSE NO R-887, SECTOR 15-A-4, BUFFER ZONE, NORTH KARACHI, KARACHI	KHAWAJA MOBIN SADIQ	42101-1038774-9	KHAWAJA GHULAM AHMED	890	147	-	1,037	890	147	-	1,037
188	JAVAID IQBAL MIRZA SCHOOL, MUHALLA NAI A, MANDI BAHAUDDIN	JAVAID IQBAL MIRZA	34402-7206310-5	MIRZA ABDUL HAQ	660	109	-	769	660	109	-	769
189	CHAUDHRY ZUBAIR UL HAQ HOUSE # 4759, GULSHAN E MAZDOR, SECTOR 16 - 17, KARACHI	CHAUDHRY ZUBAIR UL HAQ	42401-8008719-1	CHAUDHARY SHAKAR DIN	732	140	-	872	732	140	-	872
190	ALI AHMED HOUSE NO. A-888, SECTOR 11-A, NORTH KARACHI, KARACHI	ALI AHMED	42101-1662701-9	SYED WALI AHMED	570	94	-	664	570	94	-	664
191	MUHAMMAD NAQI HOUSE NO. LS-57 & 5, SECTOR 5/A-2, NORTH KARACHI, KARACHI	MUHAMMAD NAQI	42101-1567864-5	MUHAMMAD TAQI	572	106	-	678	572	106	-	678
192	ABDUL SALAM HOUSE # 1732/203, DE MAHAJIR CAMP NO. 3, BALDIA TOWN, KARACHI	ABDUL SALAM	42401-1690171-7	ABDUL REHEEM	642	106	-	748	642	106	-	748
193	MOHAMMAD NASIR HOUSE NO. 585, SECTOR-F, KO, KARACHI	MOHAMMAD NASIR	42201-0400903-3	BUNDO MIAN	585	97	-	682	585	97	-	682
194	QAYUUM NAWAZ KHAN HOUSE NO 895, MUHALLA NAWAN SHER, MULTAN	QAYUUM NAWAZ KHAN	36302-4213900-7	MEHMOOD KHAN TREEN	528	45	-	573	528	45	-	573
195	FEROZE SAADAT LAHORE	FEROZE SAADAT	35202-6784057-1		623	50	-	673	623	50	-	673
196	MUNIB YOUSAF HOUSE # 180-A, BLOCK # 2, TARIQ STREET, KARIM PARK, LAHORE	MUNIB YOUSAF	35202-2731638-9	MUHAMMAD YOUSAF SHEIKH	996	83	-	1,079	996	83	-	1,079
197	MUHAMMED SHAHID FLAT NO.6 AYUB MANZI, AREA AM-1 BURNS ROAD, KARACHI	MUHAMMED SHAHID	42301-0875301-7	M ARFEEN	561	47	-	608	561	47	-	608
198	ABDUL MUJEER BIN QAMAR HOUSE NO.25, GALI NO.9, BLOCK-3, H NAZIMABAD NO-3, KARACHI	ABDUL MUJEER BIN QAMAR	42101-1770841-3	QAMAR PARVAIZ	602	104	-	706	602	104	-	706
199	ABID RIZWAN SHAUKAT HOUSE NO # 34, HILL ROAD, F 6/3, ISLAMABAD	ABID RIZWAN SHAUKAT	61101-0289026-7	CHAUDHARY SHAUKAT ALI	580	51	-	631	580	51	-	631
200	MUHAMMAD ASLAM MUSEUM STREET NO. MUHALLAH AFTAB PARK, NEAR SHEHZAN FACTORY, LAHORE	MUHAMMAD ASLAM	35202-3490311-1	CHAUDHARY MUHAMMAD ASHRAF	706	162	-	868	706	162	-	868
201	AFSHAD BASHEER HOUSE NO.29 ST NO 04 NEA, LAHORE	AFSHAD BASHEER	35202-4286926-1	MUHAMMAD BASHEER	665	65	-	730	665	65	-	730
202	IMRAN SHAHID AL SHEIKH STREET HOU, JHELUMI	IMRAN SHAHID	37301-9189695-9	MUSHTAQ AHMED SHAHID	643	93	-	736	643	93	-	736
203	FARHAN HUSSAIN HOUSE NO A-31/4, U K BANGALOWS, GULSHAN-E IQBAL, KARACHI	FARHAN HUSSAIN	42201-2157861-1	ZAHOOR HUSSAIN	642	106	-	748	642	106	-	748
204	MUHAMMAD NADEEM HANIF HOUSE NO.7 STREET NO. MOHALLAH QUIRESHI, JANAZGARH MOZANG, LAHORE	MUHAMMAD NADEEM HANIF	35202-9069511-5	SHEIKH MUHAMMAD HANIF	890	147	-	1,037	890	147	-	1,037
205	KHALID YASEEN KHAN LODHI HOUSE NO 131 GARDEN, OPP DEENI MADISRA, LAHORE	KHALID YASEEN KHAN LODHI	35403-9779380-3	MUHAMMAD YASIN KHAN LODHI	1,349	223	-	1,572	1,349	223	-	1,572

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S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
206	MUHAMMAD AYOUB, HAJI MUHAMMAD PALACE MEMON SOCIETY, NO. 6, 3RD FLOOR, KHADDAR MARKET, KARACHI	MUHAMMAD AYOUB	42301-3811678-3	ABDUL SAJJAR	674	112	-	786	674	112	-	786
207	HAMID NAWAZ HOUSE NO 3/14 MUHALL, LAHORE	HAMID NAWAZ	35202-4978847-5	MUMTAZ-UL-HAQ	561	88	-	649	561	88	-	649
208	MUHAMMAD JAFFAR ALI HOUSE NO L-1, SHAH FAISAL COLONY NO 1, KARACHI	MUHAMMAD JAFFAR ALI	42201-0546443-1	MUHAMMAD ALI	899	149	-	1,048	899	149	-	1,048
209	ALI SALMAN FLAT# B-9, BLESSING APPARTMENT, GARDEN EAST, KARACHI	ALI SALMAN	42201-8140819-5	AMEER ALI	1,112	184	-	1,296	1,112	184	-	1,296
210	SALAH UD DIN HOUSE NO 274, SECTOR A-2, LAHORE	SALAH UD DIN	35202-2722139-1	ZIA UD DIN	623	103	-	726	623	103	-	726
211	KHALID BAIG HOUSE NUMBER MCB 10, NEW MOHALLAH, CHAKWAL	KHALID BAIG	37201-1600014-9	ABDUL QAYYUM BAIG	1,305	215	-	1,520	1,305	215	-	1,520
212	MOMIN TAJ FLAT # A2/4, FAHAD SQUARE, BLOCK # 15, GULZARE-HIJRI, KARACHI	MOMIN TAJ	15502-2568244-5	BABOS KHAN	653	108	-	761	653	108	-	761
213	SHEIKH MUHAMMAD BILAL HOUSE NO 03, STREET-7, WASSAN PURA, LAHORE	SHEIKH MUHAMMAD BILAL	35202-0957776-5	SHEIKH JAMAL DIN	1,711	126	-	1,837	1,711	126	-	1,837
214	RAJA ABDUL SAJJAR HOUSE NO 15, STREET N, GULBERG TOWN, GARI SHAHU, LAHORE	RAJA ABDUL SAJJAR	35202-2309084-1	RAJA ABDUL KARIM	1,075	177	-	1,252	1,075	177	-	1,252
215	MUHAMMAD USMAN HOUSE NO 2/A, STREET N, MUHALLA MAZHAR SHAH, ABUL INALI ROAD, LAHORE	MUHAMMAD USMAN	35202-2671360-3	SHEIKH AKRAM	535	47	-	582	535	47	-	582
216	GHULAM MUSTAFA HOUSE NO HR-1222, GROUND FLOOR, BLOCK-18, SAMANABAD, KARACHI	GHULAM MUSTAFA	42101-1372177-1	ABDUL RAZZAQ	731	129	-	860	731	129	-	860
217	ISLAM UDDIN HOUSE NO DV-183, DOD VILLAGE, GULBAHAR, KARACHI	ISLAM UDDIN	42101-7461927-7	ABDUL RAZZAQ	908	150	-	1,058	908	150	-	1,058
218	MUHAMMAD IRFAN BUTT FLAT # B-408, 4TH FLOOR, AKBER PARADISE, BLOCK-10-A, GULSHAN-E-IGBAL, KARACHI	MUHAMMAD IRFAN BUTT	42201-1071226-7	MAIRAJ UDDIN BUTT	927	82	-	1,009	927	82	-	1,009
219	ZAR MUHAMMAD HOUSE NO L-219, STREET-1, SHIRI JINNAH COLONY-2, KARACHI	ZAR MUHAMMAD	14301-2018236-5	GHAZI MERJAN	615	100	-	715	615	100	-	715
220	MUHAMMAD HUSSAIN MOOSA HOUSE NO B-263, BLOCK A, NAZIMABAD, KARACHI	MUHAMMAD HUSSAIN MOOSA	42101-0377088-7	HASSAN ALI MOOSA	958	159	-	1,117	958	159	-	1,117
221	NAZEER AHMED KHAWAJA NAZEER KHAWA, MULTAN	NAZEER AHMED	36302-0357980-9	GHULAM ALI	835	133	-	968	835	133	-	968
222	MUHAMMAD LATIF HOUSE NO B-457, BLOCK-04, METROVILL SITE, KARACHI	MUHAMMAD LATIF	42401-8978524-1	MUHAMMAD UDDIN	908	150	-	1,058	908	150	-	1,058
223	ABDUL WAHEED KARACHI	ABDUL WAHEED	42301-8963441-5	ALLAH DITTA AASI	674	59	-	733	674	59	-	733
224	MUHAMMAD RAZZAQ 241 SHAHBAZ BLOCK, MUSTAFA TOWN, WAHDAT ROAD, LAHORE	MUHAMMAD RAZZAQ	35201-3986812-5	ALLAH DITTA AASI	588	52	-	640	588	52	-	640

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		Name	NIC No.		Principal	Accrued Mark-up	Total				
							Others				Principal
225	MUHAMMAD AYAZ CHAUDHARY HOUSE NO 444W 7 TAM, MULTAN	MUHAMMAD AYAZ CHAUDHARY	36302-7712428-1	S M FAYAZ	681	113	681	113	-	794	
226	AFZAL MEHMOOD KHAN HOUSE NO R-421, SECTOR 14-A, SHADMAN TOWN, NORTH KARACHI, KARACHI	AFZAL MEHMOOD KHAN	42101-2958411-3	MOHAMMAD MEHMOOD KHAN	682	113	682	113	-	795	
227	MOHAMMAD IMRAN FLAT NO. 209, ALSA CHAMA HOMES, GHULAM HUSSAIN, GARDEN WEST, KARACHI	MOHAMMAD IMRAN	42301-9337913-3	MOHAMMAD HANIF	519	99	519	99	-	618	
228	ASLAM ASHFAQ, FLAT A- 53-54, FARAZ , BLOCK 20, GULISTANE-JOHAR, KARACHI	ASLAM ASHFAQ	42201-8909737-5	MOHAMMAD MEHBOOB	921	46	921	46	-	967	
229	ABDUL SHAFIQ BHATTI FLAT # A-308, PEARL APARTMENT, NORTH KARACHI, KARACHI	ABDUL SHAFIQ BHATTI	42101-9700965-9	ABDUL HAMEED BHATTI	667	110	667	110	-	777	
230	SARA QADIR HOUSE NO. J-10/2 8TH, PHASE-IV D.H.A., KARACHI	SARA QADIR	42301-0993143-0	ABDUL QADIR	602	51	602	51	-	653	
231	MUHAMMAD BILAL FLAT NO 122, BLOCK A, PHASE-I, BILAL ARCADE, 2 GHULAM HUSSAIN GASIM ROAD, GARDEN, KARACHI	MUHAMMAD BILAL	42301-0847526-1	MUHAMMAD HAROON	674	59	674	59	-	733	
232	MUHAMMAD KHALID HOUSE O. 34/16, STR, SAEEDABAD, KARACHI	MUHAMMAD KHALID	42401-1566620-1	ABDUL QADIR	688	114	688	114	-	802	
233	BALAJ TEXTILE MILLS (PVT) LIMITED, ROOM NO. 3, 3RD FLOOR, SHAHEEN ARCADE, NEW GARDEN TOWN, LAHORE	MIAN MUHAMMAD AKRAM MIAN IKRAM MAHMOOD MIAN JAWAD AKRAMI	35202-2875590-9 35201-1406276-5 35202-8926585-5	MIAN MUHAMMAD ISMAIL MIAN MUHAMMAD ISMAIL MIAN MUHAMMAD AKRAMI	494	251	494	251	-	745	
234	MASTER PLASTIC PACK MASTER PLASTIC PACK, G.T. ROAD, GUJRANWALA	SH PERVAIZ IQBAL SH KAMRAN PERVAIZ MST. ZARINA BAGUM SH NAEEM PERVAIZ	34101-3576835-1 34101-5363161-9 34101-7050925-8 34101-5368016-9	SH MUHAMMAD TUFAIL SH PERVAIZ IQBAL SH PERVAIZ IQBAL SH PERVAIZ IQBAL	-	5,216	-	5,216	-	5,216	
235	AL MADINA TRANSPORT PLOT 440, SECTOR 4-F, BULI NAGAR, ORANGI TOWN, KARACHI	YOUSUF ABBAS ALI KHAN BEHRE KARAMI	42401-3763532-3 42401-2563054-7 42401-9546898-3	DILAWAR KHAN DILAWAR KHAN DILAWAR KHAN	12,425	1,280	13,705	1,280	3,450	17,155	
236	PUNJN EMBROIDERY 36- MCMINPURA, INDUSTRIAL AREA, G.T ROAD, LAHORE	ARIF MUKHTAR MALIK MUHAMMAD SHAHZAD SHAHBAZ QADIR SALAHUDDIN MAHMOOD SUBHANI MALIK	35202-29-090311 35201-21-205383 35201-02-437857 35201-16-160663 35202-29-090359	MALIK MUKHTAR AHMED MUHAMMAD TUFAIL GHULAM QADIR MUHAMMAD TUFAIL MALIK MUKHTAR AHMED	30,106	3,643	33,749	3,643	4,874	38,623	
237	TABBASSUM ELAHI PLOT # 119, 21ST STREET, MAIN KORANGI ROAD, KARACHI	TABBASSUM ELAHI	42301-1414526-1	ANWAR ELLAHI	-	7,579	-	7,579	-	7,579	
238	NAZIR MOOSA TRADING COMPANY SHOP NO. 52, EXPRESS MARKET, SADDAR, KARACHI	NAZIR MOOSA	42201-0683363-5	MOOSA BHAI	38,824	9,702	48,526	9,702	-	58,228	
239	TRADE EXCHANGE SERVICES F-451, SITE, KARACHI	NASIR KASIM ALI DOSSA NAJUMUL HUSSAIN DOSSA	42201-0478169-9 42201-0490972-5	KASIM ALI DOSSA KASIM ALI DOSSA	12,592	1,723	14,315	1,723	-	16,038	
240	MAMA FAHAD INTERNATIONAL 67 BLOCK 6 PECHS KARACHI	MUHAMMAD ABID KHAN	42201-2434640-5	MUHAMMAD ABDUL RAUF KHAN	32,288	1,879	34,167	1,879	-	36,046	
241	HUMAYUN TELECOM SHOP NO 1/2, ASIF CENTRE, MODEL TOWN, LINK ROAD, LAHORE	FEDWAN HUMAYUN	35202-4651197-1	HUMAYUN AKHTAR SHEIKH	12,995	2,307	15,302	2,307	-	17,609	
242	H S ENTERPRISES D-14 SURVEY # 30, AMINABAD IND PROJECT OLD MAIN MANGHOPIR RD, SITE KARACHI	HARIS	42101-0457834-9	JAMSHAD ALAM	9,725	1,190	10,915	1,190	-	12,105	
243	AJWA TEXTILE INDUSTRIES 23.5-KM FERROZPUR ROAD LHR- SUJA GAJUMATTA, KAHNANAU 128-A GARDEN BLOCK GARDEN TOWN LHR	IOBAL ATTARA	42291-0712281-9	HAJI HAMID ATTARA	31,874	5,086	36,960	3,961	-	40,921	

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total			
244	UMER MARBLE FACTORY, SHOWK TALAB SHEIKH MULABUKSH JAMMU ROAD SIALKOT	IMRAN KHAN	34603-1393379-3	SAFDAR KHAN	-	544	-	544	544	-	544
245	RUMMY INTERNATIONAL P.O. S.I.ESTATE- SHAHAB PURA SIALKOT	ILYAS AHMED BHATTI BILLAL FARZANA	34603-7223377-1 34603-2837900-7 34603-7021894-6	MOHAMMAD SAEED ILYAS AHMED W/O ILYAS AHMED BHATTI	5,000	955	-	5,955	955	-	955
246	SALEEM TRADING CORPORATION ROOM NO. 3 & 4, 1ST FLOOR, CHEMICAL CHAMBER, ADMJEEE ROAD, JODIA BAZAR, KARACHI	SALEEM GAILI	42201-0452582-3	HAJI SULEMAN GAILI	6,692	1,374	-	8,066	1,374	-	1,374
247	ORIENT MARBLE INDUSTRIES A-59, SITE, MANGHOPIR ROAD, KARACHI	FARED AHMED	42101-2917149-1	MR. ISMAIL	9,998	727	-	10,725	727	-	727
248	MUHAMMAD FAROOQUE STORE SHOP # 55, EMPRESS MARKET, SADDAR, KARACHI	MUHAMMAD FAROOQUE	42201-0693367-5	MOOSA BHAI	2,099	1,567	-	3,666	1,567	-	3,666
					397,633	76,347	8,324	482,304	222,174	75,222	8,324 305,720

Enabling success
Realising dreams



Consolidated Financial Statements
For the year ended December 31, 2010

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of **NIB Bank Limited** as at 31 December 2010 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. These financial statements include unaudited certified returns from the branches, except for 24 branches, which have been audited by us.

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

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

In our opinion, the consolidated financial statements present fairly the financial position of NIB Bank Limited as at 31 December 2010 and the results of its operations, changes in equity and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Date: 01 March 2011
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amir Jamil Abbasi

NIB Bank Limited
Consolidated Statement of Financial Position
As at December 31, 2010

	Note	2010	2009
(Rupees '000')			
ASSETS			
Cash and balances with treasury banks	8	8,836,474	8,834,275
Balances with other banks	9	2,952,593	3,684,684
Lendings to financial institutions	10	6,429,166	5,681,887
Investments	11	50,209,083	59,496,979
Advances	12	74,583,584	84,021,406
Operating fixed assets	13	2,751,703	3,135,850
Intangible assets	14	4,147,736	28,669,997
Deferred tax assets	15	9,395,264	6,411,185
Other assets	16	5,251,463	6,949,406
		164,557,066	206,885,669
LIABILITIES			
Bills payable	17	1,335,493	1,574,207
Borrowings	18	42,361,934	62,523,365
Deposits and other accounts	19	99,111,741	92,838,878
Sub-ordinated loans	20	3,996,000	3,997,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	21	3,866,958	4,604,162
		150,672,126	165,538,212
NET ASSETS		<u>13,884,940</u>	<u>41,347,457</u>
REPRESENTED BY :			
Share capital	22	40,437,271	40,437,271
Reserves		8,464,894	8,464,894
Accumulated loss		(41,009,961)	(7,081,729)
Shareholders' equity		7,892,204	41,820,436
Advance against proposed rights issue	22.3	6,352,360	-
		14,244,564	41,820,436
Deficit on revaluation of assets - net	23	(359,624)	(472,979)
		<u>13,884,940</u>	<u>41,347,457</u>

CONTINGENCIES AND COMMITMENTS

24

The annexed notes from 1 to 43 and annexure - 1 form an integral part of these consolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited
Consolidated Profit and Loss Account
For the year ended December 31, 2010

	Note	2010	2009
(Rupees '000')			
Mark-up / Return / Interest earned	25	16,482,767	18,278,640
Mark-up / Return / Interest expensed	26	13,467,526	12,775,801
Net Mark-up / Interest Income		3,015,241	5,502,839
Provision against non-performing loans and advances	12.5	9,872,524	524,505
Provision for diminution in the value of investments	11.13	115,134	575,705
Bad debts written off directly		53,359	67,398
		10,041,017	1,167,608
Net Mark-up / Interest income after provisions		(7,025,776)	4,335,231
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		977,919	953,462
Dividend income		150,517	182,327
Income from dealing in foreign currencies		469,449	72,166
Gain on sale of securities	27	307,541	573,126
Unrealized loss on revaluation of investments classified as held-for-trading		-	-
Other income	28	28,348	20,739
Total Non Mark-up / Interest income		1,933,774	1,801,820
		(5,092,002)	6,137,051
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	29	7,055,824	5,455,676
Other provisions / write offs		158,359	6,229
Other charges	30	121,918	(122,097)
Workers welfare fund		859	17,214
Total Non Mark-up / Interest expense		7,336,960	5,357,022
Share of profit of associates	11.11.2	339,960	772,867
Extraordinary / Unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		(12,089,002)	1,552,896
Taxation - Current	31	228,733	126,765
- Prior years	31	385,655	15,958
- Deferred	31	(2,996,630)	(83,549)
		(2,382,242)	59,174
PROFIT / (LOSS) AFTER TAXATION		(9,706,760)	1,493,722
Accumulated loss brought forward		(7,081,729)	(8,382,793)
ACCUMULATED LOSS CARRIED FORWARD		(16,788,489)	(6,889,071)
Basic / diluted Earnings / (Loss) per share (Rupees)	32	(2.40)	0.37

The annexed notes from 1 to 43 and annexure - 1 form an integral part of these consolidated financial statements.

Khawaja Iqbal Hassan
President / Chief Executive

Francis Andrew Rozario
Chairman / Director

Muhammad Abdullah Yusuf
Director

Syed Aamir Zahidi
Director

NIB Bank Limited
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
Profit / (Loss) after taxation for the year	(9,706,760)	1,493,722
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(9,706,760)</u>	<u>1,493,722</u>

Surplus / deficit on revaluation of 'Available -for-Sale' securities is presented under a separate head below equity as 'Surplus / deficit on revaluation of assets' in accordance with the requirements specified by the Companies Ordinance, 1984, and the State Bank of Pakistan vide its BSD Circular 20 dated August 4, 2000 and BSD Circular 10 dated July 13, 2004.

The annexed notes from 1 to 43 and annexure - 1 form an integral part of these consolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited
Consolidated Statement of Changes in Equity
For the year ended December 31, 2010

	Note	Share capital	Share deposit money	Reserves			Total	
				Share premium	Capital			
					Statutory reserve	General reserve		Accumulated loss
(Rupees '000')								
Balance as at December 31, 2008		28,437,271	12,000,000	8,246,618	74,594	5,472	(8,382,793)	40,381,162
Total comprehensive income for the year								
Profit after taxation for the year		-	-	-	-	-	1,493,722	1,493,722
Transaction with owners, recorded directly in equity								
Issue of share capital		12,000,000	(12,000,000)	-	-	-	-	-
Right shares issue cost (net of tax)		-	-	-	-	-	(54,448)	(54,448)
		12,000,000	(12,000,000)	-	-	-	(54,448)	(54,448)
Transfer to statutory reserve		-	-	-	138,210	-	(138,210)	-
Balance as at December 31, 2009		40,437,271	-	8,246,618	212,804	5,472	(7,081,729)	41,820,436
Total comprehensive income for the year								
Loss after taxation for the year		-	-	-	-	-	(9,706,760)	(9,706,760)
Goodwill adjustment	14.2	-	-	-	-	-	(24,221,472)	(24,221,472)
Balance as at December 31, 2010		40,437,271	-	8,246,618	212,804	5,472	(41,009,961)	7,892,204

The annexed notes from 1 to 43 and annexure - 1 form an integral part of these consolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited
Consolidated Statement of Cash Flows
For the year ended December 31, 2010

	Note	2010	2009
(Rupees '000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		(12,089,002)	1,552,896
Dividend income		(150,517)	(182,327)
		<u>(12,239,519)</u>	<u>1,370,569</u>
Adjustments for non-cash items			
Depreciation		394,062	468,323
Amortization		371,719	308,062
Workers welfare fund		859	17,214
Gain on sale of securities		(307,541)	(573,126)
Gain on sale of operating fixed assets		(464)	(1,553)
Provision against non-performing loans and advances		9,872,524	524,505
Bad debts written off directly		53,359	67,398
Fixed assets written off		159,676	1,312
Impairment of investment in associates		-	20,895
Provision for diminution in the value of investments		115,134	575,705
Other provisions / write offs		158,359	6,229
Share of profit of associates		(339,960)	(772,867)
		<u>10,477,727</u>	<u>642,097</u>
		(1,761,792)	2,012,666
(Increase) / decrease in operating assets			
Lendings to financial institutions		(747,279)	6,777,734
Held-for-trading securities		-	90,402
Advances		(488,061)	(4,269,116)
Other assets (excluding advance taxation)		1,798,010	(2,348,986)
Increase / (decrease) in operating liabilities			
Bills payable		(238,714)	142,123
Borrowings		(20,161,431)	38,871,999
Deposits and other accounts		6,272,863	(10,959,214)
Other liabilities (excluding current taxation)		(741,554)	(956,345)
		<u>(16,067,958)</u>	<u>29,361,263</u>
Income tax paid		(872,814)	(834,978)
Net cash (used in) / from operating activities		<u>(16,940,772)</u>	<u>28,526,285</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investments in available-for-sale securities		10,731,652	(26,217,490)
Net Investments in held-to-maturity securities		(35,501)	(21,061)
Net Investments in associates		(808,666)	223,751
Dividend received		212,830	350,653
Payments for capital work in progress		(126,035)	(275,439)
Acquisition of property and equipment		(114,845)	(144,626)
Acquisition of intangible assets		(4,184)	(68,649)
Sale proceeds of property and equipment disposed of		5,007	5,507
Net cash from / (used in) investing activities		<u>9,860,258</u>	<u>(26,147,354)</u>

NIB Bank Limited
Consolidated Statement of Cash Flows
For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of sub-ordinated loans		(1,600)	(1,600)
Advance against proposed rights issue		6,352,360	-
Dividend paid		(138)	(75)
Right shares issue cost		-	(83,766)
Net cash from / (used in) financing activities		6,350,622	(85,441)
Net (decrease) / increase in cash and cash equivalents		(729,892)	2,293,490
Cash and cash equivalents at the beginning of the year		12,518,959	10,225,469
Cash and cash equivalents at the end of the year	33	11,789,067	12,518,959

The annexed notes from 1 to 43 and annexure - 1 form an integral part of these consolidated financial statements.

Khawaja Iqbal Hassan
 President / Chief Executive

Francis Andrew Rozario
 Chairman / Director

Muhammad Abdullah Yusuf
 Director

Syed Aamir Zahidi
 Director

NIB Bank Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

NIB Bank Limited (the Bank)

NIB Bank Limited "the Bank" is incorporated in Pakistan and its registered office is situated at Muhammadi House, I.I.Chundrigar Road, Karachi in the province of Sindh. The Bank is listed on all the stock exchanges in Pakistan and has 178 branches (2009: 223 branches). The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962.

The Bank is a subsidiary of Bugis Investments (Mauritius) Pte. Limited which is a wholly owned subsidiary of Fullerton Financial Holdings Pte. Limited which in turn is a wholly owned subsidiary of Temasek Holdings, an investment arm of the Government of Singapore.

Subsidiary Companies

PICIC Asset Management Company Limited (PICIC AMC)

PICIC AMC is a wholly owned subsidiary of the Bank and is an unquoted public limited company with principal business to carry out investment advisory services and asset management services. The Bank acquired interest in PICIC AMC by virtue of acquisition and amalgamation of Pakistan Industrial Credit and Investment Corporation Limited (PICIC) as of June 30, 2007.

Financial and Management Services (Private) Limited (FMSL)

The Bank also acquired 95.89% interest in FMSL by virtue of acquisition and amalgamation of PICIC.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) 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.

These consolidated financial statements have been presented in Pakistan Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

3. STATEMENT OF COMPLIANCE

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

3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

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

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011:

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on Group's financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on Group's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after January 1, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Group's financial statements.
- Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in Group's financial statements.
- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The amendment has no impact on Group's financial statements.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for the measurement of certain investments and commitments in respect of forward foreign exchange contracts that are stated at revalued amounts / fair values, staff retirement benefits (Gratuity) which are stated at present value and certain financial assets that are stated net of provisions.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

5.1 Investments

Held-to-maturity securities

As described in note 6.4, held-to-maturity securities are investments where the management has positive intent and ability to hold to maturity. The classification of these securities involves management judgment as to whether the financial assets are held-to-maturity investments.

Held-for-trading securities

Investments classified as held-for-trading are those which the Group has acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

Available-for-sale securities

Investments which are not classified as held-for-trading or held-to-maturity are classified as available-for-sale.

5.2 Impairment

Valuation and impairment of available-for-sale equity investments

The Group determines that an available-for-sale equity investment is 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 Group evaluates, among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Impairment of non financial assets (excluding deferred tax and goodwill)

Non financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Group estimates the recoverable amount of the asset and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risks specific to the asset. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the profit and loss account and the carrying value of the asset reduced by the amount of the loss. A reversal of an impairment loss on intangible assets (excluding goodwill) is recognized as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognized.

Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business.

5.3 Provision against non-performing advances

Apart from the provision determined on the basis of time based criteria given in the Prudential Regulations of the SBP, management also applies subjective criteria of classification and accordingly the classification of an advance may be downgraded on the basis of evaluation of the credit worthiness of the borrower, its cash flows, operations in its account and adequacy of security in order to ensure accurate measurement of the provision.

5.4 Retirement Benefits

The key actuarial assumptions concerning the valuation of the defined benefit plan and the sources of estimation are disclosed in note 35.2 to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

5.5 Useful life of property and equipment

Estimates of useful life of property and equipment are based on management's best estimate.

5.6 Income Taxes

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Bank for the year ended December 31, 2009 and are enumerated as follows:

6.1 Business combinations

Business combinations are accounted for using the purchase method. Under this method, identified assets acquired, liabilities and contingent liabilities assumed are fair valued at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill.

6.2 Revenue recognition

Mark-up / return on performing loans / advances and investments is recognized on time proportionate basis. Where debt securities are purchased at a premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity using the effective interest rate method so as to produce a constant rate of return. Interest or mark-up recovered on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP as amended from time to time.

The financing method is used in accounting for income on finance leases and hire purchase transactions. Under this method, the unearned income, i.e. the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is deferred and then amortized to income over the term of the lease on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Rental income from assets given on operating lease is recognized on time proportionate basis over the lease period.

Gains / losses on termination of lease contracts, documentation charges and other lease income are recognized as income when they are realized.

Fee, commission and brokerage income is recognized at the time of performance of the service.

Dividend income is recorded when the right to receive the dividend is established.

6.3 Grants and assistance

In terms of Kreditanstalt für Wiederaufbau (KfW) loan re-lent by the Government of Pakistan (GoP), the Bank was required to bear interest at 11 percent per annum and pay interest to the GoP at 10 percent per annum and transfer the remaining 1 percent per annum margin to a counter part fund to be used by the Bank for financing feasibility surveys, market surveys and similar investigations destined for the preparation of projects.

6.4 Investments

Investments of the Group, other than investments in subsidiaries and associates are classified as held-to-maturity, held-for-trading and available-for-sale.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity and the Group has the positive intent and ability to hold upto maturity.

Held-for-trading

These securities are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in the portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

Available-for-sale

These are securities which do not fall under the classification of held-for-trading or held-to-maturity securities.

Initial measurement

All "regular way" purchases and sales of investments are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investments are initially recognized at fair value which, in the case of investments other than held-for-trading, includes transaction costs associated with the investments.

Subsequent measurement

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

Available-for-sale

Quoted-securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the balance sheet below equity and taken to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. A decline in the carrying value is charged to the profit and loss account. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses.

Provision for diminution in the value of securities (except term finance certificates) is made for impairment, if any. Provision for diminution in the value of term finance certificates is made as per the aging criteria prescribed by the Prudential Regulations issued by the SBP.

Investment in Associates

Investments in associates are accounted for under the equity method.

Gain or loss on sale of investments is included in the profit and loss account for the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

6.5 Lendings to / borrowings from financial institutions

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 agreement to resale (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. In the case of the continuous funding system, transactions are shown under advances. The difference between sale and repurchase price is treated as mark-up / return expensed whereas difference between purchase and resale price is treated as mark-up / return earned.

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

6.6 Advances

Advances including continuous funding system and net investment in finance lease are stated net of provisions.

Provisions

Specific and general provisions are made based on an appraisal of the loan portfolio that takes into account Prudential Regulations issued by the State Bank of Pakistan from time to time. Specific provisions are made where the repayment of identified loans is in doubt and reflects an estimate of the amount of loss expected. The general provision is for the inherent risk of losses which are known from experience to be present in any loan portfolio. Provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against advances.

Advances are written off when there is no realistic prospect of recovery.

Net investment in finance lease

Leases include hire purchase where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset and are classified as finance leases. Net investment in finance lease is recognized at an amount equal to the aggregate of minimum lease payments and any guaranteed residual value less unearned finance income, if any.

6.7 Operating fixed assets

Owned

Property and equipment except freehold and leasehold land is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold and leasehold land is stated at cost.

Depreciation is charged to income applying the straight line method over the estimated useful lives of the assets while taking into account any residual value, at the rates given in Note 13.2 to the consolidated financial statements. In respect of additions and deletions to assets during the year, depreciation is charged from the month of acquisition while depreciation on disposals during the year is charged upto the month of disposal.

Normal repairs and maintenance are charged to the profit and loss account for the year as and when incurred. Major repairs and improvements are capitalized and assets so replaced are retired.

Gains and losses on disposal of property and equipment if any, are taken to the profit and loss account for the year.

Assets Held under Finance Lease

Leasehold land is stated at cost.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Assets held under finance lease are stated at cost less accumulated depreciation. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Group.

Finance charges are allocated to accounting periods so as to provide a constant periodic rate of return on the outstanding liability.

Assets Held under Operating Lease

Operating lease assets are stated at cost less accumulated depreciation and impairment, if any.

Repairs and maintenance are charged to the profit and loss account as and when incurred.

Capital work in progress

These assets are stated at cost.

6.8 Intangible assets

Intangible assets include the value of the brand, core deposit relationships, and core overdraft / working capital loan relationships and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the profit and loss account on a straight line basis over the assets' useful lives which are determined using methods that best reflect the pattern of economic benefits. The estimated useful lives are as follows:

Brand	5 years
Core deposit relationships	11 years
Core overdraft / working capital loan relationships	11 years
Management rights	Indefinite life

Management rights were stated at cost less accumulated amortization and impairment losses, if any in PICIC AMC. Amortization was charged on straight line basis over a period of 10 years. The useful life of the management rights has been determined, post-acquisition, to be indefinite.

Computer softwares are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is carried out on the straight line method at the rates given in Note 14 to the consolidated financial statements.

6.9 Sub-Ordinated Loans

Sub-ordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on these loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

6.10 Staff retirement benefits

Defined contribution plan

The Group operates a defined contribution provident fund for all its permanent employees. Equal monthly contributions are made to the fund by both the Group and the employees at the rate of 10% of basic salary.

Defined benefit plan

The Bank operates an unfunded gratuity scheme covering all eligible employees who have attained the minimum qualifying period of five years. Eligible employees are those employees who have joined the service of the Bank on or before March 31, 2006. Provision is made in accordance with actuarial recommendations. Actuarial valuation is carried out periodically using the "Projected Unit Credit Method".

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Actuarial gain / loss is recognized using the 10% corridor approach. Corridor is defined as the greater of 10% of the present value of defined benefit obligations and plan assets.

6.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity.

Current

Provision for current taxation is based on taxable income at the current rates of taxation in accordance with the prevailing laws for taxation on income earned after taking into consideration tax credits and rebates available and any adjustments to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences as at the balance sheet date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Group records deferred tax assets / liabilities using tax rates, enacted or substantially enacted at the balance sheet date, that are expected to be applicable at the time of their reversal.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group recognizes a deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 "Income Taxes". The related deferred tax asset / liability is adjusted against the related deficit / surplus.

The Group recognizes a deferred tax asset for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized in accordance with the requirements of IAS 12 "Income Taxes".

6.12 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 quarterly and are adjusted to reflect the current best estimate.

6.13 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items relating to such assets and liabilities are also offset and the net amount is reported in the financial statements.

6.14 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared.

6.15 Distributions of bonus shares and other appropriations to reserves

The Group recognizes all appropriations, other than statutory appropriations, to reserves including those in respect of bonus shares made after the balance sheet date, in the period in which such appropriations are approved.

6.16 Foreign currencies

Transactions in foreign currencies are translated to Rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the balance sheet date. Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated 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 approximating those prevailing at the balance sheet date.

Assets against which the constituents have exercised their option to transfer exchange risk to the Group and liabilities for which the Group has exercised its option to transfer exchange risk to the Government, are translated at the rates of exchange guaranteed by the Group and the Government, respectively.

Assets, liabilities, commitments and contingent liabilities in respect of Bangladesh are translated at foreign exchange rates approximating those prevailing prior to August 15, 1971.

Exchange gains and losses are included in income currently except net unrealized exchange gain on long-term monetary items which, as a matter of prudence, is carried forward as unrealized gain in view of the uncertainty associated with its realization.

6.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks.

6.18 Financial instruments

All financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the balance sheet include cash and bank balances, lendings to financial institutions, investments, advances and certain receivables. Financial liabilities include borrowings, deposits, bills payable and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.19 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into and subsequently these instruments are marked to market and changes in fair values are taken to the profit and loss account. Fair values are obtained from quoted market prices in active markets.

6.20 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.

6.20.1 Business Segments

Corporate and Investment Banking

It represents all funded and non funded credit facilities of working capital financing including seasonal finance, trade finance, cash finance, running finance, guarantees and bills of exchange relating to corporate customers, as well as for long term expansion, BMR, Project financing, syndicated financing along with advisory, underwriting, transactional banking, and IPO related activities.

Retail

It represents banking services offered to individuals and small businesses through a retail branch banking and alternate distribution network. These banking services include lending, deposits and distribution of insurance products along with other financial products and services tailored for such customers.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

Small & Medium Enterprises and Commercial

It represents all funded and non funded credit facilities, deposit products & transaction services offered by the Bank to small & medium enterprises and commercial businesses operating in the manufacturing, trading, wholesale and service sectors.

Treasury

Treasury manages the asset and liability mix of the Bank, and provides customers with products that meet their demands for management of liquidity, cash flow, interest rate fluctuations and foreign exchange risk.

6.20.2 Geographical segments

The Group operates in Pakistan only.

6.21 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at the lower of the carrying value of the related advances and the current fair value of such assets.

6.22 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportionate basis.

6.23 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

7. BASIS OF CONSOLIDATION

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investment in subsidiaries held by the holding company is eliminated against the shareholders' equity in the consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

Financial and Management Services (Private) Limited has not been consolidated as it is not material and this investment has been fully provided.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

8. CASH AND BALANCES WITH TREASURY BANKS

	Note	2010	2009
(Rupees '000')			
In hand			
Local currency	8.1	2,155,359	2,560,507
Foreign currencies		277,891	418,759
With State Bank of Pakistan in			
Local currency current accounts	8.2	4,287,132	3,638,671
Foreign currency current account	8.3	308,292	400,148
Foreign currency deposit accounts	8.4	1,034,595	1,233,705
With National Bank of Pakistan in local currency current accounts		773,205	582,485
		8,836,474	8,834,275

8.1 These includes National Prize Bonds of Rs. 4.611 million (2009 : Rs. 7.010 million).

8.2 The current account is maintained under the requirements of Section 22 of the Banking Companies Ordinance, 1962.

8.3 This includes special cash reserve at Nil return (2009: Nil) required to be maintained with the SBP on deposits held under the new foreign currency accounts scheme.

8.4 This represents special cash reserve of 15% required to be maintained with the SBP on deposits held under the new foreign currency accounts scheme at Nil return (2009: Nil) per annum.

9. BALANCES WITH OTHER BANKS

In Pakistan			
In current accounts		309,957	373,354
In deposit accounts		1,114	901
Outside Pakistan in current accounts	9.1	2,645,486	3,314,393
		2,956,557	3,688,648
Provision against doubtful balances		(3,964)	(3,964)
		2,952,593	3,684,684

9.1 This includes amount held in automated investment plans. This balance is current by nature and on increase in the balance over a specified amount, interest is received from the correspondent banks at various rates.

10. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	10.2	725,000	725,000
Repurchase agreement lendings (Reverse Repo)	10.3 & 10.4	5,704,166	4,956,887
		6,429,166	5,681,887

10.1 Particulars of Lendings

In local currency		6,429,166	5,681,887
In foreign currencies		—	—
		6,429,166	5,681,887

10.2 These represent unsecured call money lendings to financial institutions carrying mark-up rates ranging from 12.75% to 15.00% (2009:12.10% to 13.50%) per annum and having maturities upto one week.

10.3 These represent repurchase agreement lendings to financial institutions carrying mark-up rates ranging from 12.70% to 13.90% (2009: 11.97% to 12.40%) per annum and having maturities upto three months.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

10.4 Securities held as collateral against lendings to financial institutions

	2010			2009		
	Held by Group	Further given as collateral/sold	Total	Held by Group	Further given as collateral/sold	Total
	(Rupees '000')					
Market Treasury Bills	499,931	3,461,900	3,961,831	2,154,092	1,961,844	4,115,936
Pakistan Investment Bonds	1,429,763	312,572	1,742,335	138,120	702,831	840,951
	<u>1,929,694</u>	<u>3,774,472</u>	<u>5,704,166</u>	<u>2,292,212</u>	<u>2,664,675</u>	<u>4,956,887</u>

10.4.1 The market value of securities held as collateral against lendings to financial institutions as at December 31, 2010 amounted to Rs. 5,717.943 million (2009: Rs. 4,964.548 million).

Note	2010			2009		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
	(Rupees '000')					

11. INVESTMENTS

11.1 (a) Investments by types:

Held-for-trading securities		-	-	-	-	-	-
Available-for-sale securities							
Market Treasury Bills	11.2	12,450,355	18,562,576	31,012,931	4,691,032	37,923,905	42,614,937
Pakistan Investment Bonds	11.2	2,612,273	961,963	3,574,236	2,698,926	832,385	3,531,311
Defense Savings Certificates	11.3	5,771	2,730	8,501	5,771	2,730	8,501
Sukuk Bonds	11.4	505,126	-	505,126	205,304	-	205,304
Cumulative Preference Shares	11.5	50,000	-	50,000	50,000	-	50,000
Ordinary Shares / Certificates in							
Listed Companies / Modarabas	11.6	1,053,073	112,373	1,165,446	1,015,819	66,572	1,082,391
Ordinary Shares of Unlisted Companies	11.7	66,049	-	66,049	66,217	-	66,217
Term Finance Certificates	11.8 & 11.9	5,171,496	-	5,171,496	4,424,427	-	4,424,427
Units / Certificates of Mutual Funds	11.10	270,106	-	270,106	430,765	-	430,765
		<u>22,184,249</u>	<u>19,639,642</u>	<u>41,823,891</u>	<u>13,588,261</u>	<u>38,825,592</u>	<u>52,413,853</u>
Held-to-maturity securities							
Pakistan Investment Bonds	11.2	4,691,896	-	4,691,896	4,652,033	-	4,652,033
Term Finance Certificates	11.8 & 11.9	118,961	-	118,961	123,323	-	123,323
		<u>4,810,857</u>	<u>-</u>	<u>4,810,857</u>	<u>4,775,356</u>	<u>-</u>	<u>4,775,356</u>
Associates	11.11	4,102,774	-	4,102,774	3,052,301	-	3,052,301
Subsidiary	11.12	724	-	724	724	-	724
Total investments - Gross		<u>31,098,604</u>	<u>19,639,642</u>	<u>50,738,246</u>	<u>21,416,642</u>	<u>38,825,592</u>	<u>60,242,234</u>
Provision for diminution in value of investments	11.13 & 11.14	(449,668)	(24,873)	(474,541)	(538,315)	(20,418)	(558,733)
Investments - net of provisions		<u>30,648,936</u>	<u>19,614,769</u>	<u>50,263,705</u>	<u>20,878,327</u>	<u>38,805,174</u>	<u>59,683,501</u>
Deficit on revaluation of available-for-sale securities	23	22,882	(77,504)	(54,622)	(126,674)	(59,848)	(186,522)
Net Investments		<u>30,671,818</u>	<u>19,537,265</u>	<u>50,209,083</u>	<u>20,751,653</u>	<u>38,745,326</u>	<u>59,496,979</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

11.1 (b) Investments by segments:	Note	2010	2009
		(Rupees '000')	
Federal Government Securities			
Market Treasury Bills	11.2	31,012,931	42,614,937
Pakistan Investment Bonds	11.2	8,266,132	8,183,344
Defense Savings Certificates	11.3	8,501	8,501
Sukuk Bonds	11.4	505,126	205,304
Cumulative Preference Shares	11.5	50,000	50,000
Fully Paid-up Ordinary Shares & Modaraba certificates			
Listed	11.6	1,165,446	1,082,391
Unlisted	11.7	66,049	66,217
Term Finance Certificates			
Listed	11.8	2,321,843	1,553,191
Unlisted	11.9	2,968,614	2,994,559
Units / Certificates of Mutual Funds	11.10	270,106	430,765
Associates	11.11	4,102,774	3,052,301
Subsidiary	11.12	724	724
Total investments - Gross		50,738,246	60,242,234
Provision for diminution in value of investments	11.13 & 11.14	(474,541)	(558,733)
Investments - net of provisions		50,263,705	59,683,501
Deficit on revaluation of available-for-sale securities	23	(54,622)	(186,522)
Net Investments		50,209,083	59,496,979

11.2 Market Treasury Bills and Pakistan Investment Bonds are held with the SBP and are eligible for rediscounting. Market Treasury Bills embody effective yields ranging from 12.02% to 13.78% (2009: 11.76% to 12.47%) with remaining maturities of 13 days to 12 months and Pakistan Investment Bonds carry mark-up ranging from 8% to 14% (2009: 8.84% to 12.88%) per annum on semi-annual basis with remaining maturities of 45 days to 11 years. Certain government securities are required to be maintained with the SBP to meet statutory liquidity requirements calculated on the basis of demand and time liabilities.

11.2.1 This includes Rs. 100 million PIB outstanding as at December 31, 2010, which was pledged against borrowing from a Company in 2004. As the lender had failed to return the pledged PIB upon the maturity of the contract period, this amount is appearing as investment in PIBs with a corresponding amount appearing in Borrowings. No interest is accrued either as income from the PIB or as expense on this borrowing since the filing of the dispute between the Bank and the Company.

11.3 In 2007, the SBP issued Defense Savings Certificates (DSCs) of Rs 5.771 million against lost Foreign Exchange Bearer Certificates (FEBCs) to the Bank with 2 years restriction on disposal. These certificates carry interest rate of 6.5% per annum. Further, the Bank has purchased DSCs of Rs. 2.730 million carrying interest rate of 12.15% which are pledged as security.

11.4 These Sukuk Bonds of Liberty Power Tech Limited carry mark-up rate of 3 months KIBOR + 300 bps and have an original maturity of 12 years.

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

11.5 Particulars of investment in Cumulative Preference Shares

Investee	Note	Number of Shares held		Total nominal value	
		2010	2009	2010	2009
				(Rupees '000')	
Pak Elektron Limited (PEL) - Convertible Loaded	11.5.1	625,000	625,000	6,250	6,250
Pak Elektron Limited (PEL) - Non-Convertible	11.5.1	1,875,000	1,875,000	18,750	18,750
Fazal Cloth Mills Limited	11.5.2	2,500,000	2,500,000	25,000	25,000
				50,000	50,000

11.5.1 These preference shares carry fixed dividend of 9.5% on cumulative basis payable when and if declared by the Board of Directors. For redemption, the call option can be exercised by PEL upto 100% after three years of the issue date at 1% premium on the issue price.

11.5.2 These preference shares are redeemable upon the exercise of a call option by the company after completion of three years from the issue date.

11.6 Particulars of investment in Listed Shares / Certificates

	Number of Shares / Certificates held		Cost of investment	
	2010	2009	2010	2009
			(Rupees '000')	
Available-for-sale				
Abbott Laboratories (Pakistan) Limited	738,086	869,228	151,814	184,146
Adamjee Insurance	1,533,330	-	172,304	-
Agriauto Industries	311,572	-	21,504	-
Askari Bank Limited	-	250,000	-	6,674
Awan Textile Mills Limited	39,000	39,000	390	390
Bank Alfalah Limited	1,000,000	-	14,339	-
Bank AL Habib Limited	742,041	179,287	24,023	8,350
Berger Paints Pakistan Limited	-	441,310	-	65,093
Brother Textile Mills Limited	87	87	2	2
Century Paper & Board Mills Limited	-	9	-	-
Dewan Farooq Motors Limited	944,225	944,225	30,184	30,184
Fatima Fertilizer Company Limited	195,349	-	2,755	-
First Fidelity Lease Modaraba	1	1	-	-
First National Bank Modaraba	699,751	699,751	5,948	5,948
First Tawakal Modaraba	446,774	446,774	-	-
Glamour Textile Mills Limited	200,000	200,000	5,016	5,016
GlaxoSmithKline Pakistan Limited	576,254	655,735	110,407	126,164
Habib Insurance Company Limited	*1,533,457	*1,526,179	89,231	89,140
Ibrahim Fibres Limited	300	300	5	5
Karam Ceramics Limited	430,146	425,656	8,326	8,300
KSB Pumps Company Limited	114,774	124,894	20,554	22,549
Lafarge Pakistan Cement Limited (formerly Pakistan Cement Limited)	10,000	10,000	2,819	2,819
LTV Capital Modaraba	*171,473	*171,473	5,573	5,573
Millat Tractors Limited	413,592	450,855	150,910	142,442
Mohib Textile Mills Limited	5	5	-	-
Pakistan Oilfields Limited	-	227,600	-	75,759
Security Investment Bank Limited	10	10	-	-
Security Paper	151,538	-	7,442	-
Sitara Chemical Industries Limited	105,862	112,120	33,735	37,672
Tariq Glass Industries Limited	2,116,404	2,021,904	37,113	61,466

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Number of Shares / Certificates held		Cost of investment	
	2010	2009	2010	2009
			(Rupees '000')	
Tawakal Garment Limited	150,000	150,000	–	–
The Hub Power Company Limited	8,314,581	6,415,477	271,049	204,696
Trust Modaraba	100	100	1	1
Yousuf Weaving Mills Limited	100	100	2	2
Total Listed Shares / Certificates			<u>1,165,446</u>	<u>1,082,391</u>

	Note	Percentage of holding	Number of Shares held		Cost of Investment	
			2010	2009	2010	2009
					(Rupees '000')	
11.7 Particulars of Unlisted Shares						
Pakistan Export Finance Guarantee Agency Limited Chief Executive: Syed Mohammad Zaeem	11.7.1	5.26%	568,044	568,044	5,680	5,680
Central Depository Company of Pakistan Limited Chief Executive: Mr. Muhammad Hanif Jakhura	11.7.2	5.00%	2,500,000	2,500,000	5,000	5,000
Crescent Capital Management (Private) Limited Chief Executive: Mr. Mahmood Ahmed	11.7.3	4.88%	100,000	100,000	1,000	1,000
Equity Participation Fund Limited Chief Executive: Mr. S. Shabahat Hussain	11.7.4	0.97%	**5,087	**5,087	509	509
Pakistan Textile City (Private) Limited Chief Executive: Mr. Zaheer A. Hussain	11.7.5	4.00%	5,000,000	5,000,000	50,000	50,000
National Investment Trust Limited Chief Executive: Mr. Wazir Ali Khoja	11.7.6	8.33%	**79,200	**79,200	100	100
Sunbiz (Private) Limited Chief Executive: Mr. Nisar Ahmed	11.7.7	4.65%	10,000	10,000	1,000	1,000
SWIFT Chief Executive: Mr. Lazaro Campos	11.7.8	0.01%	***9	***9	2,760	2,928
					<u>66,049</u>	<u>66,217</u>

11.7.1 This investment is fully provided in these consolidated financial statements.

11.7.2 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2010 amounts to Rs. 79.194 million.

11.7.3 This investment is fully provided in these consolidated financial statements.

11.7.4 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2008 amounts to Rs. 11.477 million.

11.7.5 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2010 amounts to Rs. 41.843 million.

11.7.6 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2010 amounts to Rs. 974.920 million.

11.7.7 This investment is fully provided in these consolidated financial statements.

11.7.8 Value of investment, based on the net assets stated in the audited financial statements of investee company as at December 31, 2009 amounts to Rs. 2.638 million.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

	Note	Number of Certificates held		Amortized cost	
		2010	2009	2010	2009
(Rupees '000')					
11.8	Particulars of investment in Listed Term Finance Certificates				
Investee					
Allied Bank Limited		–	6,000	–	28,525
Askari Bank Limited		37,320	3,184	186,500	15,895
Azgard Nine Limited		10,000	10,000	37,584	37,649
Bank Alfalah Limited		60,000	–	300,197	–
Bank AL Habib Limited		8,500	17,247	42,398	82,439
Engro Fertilizer Limited (formerly Engro Corporation Limited)		199,038	50,000	978,687	246,055
Escorts Investment Bank Limited		2,016	2,016	5,036	8,393
Orix Leasing Pakistan Limited		71,400	33,900	173,912	133,119
PACE Pakistan Limited		6,000	6,000	29,976	29,982
Pakistan Mobile Communications Limited		24,000	60,000	99,840	299,580
Soneri Bank Limited		6,000	6,000	29,934	29,946
Telecard Limited		74,888	74,888	136,052	164,606
Trust Investment Bank Limited		–	10,000	–	10,428
United Bank Limited		65,000	101,443	301,727	466,574
				<u>2,321,843</u>	<u>1,553,191</u>

11.9 Particulars of investment in Unlisted Term Finance Certificates

Avari Hotels Limited		30,400	30,400	129,070	152,000
New Khan Transport Company (Private) Limited		20,000	20,000	50,544	53,559
Power Holdings (Private) Limited	11.9.1	557,800	557,800	2,789,000	2,789,000
				<u>2,968,614</u>	<u>2,994,559</u>

11.9.1 These Term Finance Certificates carry mark-up rate of 6 months KIBOR plus 2% (2009: 6 months KIBOR plus 2%) per annum. The principal is receivable in six equal semi-annual instalments after a grace period of twenty four months from the first disbursement date i.e. September 18, 2009.

		Number of Units / Certificates held		Cost of investment	
		2010	2009	2010	2009
(Rupees '000')					
11.10	Particulars of Mutual Funds				
AKD Opportunity Fund		-	587,679	-	32,493
Askari Sovereign Cash Fund		-	971,110	-	100,000
Atlas Money Market Fund		98,500	-	50,000	-
Faysal Savings Growth Fund		951,022	-	100,000	-
First Dawood Mutual Fund		900,000	900,000	6,975	6,975
JS Growth Fund		227,410	227,410	2,911	2,911
JS Income Fund		-	970,402	-	100,000
JS Large Capital Fund		38,509	11,385,092	3,119	92,219
Lakson Money Market Fund		-	200,120	-	20,000
NAFA Government Securities Liquid Fund		1,500,000	-	15,405	-
NAFA Saving Plus Fund		1,500,000	-	15,529	-
Pakistan Strategic Allocation Fund		8,370,000	8,370,000	76,167	76,167
				<u>270,106</u>	<u>430,765</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Note	Holding	Number of Shares / Units / Certificates held		Total carrying value	
			2010	2009	2010	2009
11.11	Particulars of investment in associates					
PICIC Investment Fund		34.04%	96,704,149	96,704,149	1,310,115	1,237,050
PICIC Growth Fund		15.34%	43,482,858	43,482,858	1,272,394	1,164,978
PICIC Energy Fund		27.17%	27,172,160	27,172,160	309,763	266,368
PICIC Income Fund		48.23%	9,987,674	-	1,000,528	-
PICIC Cash Fund		38.97%	1,399,420	-	140,723	-
PICIC Insurance Limited		30.00%	10,499,993	10,499,993	69,251	66,377
National Fullerton Asset Management Limited	11.11.1	-	-	6,749,998	-	94,889
NAFA Stock Fund		-	-	7,500,000	-	54,060
NAFA Islamic Income Fund		-	-	7,500,000	-	52,892
NAFA Islamic Multi Asset Fund		-	-	7,500,000	-	69,934
NAFA Government Securities Liquid Fund		-	-	1,500,000	-	15,399
NAFA Savings Plus Fund		-	-	3,000,000	-	30,354
					<u>4,102,774</u>	<u>3,052,301</u>

11.11.1 During the year, the Group has disinvested its twenty seven percent holding in National Fullerton Asset Management Limited (NAFA) to National Bank of Pakistan, as under the NBFC Regulations, an entity cannot have an interest in two asset management companies. Subsequent to this sale, NAFA Funds have ceased to be Associates of the Group. The Group has reclassified its investment in NAFA Funds from Investment in Associates to Investment in Available-for-sale securities.

11.11.2 Summarized financial information in respect of associates is set out below:

	2010					
	Total assets	Total liabilities	Net assets	Total Revenue	Profit / (loss) for the year / period	Share of profit / (loss) for the year / period
	(Rupees '000')					
PICIC Investment Fund	3,986,584	137,354	3,849,230	474,290	361,004	122,870
PICIC Growth Fund	8,541,338	245,567	8,295,771	930,998	706,280	108,328
PICIC Energy Fund	1,201,619	61,618	1,140,001	258,271	209,702	56,981
PICIC Income Fund	2,088,360	13,703	2,074,657	110,431	94,161	47,886
PICIC Cash Fund	362,737	1,610	361,127	2,166	2,005	566
PICIC Insurance limited	920,790	689,953	230,837	202,554	9,581	2,874
National Fullerton Asset Management Limited	N/A	N/A	N/A	N/A	(23,299)	(6,291)
NAFA Stock Fund	N/A	N/A	N/A	N/A	72,751	2,963
NAFA Islamic Income Fund	N/A	N/A	N/A	N/A	(330)	(75)
NAFA Islamic Multi Asset Fund	N/A	N/A	N/A	N/A	21,699	3,021
NAFA Government Securities Liquid Fund	N/A	N/A	N/A	N/A	84,429	381
NAFA Savings Plus Fund	N/A	N/A	N/A	N/A	7,210	456
						<u>339,960</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Number of Shares / Certificates held		Total carrying value	
	2010	2009	2010	2009

11.12 Particulars of investment in subsidiary

	2010	2009	2010	2009
Financial and Management Services (Private) Limited	**88,850	**88,850	724	724
			<u>724</u>	<u>724</u>

Unless otherwise stated, holdings in modaraba certificates and ordinary shares are of Rs. 10 each.

* Shares / Modaraba Certificates of Face Value of Rs. 5 each

** Shares / Modaraba Certificates of Face Value of Rs. 100 each

*** Shares of Face Value of Euro 2,680 each

All Term Finance Certificates are of Original Face Value of Rs. 5,000 each

11.13 Particulars of provision for diminution in value of investments

	2010	2009
	(Rupees '000')	
Opening balance	558,733	422,101
Charge for the year	118,149	576,843
Reversal for the year		
- Term Finance Certificates	(3,015)	(1,138)
	115,134	575,705
Reversal due to sale	(199,326)	(439,073)
Closing balance	<u>474,541</u>	<u>558,733</u>

11.14 Particulars of provision in respect of type and segment

Available-for-sale securities		
- Listed shares / Certificates / Units	407,436	497,940
- Unlisted shares	15,837	6,510
- Unlisted Term Finance Certificates	50,544	53,559
	<u>473,817</u>	<u>558,009</u>
Subsidiary	724	724
	<u>474,541</u>	<u>558,733</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	2010		2009	
	(Rupees '000')	Rating	(Rupees '000')	Rating
11.15 Quality of Available-for-Sale Securities - at Market Value				
Federal Government Securities				
Market Treasury Bills	30,956,373	Unrated	42,594,390	Unrated
Pakistan Investment Bonds	3,389,587	Unrated	3,373,840	Unrated
Defense Savings Certificates	8,501	Unrated	8,501	Unrated
Sukuk Bonds	505,126	Unrated	205,304	Unrated
Cumulative Preference shares				
Pak Elektron Limited	25,000	A/A1	25,000	A/A1
Fazal Cloth Mills Limited	25,000	A-/A2	25,000	*
Ordinary shares of Listed Companies				
Abbott Laboratories Pakistan Limited	80,998	*	105,368	*
Adamjee Insurance Company Limited	134,166	AA	—	—
Agriauto Industries Limited	23,742	*	—	—
Askari Bank Limited	—	—	6,825	AA/A1+
Bank AL Habib Limited	26,906	AA+/A1+	5,873	AA+/A1+
Bank Alfalah Limited	11,210	AA / A1+	—	—
Berger Paints (Pakistan) Limited	—	—	13,950	*
Dewan Farooq Motors Limited	2,153	*	1,407	*
Fatima Fertilizer Company Limited	2,204	A/A1	—	—
First National Bank Modaraba	4,604	A+/A-1	2,428	A+/A-1
GlaxoSmithKline Pakistan Limited	50,820	*	71,652	*
Habib Insurance Company Limited	21,545	A+	24,419	A+
Karam Ceramics Limited	3,355	*	3,831	*
K.S.B. Pumps Limited	6,899	*	9,370	*
Millat Tractors Limited	206,705	*	171,235	*
Pakistan Oilfields Limited	—	—	52,523	*
Security Papers Limited	6,798	AAA / A-1+	—	—
Sitara Chemicals Industries Limited	13,524	AA-/A-1	17,941	AA-/A-1
Tariq Glass Limited	43,429	*	16,195	*
The Hub Power Company Limited	311,048	AA+/A1+	199,393	*
Ordinary shares of Unlisted Companies				
Central Depository Company of Pakistan Limited	5,000	*	5,000	*
Crescent Capital Management (Private) Limited	1,000	*	1,000	*
Equity Participation Fund Limited	509	*	509	*
National Investment Trust Limited	100	AM2	100	AM2
Pakistan Export Finance Guarantee Agency Limited	5,680	*	5,680	*

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	2010		2009	
	(Rupees '000')	Rating	(Rupees '000')	Rating
Pakistan Textile City (Private) Limited	50,000	*	50,000	*
Sunbiz (Private) Limited	1,000	*	1,000	*
SWIFT	2,760	*	2,928	*
Units / Certificates of Mutual Funds				
AKD Opportunity Fund	–	–	25,476	*
Askari Sovereign Cash Fund	–	–	100,013	*
Atlas Money Market Fund	50,777	AA+(f)	–	–
Faysal Saving Growth Fund	100,000	A(f)	–	–
First Dawood Mutual Fund	1,800	FR 2-STAR / 3-STAR	1,521	FR 4-STAR
JS Growth Fund	1,262	FR 3-STAR	1,123	FR 3-STAR
JS Income Fund	–	–	100,126	FR 5-STAR
JS Large Capital Fund	2,509	*	52,371	FR 4-STAR
Lakson Money Market Fund	–	–	20,278	*
NAFA Government Securities Liquid Fund	15,467	AAA(f)	–	–
NAFA Savings Plus Fund	15,424	AA-(f)	–	–
Pakistan Strategic Allocation Fund	70,308	FR 4-STAR	37,163	FR 4-STAR
Term Finance Certificates				
Allied Bank Limited	–	–	29,029	AA-
Askari Bank Limited	188,735	AA-	15,277	AA-
Avari Hotels Limited	129,070	A-	152,000	A-
Azgard Nine Limited	18,110	CCC(RW)	18,665	AA-
Bank Alfalah Limited	294,916	AA-	–	–
Bank AL Habib Limited	–	–	40,070	AA
Engro Fertilizer Limited (formerly Engro Corporation Limited)	982,381	AA	232,314	AA
Escorts Investment Bank Limited	4,996	A	8,321	A+
New Khan Transport Company (Private) Limited	50,544	*	53,559	*
Orix Leasing Pakistan Limited	176,941	AA+	141,730	AA+
PACE Pakistan Limited	29,096	A+(-)	29,100	A+
Pakistan Mobile Communication Limited	99,822	A+	300,419	AA-
Power Holdings (Private) Limited	2,789,000	*	2,789,000	*
Telecard Limited	128,904	BBB	146,626	BBB
Trust Investment Bank Limited	–	–	9,584	BBB
United Bank Limited	285,137	AA	424,963	AA
	<u>41,360,941</u>		<u>51,729,390</u>	

* Rating not available

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
(Rupees '000')			
12. ADVANCES			
Loans, cash credits, running finance, etc.- in Pakistan	12.1	91,973,838	93,847,123
Net investment in finance lease - in Pakistan	12.3	2,310,162	3,061,322
Bills discounted and purchased (excluding Treasury Bills)			
Payable in Pakistan		247,310	412,889
Payable outside Pakistan		3,830,813	2,679,423
Advances - Gross		98,362,123	100,000,757
Provision against non-performing advances - Specific	12.4	(22,826,463)	(15,746,457)
- General		(952,076)	(232,894)
Advances - Net of provisions	12.5	(23,778,539)	(15,979,351)
		74,583,584	84,021,406

12.1 This includes a sum of Rs. 72.337 million (2009 : Rs. 79.074 million) representing unrealized exchange gain, which has not been recognised as income and deferred in these consolidated financial statements, in accordance with the policy of the Bank, as stated in note 6.16.

12.2 Particulars of advances

12.2.1 In local currency	93,971,503	97,048,697
In foreign currencies	4,390,620	2,952,060
	98,362,123	100,000,757
12.2.2 Short term (up to one year)	54,098,217	61,555,478
Long term (over one year)	44,263,906	38,445,279
	98,362,123	100,000,757

12.3 Net Investment in Finance Lease

	2010			Total
	Not later than one year	Later than one and less than five years	Over five years	
(Rupees '000')				
Lease rentals receivable	1,940,975	48,101	-	1,989,076
Residual value	731,926	25,282	-	757,208
Minimum lease payments	2,672,901	73,383	-	2,746,284
Financial charges for future periods (including income suspended)	(428,917)	(7,205)	-	(436,122)
Present value of minimum lease payments	2,243,984	66,178	-	2,310,162
2009				
Lease rentals receivable	2,150,226	218,485	-	2,368,711
Residual value	860,316	131,710	-	992,026
Minimum lease payments	3,010,542	350,195	-	3,360,737
Financial charges for future periods (including income suspended)	(267,863)	(31,552)	-	(299,415)
Present value of minimum lease payments	2,742,679	318,643	-	3,061,322

Minimum Lease payments receivable includes a sum of Nil (2009: Nil) due from an associated undertaking.

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

12.4 Advances include Rs. 34,711.468 million (2009: Rs. 23,429.526 million), which have been placed under non-performing status as detailed below:

Note	2010								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees '000')									
Category of Classification									
Substandard	6,276,443	-	6,276,443	1,353,623	-	1,353,623	1,353,623	-	1,353,623
Doubtful	5,966,804	-	5,966,804	2,859,483	-	2,859,483	2,859,483	-	2,859,483
Loss	22,468,221	-	22,468,221	18,613,357	-	18,613,357	18,613,357	-	18,613,357
	<u>34,711,468</u>	<u>-</u>	<u>34,711,468</u>	<u>22,826,463</u>	<u>-</u>	<u>22,826,463</u>	<u>22,826,463</u>	<u>-</u>	<u>22,826,463</u>

12.4.1 Included in the Provision Required is an amount of Rs. 1,329.967 million (2009: Rs. 1,565.496 million) which represents provision in excess of the requirements of the State Bank of Pakistan.

Note	2009								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees '000')									
Category of Classification									
Substandard	4,197,868	-	4,197,868	855,910	-	855,910	855,910	-	855,910
Doubtful	4,123,923	-	4,123,923	1,516,249	-	1,516,249	1,516,249	-	1,516,249
Loss	15,107,735	-	15,107,735	13,374,298	-	13,374,298	13,374,298	-	13,374,298
	<u>23,429,526</u>	<u>-</u>	<u>23,429,526</u>	<u>15,746,457</u>	<u>-</u>	<u>15,746,457</u>	<u>15,746,457</u>	<u>-</u>	<u>15,746,457</u>

In accordance with BSD Circular No. 2 dated January 27, 2009 and BSD Circular No. 10 dated October 20, 2009 issued by the State Bank of Pakistan, the Bank has availed the benefit of FSV against the non-performing advances. Had the benefit of FSV not been availed by the Bank, the specific provision against non-performing advances for the current year would have been higher by Rs. 1,019.690 million (cumulative upto December 31, 2010: Rs. 3,124.368 million) and loss after tax for the current year would have been higher by approximately Rs. 662.798 million (cumulative upto December 31, 2010: Rs. 2,030.839 million). Increase in profit would not be available for the distribution of cash and stock dividend to shareholders.

12.5 Particulars of provision against non-performing advances

Note	2010						2009		
	Specific	General	Total	Specific	General	Total	Specific	General	Total
	(Rupees '000')								
Opening balance	15,746,457	232,894	15,979,351	16,715,515	262,773	16,978,288			
Charge for the year	10,603,469	804,406	11,407,875	3,754,080	59,681	3,813,761			
Reversals	(1,450,127)	(85,224)	(1,535,351)	(3,199,696)	(89,560)	(3,289,256)			
	9,153,342	719,182	9,872,524	554,384	(29,879)	524,505			
Amounts written off	(2,073,336)	-	(2,073,336)	(1,523,442)	-	(1,523,442)			
Closing balance	<u>22,826,463</u>	<u>952,076</u>	<u>23,778,539</u>	<u>15,746,457</u>	<u>232,894</u>	<u>15,979,351</u>			

12.5.1 Particulars of provision against non-performing advances - currency wise

In local currency	22,826,463	952,076	23,778,539	15,746,457	232,894	15,979,351
In foreign currencies	-	-	-	-	-	-
	<u>22,826,463</u>	<u>952,076</u>	<u>23,778,539</u>	<u>15,746,457</u>	<u>232,894</u>	<u>15,979,351</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
12.6	Particulars of write offs:		
12.6.1	Against provisions	2,073,336	1,523,442
	Directly charged to profit and loss account	53,359	67,398
		<u>2,126,695</u>	<u>1,590,840</u>
12.6.2	Write offs of Rs. 500,000 and above	222,174	208,576
	Write offs of below Rs. 500,000	1,904,521	1,382,264
		<u>2,126,695</u>	<u>1,590,840</u>
12.7	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 financial relief of five hundred thousand rupees or above allowed to person(s) during the year ended December 31, 2010 is given in Annexure 1. However, this write off does not affect the Bank's right to recover the debts from any customers.		
12.8	Particulars of loans and advances to directors, associated companies etc.		
	Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons		
		1,347,471	1,010,321
	Balance at the beginning of the year	150,947	88,422
	Additions during the year	470,534	565,909
	Loans granted during the year	(567,224)	(317,181)
	Repayments during the year	<u>1,401,728</u>	<u>1,347,471</u>
	Balance at the end of the year		
	Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties		
		-	305,248
	Balance at the beginning of the year	53,170	300,000
	Loans granted during the year	(23,373)	(605,248)
	Repayments during the year	<u>29,797</u>	<u>-</u>
	Balance at the end of the year		
13.	OPERATING FIXED ASSETS		
	Capital work in progress	59,678	164,380
	Property and equipment	2,692,025	2,971,470
		<u>2,751,703</u>	<u>3,135,850</u>
13.1	Capital work in progress		
	Civil works	49,652	62,236
	Equipment and electrical work	2,431	16,313
	Advances to suppliers and contractors	2,460	1,141
	Advance for computer software	4,114	83,926
	Others	1,021	764
		<u>59,678</u>	<u>164,380</u>
13.1.1	During the year, an amount of Rs. 62.630 million (2009: Rs. 1.030 million) was written off due to discontinuation of certain projects no longer necessary as a result of restructuring.		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

13.2.4 During the current year, the management has revised the estimate relating to useful life of certain operating fixed assets and accordingly the life of Leasehold Improvements and Generators have been increased from 5 years to 10 years. The said change in accounting estimate has been recognized in accordance with the requirements of International Accounting Standard (IAS) 8 " Accounting Policies, Change in Accounting Estimates and Errors". Had there been no change in accounting estimate, the loss before taxation for the year would have been higher by Rs. 45.416 million and the depreciation and accumulated depreciation would have been higher by the same amount.

Particulars	C O S T				DEPRECIATION				Net Book Value as at December 31, 2009	Rate of depreciation % per annum
	As at January 01, 2009	Additions / (deletions)	Transfer (write - offs)	As at December 31, 2009	Accumulated as at January 01, 2009	For the year / (on deletions)	Transfer (write-offs)	Accumulated as at December 31, 2009		
	(Rupees '000')									
Freehold land	336,617	-	-	336,617	-	-	-	-	336,617	
Leasehold land	1,064,456	-	-	1,064,456	15,634	-	-	15,634	1,048,822	
Buildings on freehold land	583,397	933	-	584,330	132,980	28,583	-	161,563	422,767	5%
Buildings on leasehold land	158,073	-	-	158,073	17,903	7,648	-	25,551	132,522	5%
Furniture and fixtures	225,811	25,073	(9)	241,795	83,446	22,590	-	98,859	142,936	10%
		(8,401)	(679)			(6,654)		(523)		
Electrical, office and computer equipment	1,080,745	337,354	-	1,373,042	659,434	235,295	-	849,792	523,250	20% & 33%
		(45,057)				(44,937)				
Vehicles	42,499	19,457	(1,923)	54,785	19,180	8,666	-	23,037	31,748	20%
		(5,248)				(3,168)				
Leasehold Improvements	842,529	114,639	-	957,151	458,812	165,541	-	624,343	332,808	20%
		(17)				(10)				
	4,334,127	497,456	(2,611)	4,770,249	1,387,389	468,323	-	1,798,779	2,971,470	
		(58,723)				(54,769)		(2,164)		

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

13.2.5 Detail of disposal of property and equipment during the year

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
..... (Rupees '000')						
Vehicles	1,996	1,263	733	1,929	Quotations	Faisal Amin Flat # 101, Human Garden, 3/3, Jinnah Housing Society, Karachi.
	1,996	1,263	733	1,929		
Items individually having cost less than Rs. 1 million or net book value not exceeding Rs. 0.25 million						
Computer Equipment	58	58	–	–		
Vehicles	537	531	6	67		
Furniture and fixtures	5,459	2,717	2,742	2,057		
Leasehold improvements	1,103	805	298	363		
Office equipment	5,388	4,624	764	591		
Sub Total	12,545	8,735	3,810	3,078		
2010	14,541	9,998	4,543	5,007		
2009	58,723	54,769	3,954	5,507		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

14.2 Goodwill

From an accounting perspective, at the time of the acquisition and merger of Pakistan Industrial Credit and Investment Corporation Limited (PICIC) and PICIC Commercial Bank Limited (PCBL) into the Bank, goodwill of Rs. 25,261 million was created on the books of the Bank, which reflected the value that was paid for the PICIC and PCBL shares over the fair value of net assets. It is the Bank's view that it will derive substantial value from businesses, customers and the branch network acquired in the merger with PICIC and PCBL. Under the new strategies, this value will be derived more from the liabilities side of the business as opposed to the assets side. As the original intent of how value would be derived has been changed for now the Bank has decided to adjust the Goodwill that it is carrying on the books in a manner that is consistent with its new business realities. Consequently the Bank has adjusted the full carrying amount of the goodwill appearing in its books at Rs. 24,221 million directly into equity and the State Bank of Pakistan has indicated its No Objection to this accounting treatment.

14.3 Intangibles

In the current year, the Bank also assessed the recoverable amount of core overdraft / working capital loan relationships, core deposit relationships and brand and determined that no impairment loss exists.

	Note	2010	2009
(Rupees '000')			
15. DEFERRED TAX ASSETS			
Deferred debits arising due to:			
Provision against loans and advances		7,329,965	6,393,933
Provision against other receivables		285,269	281,314
Provision against balances with other banks		1,387	1,387
Deficit on revaluation of securities		55,299	71,495
Gratuity		7,488	14,762
Unused tax losses		5,066,344	2,135,530
Excess of tax base of government securities / investments over accounting base		325,521	350,877
		13,071,273	9,249,298
Deferred credits arising due to:			
Excess of accounting base of leased asset over tax base		(116,322)	(218,511)
Accelerated accounting depreciation on owned assets		(738,372)	(714,195)
Intangibles including goodwill		(2,252,620)	(1,344,257)
Fair valuation of subsidiaries and associates		(532,714)	(521,539)
Unrealised exchange gains	15.1	(2,377)	(6,007)
Unrealised exchange losses	15.2	(33,604)	(33,604)
		(3,676,009)	(2,838,113)
		<u>9,395,264</u>	<u>6,411,185</u>

15.1 In 1987 and 1989, the Bank (formerly PICIC) exercised its option to avail the exchange risk coverage offered by the Government of Pakistan, Ministry of Finance and Economic Affairs (Economic Affairs Division), through Office Memo 1(16)/50/DM/86 dated July 8, 1987 and 1(12)/50/DM/89 dated June 1, 1989 respectively and, in turn the Bank offered the risk coverage to its Borrowers.

15.2 The unrealised exchange losses of the Bank as on April 21, 1987, the effective date of exercise of both the options arising on related borrowings as reduced by gains arising on related advances was claimed as loss for tax purposes.

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

15.3 Movement in temporary differences during the year:

	2010			
	Balance as at January 01, 2010	Recognised in profit and loss account	Recognised in equity	
(Rupees '000')				
Deferred debits arising due to:				
Provision against loans and advances	6,393,933	1,287,791	(351,759)	7,329,965
Provision against other receivables	281,314	3,955	–	285,269
Provision against balances with other banks	1,387	–	–	1,387
Deficit on revaluation of securities	71,495	–	(16,196)	55,299
Gratuity	14,762	(7,274)	–	7,488
Unused tax losses	2,135,530	2,579,055	351,759	5,066,344
Excess of tax base of government securities / investments over accounting base	350,877	(25,371)	15	325,521
Deferred credits arising due to:				
Excess of accounting base of leased asset over tax base	(218,511)	102,189	–	(116,322)
Accelerated accounting depreciation on owned assets	(714,195)	(24,177)	–	(738,372)
Intangibles including goodwill	(1,344,257)	(908,363)	–	(2,252,620)
Fair valuation of subsidiaries and associates	(521,539)	(11,175)	–	(532,714)
Unrealised exchange gains	(6,007)	–	3,630	(2,377)
Unrealised exchange losses	(33,604)	–	–	(33,604)
	<u>6,411,185</u>	<u>2,996,630</u>	<u>(12,551)</u>	<u>9,395,264</u>
2009				
	Balance as at January 01, 2009	Recognised in profit and loss account	Recognised in equity	Balance as at December 31, 2009
(Rupees '000')				
Deferred debits arising due to:				
Provision against loans and advances	6,606,954	(213,021)	–	6,393,933
Provision against other receivables	288,338	(7,024)	–	281,314
Provision against balances with other banks	1,387	–	–	1,387
Deficit on revaluation of securities	277,087	–	(205,592)	71,495
Gratuity	15,482	(720)	–	14,762
Unused tax losses	472,939	1,662,591	–	2,135,530
Excess of tax base of government securities / investments over accounting base	461,239	(110,362)	–	350,877
Deferred credits arising due to:				
Excess of accounting base of leased asset over tax base	(328,460)	109,949	–	(218,511)
Accelerated accounting depreciation on owned assets	(650,583)	(63,612)	–	(714,195)
Intangibles including goodwill	–	(1,344,257)	–	(1,344,257)
Fair valuation of subsidiaries and associates	(571,544)	50,005	–	(521,539)
Unrealised exchange gains	(6,007)	–	–	(6,007)
Unrealised exchange losses	(33,604)	–	–	(33,604)
	<u>6,533,228</u>	<u>83,549</u>	<u>(205,592)</u>	<u>6,411,185</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

15.4 Deferred tax asset

The Finance Act, 2009 had made significant amendments to the Seventh Schedule to the Income Tax Ordinance, 2001. The deduction for provisions for doubtful and loss categories of advances and off-balance sheet items was allowed up to a maximum of 1% of total advances. As per the said amendments provision in excess of 1% of total advances was allowed to be carried over to succeeding years.

Further, as per the said amendments the amount of bad debts classified as Substandard under the Prudential Regulations issued by the State Bank of Pakistan would not be allowed as an expense.

The Finance Act, 2010 has made certain further amendments to the Seventh Schedule to allow provisions for advances and off-balance sheet items relating to Consumer and SME advances up to 5% of such advances. Provisions for advances and off-balance sheet items relating to advances other than Consumer and SME would continue to be allowed up to 1% of such advances and provision in excess of 1% of total of such advances would be allowed to be carried forward to succeeding years.

However, while amending the relevant provisions of the Seventh Schedule through Finance Act, 2010, the laws relating to carry forward of provisions for advances and off-balance sheet items in excess of 5% of Consumer and SME advances and limiting the allowance up to the actual provisions have not been amended. The current law, by permanently disallowing Consumer and SME provisions in excess of 5% is unprecedented and widely recognized as being inequitable not only for Banks that are currently active in lending to customers in the Consumer and SME segments but also for Banks who would be contemplating to do so in the future.

The Pakistan Banks' Association (PBA) as well as the Presidents of some banks have made and are continuing to make representations to the Federal Board of Revenue (FBR) to issue the necessary clarification in the law. The State Bank of Pakistan (SBP) has also documented its support in obtaining this clarification from the FBR. However being prudent, the Bank has not booked a deferred tax asset of Rs. 1,085 million for provisions in 2010 of Rs. 3,100 million in excess over 5% of gross advances to Consumer and SMEs.

For provisions relating to other than Consumer and SME customers in 2010 and all customers (no distinction between consumer & SME and others) in 2008 and 2009 deferred tax asset of Rs. 4,669 million has been recorded on provisions of Rs. 13,341 million in excess of 1% of gross advances.

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
16. OTHER ASSETS			
Income / mark-up accrued			
Local currency	16.1 & 16.6	3,272,010	4,295,713
Foreign currencies		29,561	31,732
Advances, deposits, advance rent and other prepayments	16.2	430,162	549,414
Advance taxation - net		1,222,471	964,045
Non - banking assets acquired in satisfaction of claims	16.3	541,913	611,663
Unrealized gain on forward exchange contracts - net		-	36,380
Receivable against sale of investments		18,928	299,210
Stationery and stamps on hand		3,279	1,626
Branch adjustment account		106,579	-
Advance for purchase of Term Finance Certificates		285,000	755,832
Assets in respect of Bangladesh	16.4	425,409	425,409
Insurance claim		156,298	105,242
Management fee receivable		2,250	21,167
Others		73,895	100,980
		<u>6,567,755</u>	<u>8,198,413</u>
Liabilities in respect of Bangladesh	16.4	(342,416)	(342,416)
Rupee Borrowings from Government of Pakistan in respect of Bangladesh		(82,993)	(82,993)
Provisions held against other assets	16.5	(890,883)	(823,598)
Other assets - net of provisions		<u>5,251,463</u>	<u>6,949,406</u>

16.1 This includes Rs. 1.027 million (2009: Rs. Nil) in respect of related parties.

16.2 Advances, deposits, advance rent and other prepayments

Advances	41,806	45,233
Deposits	39,534	43,507
Advance rent	249,071	340,439
Prepayments	99,751	120,235
	<u>430,162</u>	<u>549,414</u>

16.3 Represents cost of land, plant and machinery acquired by the Bank against advances and held for resale. The market value of the subject assets as of December 31, 2010 was Rs. 560 million (2009: Rs. 667 million).

16.4 All the assets and liabilities as of November 30, 1971 clearly identifiable as being in or in respect of the areas now under Bangladesh and referred to above were segregated as of that date and in such segregation, for purposes of conversion of foreign currency amounts, generally speaking, the parity rates ruling prior to August 15, 1971 were used, and all income accrued or due in 1971 but not received in that year and interest accrued but not due on borrowings in 1971 was eliminated. Subsequently, consequent to the assuming by Bangladesh of certain foreign currency loan obligations as of July 1, 1974, including amounts previously identified by the Bank (formerly PICIC) as its foreign currency liabilities in respect of Bangladesh, such amounts were eliminated from the books of the Bank by reducing an equivalent sum from its related foreign assets in that area.

Arising from advices received from the lenders and as a result of diversion of shipments and of the meeting of certain contingent liabilities, there have been certain modifications to the foreign currency advances relating to Bangladesh. Furthermore, the difference between the actual amount of rupees required to remit maturities of foreign currency borrowings in respect of Bangladesh and the figures at which they appeared in the books and the interest paid to foreign lenders has been treated as increasing the rupee assets in that area.

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

The Government of Pakistan, while initially agreeing to provide the rupee finance required for discharging current maturities of foreign currency borrowings and interest related to Bangladesh, did not accept any responsibility for PICIC's assets in that area. However, following an agreement reached between PICIC and the Government of Pakistan during 1976, the Government has agreed that it would continue to provide the funds for servicing PICIC's foreign currency liabilities relating to Bangladesh and has further agreed that an amount equivalent to the rupee assets in Bangladesh financed from PICIC's own funds not exceeding Rs. 82 million would be deemed to have been allocated out of the rupee loans by the Government and that such allocated amount together with the rupee finance being provided by the Government including any interest thereon would not be recovered from PICIC until such time as PICIC recovers the related assets from Bangladesh and only to the extent of such recovery.

Accordingly, such allocated amounts, together with the rupee finance being provided by the Government for discharging the current maturities of foreign currency borrowings (including the interest and charges thereon and any exchange difference between the final rupee payment and the amount at which the liability, commitment or contingent liability as appearing in the books relating to Bangladesh) have been treated as liabilities in respect of Bangladesh. Further, in view of the aforesaid agreement no interest is being accrued on the allocated amount of rupee loans or in respect of the rupee finance provided by the Government related to PICIC's assets in Bangladesh nor is it considered necessary to provide for any loss that may arise in respect of PICIC's assets in Bangladesh.

	2010	2009
	(Rupees '000')	
16.5 Particulars of provisions held against other assets		
Opening balance	823,598	823,826
Charge for the year	67,316	19,841
Reversals	(31)	–
Write offs	–	(20,069)
Closing balance	<u>890,883</u>	<u>823,598</u>
16.6 This includes a sum of Rs. 30.466 million (2009: Rs. 34.099 million) representing unrealised exchange gain, which has not been recognised as income and deferred in the financial statements, in accordance with the policy of the Bank, as stated in note 6.16.		
	2010	2009
	(Rupees '000')	
17. BILLS PAYABLE		
In Pakistan	1,266,884	1,499,314
Outside Pakistan	68,609	74,893
	<u>1,335,493</u>	<u>1,574,207</u>
18. BORROWINGS		
In Pakistan	42,320,085	62,481,033
Outside Pakistan	41,849	42,332
	<u>42,361,934</u>	<u>62,523,365</u>
18.1 Particulars of borrowings with respect to currencies		
In local currency	42,320,085	62,481,033
In foreign currencies	41,849	42,332
	<u>42,361,934</u>	<u>62,523,365</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
(Rupees '000')			
18.2 Details of borrowings - secured / unsecured			
Secured			
Borrowings from SBP under			
Export Refinance Scheme	18.3	10,956,241	11,933,100
Long Term Financing Facility	18.4	261,962	116,261
Long Term Finance for Export Oriented Projects	18.5	1,683,880	2,245,680
Repurchase agreement borrowings	18.6 & 18.6.1	22,869,493	41,323,706
Unsecured			
Call borrowings	18.7	6,059,036	6,700,000
Overdrawn nostro accounts		41,849	42,332
Foreign borrowings payable in local currency	18.8	162,286	162,286
Trading liabilities		327,187	-
		42,361,934	62,523,365

18.3 Borrowings from SBP under Export Refinance Scheme are subject to mark-up ranging from 8.50% to 9.00% (2009: 6.50% to 7.00%) per annum maturing within six months.

18.4 Borrowings from SBP under Long Term Financing Facility (LTFF) are subject to mark up ranging from 6.50% to 8.20% (2009: 6.50%) per annum maturing within ten years.

18.5 Borrowings from SBP under Long Term Finance for Export Oriented Projects are subject to mark up ranging from 4.00% to 5.00% (2009: 4.00% to 5.00%) per annum maturing within six years.

18.6 These borrowings are subject to mark-up at rates ranging from 12.51% to 13.90% (2009: 11.60% to 12.41%) per annum maturing within two months. Government securities have been given as collateral against these borrowings.

18.6.1 These include Rs. 100 million outstanding as at December 31, 2010, which were borrowed from a Company in 2004 against pledge of a PIB. As the lender had failed to return the pledged PIB upon the maturity of the contract period, this amount is appearing as a pending transaction with a corresponding amount appearing as investment in PIBs. No interest is accrued either as expense on this borrowing or as income from the PIB since the filing of the dispute between the Bank and the Company.

18.7 These borrowings are subject to mark-up at rates ranging from 12.15% to 13.40% (2009: 11.40% to 12.90%) per annum maturing within six months.

18.8 The Government of Pakistan (GoP) has claimed an amount of Rs. 162.286 million in respect of liabilities against German credit representing principal amount of loan and Rs. 45.444 million as interest thereon till June 30, 2006. The principal amount has been accounted for and shown as payable to the GoP whereas interest has been accounted for in Other Liabilities (note 21). However, the Bank is contending that any amount of principal and interest is payable to the GoP only when recovered from the related sub-borrowers, who have availed the German credit. This also includes unrealized exchange loss of Rs. 96.011 million (2009: Rs. 96.011 million) which has been netted off against unrealized exchange gain (note 21) as it is payable when recovered from sub-borrowers, who have availed the related German credit.

	2010	2009
(Rupees '000')		
19. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	39,939,138	35,912,235
Savings deposits	29,087,951	27,598,044
Current accounts - Non remunerative	24,120,456	23,578,156
Margin accounts	532,237	993,430
Financial institutions		
Remunerative deposits	5,104,496	4,535,199
Non-remunerative deposits	327,463	221,814
	99,111,741	92,838,878

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
19.1 Particulars of deposits		
In local currency	93,122,184	84,897,982
In foreign currencies	5,989,557	7,940,896
	<u>99,111,741</u>	<u>92,838,878</u>
20. SUB-ORDINATED LOANS		
Term Finance Certificates - Quoted, Unsecured	<u>3,996,000</u>	<u>3,997,600</u>
Mark-up	Floating (no floor, no cap) rate of return at Base Rate + 1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR"))	
Subordination	The TFCs are subordinated to all other indebtedness of the Bank including deposits	
Issue Date	March 5, 2008	
Issue Amount	Rs. 4,000 million	
Rating	A+ (A plus)	
Tenor	8 years from the Issue Date	
Redemption	Ten equal semi-annual instalments of 0.02% of the Issue Amount for the first sixty months followed by six equal semi-annual instalments of 16.63% of the Issue Amount from the sixty-sixth month onwards	
Maturity	March 5, 2016	
Call Option	The Bank can also exercise a Call Option or a Partial Call Option after obtaining written approval from the State Bank of Pakistan at any time after a period of sixty months from the Issue Date	
	Note	
	2010	2009
	(Rupees '000')	
21. OTHER LIABILITIES		
Mark-up / return / interest payable in:		
Local currency	1,304,830	1,890,142
Foreign currencies	11,167	11,266
Unearned Income on inland bills	10,135	4,886
Accrued expenses	1,020,516	437,125
Insurance premium payable	55,371	68,155
Advance from lessees	135,850	154,752
Unclaimed dividend	45,051	45,189
Borrowing from Government of Pakistan	2,095	2,095
Branch adjustment account	-	310,036
Unrealized exchange loss - net	43,386	-
Security and other deposits	29,408	31,441
Payable to IBRD - Managed Fund	68,220	68,220
Payable against purchase of investments	18,443	7,574
Payable to Workers Welfare Fund	18,073	17,214
Payable to defined benefit plan	77,671	73,960
Security deposits against lease	754,435	992,026
Others	272,307	490,081
	<u>3,866,958</u>	<u>4,604,162</u>

Notes to the Consolidated Financial Statements

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22. SHARE CAPITAL

22.1 Authorized

2010	2009		2010	2009
(Number of shares)			(Rupees '000')	
<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>

22.2 Issued, subscribed and paid up

Fully paid up ordinary shares of Rs. 10 each

3,278,902,659	3,278,902,659	Fully paid in cash	32,789,027	32,789,027
764,824,417	764,824,417	Issued for consideration other than cash (under schemes of amalgamation)	7,648,244	7,648,244
<u>4,043,727,076</u>	<u>4,043,727,076</u>		<u>40,437,271</u>	<u>40,437,271</u>

22.2.1 The holding company Bugis Investments (Mauritius) Pte. Limited holds 2,995,744,425 (2009: 2,995,744,425) ordinary shares.

	2010	2009
	(Number of shares)	
At the beginning of the year	4,043,727,076	2,843,727,076
Issued during the year for cash	-	1,200,000,000
At the end of the year	<u>4,043,727,076</u>	<u>4,043,727,076</u>

22.3 The issued, subscribed and paid-up capital of the Bank was Rs. 40,437.271 million as at December 31, 2010, comprising of 4,043.727 million shares of Rs. 10 each. In February 2011, the Bank announced a rights issue at discount for which the sponsor shareholder has already remitted its portion of the rights amounting to Rs. 6,352.360 million before December 31, 2010. The State Bank of Pakistan has allowed the portion of the rights already remitted by the sponsor shareholder, shown as advance against proposed rights issue, to be treated as Tier 1 Capital for the purposes of calculation of Capital Adequacy. For the remaining Rs. 2,222.640 million portion of the total rights issue of Rs. 8,575.000 million, the sponsor shareholder has provided an undertaking to take up any unsubscribed portion of the rights. The rights issue has been approved by the Board of Directors in their meeting held on March 01, 2011 and will be put forward for approval by the shareholders in the forthcoming Annual General Meeting of the Bank.

	2010	2009
	(Rupees '000')	
23. DEFICIT ON REVALUATION OF ASSETS - NET		
Deficit on revaluation of available-for-sale securities		
Market Treasury Bills	(56,558)	(20,547)
Pakistan Investment Bonds	(184,648)	(157,471)
Term Finance Certificates	6,157	(33,770)
Mutual Funds	36,545	417
Investment in Shares of Listed Companies	143,882	24,849
	<u>(54,622)</u>	<u>(186,522)</u>
Share of deficit on revaluation of securities of associates	(360,301)	(357,952)
	<u>(414,923)</u>	<u>(544,474)</u>
Related deferred tax asset	55,299	71,495
	<u>(359,624)</u>	<u>(472,979)</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
24. CONTINGENCIES AND COMMITMENTS		
24.1 Direct credit substitutes		
Contingent liability in respect of guarantees given favouring:		
Government	63,116	222,841
Others	–	75,000
	63,116	297,841
24.2 Transaction-related contingent liabilities / commitments		
Guarantees given in favour of:		
Government	8,138,146	4,842,809
Financial Institutions	500,856	–
Others	714,525	873,666
	9,353,527	5,716,475
24.3 Trade-related contingent liabilities		
Letters of credit	7,919,441	6,353,446
Acceptances	1,067,720	1,459,864
	8,987,161	7,813,310
24.4 Other contingencies		
Claims against the Bank not acknowledged as debts	390,783	469,156
24.5 Commitments in respect of forward lending		
Commitments to extend credit	314,372	294,696
The Bank makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is ultimately withdrawn except commitments mentioned above.		
24.6 Commitments in respect of forward exchange contracts		
Purchase	66,004,625	54,098,436
Sale	67,312,030	54,609,998
	133,316,655	108,708,434
24.7 Commitments for the acquisition of operating fixed assets	86,310	205,275

24.8 Tax contingencies

The returns of income of NIB Bank Limited have been filed up to and including tax year 2010 relevant to the financial year ended December 31, 2009. The tax authorities have made certain disallowances including additions on account of proration of expenses against dividends and capital gains, disallowances of interest and administrative expenses and renovation expenses incurred on rented premises (allowed historically) pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited.

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

These disallowances may result in additional tax aggregating to Rs. 1,370 million (2009: 1,104 million), which the management of the Bank in discussion with their tax consultants believes to be unjustified and not in accordance with the true interpretation of the law.

Appeals filed against orders are pending at various appellate forums. Management is confident that the eventual outcome of the cases will be in favour of the Bank.

	2010	2009
	(Rupees '000')	
25. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers	10,219,090	12,679,321
On investments in:		
Available-for-sale securities	4,595,211	3,868,916
Held-to-maturity securities	463,487	462,514
On deposits with financial institutions	10,947	27,554
On securities purchased under resale agreements	1,094,491	1,066,747
On call money Lendings	99,541	173,588
	<u>16,482,767</u>	<u>18,278,640</u>
26. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits and other accounts	7,159,606	8,760,560
Securities sold under repurchase agreements	3,342,862	2,282,740
Other short term borrowings	2,312,127	1,051,022
Long term borrowings	652,931	652,687
Others	-	28,792
	<u>13,467,526</u>	<u>12,775,801</u>
27. GAIN ON SALE OF SECURITIES		
Market Treasury Bills	(5,359)	158,553
Pakistan Investment Bonds	(8,185)	(1,906)
Term Finance Certificates	15,088	46,244
Ordinary shares of Listed and Unlisted Companies	292,514	295,584
Units / Certificates of Mutual Funds	5,415	26,051
Others	8,068	48,600
	<u>307,541</u>	<u>573,126</u>
28. OTHER INCOME		
Gain on disposal of property and equipment	464	1,553
Service charges	10,654	15,924
Rent income	3,262	-
Gain on trading liabilities	3,417	-
Income from non-banking assets and profit from sale of/or dealing with such assets	10,551	3,262
	<u>28,348</u>	<u>20,739</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000')	
29. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		3,766,972	2,417,646
Charge for defined benefit plan	35.4 & 35.9	26,054	18,524
Contribution to defined contribution plan		123,298	117,851
Non-executive directors' fees, allowances and other expenses		7,239	7,038
Brokerage and commission		44,530	22,627
Rent, taxes, insurance, electricity, etc.		974,062	926,420
Legal and professional charges		204,108	103,992
Communications		212,092	284,064
Repairs and maintenance		286,185	229,106
Stationery and printing		82,568	115,402
Advertisement and publicity		27,605	73,677
Fees and subscription		77,687	86,030
Auditors' remuneration	29.1	8,837	8,758
Depreciation	13.2	394,062	468,323
Amortization	14	371,719	308,062
Donations	29.2	-	54
Traveling, conveyance and vehicle running		33,522	45,707
Security services		137,628	122,841
Fixed assets written off		159,676	1,312
Impairment of investment in associates		-	20,895
Others		117,980	77,347
		<u>7,055,824</u>	<u>5,455,676</u>
29.1 Auditors' remuneration			
Audit fee including fee for branch audit		4,936	4,600
Audit fee of consolidated financial statements		750	750
Review fee		1,100	1,310
Special certifications and sundry advisory services		1,375	1,425
Out-of-pocket expenses		676	673
		<u>8,837</u>	<u>8,758</u>
29.2 No donation was paid during the year in which any of the Directors or their spouses had any interest.			
30. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		135,126	1,335
Others		<u>(13,208)</u>	<u>(123,432)</u>
		<u>121,918</u>	<u>(122,097)</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	2010	2009
	(Rupees '000')	
31. TAXATION		
For the year		
Current	228,733	126,765
Prior years	385,655	15,958
Deferred	<u>(2,996,630)</u>	<u>(83,549)</u>
	<u>(2,382,242)</u>	<u>59,174</u>
31.1 Relationship between tax expense and accounting profit		
Accounting profit / (loss) for the year	<u>(12,089,002)</u>	<u>1,552,896</u>
Tax on income @ 35%	(4,231,151)	543,514
Effect of permanent differences	47,294	(8,187)
Effect of exempt income	-	(3,167)
Adjustment in respect of tax at reduced rates	(8,900)	(114,553)
Effect of provision against Consumer and SME provision in excess of 5%	1,085,172	-
Effect of general provision against advances	279,583	-
Minimum tax	181,974	99,771
Tax charge for prior year	385,655	-
Others	<u>(121,869)</u>	<u>(458,204)</u>
Tax charge for the year	<u>(2,382,242)</u>	<u>59,174</u>
32. BASIC / DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (loss) after taxation (Rs. in '000')	<u>(9,706,760)</u>	<u>1,493,722</u>
Weighted average number of ordinary shares outstanding during the year (in '000')	<u>4,043,727</u>	<u>4,043,727</u>
Earnings / (loss) per share - basic / diluted (Rupees)	<u>(2.40)</u>	<u>0.37</u>
33. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	8,836,474	8,834,275
Balances with other banks (net of provision)	<u>2,952,593</u>	<u>3,684,684</u>
	<u>11,789,067</u>	<u>12,518,959</u>
	(Numbers)	
34. STAFF STRENGTH		
Permanent	2,891	4,925
Temporary / on contractual basis	38	72
Group's own staff strength at the end of the year	<u>2,929</u>	<u>4,997</u>
Outsourced	713	1,430
Total staff strength	<u>3,642</u>	<u>6,427</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

35. DEFINED BENEFIT PLAN

35.1 The benefits under the gratuity scheme are payable in lumpsum on retirement at the age of 60 years or earlier cessation of services. The benefit is equal to one month's last drawn basic salary of each year of confirmed service, subject to a minimum of five years of service.

35.2 Principal actuarial assumptions

The actuarial valuation is carried out periodically. The actuarial valuation was carried out for the year ended December 31, 2010 using the "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	Gratuity	
	2010	2009
- Valuation discount rate	14.5%	12.0%
- Salary increase rate	13.5%	11.0%
- Mortality rate	Based on LIC 1975-79 Ultimate Mortality table	
- Withdrawal rate	Heavy (double of moderate) Age - Wise withdrawal rates	

Note	2010	2009	2008	2007	2006
(Rupees '000')					
35.3 Reconciliation of (receivable from) / payable to defined benefit plan					
Present value of defined benefit obligations	79,459	81,502	58,963	33,919	22,109
Unrecognized prior service cost	-	-	1,630	3,261	4,892
Net actuarial gains not recognized	(3,344)	(7,771)	(3,536)	7,326	5,858
	76,115	73,731	57,057	44,506	32,859
Assumed on amalgamation		-	-	(76,634)	-
Net liability / (receivable)	76,115	73,731	57,057	(32,128)	32,859
35.4 (Income) / charge for defined benefit plan					
Current service cost	14,660	13,962	10,922	10,808	9,357
Software project expense capitalized	-	(829)	-	-	-
Interest cost	10,067	6,398	3,834	2,751	1,651
Actuarial (gain) recognized	-	-	(303)	(281)	-
Amortisation of prior service cost	-	(1,630)	(1,631)	(1,631)	(1,631)
	24,727	17,901	12,822	11,647	9,377
35.5 Movement in balance (receivable) / payable					
Opening balance	73,731	57,057	(32,128)	32,859	23,482
Expense recognized	24,727	17,901	12,822	11,647	9,377
Software project expense capitalized	-	829	-	-	-
Benefits paid to outgoing members	(22,343)	(2,056)	(271)	-	-
	76,115	73,731	(19,577)	44,506	32,859
Assumed on amalgamation		-	76,634	(76,634)	-
Closing balance	76,115	73,731	57,057	(32,128)	32,859
35.6 Summary of valuation results for the current and previous periods					
Present value of defined benefit obligations	79,459	81,502	58,963	33,919	22,109
Fair value of plan assets	-	-	-	-	-
Deficit	79,459	81,502	58,963	33,919	22,109
Actuarial (gain) / loss on obligation	(4,427)	4,235	10,559	(1,749)	(823)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

	2010	2009
35.7 Reconciliation of present value of defined benefit obligations	(Rupees '000')	
Opening balance	81,502	58,963
Current service cost	14,660	13,962
Interest cost	10,067	6,398
Benefits paid	(22,343)	(2,056)
Actuarial loss on obligations	(4,427)	4,235
Closing balance	<u>79,459</u>	<u>81,502</u>

35.8 Expected contribution for the next one year

The Bank provides for gratuity as per the actuary's expected charge for the next one year. Based on actuarial advice, management estimates that the charge in respect of the defined benefit plan for the year ending December 31, 2011 would be Rs. 23.194 million.

- 35.9** PICIC AMC operates an approved funded gratuity scheme for all its permanent employees who have completed the minimum qualifying period of service as defined under the scheme. Last actuarial valuation was carried out as at June 30, 2010. The charge to the Fund for the current year amounts to Rs. 1.327 million and the balance payable to the Fund is Rs. 1.556 million as at December 31, 2010.

36. DEFINED CONTRIBUTION PLAN

The Group has established a provident fund scheme administered by the Board of Trustees for all permanent employees. Equal monthly contributions are made to the Fund by both the Group and the employees @ 10% of basic salary.

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	(Rupees '000')					
Fees	-	-	7,239	2,344	-	-
Managerial remuneration	24,619	24,872	-	-	804,474	703,259
Charge for defined benefit plan	2,461	2,433	-	-	14,142	13,238
Contribution to defined contribution plan	2,180	2,143	-	-	57,554	48,972
Rent and house maintenance	6,097	6,097	-	-	218,355	184,086
Utilities	1,742	1,742	-	-	62,387	52,596
Others	1,995	1,742	-	-	63,924	52,596
	<u>39,094</u>	<u>39,029</u>	<u>7,239</u>	<u>2,344</u>	<u>1,220,836</u>	<u>1,054,747</u>
Number of persons as at year end	<u>2</u>	<u>2</u>	<u>7</u>	<u>5</u>	<u>505</u>	<u>511</u>

The President / Chief Executive is also provided with free use of a Bank maintained car, travel and medical insurance, security arrangements and reimbursement of household utilities, as per the terms of his employment.

The Chief Executive and certain Executives of PICIC AMC are provided with free use of Company maintained cars.

Directors fees are paid to non executive directors only.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

38.1 On-balance sheet financial instruments

	2010		2009	
	Book value	Fair value	Book value	Fair value
(Rupees '000')				
Assets				
Cash and balances with treasury banks	8,836,474	8,836,474	8,834,275	8,834,275
Balances with other banks	2,952,593	2,952,593	3,684,684	3,684,684
Lendings to financial institutions	6,429,166	6,429,166	5,681,887	5,681,887
Investments	50,209,083	48,217,093	59,496,979	57,721,376
Advances	74,583,584	74,583,584	84,021,406	84,021,406
Other assets	3,454,611	3,454,611	5,376,848	5,376,848
	<u>146,465,511</u>	<u>144,473,521</u>	<u>167,096,079</u>	<u>165,320,476</u>
Liabilities				
Bills payable	1,335,493	1,335,493	1,574,207	1,574,207
Borrowings	42,361,934	42,361,934	62,523,365	62,523,365
Deposits and other accounts	99,111,741	99,111,741	92,838,878	92,838,878
Sub-ordinated loans	3,996,000	3,889,706	3,997,600	3,677,792
Other liabilities	3,621,795	3,621,795	3,835,009	3,835,009
	<u>150,426,963</u>	<u>150,320,669</u>	<u>164,769,059</u>	<u>164,449,251</u>

38.2 Off-balance sheet financial instruments

Forward purchase of foreign exchange	<u>66,004,625</u>	<u>65,049,598</u>	<u>54,098,436</u>	<u>53,754,151</u>
Forward sale of foreign exchange	<u>67,312,030</u>	<u>66,429,843</u>	<u>54,609,998</u>	<u>54,292,292</u>

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Fair values of held-to-maturity securities, sub-ordinated loans and investment in quoted associates have been stated at market values.

Fair value of unquoted equity securities have been stated at the lower of cost and Net Assets Value.

Except for investment in unquoted subsidiaries, fixed term advances of over one year, staff loans and fixed term deposits of over one year, the fair value of other on balance sheet financial assets and liabilities are not significantly different from their book value as these assets and liabilities are either short term in nature or are frequently re-priced.

The fair value of unquoted subsidiaries, fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active markets for similar assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Group comprises the Bank and the Asset Management Company. The Bank is organised into reportable segments as disclosed in note 6.20.1. These segments are managed by respective segment heads and the results of these segments are regularly reviewed by the Group's President / Chief Executive. Segment performance is reviewed on the basis of various factors including profit before taxation. The performance of the Asset Management Company is included in Head Office / Others.

Transactions between reportable segments are carried out on an arms length basis.

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

	For the Year ended December 31, 2010					
	Corporate and Investment Banking	Small & Medium Enterprises and Commercial	Retail	Treasury	Head Office / Other	*Adjustments
	(Rupees '000')					
Net Interest Income	(198,579)	(215,919)	3,771,921	(248,521)	(93,661)	-
Non Funded Income	320,382	183,957	306,493	673,585	789,317	-
Net Interest and non markup Income	121,803	(31,962)	4,078,414	425,064	695,656	-
Total expenses including provisions (excluding Impairment)	2,738,512	5,080,278	7,648,615	166,708	1,628,730	-
Impairment against Investment	-	-	-	115,134	-	-
Total expenses including provisions	2,738,512	5,080,278	7,648,615	281,842	1,628,730	-
Segment Net income / (loss) before tax	(2,616,709)	(5,112,240)	(3,570,201)	143,222	(933,074)	-
Segment Return on net assets (ROA) (%)	(3.36%)	(13.35%)	(2.80%)	0.22%	-	N/A
Segment Cost of funds (%)	11.50%	6.64%	6.24%	12.47%	-	N/A
	For the Year ended December 31, 2009					
Net Interest Income	169,850	1,360,095	4,103,465	428,333	(558,904)	-
Non Funded Income	212,812	293,881	315,341	787,150	965,503	-
Net Interest and non markup Income	382,662	1,653,976	4,418,806	1,215,483	406,599	-
Total expenses including provisions (excluding Impairment)	(1,098,212)	1,903,413	4,865,986	179,294	98,444	-
Impairment against Investment	-	-	-	575,705	-	-
Total expenses including provisions	(1,098,212)	1,903,413	4,865,986	754,999	98,444	-
Segment Net income / (loss) before tax	1,480,874	(249,437)	(447,180)	460,484	308,155	-
Segment Return on net assets (ROA) (%)	2.16%	(0.33%)	(0.34%)	0.68%	-	N/A
Segment Cost of funds (%)	11.35%	8.03%	7.85%	10.24%	-	N/A
	As at December 31, 2010					
Segment Assets (Gross)	65,288,984	31,301,155	85,301,088	42,382,391	8,481,575	(44,419,588)
Segment Non Performing Loans	18,814,492	10,795,340	4,904,273	-	197,363	-
Segment Provision (including general provisions)	14,712,848	6,415,309	2,524,598	-	125,784	-
Segment Assets (Net)	50,576,136	24,885,846	82,776,490	42,382,391	8,355,791	(44,419,588)
Segment Liabilities	46,112,224	23,016,713	79,530,605	41,401,559	5,030,613	(44,419,588)
	As at December 31, 2009					
Segment Assets (Gross)	60,818,284	47,006,481	81,323,632	52,711,667	4,991,956	(23,987,000)
Segment Non Performing Loans	15,704,688	4,439,824	3,190,204	-	94,810	-
Segment Provision (including general provisions)	12,453,510	2,021,756	1,431,033	-	73,052	-
Segment Assets (Net)	48,364,774	44,984,725	79,892,599	52,711,667	4,918,904	(23,987,000)
Segment Liabilities	44,384,145	32,632,054	61,727,499	48,743,572	2,037,942	(23,987,000)

* The respective segment assets and liabilities incorporate intersegment lending and borrowing, with appropriate transfer pricing. The adjustments column eliminates intersegment lending and borrowing.

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

40. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its holding company (refer note 1), unconsolidated subsidiary, (refer note 11.12), associated undertakings (refer note 11.11), employee benefit plans (refer note 35), and its key management personnel.

Transactions with related parties are executed on the same terms as those prevailing at the time for comparable transactions with unrelated parties.

The detail of transactions with related parties is given below:

	Holding company		Unconsolidated subsidiary		Associates		Key management personnel		Other related parties	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(Rupees '000')									
40.1 Balances outstanding as at the year end										
Advances										
At the beginning of the year	-	-	-	-	-	305,248	172,906	104,275	-	-
Addition during the year	-	-	-	-	-	300,000	63,918	92,848	53,170	-
Repaid during the year	-	-	-	-	-	(605,248)	(117,113)	(24,217)	(23,373)	-
At the end of the year	-	-	-	-	-	-	119,711	172,906	29,797	-
Deposits										
At the beginning of the year	66,305	66,809	-	268	1,135,995	510,344	7,781	34,718	262,462	264,199
Deposits during the year	-	-	-	6	15,952,374	32,224,078	294,683	198,828	5,064,335	5,948,384
Exchange difference	381	1,376	-	-	-	-	-	-	-	-
Withdrawal during the year	(8,336)	(1,880)	-	(274)	(16,344,171)	(31,598,427)	(278,566)	(225,765)	(5,017,922)	(5,950,121)
NAFA Funds ceased to be associates	-	-	-	-	(200,972)	-	-	-	-	-
At the end of the year	58,350	66,305	-	-	543,226	1,135,995	23,898	7,781	308,875	262,462
Investment in shares / mutual funds										
At the beginning of the year	-	-	724	724	3,052,301	2,242,420	-	-	184,146	191,968
Investments made during the year	-	-	-	-	1,142,799	60,000	-	-	7,286	-
Investments sold during the year	-	-	-	-	(153,879)	(283,751)	-	-	(39,617)	(7,822)
NAFA Funds ceased to be associates	-	-	-	-	(213,729)	-	-	-	-	-
Equity accounting method adjustments	-	-	-	-	275,282	1,033,632	-	-	-	-
At the end of the year	-	-	724	724	4,102,774	3,052,301	-	-	151,815	184,146
Investment in Term Finance Certificates-cost										
At the end of the year	-	-	-	-	-	-	-	-	978,687	-
Receivables										
At the end of the year	117	133	-	-	6,425	24,167	-	-	5,891	2,211
Insurance claim receivable										
At the end of the year	-	-	-	-	50,000	84,083	-	-	-	-
Payables										
At the end of the year	738	2,563	-	-	-	-	-	-	1,740	498

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

	Holding company		Unconsolidated subsidiary		Associates		Key management personnel		Other related parties	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(Rupees '000')									
Brokerage payable	-	-	-	-	-	-	-	-	104	161
At the end of the year	-	-	-	-	-	-	-	-	104	161
Payable to Directors	-	-	-	-	-	-	-	-	174	-
At the end of the year	-	-	-	-	-	-	-	-	174	-
Insurance premium payable	-	-	-	-	4,691	4,691	-	-	-	-
At the end of the year	-	-	-	-	4,691	4,691	-	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	49,950	49,970
At the end of the year	-	-	-	-	-	-	-	-	49,950	49,970

Advance against proposed rights issue (Note 22.3)

40.2 Income / expense for the year

Mark-up / return / interest earned on advances	-	-	-	-	8,963	8,963	6,573	5,840	2,240	-
Mark-up / return / interest expensed on deposits	-	-	-	-	102,446	198,350	770	480	48,849	39,217
Mark-up / return / interest earned on Term Finance Certificates	-	-	-	-	-	-	-	-	91,251	-
Dividend income from Shares / Mutual Funds	-	-	-	-	62,313	154,098	-	-	3,675	10,874
Brokerage expense	-	-	-	-	-	-	-	-	3,131	2,348
Directors remuneration	-	-	-	-	-	-	-	-	7,239	2,344
Directors traveling expense	3,418	4,694	-	-	-	-	210	261	184	-
Insurance premium expense	-	-	-	-	2,267	6,297	-	-	-	-
Remuneration to key management personnel	-	-	-	-	-	-	166,276	160,924	-	-
Contribution to Provident Fund	-	-	-	-	-	-	-	-	116,988	119,249
Mark-up expense on sub-ordinated loans	-	-	-	-	-	-	-	-	6,862	7,163
Management fee earned	-	-	-	-	262,640	223,509	-	-	-	-

Notes to the Consolidated Financial Statements

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41. CAPITAL-ASSESSMENT AND ADEQUACY BASEL II SPECIFIC

41.1 Scope of Application

Capital Adequacy Ratio (CAR) has been calculated in accordance with the guidelines given by SBP through BSD Circular No. 8 dated June 27, 2006. The Bank has adopted Standardized Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk. The current requirement for CAR is 10% as per BSD Circular No. 07 dated April 15, 2009.

41.2 Capital Structure

The Group's regulatory capital base comprises of:

- Tier I capital which includes share capital, reserves and accumulated losses / unappropriated profit
- Tier II capital which consists of sub-ordinated loans (subject to 50% of eligible Tier 1 capital), revaluation reserves (subject to 45% of balance in revaluation reserve) and general provision for loan losses (subject to 1.25% of Risk Weighted Assets)

The issued, subscribed and paid-up capital of the Bank was Rs. 40,437.271 million as at December 31, 2010, comprising of 4,043.727 million shares of Rs. 10 each. In February 2011, the Bank announced a rights issue at discount for which the sponsor shareholder has already remitted its portion of the rights amounting to Rs. 6,352.360 million before December 31, 2010. The State Bank of Pakistan has allowed the portion of the rights already remitted by the sponsor shareholder, shown as advance against proposed rights issue, to be treated as Tier 1 Capital for the purposes of calculation of Capital Adequacy. For the remaining Rs. 2,222.640 million portion of the total rights issue of Rs. 8,575.000 million, the sponsor shareholder has provided an undertaking to take up any unsubscribed portion of the rights. The rights issue has been approved by the Board of Directors in their meeting held on March 01, 2011 and will be put forward for approval by the shareholders in the forthcoming Annual General Meeting of the Bank.

The sub-ordinated loans amounting to Rs. 3,996.000 million represents unsecured TFCs of the Bank. The amount raised through the issue contributed towards the Bank's Tier II capital for Capital Adequacy Ratio as per the guidelines of the SBP.

Details of the Group's regulatory capital are as under:

	Note	2010	2009
(Rupees '000')			
Tier I Capital			
Fully paid-up capital		40,437,271	40,437,271
Share premium		8,246,618	8,246,618
Advance against proposed rights issue		6,352,360	–
Statutory and general reserves		218,276	218,276
Accumulated loss		(41,009,961)	(7,081,729)
		<u>14,244,564</u>	<u>41,820,436</u>
Less:			
Goodwill and intangibles	41.2.1	4,147,736	24,860,657
Deficit on account of revaluation of investments held in AFS category		359,624	544,474
Other deductions (representing 50% of significant associates)	41.2.1	844,565	400,909
		<u>8,892,639</u>	<u>16,014,396</u>
Tier II Capital			
Sub-ordinated loans (up to 50% of total Tier I Capital)		3,946,000	3,997,600
General Provision for loan losses (subject to 1.25% of Total Risk Weighted Assets)		952,076	232,894
Less:			
Other deductions (representing 50% of significant associates)	41.2.1	844,565	400,909
		<u>4,053,511</u>	<u>3,829,585</u>
Eligible Tier III Capital			
Total Regulatory Capital Base	(a)	<u>12,946,150</u>	<u>19,843,981</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

41.2.1 In 2009, Intangible assets (other than Goodwill and Computer software) and investment in PICIC Investment Fund (PIF) and PICIC Energy Fund (PEF) to the extent of PICIC AMC's shareholding were exempted from deduction in arriving at Tier I and Tier II Capital. No exemption in 2010.

41.3 Capital Adequacy

The purpose of capital management at the Group is to ensure efficient utilization of capital in relation to business requirements, growth, risk appetite, shareholders' returns and expectations.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions, regulatory requirements and the risk profile of its activities. In order to maintain or adjust the capital structure, the Bank may issue capital / Tier II securities.

The Group's capital adequacy ratio as at December 31, 2010 was 13.45% compared to the minimum regulatory requirement of 10%. The Group ensures adherence to SBP's requirements by monitoring its capital adequacy on a regular basis.

Banking operations are categorised as either Trading book or Banking book, and Risk-Weighted Assets are determined according to SBP requirements that seek to reflect the varying levels of risk attached to the Group's On and Off-balance sheet exposures.

Collateral, if any, is used as an outflow adjustment. Risk weights notified are applied to Net Adjusted Exposure.

Cash and near cash collateral includes Government of Pakistan securities, shares listed on the stock exchanges, cash and cash equivalents (deposits / margins, lien on deposits).

The Group has complied with all regulatory capital requirements during the year.

The capital requirement for the Group as per the major risk categories is indicated below:

	Capital Requirements		Risk Weighted Assets	
	2010	2009	2010	2009
	(Rupees '000')			
Credit Risk				
Corporate	3,123,936	3,595,914	31,239,360	35,959,135
Sovereign	15,981	4,520	159,811	45,204
Retail	1,336,148	2,526,923	13,361,478	25,269,230
Banks	297,608	200,268	2,976,082	2,002,675
Equity Investments	264,042	398,899	2,640,417	3,988,989
Public sector Entities	63,230	30,240	632,296	302,399
Past Due Loans	1,120,452	799,374	11,204,520	7,993,743
Claims against Residential Mortgage	62,833	75,086	628,330	750,860
Investments in premises, plant and equipment and all other fixed assets	278,443	313,585	2,784,432	3,135,850
Other assets	1,076,497	629,228	10,764,965	6,292,283
Off Balance Sheet Market Related Exposures	56,528	37,476	565,284	374,760
	<u>7,695,698</u>	<u>8,611,513</u>	<u>76,956,975</u>	<u>86,115,128</u>
Market Risk				
Interest Rate Risk	372,617	427,603	3,726,166	4,276,027
Equity Position Risk	239,567	-	2,395,668	-
Foreign Exchange Risk	118,058	6,650	1,180,579	66,499
	<u>730,242</u>	<u>434,253</u>	<u>7,302,413</u>	<u>4,342,526</u>
Operational Risk	1,200,662	1,149,985	12,006,624	11,499,847
TOTAL	<u>9,626,602</u>	<u>10,195,751</u>	<u>96,266,012</u>	<u>101,957,501</u>
	(b)			
Capital Adequacy Ratio			2010	2009
Total eligible regulatory capital held			12,946,150	19,843,981
Total Risk Weighted Assets			96,266,012	101,957,501
Capital Adequacy Ratio	(a) / (b)		<u>13.45%</u>	<u>19.46%</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

41.4 Types of Exposures and ECAIs used

The Group uses external ratings from local and foreign rating agencies. The Group has obtained ratings from websites of External Credit Assessment Institutions (ECAIs) and followed the SBP rating grade for mapping.

Exposures	JCR-VIS	PACRA	Fitch	Moody's	Standard & Poor
Corporate	✓	✓	–	–	–
Sovereign	–	–	–	–	–
Retail	–	–	–	–	–
Banks	✓	✓	✓	✓	✓

41.5 Credit exposure subject to Standardized Approach

Exposure	2010			
	(Rupees '000')			
	Rating Category	Amount Outstanding	Deduction CRM	Net Amount
Corporate	1	453,453	–	453,453
Corporate	2	2,520,883	86,512	2,434,371
Corporate	3,4	321,240	618	320,622
Corporate	5,6	1,144,716	48,227	1,096,489
Corporate	Unrated	30,005,899	2,039,771	27,966,128
Retail		22,171,171	4,355,867	17,815,304
Banks				
- Over 3 Months	1	3,108,021	214,328	2,893,693
- Over 3 Months	2,3	1,826,251	399,945	1,426,306
- Over 3 Months	4,5	91,480	–	91,480
- Over 3 Months	Unrated	388,014	–	388,014
- Maturity Upto and under 3 Months in FCY	1,2,3	3,854,511	–	3,854,511
- Maturity Upto and under 3 Months in FCY	4,5	–	–	–
- Maturity Upto and under 3 Months in FCY	6	–	–	–
- Maturity Upto and under 3 Months in FCY	Unrated	462,572	–	462,572
- Maturity Upto and under 3 Months in PKR		6,221,309	3,544,872	2,676,437
Public Sector Entities	1	2,483,157	–	2,483,157
	Unrated	1,782,456	1,511,127	271,329
Sovereign		25,046,701	7,522,558	17,524,143
Others		31,261,763	6,652	31,255,111
Total		133,143,597	19,730,477	113,413,120

Notes to the Consolidated Financial Statements

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42. RISK MANAGEMENT

While the overall responsibility of risk management rests with the Board of Directors, the Bank's senior management has implemented a risk management framework with well defined policies and procedures, duly approved by the Board, for mitigating, monitoring and controlling risks.

The Board of Directors of the Bank has approved the risk management strategy of the Bank and entrusted the implementation to the Board's Risk Management Committee (BRMC).

The Integrated Risk Management Committee (IRMC) is responsible for reviewing and highlighting key risk issues that require senior management's attention. IRMC comprises of members from business units and the risk functions. An enterprise level assessment of risk composition is made at this platform and where necessary, recommendations are made to improve upon processes and procedures to further strengthen the risk framework.

Risk management heads for the business segments report to the Chief Risk Officer (CRO). The risk management heads are responsible for ensuring the implementation of the Bank's risk framework in their respective domains in line with the business model of the Bank and also in compliance with SBP guidelines.

The Bank also conducts stress testing analysis across portfolios, by anticipating changes and applying shocks of different intensity values, thereby evaluating their effects on the value of the portfolios.

42.1 Credit Risk

Credit risk is the risk of failure by a client or counterparty to meet its contractual obligations. It is inherent in loans, commitments to lend and contingent liabilities, such as letters of credit, repurchase agreements (repos and reverse repos) and securities borrowing and lending transactions.

The objective of credit risk management by the Bank is to ensure that the risk of default by a client or counterparty is reduced to a minimum, keeping in view the risk management policies of the Bank.

The Bank has established an appropriate credit risk environment which is operating under a sound credit-granting process, maintaining an appropriate credit administration, measurement and monitoring process and ensuring adequate controls.

A credit approval process has been defined and is followed by all businesses in the Bank. Initial credit approvals and extensions are only approved by Credit Committees established at various levels. In order to measure credit risk, an internally developed rating system is followed, which addresses Basel –II requirements.

Following are the basic guiding principles of credit risk management that are embedded in the Bank and across business segments:

- Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control.
- A well constituted organizational structure clearly defining roles and responsibilities of individuals involved in taking as well as managing risk.
- An effective management information system that ensures flow of information from the operational level to top management and a system to address any exceptions observed.
- An effective mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.
- Review of portfolios by BRMC on a quarterly basis and by IRMC on a monthly basis to evaluate the health of the portfolio.

Notes to the Consolidated Financial Statements

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42.1.1.2 Segment by sector

	2010					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees '000')	Percent	(Rupees '000')	Percent	(Rupees '000')	Percent
Public / Government	10,904,387	11.09	12,069,277	12.18	3,076,217	2.02
Private	87,457,736	88.91	87,042,464	87.82	149,435,707	97.98
	<u>98,362,123</u>	<u>100.00</u>	<u>99,111,741</u>	<u>100.00</u>	<u>152,511,924</u>	<u>100.00</u>
	2009					
Public / Government	5,777,183	5.78	12,131,321	13.07	2,245,237	1.82
Private	94,223,574	94.22	80,707,557	86.93	121,259,950	98.18
	<u>100,000,757</u>	<u>100.00</u>	<u>92,838,878</u>	<u>100.00</u>	<u>123,505,187</u>	<u>100.00</u>

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

	2010		2009	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	(Rupees '000')			
Agriculture, Forestry, Hunting and Fishing	54,049	15,513	35,791	4,733
Automobile and Transportation Equipment	466,555	436,401	368,430	368,430
Cement, Glass and Ceramics	1,339,892	938,969	1,071,888	759,816
Chemicals and Pharmaceuticals	314,336	198,010	345,711	237,654
Construction	426,022	133,472	342,789	103,274
Electronics and Electrical Appliances	515,794	307,383	261,762	214,089
Engineering	270,381	121,485	616,824	532,536
Financial	182,079	73,066	4,995	3,527
Food and Beverages	1,060,392	756,651	318,148	261,955
Footwear and Leather Garments	340,708	268,207	69,376	66,076
Individuals	1,778,291	826,009	1,997,960	675,157
Mining and Quarrying	48,493	34,819	5,521	716
Oil and Gas	359,101	328,832	9,851	7,337
Paper and Printing	591,339	358,062	191,736	175,517
Power, Gas, Water and Sanitary	646,083	371,953	439,881	236,146
Services	2,131,558	1,096,966	349,259	179,243
Sugar	1,272,914	816,713	1,129,272	791,249
Textile	11,212,276	8,620,131	11,087,571	8,658,417
Transport, Storage and Communication	1,070,183	807,245	814,417	669,334
Wholesale and Retail Trade	6,041,388	3,962,528	3,068,280	1,334,106
Others	4,589,634	2,354,048	900,064	467,145
	<u>34,711,468</u>	<u>22,826,463</u>	<u>23,429,526</u>	<u>15,746,457</u>

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

Public / Government	-	-	-	-
Private	34,711,468	22,826,463	23,429,526	15,746,457
	<u>34,711,468</u>	<u>22,826,463</u>	<u>23,429,526</u>	<u>15,746,457</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

42.1.1.5 Geographical Segment Analysis	2010			
	Profit / (loss) before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees '000')			
Pakistan	(12,089,002)	164,557,066	13,884,940	152,511,924
	2009			
Pakistan	1,552,896	206,885,669	41,347,457	123,505,187

42.2 Market Risk

Market risk is primarily composed of price risk and arises out of treasury trading and investment activities. It is the risk that the value of on and off balance sheet positions of the Bank will be adversely affected by movements in market rates or prices.

The Bank recognizes that it may be exposed to market risk in a variety of ways. Market risk exposure may be explicit in the portfolio of equities and foreign currencies that are actively traded. Conversely, it may be implicit, such as interest rate risk due to mismatch of loans and deposits. Market risk may also arise from activities categorized as off balance sheet items.

42.2.1 Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The core objective of foreign exchange risk management is to ensure that the exposure of the Bank remains within desired levels of risk appetite.

Furthermore, the Bank monitors Value at Risk (VaR) and Price Value Basis Point (PVBP) for the foreign exchange portfolio in order to estimate any potential losses due to changes in price. The Bank also monitors maturity mismatch gaps to identify any potential risks.

The Bank has implemented global / regulatory best practices in order to manage the inherent risk of product and market, such as credit limits, monitoring of foreign exchange exposure limits, review of mark to market portfolio etc.

	2010			Net foreign currency exposure
	Assets	Liabilities	Off balance sheet items	
	(Rupees '000')			
Pakistan Rupee	155,592,435	144,560,745	1,307,404	12,339,094
United States Dollar	8,032,243	4,234,598	(2,322,995)	1,474,650
Great Britain Pound	221,540	1,018,965	843,190	45,765
Euro	671,042	848,178	172,401	(4,735)
Japanese Yen	18,618	12	-	18,606
Swiss Franc	5,569	752	-	4,817
Others	15,619	8,876	-	6,743
	<u>164,557,066</u>	<u>150,672,126</u>	<u>-</u>	<u>13,884,940</u>

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

	2009			Net foreign currency exposure
	Assets	Liabilities	Off balance sheet items	
	(Rupees '000')			
Pakistan Rupee	198,267,892	157,572,669	511,563	41,206,786
United States Dollar	7,910,822	5,428,190	(2,476,479)	6,153
Great Britain Pound	177,869	1,299,944	1,182,588	60,513
Euro	477,273	1,209,010	782,328	50,591
Japanese Yen	11,059	5	–	11,054
Swiss Franc	23,957	19,861	–	4,096
Others	16,797	8,533	–	8,264
	206,885,669	165,538,212	–	41,347,457

42.2.2 Equity price risk and Fixed Income rate risk

The Bank has a set of approved notional & dealer limits for managing risk across the trading & banking book. Furthermore bank has also established sensitivity base limit (DVO1) for monitoring treasury portfolio. In order to manage the market risk in the trading book, the Bank periodically applies a VaR methodology to assess the market risk positions held. Currently the Bank is using variance covariance model for calculating VaR across both the equity & fixed income portfolios.

Equity Price Risk is the risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the Bank. Price risk associated with equities could be systemic or idiosyncratic. The Bank is also using Market Risk tools such as Alpha, Beta and Sharpe ratio for risk measurement and assessment.

Fixed income securities are subject to the risk of price volatility due to interest rate movements. Fixed rate debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. The Bank is using Market Risk tools such as PVBP, Duration, Parallel shift and Non Parallel shift for risk measurement and assessment.

Notes to the Consolidated Financial Statements

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4.2.3 Liquidity Risk

Liquidity risk exposure is the risk caused, among others, by the inability of the Bank to settle its liabilities on their due dates.

The Bank's objective of liquidity management is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The liquidity risk policy is formulated keeping in view SBP's guidelines on risk management and international best practices. The Bank maintains its liquidity by keeping a level of liquid assets that is considered sufficient to settle its obligations when due.

The Bank manages its liquidity risk through

- Controlling the cash flow mismatch between on- and off-balance sheet assets and liabilities;
- Maintaining stable and diversified sources of funding;
- Ensuring the Bank has the right asset portfolio mix and sufficient liquid assets on hand in relation to its daily cash flows.

The Bank carries out careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. Scenarios encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business. Exposure to liquidity risk is also monitored through regular review of liquidity risk limits and escalation of any liquidity risk limit excesses to senior management.

4.2.3.1 Maturities of assets and liabilities

2010

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years
(Rupees '000')										
Assets										
Cash and balances with treasury banks	8,836,474	8,836,474	-	-	-	-	-	-	-	-
Balances with other banks	2,952,593	2,952,593	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,429,166	5,650,258	778,908	-	-	-	-	-	-	-
Investments	50,209,083	1,261,163	25,167,345	1,539,302	6,362,527	1,122,503	4,309,570	4,368,873	1,642,224	4,435,576
Advances	74,583,584	46,084,562	8,575,339	4,830,123	2,581,342	4,035,876	3,436,860	3,349,207	1,020,533	669,742
Operating fixed assets	2,751,703	23,461	97,101	73,812	125,311	203,835	153,842	220,908	284,604	1,588,829
Intangible assets	4,147,736	41,378	82,754	123,971	246,966	472,456	325,115	600,033	780,537	1,474,526
Deferred tax assets	9,395,264	42,219	84,432	126,648	168,087	374,940	501,292	2,512,240	6,188,468	(603,062)
Other assets	5,251,463	411,861	3,320,894	181,177	118,042	324,464	297,119	583,235	11,971	2,700
	164,557,066	65,303,969	38,106,773	6,875,033	9,602,275	6,534,074	9,023,798	11,634,496	9,908,337	7,568,311
Liabilities										
Bills payable	1,335,493	1,335,493	-	-	-	-	-	-	-	-
Borrowings	42,361,934	28,563,313	7,513,257	4,468,556	200,912	376,794	329,268	656,699	253,135	-
Deposits and other accounts	99,111,741	69,633,501	16,839,285	2,926,695	9,172,595	305,670	215,272	18,589	134	-
Sub-ordinated loans	3,996,000	-	800	-	800	1,600	666,200	2,661,300	665,300	-
Other liabilities	3,866,958	1,235,148	1,528,186	401,424	579,639	28,664	15,412	2,370	76,115	-
	150,672,126	100,767,455	25,881,528	7,796,675	9,953,946	7,127,28	1,226,152	3,338,958	994,684	-
Net assets	13,884,940	(35,463,486)	12,225,245	(921,642)	(351,671)	5,821,346	7,797,646	8,295,538	8,913,653	7,568,311
Share capital	40,437,271									
Reserves	8,464,594									
Accumulated loss	(41,009,961)									
Shareholders' equity	7,892,204									
Advance against proposed rights issue	6,352,360									
Deficit on revaluation of assets-net	14,244,564									
	(359,624)									
	13,884,940									

Notes to the Consolidated Financial Statements For the year ended December 31, 2010

The above maturity profile has been prepared in accordance with International Financial Reporting Standard 7, Financial Instruments; Disclosures, based on contractual maturities. Consequently, all demand assets and liabilities such as running finance, current accounts and saving accounts are shown as having a maturity upto one month. However, based on historical behaviour, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within one month is remote, as these flows normally occur over a period of one month to three years.

		2009									
		-(Rupees '000')									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years	
Assets											
Cash and balances with treasury banks	8,834,275	8,834,275	-	-	-	-	-	-	-	-	
Balances with other banks	3,684,684	3,684,684	-	-	-	-	-	-	-	-	
Lendings to financial institutions	5,681,887	5,321,887	360,000	-	-	-	-	-	-	-	
Investments	59,496,979	100,018	4,322,690	14,820,172	25,131,865	1,718,946	2,104,939	7,551,037	373,751	3,373,561	
Advances	84,021,406	49,940,878	3,597,391	10,427,559	2,314,047	5,707,139	4,666,797	5,058,361	1,521,940	787,294	
Operating fixed assets	3,135,850	47,007	146,404	132,494	255,413	299,656	198,041	236,309	197,053	1,623,473	
Intangible assets	28,669,997	30,824	61,517	91,976	183,395	360,624	338,012	622,873	1,032,578	25,948,198	
Deferred tax assets	6,411,185	124,238	248,479	360,013	1,110,730	1,434,017	1,434,017	2,430,441	(999,999)	269,249	
Other assets	6,949,406	694,327	4,615,070	386,328	1,048,211	102,246	38,483	61,254	3,487	-	
	206,885,669	68,778,138	13,351,551	26,218,542	30,043,661	9,622,628	8,780,289	15,960,275	2,128,810	32,001,775	
Liabilities											
Bills payable	1,574,207	1,574,207	-	-	-	-	-	-	-	-	
Borrowings	62,523,365	45,121,109	5,780,925	9,498,678	270,770	387,841	337,411	861,019	265,612	-	
Deposits and other accounts	92,838,878	65,693,443	18,819,204	2,293,690	4,650,751	780,000	361,388	240,402	-	-	
Sub-ordinated loans	3,997,600	-	800	-	800	1,600	1,600	1,996,800	1,996,000	-	
Other liabilities	4,604,162	1,787,847	2,014,137	211,230	319,281	145,472	33,336	19,121	73,738	-	
	165,538,212	114,176,606	26,615,066	12,003,598	5,241,602	1,314,913	733,735	3,117,342	2,335,350	-	
Net assets	41,347,457	(45,398,468)	(13,263,515)	14,214,944	24,802,059	8,307,715	8,046,554	12,842,933	(206,540)	32,001,775	
Share capital	40,437,271										
Reserves	8,464,894										
Accumulated loss	(7,081,729)										
	41,820,436										
Deficit on revaluation of assets-net	(472,979)										
	41,347,457										

The above maturity profile has been prepared in accordance with International Financial Reporting Standard 7, Financial Instruments; Disclosures, based on contractual maturities. Consequently, all demand assets and liabilities such as running finance, current accounts and saving accounts are shown as having a maturity upto one month. However, based on historical behaviour, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within one month is remote, as these flows normally occur over a period of one month to three years.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2010

42.4 Operational Risk Management

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

The key objectives of Operational Risk measurement and management include:

- Ensuring continued solvency of the Bank through capital adequacy and enhanced understanding and management of significant operational risk exposures.
- Ensuring that customer impact is minimized through proactive and focused risk management practices.
- Ensuring senior management attention on significant operational risk exposure areas and that risk mitigation is given prioritized focus.

The IRMC has the responsibility to supervise and direct the management of operational risks and key operational risk exposures. The IRMC is also responsible for ensuring that adequate and appropriate policies and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

The Bank has undertaken the following high-level strategic initiatives for the effective implementation of Operational Risk Management:

- Recruiting skilled resources for Operational Risk Management.
- Developing policies, procedures and defining end to end information flow to establish a vigorous governance infrastructure.

43. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on March 01, 2011 by the Board of Directors of the Bank.

Khawaja Iqbal Hassan
President / Chief Executive

Francis Andrew Rozario
Chairman / Director

Muhammad Abdullah Yusuf
Director

Syed Aamir Zahidi
Director

**Statement showing written-off loans or any other financial relief of
five hundred thousand rupees or above provided
during the year ended December 31, 2010**

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others				Total
1	ADIL TRADERS 16-S-23 MEHMOOD ROAD, NEW SAMINABAD LAHORE	IMRAN MALIK	35202-2870670-7	MALIK ZIA UD DIN	665	327	-	992	327	-	992
2	COSMOS MARKETING, H-10/2A, LHMT COLONY, LAHORE	M KHALID IDREES	35201-1002619-1	M IDREES	657	377	-	1,034	377	-	1,034
3	ADNAN AMJAD SUITE# 408/409 4TH FLOOR, BUINESS ARCADE, SHAHRA-E-FASIAL KARACHI	ADNAN AJMAD	244-76-650836	AMJAD MEHMOOD	1,397	-	-	1,397	-	-	1,397
4	GUL SHAN/RAFIQA BANO C-1 AL-ZEHRA APARTMENTS 306/2 GARDEN EAST KARACHI	GUL SHAN/RAFIQA BANO	42201-0424805-2	AKBAR ALI HUSSAIN	1,683	-	-	1,683	-	-	1,683
5	CITY MEDICAL CENTRE SNPA-10, SIRAJUDDOLA ROAD, OFF. SHAHEED-E-MILLAT ROAD KARACHI	NADEEM AKHTAR SIDDIQUI	42201-0719687-3	MASOOD UL NABI SIDDIQUI	704	-	-	704	-	-	704
6	LLOYDS SONS (PVT) LTD	SAEED SAHARAN	34603-8500918-5	M HUSSAIN	1,063	-	-	1,063	-	-	1,063
7	ISHAQ CARPETS 11/5 EMPRESS ROAD	CHAN ZAIB	13501-1337203-7	MOHAMMAD YAQOOB	750	-	-	750	-	-	750
8	NISAR UD DIN 199-RAVI PARK RAVI ROAD	NISAR UD DIN	270-88-441211	M.AMIR BAKHSH	968	-	-	968	-	-	968
9	SEVEN STAR TRANSPORT CO. HOUSE # 5.3, BLOCK # 1, SHOP # 9, SHIREEN JINNAH COLONY, KARACHI, SINDH	MOHAMMAD HANIF	602-88-077265	HAJI SAFEER KHAN	677	242	-	919	242	-	919
10	MUHAMMAD ASI AM GULZA FLAT NO. A-20 AZHAR APARTMENT 54, GARDEN WEST KARACHI	MUHAMMAD ASLAM GULZA	42301-1043203-1	GULZAR MOHAMMAD	872	-	-	872	-	-	872
11	AL-MADINA GRINDING COMPANY HOUSE NO. 453, MAIN BOULEVARD DEFENCE NEAR ADIL HOSPITAL LAHORE	MUHAMMAD MASOOD	35201-1380814-3	MUHAMMAD YOUSAF	2,670	-	-	2,670	-	-	2,670
12	M/S A K EMBROIDERY SHRMI MULTAN TORHAR NIAZ BAIG, LAHORE	AHMAD KAMAL	35202-3648270-9	ZAFAR IQBAL	679	354	-	1,033	354	-	1,033
13	M/S WIND MILL RESTAURANT 89-A-B II, GULBERG III, LAHORE	RAO NAVEED YASIN	231-88-126638	RAO M YASEEN	1,071	263	-	1,334	263	-	1,334
14	NASREEN JAVED 555, DOHSI, GUJRANWAL CANTT	MRS. NAUREEN JAVED & M JAVED RUBBANI	34101-5411472-6 34101-9578411-1	W/O M JAVED RABBANI & S/O CH AYUB RABBANI	934	-	-	934	-	-	934
15	BISMILLAH FABRICS 602/E-47, STREET NO. 06, GHOUSIA COLONY, WALTON ROAD, LAHORE	MR. IFTIKHAR NAWAZ QADRI	35201-1850455-1	M NAWAZ BHATTI	1,111	1,276	-	2,387	1,276	-	2,387
16	UNION SOCKS PVT LTD. 1ST FLOOR MARRIUM CHAMBER, AKHUND A REHMAN STREET JODIA BAZAR KARACHI	YOUNUS MANDVIWALA	42301-0853875-5	QASIM MANDVIWALA	750	-	-	750	-	-	750
17	AL FALAH FEED 137, SULTAN PARK LAHORE	TAHIR IQBAL	35103-1374891-1	NAZIR AHMED	986	588	-	1,574	588	-	1,574
18	WAHID OIL MILLS PLOT # 837 / 338, KOLI MAR NAWABSHAH	ZULFIQAR ALI SATHO	45402-3094987-9	WAHID BUKSH SATHO	3,999	-	-	3,999	-	-	3,999
19	M/S SITARA TOOR H NO. 162, UNIT NO. 8, BLOCK B/2, HYDERABAD TEHSIL LATIFAABAD DISTRICT HYDERABAD	MUHAMMAD RAFIQUE	41304-2863245-5	GHULAM MUHAMMAD	1,635	-	-	1,635	-	-	1,635
20	M/S SITARA TOOR H NO. 162, UNIT NO. 8, BLOCK B/2, HYDERABAD LATIFAABAD DISTRICT HYDERABAD	MUHAMMAD RAFIQUE	41304-2863245-5	GHULAM MUHAMMAD	505	-	-	505	-	-	505
21	MUHAMMAD AZEEM SHOP NO. 157 TUFAL MARKET, SHADAN MAIN MARKET, LAHORE	M AZEEM	35202-7025039-7	EJAZ HUSSAIN	771	905	-	1,676	905	-	1,676

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Interest/ Mark-up written off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up				
						Others	Total			
22	MUHAMMAD SHAHAB SIDDIQUI H # 997-Z, STREET # 27, PHASE III DHHA LAHORE	MUHAMMAD SHAHAB SIDDIQUI	42201-0657101-9	ABDUL WAHAB SIDDIQUI	672	-	672	-	-	672
23	MUKHLAO BUTT HOUSE # 164, BLOCK-C/H, NESPAK EMPLOYEES COOPERATIVE HOUSING SOCIETY LIMITED, LAHORE	MUHAMMAD IKHLAQ BUTT	35202-1457282-3	ABDUL REHMAN	700	-	700	-	-	700
24	FAIZ HUSSAIN MULTAN	FAIZ HUSSAIN	36603-3085289-9		643	51	694	51	-	694
25	SAJID KHURSHED, FLET # 108, SIALVI COLONY, FAISALABAD	SAJID KHURSHED	33100-3571666-9	KHURSHED AHMED	722	66	788	66	-	788
26	AMEER KHAN BUSINESS RECORDER ROAD, LASBELA PATEL-PARA, KARACHI	AMEER KHAN	42401-1606715-9	MOHAMMAD JAN	724	121	845	121	-	845
27	KASHIF ELLAHI PAPOSHNAGAR, NAZIMABAD, KARACHI	KASHIF ELLAHI	42101-5309082-3	MEHBOOB ELLAHI	691	115	806	115	-	806
28	SHEIKH MUHAMMAD WASEEM MULTAN	SHEIKH MUHAMMAD WASEEM	36302-9259499-3	SHEIKH NAMEET ALI	1,200	201	1,401	201	-	1,401
29	ZEEESHAN UDDIN BLOCK 8, AZIZABAD F B AREA, KARACHI	ZEEESHAN UDDIN	42101-0835498-3	AZIZ UDDIN	1,987	332	2,319	332	-	2,319
30	SYED HAMID HASAN BLOCK S, NORTH NAZIMABAD, KARACHI	SYED HAMID HASAN	42101-6425308-9	SYED SHARIF HASAN RIZVI	973	162	1,135	162	-	1,135
31	IKRAM AFZAL BLOCK B NAWAB COLONY, ITIHAD TOWN BALDIA TOWN, KARACHI	IKRAM AFZAL	42401-2002071-3	MUHAMMAD AFZAL	695	116	811	116	-	811
32	SAIFULLAH KHAN GREEN PARK , CITY QUADABAD, KARACHI	SAIFULLAH KHAN	42201-3088615-5	GUL ADAM	724	121	845	121	-	845
33	OAZI NADIM ULLAH BLOCK 16, GULISTAN-E-JAUHAR, KARACHI	OAZI NADIM ULLAH	42201-1197087-3	OAZI IMATEEN ULLAH	730	122	852	122	-	852
34	WAQAR AHMAD MALIK MULTAN	WAQAR AHMAD MALIK	32203-6168610-1		505	41	546	41	-	546
35	ZULFIQAR AHMED MOHALAH SHALIMAR LAREX SCHEME,MUGHAL PURA, LAHORE	ZULFIQAR AHMED	35201-3051049-7	MUHAMMAD RAMIZAN	712	51	763	51	-	763
36	MARATAB ALI LAHORE	MARATAB ALI	35202-2833152-7		698	57	755	57	-	755
37	MUHAMMAD WASIM FATEH GARH, MUGHAL PURA, LAHORE	MUHAMMAD WASIM	35201-1516163-7	ABDUL RASHEED	633	52	685	52	-	685
38	FAISAL AHMED SIDDIQUI KARACHI	FAISAL AHMED SIDDIQUI	42101-9468767-9		612	50	662	50	-	662
39	SYED TASNEM HUSSAIN ZAIDI BLOCK 20, F B AREA, KARACHI	SYED TASNEM HUSSAIN ZAIDI	42101-1855151-7	SYED MUZAHIR HUSSAIN ZAIDI	754	67	821	67	-	821
40	MUHAMMAD YASIR KIYANI RAWALPINDI	MUHAMMAD YASIR KIYANI	82202-5211021-5		691	63	754	63	-	754
41	FAISAL MAHMOOD STREET #12, BAHADURABAD, KARACHI	FAISAL MAHMOOD	42201-4055531-1	CHAUDHARY AHMED KHAN	525	45	570	45	-	570
42	MUHAMMAD AKBAR KADIANAU, FEROFZPUR ROAD, LAHORE	MUHAMMAD AKBAR	35201-7573629-5	NOOR MUHAMMAD	941	157	1,098	157	-	1,098

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

(Rupees '000')

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total			
43	MUHAMMAD BEHAN ALI BASTI FAROOQ ABAD, GULBAHAR NO 01 GOLIMAR, KARACHI	MUHAMMAD REHAN	42101-1845914-7	MUHAMMAD RAMZAN	965	161	-	1,126	161	-	1,126
44	ADEEL BUTT LAHORE	ADEEL BUTT	35202-2388970-1	JAHANGIR BUTT	1,068	178	-	1,246	178	-	1,246
45	NAVEED AKRAM REHATA ULLAH TOWN, OKARA	NAVEED AKRAM	35302-5115589-7	MUHAMMAD AKRAM	688	100	-	788	100	-	788
46	MUHAMMAD HANIF MULTAN	MUHAMMAD HANIF	36302-0451591-7	UMER DIN	745	124	-	869	124	-	869
47	UMAR AZIZ BLOCK NO L, NORTH NAZIMABAD, KARACHI	UMAR AZIZ	42101-9812590-3	SHEIKH ABDUL AZIZ	980	163	-	1,143	163	-	1,143
48	MUHAMMAD AFZAL SARGODHA	MUHAMMAD AFZAL	38403-5429407-9	MUHAMMAD IKRAM URF BABU	729	122	-	851	122	-	851
49	MUHAMMAD RASHID UMER PLAZA KAIRY ROAD, GHANCHI PARA, KARACHI	MUHAMMAD RASHID	42301-3498181-3	MUHAMMAD ISHAQ	730	122	-	852	122	-	852
50	IRSHAD BEGUM DEFENCE, LAHORE	IRSHAD BEGUM	35202-9239411-4	M RAZK BUTT	658	47	-	705	47	-	705
51	YASIR BUTT NEW UNION PARK, NEW SAMANABAD, LAHORE	YASIR BUTT	35202-8861426-5	MUHAMMAD IKRAM BUTT	648	59	-	707	59	-	707
52	MOHAMMAD FARHAN ANSARI BLOCK 1, FB AREA SHARIFABAD, KARACHI	MOHAMMAD FARHAN ANSARI	42101-8606802-5	MOHAMMAD SHARIF	572	42	-	614	42	-	614
53	MAUZAM NASIR SANT NAGAR/OUT FALL ROAD, LAHORE	MAUZAM NASIR	35202-7084096-1	INAYAT ULLAH BHATTI	599	56	-	655	56	-	655
54	ABDUL MAJEED MOHALLAH KHAIBER COLONY, ZARAR SHAHEER ROAD, LAHORE	ABDUL MAJEED	35201-8238603-7	BARHAT ALI	2,522	1,122	-	3,644	1,122	-	3,644
55	HUMAYUN SIDDIQ BLOCK 18, GULSHAN-E-IGBAL, KARACHI	HUMAYUN SIDDIQ	42201-0361123-1	MUHAMMAD SIDDIQ	719	120	-	839	120	-	839
56	MUHAMMAD AHMED SIDDIQI NEAR JAMIA MOSQUE NOORI, MULTAN	MUHAMMAD AHMED SIDDIQI	36302-0476614-3	KHAWAJA HANIF URF REHMAN	950	158	-	1,108	158	-	1,108
57	MAJID MAHMOOD BAHAWALPUR	MAJID MAHMOOD	36302-9828305-9	HAJI MUHAMMAD AYUB	634	86	-	720	86	-	720
58	ABDULL RAZZAQ MULTAN	ABDULL RAZZAQ	36302-3234656-5	MALIK ALLAH DITTA	735	123	-	858	123	-	858
59	MUHAMMAD IMRAN GULSHAN-E-RAVI, LAHORE	MUHAMMAD IMRAN	35202-3840250-3	MUHAMMAD ASLAM	587	45	-	632	45	-	632
60	MUHAMMAD FASHI UDDIN SECTOR 7-A, SARUANI TOWN, KARACHI	MUHAMMAD FASHI UDDIN	42201-5365360-1	MUHAMMAD MOIN UDDIN	936	76	-	1,012	76	-	1,012
61	MUHAMMAD ASHFAQ MOHALLA SARFRAZ COLONY RAJA W, FAISALABAD	MUHAMMAD ASHFAQ	33100-7847086-5	ABDUL SATTAR	1,085	569	-	1,654	569	-	1,654
62	NOOR BAHOQ IMRAN SABZADA SCHEME MULTAN ROAD, LAHORE	NOOR BAHOQ IMRAN	35202-2056848-1	MUHAMMAD SHARIF	699	113	-	812	113	-	812
63	ABDULLAH OSMANI LAHORE	ABDULLAH OSMANI	35202-2411519-3	ALI HAYDEER OSMANI	719	120	-	839	120	-	839
64	SHAHBAZ ZAFAR BB PAK DAMANI, LAHORE	SHAHBAZ ZAFAR	35202-2793019-5	ZAFAR AHMED	862	144	-	1,006	144	-	1,006

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		NIC No.	Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total
		Name				Principal	Accrued Mark-up	Others	Total				
65	MUHAMMAD NAEEM HASSAN MULTAN	MUHAMMAD NAEEM HASSAN		36302-4879751-5	EHSAN ELAHI	1,000	167	-	1,167	1,000	167	-	1,167
66	MUJEEB UNNISA KARACHI	MUJEEB UNNISA		42401-7252719-0	MUHAMMAD SALEEM	541	254	-	795	541	254	-	795
67	MUHAMMAD SULEMAN MUHALLAH RUSTAM PARK, GULGUSHT, LAHORE	MUHAMMAD SULEMAN		35202-2386661-1	NAZIM UD DIN	620	271	-	891	620	271	-	891
68	MUHAMMAD RAFIQUE BLOCK 6/D, MUSHARRAF COLONY, HAWSBAY ROAD, KARACHI	MUHAMMAD RAFIQUE		42301-9164370-1	JUMMA	613	102	-	715	613	102	-	715
69	WAQAS MAHMOOD STREET 7, MUSTAFAABAD, FAISALABAD	WAQAS MAHMOOD		33100-9227920-7	SULTAN MAHMOOD KHAN	575	47	-	622	575	47	-	622
70	SHEIKH RIZWAN ALI BLOCK A, GULSHAN RAVI, LAHORE	SHEIKH RIZWAN ALI		35202-5567973-3	SHEIKH MUHAMMAD WARIS	1,401	233	-	1,634	1,401	233	-	1,634
71	MUHAMMAD MOHSIN LAHORE	MUHAMMAD MOHSIN		35202-7997147-9	MUHAMMAD SHARIF MALHI	942	157	-	1,099	942	157	-	1,099
72	ABDUL MOJIB MAJEED BAWANI BLOCK 7/B, OWERSSE COORPORATI, DORAJEE COLONY, KARACHI	ABDUL MOJIB MAJEED BAWANI		42101-7652493-7	ABDUL MAJEED BAWANI	670	91	-	761	670	91	-	761
73	KHALIL AHMED SHAIKH UNIT NO 11, MOHALLA DASTAGIR, LATIFABAD, HYDERABAD	KHALIL AHMED SHAIKH		41304-9170005-5	MUHAMMAD HANIF	500	96	-	596	500	96	-	596
74	AMJAD ALI MUJAHID ROAD, LAHORE	AMJAD ALI		33100-1027153-5	ASGER ALI	637	58	-	695	637	58	-	695
75	MASOOD AHMAD STREET 1, GULSHAN COLONY, FAISALABAD	MASOOD AHMAD		33100-8759568-1	BASHIR AHMED SHEIKH	609	88	-	697	609	88	-	697
76	KHALID AHMED QURESHI SUPER MARKET, LIAQUATABAD, KARACHI	KHALID AHMED QURESHI		42101-3496806-9	KHURSHED AHMED JAMAL	522	35	-	557	522	35	-	557
77	MUHAMMAD QADEER BLOCK 19, GULISTAN-E-JOHAR, KARACHI	MUHAMMAD QADEER		42101-9389173-9	MUHAMMAD YOUSUF	1,081	48	-	1,129	1,081	48	-	1,129
78	MUHAMMAD NASEEM AZHAR MOHALLAH KHAI, MULTAN	MUHAMMAD NASEEM AZHAR		36302-5681792-1	MUHAMMAD RAMZAN	694	115	-	809	694	115	-	809
79	HAFIZ ABDUL SALAM GENERAL STORE STREET NO 02, MULTAN	HAFIZ ABDUL SALAM		36302-7061526-9	KHUDA BUKSH	926	154	-	1,080	926	154	-	1,080
80	MUHAMMAD SALMAN GATE SHAHEEN MARKET, MULTAN	MUHAMMAD SALMAN		36302-9909784-9	FIJAZ HUSSAIN	707	117	-	824	707	117	-	824
81	ABDUL GHAFUOR LAHORE	ABDUL GHAFUOR		35202-0107939-3	SHEIKH REHMAT ULLAH	934	155	-	1,089	934	155	-	1,089
82	MUHAMMAD SHAMSHAD SECTOR 11-K, NORTH KARACHI, KARACHI	MUHAMMAD SHAMSHAD		42101-9881384-7	ITRAT HUSSAIN	987	165	-	1,152	987	165	-	1,152
83	JAMAL AHMED BLOCK 8, AZIZABAD F B AFEA, KARACHI	JAMAL AHMED		42101-1941243-5	WAQAR AHMED SIDDIQI	856	136	-	992	856	136	-	992
84	MUHAMMAD SOHAIL WAHID CHAH MIRAN, LAHORE	MUHAMMAD SOHAIL WAHID		35202-2811961-9	ABDUL WAHID	730	122	-	852	730	122	-	852

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others					Total
							Total					
85	AZAM MEHMOOD, MOHALLA P BLOCK, DHA SECTOR I, LAHORE	AZAM MEHMOOD	35201-3422898-1	GHULAM RASOOL	505	42	547	505	42	-	547	
86	RANA WAHAB, MOHALLA SANT NAGAR, NEAR UBL BANK, LAHORE	RANA WAHAB	35202-5805449-9	MUNIR AHMAD	664	55	719	664	55	-	719	
87	MUHAMMAD ATHAR, SECTOR # L-1, SURJANI TOWN NORTH KARACHI, KARACHI	MUHAMMAD ATHAR	45504-4875132-3	GHULAM MUHAMMAD	727	67	794	727	67	-	794	
88	MUKESH MAL SUKKUR	MUKESH MAL	45203-1852104-3	KHIYANOT MAL	735	123	858	735	123	-	858	
89	NADEEM RAFIQ LAHORE	NADEEM RAFIQ	35201-1570954-5		660	56	716	660	56	-	716	
90	SHER NAWAZ A-11, ASKARI SOCIETY QAZAFI TOWN LAN, KARACHI	SHER NAWAZ	42501-1387807-7	BOSTAN KHAN	686	114	800	686	114	-	800	
91	SHAMAS FAROOQ SARGODHA	SHAMAS FAROOQ	38403-1034079-9	MUHAMMAD FAROOQ	614	27	641	614	27	-	641	
92	FAROOQ USMAN BLOCK 1D-A, GULSHANE IQBAL, KARACHI	FAROOQ USMAN	42201-9997888-5	USMAN HAIDER	719	120	839	719	120	-	839	
93	SIKANDAR ALI SEEMA BHATTI PLAZA, SADDAR, HYDERABAD	SIKANDAR ALI	41101-7148329-5	MITTAH KHAN KASAR	649	54	703	649	54	-	703	
94	FAZAL UR REHMAN HINA ARCADE, GULSHANE-IQBAL, BLOCK -14, KARACHI	FAZAL UR REHMAN	42201-1425680-5	M OASIM SHAFI QADRI	568	42	610	568	42	-	610	
95	NAZEER AHMED CHANDIO PHASE II, NORTH OASIMABAD, HYDERABAD	NAZEER AHMED CHANDIO	41201-5765858-1	BAKSHAL KHAN	737	62	799	737	62	-	799	
96	KASHIF AMIR BAGHAT PURA, LAHORE	KASHIF AMIR	35202-2548197-7	ASHIQ KHAN	537	43	580	537	43	-	580	
97	BADAR ABBAS BLOCK -N' NORTH NAZIMABAD, KARACHI	BADAR ABBAS	42101-4588562-1	HASHIM ABBAS	689	58	747	689	58	-	747	
98	ZEGHAM ABBAS GULSHAN COLONY JAHGIAN NAGRA, BUND ROAD, LAHORE	ZEGHAM ABBAS	35202-8411566-7	ANWAR ALI	591	53	644	591	53	-	644	
99	MUHAMMAD SAEED AKHTAR KARACHI	MUHAMMAD SAEED AKHTAR	38201-1184461-5		537	44	581	537	44	-	581	
100	SYED MUHAMMAD SULTAN ZAIDI KARACHI	SYED MUHAMMAD SULTAN ZAIDI	42301-2603696-7		615	56	671	615	56	-	671	
101	MUHAMMAD FAYYAZ RANA LAHORE	MUHAMMAD FAYYAZ RANA	35202-2574889-1	MUHAMMAD ISLAM	701	31	732	701	31	-	732	
102	ABDUL MAJEED SECTOR 11-L, NORTH KARACHI, KARACHI	ABDUL MAJEED	42101-7849004-9	ABDUL HAMEED	694	115	809	694	115	-	809	
103	IMRAN RAZA, LAHORE	IMRAN RAZA	35202-5801286-1	SHEIKH REHMAT ALI	688	114	802	688	114	-	802	
104	SOHAIL MAIRAJ SECTOR 14-B, SHADMAN TOWN, NORTH KARACHI, KARACHI	SOHAIL MAIRAJ	42101-1220698-3	MAIRAJ UDDIN	980	163	1,143	980	163	-	1,143	
105	HABIB HASAN ANCHOLI, F B AREA, KARACHI	HABIB HASAN	42101-5577141-3	HABIB MUHAMMAD	672	33	705	672	33	-	705	
106	SYED IMRAN ALI SAGHIR CENTRE, BLOCK NO 16, F B AREA, KARACHI	SYED IMRAN ALI	42401-6681725-1	SYED HAMID ALI	1,000	177	1,177	1,000	177	-	1,177	

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
107	AKHTAR IQBAL SHEIKH MULTAN	AKHTAR IQBAL SHEIKH	36302-0320818-9	SHEIKH ASHIQ HUSSAIN	707	117	-	824	707	117	-	824
108	MUHAMMAD ABDULLAH SHAHID STREET # 2, SECTOR 5, J SAEEDABAD, BALDIA TOWN, KARACHI	MUHAMMAD ABDULLAH SHAHID	42401-2047041-5	ABDUL GAHFOOR	638	106	-	744	638	106	-	744
109	KISHAN LALA BLOCK B, KARACHI CENTRE, PIB, KARACHI	KISHAN LALA	42201-2432398-1	NANGOMIL	701	116	-	817	701	116	-	817
110	FAISAL 4TH FLOOR PETAL WALLA, GAW GALY KAGZI BAZAR, KHARDAR, KARACHI	FAISAL	42301-7439222-9	ABDUL GAFAR	584	97	-	681	584	97	-	681
111	MUHAMMAD NAEEM UMER KARACHI	MUHAMMAD NAEEM UMER	42101-2173377-3		638	57	-	695	638	57	-	695
112	MUHAMMAD MOHSIN BUTT MUHALLAH GULFISHAN COLONY, SAMANABAD, LAHORE	MUHAMMAD MOHSIN BUTT	35202-5918621-3	MUHAMMAD YOUNUS	800	487	-	1,287	800	487	-	1,287
113	MUHAMMAD SULEMAN MUHALLAH RUSTAMI PARK, GULGUSHT, LAHORE	MUHAMMAD SULEMAN	35202-2386661-1	NAZIM UD DIN	624	276	-	900	624	276	-	900
114	MUHAMMAD SULEMAN MUHALLAH RUSTAMI PARK, GULGUSHT, LAHORE	MUHAMMAD SULEMAN	35202-2386661-1	NAZIM UD DIN	632	354	-	986	632	354	-	986
115	ABID AZIZ SABZAZAR SCHEME, MULTAN ROAD, LAHORE	ABID AZIZ	35202-2540694-5	ABDUL AZIZ	535	40	-	575	535	40	-	575
116	KHALIL AHMED BLOCK NO.C, LATIFABAD, HYDERABAD	KHALIL AHMED	41304-6957757-9	NABI BUX	578	50	-	628	578	50	-	628
117	MISHAL JAAN ADAM CENTER, BLOCK # 2, CLIFTON, KARACHI	MISHAL JAAN	21203-0214036-3	SYEDA JAAN	630	56	-	686	630	56	-	686
118	BARKAT ALI SECTOR B, BHITTAI COLONY, KORANGI, KARACHI	BARKAT ALI	42201-9402803-5	BASHEER AHMED	721	71	-	792	721	71	-	792
119	MANZAR TANVEER BLOCK 7, F.B AREA, KARACHI	MANZAR TANVEER	42201-5146005-5	MUHAMMAD TANVEER	780	130	-	910	780	130	-	910
120	MUHAMMAD TAYYAB LAHORE	MUHAMMAD TAYYAB	35201-6310967-1	TARIO JAVAI	696	31	-	727	696	31	-	727
121	MUHAMMAD SALMAN MOHALLA SECTOR 34/2, KORANGI NO 3, KARACHI	MUHAMMAD SALMAN	42301-3894442-3	MUHAMMAD SHAFIQ	979	163	-	1,142	979	163	-	1,142
122	GURNO MAL MUHALLAH SHAHEED GUNI, SUKKUR	GURNO MAL	45504-2676102-1	NAUTARN DASS	934	155	-	1,089	934	155	-	1,089
123	AZAM KHAN PLOT 156 AFZAL PARK ABDALI, ISLAM PURA, LAHORE	AZAM KHAN	35202-3035919-9	SALEEM KHAN	872	144	-	1,016	872	144	-	1,016
124	MUHAMMAD SHARIEF LIAQUTABAD NO 1 KARACHI, KARACHI	MUHAMMAD SHARIEF	42101-6389777-7	ABDUL SAEED KHAN	1,146	190	-	1,336	1,146	190	-	1,336
125	HABIB ULLAH NASIR MULTAN	HABIB ULLAH NASIR	36302-1204494-3	MUHAMMAD YAQOOB	629	104	-	733	629	104	-	733
126	SUDHAMO AHUJA HAPPY HOMES OASIMABAD, HYDERABAD	SUDHAMO AHUJA	41306-2653616-7	NIRMAL DAS AHUJA	856	136	-	992	856	136	-	992

(Rupees '000')

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest / Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others					Total
127	MUHAMMAD AMEER QASIM F AREA, MANSEHRA COLONY, KARACHI	MUHAMMAD AMEER QASIM F AREA, MANSEHRA COLONY, KARACHI	36303-0880969-7	MALIK ALLAH BUKSH	555	92	555	92	-	647		
128	MUHAMMAD MUSHTAQ STREET NO 24, LIAQAT ASHRAF COLONY 02 MEHMOO, KARACHI	MUHAMMAD MUSHTAQ	42201-0599684-9	MOHAMMAD GULZAR	934	155	934	155	-	1,089		
129	NAZAKAT ALI F AREA, MANSEHRA COLONY, KARACHI	NAZAKAT ALI	42501-6776734-5	KHANI ZAMAN	636	105	636	105	-	741		
130	MUHAMMAD SHAFQAT CHEEMA WAZIRABAD, GHAKKAR MANDI	MUHAMMAD SHAFQAT CHEEMA	34104-2318172-7	MUHAMMAD BASHIR CHEEMA	584	77	584	77	-	661		
131	KHALIL UR REHMAN AMEERABAD, SHAH FAISAL COLONY M, MULTAN	KHALIL UR REHMAN	36302-1670990-3	MUHAMMAD RAFIQ	612	101	612	101	-	713		
132	MEHMOOD RAZA BLOCK F NORTH NAZIMABAD, KARACHI	MEHMOOD RAZA	42101-3940208-7	HABIB RAZA	989	190	989	190	-	1,179		
133	NADEEM WASIF KHAN AISHA PALACE, BIHAR COLONY, LYARI, KARACHI	NADEEM WASIF KHAN	42301-1043492-9	ABDUL RAUF KHAN	741	142	741	142	-	883		
134	SAMIA SHAHZAD FAISALABAD	SAMIA SHAHZAD	33100-3363878-6	SHAHZAD TUFAIL	599	48	599	48	-	647		
135	SYED SHAKEEL AKHTER HUSSAINI BLOCK NO 15, F B AREA, KARACHI	SYED SHAKEEL AKHTER HUSSAINI	42301-2203179-1	SYED JAMIL AKHTER HUSSAINI	591	49	591	49	-	640		
136	MUHAMMAD JUNAID KHAN GHORI SECTOR # 11-C-1, NORTH KARACHI, KARACHI	MUHAMMAD JUNAID KHAN GHORI	42101-1704333-5	MOHAMMAD HAFEZ KHAN	543	40	543	40	-	583		
137	WAQAS ALI KHAN SAGAR ROAD, CANTT, LAHORE	WAQAS ALI KHAN	35201-3163246-1	GHULAM MUSTAFA KHAN	620	52	620	52	-	672		
138	MUHAMMAD KHURRAM JOHER TOWN, LAHORE	MUHAMMAD KHURRAM	35202-2835081-9	MUHAMMAD RAFI	2,833	378	2,833	378	-	3,211		
139	MIAN HAROON IJAZ LAHORE	MIAN HAROON IJAZ	35202-3525194-9	MIAN MUHAMMAD IJAZ	611	33	611	33	-	644		
140	ABDUL RAZZAQ SEC 11-G, NEW KARACHI, KARACHI	ABDUL RAZZAQ	42101-5787177-7	ABDUL SALAM SHIEKH	534	73	534	73	-	607		
141	ASLAM GHULAM HAIDER SUNNY HILLS HOUSING SOCIETY, RUBY STREET, GARDEN WEST, KARACHI	ASLAM GHULAM HAIDER	42301-2214239-5	GHULAM HAIDER HASHIM	1,108	154	1,108	154	-	1,262		
142	MUHAMMAD ALI BALOCH MALIR CITY, MAIN NATIONAL HIGHW, KARACHI	MUHAMMAD ALI BALOCH	42501-5634246-3	FAIZ MUHAMMAD BALOCH	981	173	981	173	-	1,154		
143	MUHAMMAD ADIL BLOCK N, SAMANABAD, LAHORE	MUHAMMAD ADIL	35202-3054430-9	MUHAMMAD NAWAZ	1,425	237	1,425	237	-	1,662		
144	FARKHUNDA SAEED NAVY HOUSING SCHEEM, ZAMZAMA CLIFTON, KARACHI	FARKHUNDA SAEED	42201-7141317-2	MUHAMMAD AKHTAR PARACHA	1,414	235	1,414	235	-	1,649		
145	MUHAMMAD AKHTAR PARACHA ZAMZAMA CLIFTON, KARACHI	MUHAMMAD AKHTAR PARACHA	42201-4568335-4-5	MUHAMMAD ASLAM PARACHA	1,414	235	1,414	235	-	1,649		
146	SYED MUHAMMAD ASIF TIRMIZI RANGELLA STREET MILLAT PARK SA, NEAR SHABBIR MEDICAL STORE, LAHORE	SYED MUHAMMAD ASIF TIRMIZI	35202-5308016-1	SYED NIUMTAZ MOHSIN TIRMIZI	917	41	917	41	-	958		

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others				Total
					written off	written off					
147	NAVEED IFTIKHAR TEHSIL MULTAN, MULTAN	NAVEED IFTIKHAR	36303-1007430-9	GHULAM FAREED	545	90	545	90	-	635	
148	RIAZ BAHADUR KHAN, KARACHI, MANGHOPIR ROAD, KARACHI	RIAZ BAHADUR KHAN	11201-8320339-9	SHER BAHADUR	642	106	642	106	-	748	
149	RAMESH KUMAR PIB COLONY, OLD SABZI MANDI, KARACHI	RAMESH KUMAR	42000-4961202-7	DHARAM DAS	660	110	660	110	-	770	
150	ZUFIQAR, MULTAN	ZUFIQAR	36302-0556685-7	KHUSHI MUHAMMAD	694	115	694	115	-	809	
151	ARSHAD HUSSAIN PLOT# 133 GREEN TOWER, GARDEN WEST, KARACHI	ARSHAD HUSSAIN	42000-0470313-7	MUHAMMAD ISMAIL	646	87	646	87	-	733	
152	MUHAMMAD ARSHAD KHAN ST# NO 58, BHALA STOP MULTAN ROAD, LAHORE	MUHAMMAD ARSHAD KHAN	35202-2257956-5	MUHAMMAD AKHTAR KHAN	732	140	732	140	-	872	
153	REHAN ALI BLOCK-8, F.B. AREA, KARACHI	REHAN ALI	42101-8037922-9	ABDUL RASHEED	541	111	541	111	-	652	
154	KUNWER IMRAN ALI KHAN NAZIMABAD NO 3, KARACHI	KUNWER IMRAN ALI KHAN	42101-7396518-9	KUNWER EJAZ ALI KHAN	938	78	938	78	-	1,016	
155	MUBARAK ALI MULTAN	MUBARAK ALI	36302-4574728-7		623	50	623	50	-	673	
156	MOHAMMAD ASLAM MEMON FRERE TOWN CLIFTON, KARACHI	MOHAMMAD ASLAM MEMON	41409-4228282-7	MUHAMMAD HUSSAIN MEMON	526	39	526	39	-	565	
157	MUHAMMAD JAMEEL RAHIM YAR KHAN KARACHI	MUHAMMAD JAMEEL	31303-4158796-3	ABDUL KHALIQ	1,101	567	1,101	567	-	1,668	
158	ABDUL FAHIM KARACHI	ABDUL FAHIM	42201-6760622-7		1,590	787	1,590	787	-	2,377	
159	SHAHID HASSAN SATELLITE TOWN, RAWALPINDI	SHAHID HASSAN	37405-9875511-3	DILBER HASSAN	703	487	703	487	-	1,190	
160	MUHAMMAD IMRAN BUTT SAAYAN ROAD, FAISALABAD	MUHAMMAD IMRAN BUTT	33100-0354095-9	MUHAMMAD ARSHAD	789	207	789	207	-	996	
161	NADEEM UDDIN SECTOR 5-E, ORANGI TOWN, KARACHI	NADEEM UDDIN	42101-9999194-3	BADAR UDDIN	899	149	899	149	-	1,048	
162	FEROZ KHAN MAIN BAZAR POONCH ROAD, SAMANABAD, LAHORE	FEROZ KHAN	35202-5674748-7	SIKANDAR KHAN	644	18	644	18	-	662	
163	SHEIKH MUNAWAR ALI TARIO BIN ZIVAD HOUSING SOCIETY, KARACHI	SHEIKH MUNAWAR ALI	42201-7418283-1	SHEIKH ANWER HUSSAIN	934	155	934	155	-	1,089	
164	MUHAMMAD IMRAN SECTOR 11-L, NORTH KARACHI, KARACHI	MUHAMMAD IMRAN	42101-5149101-9	WASI AHMED	710	63	710	63	-	773	
165	RASHID MEHMOOD MULTAN	RASHID MEHMOOD	36302-0423858-5	MUHAMMAD QAMAR	675	60	675	60	-	735	
166	MUHAMMAD TARIQ ALI BLOCK 09 P.I.A HOUSING SOCIETY, GULISTAN E JOHAR, KARACHI	MUHAMMAD TARIQ ALI	45504-6410858-1	AMEER ALI	736	130	736	130	-	866	
167	MOHAMMAD USMAN BLOCK 13 A, GULSHAN E IQBAL, KARACHI	MOHAMMAD USMAN	42501-0705085-1	ABDUL RAUF	1,472	260	1,472	260	-	1,732	

(Rupees '000')

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

(Rupees '000')

S.No.	Name & Address of borrower	Name of individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Father's / Husband's Name	Principal	Accrued Mark-up					Others
168	ABDUL HAI BLOCK-2 CC AREA AND CANT BAZAR, MALIR & TARIQ ROAD, KARACHI	ABDUL HAI	42201-0778654-5	MOHAMMAD ASLAM	795	68	-	863	795	68	-	863
169	M/R TRADERS KARACHI	M/R TRADERS			1,901	316	-	2,217	1,901	316	-	2,217
170	FAYYAZ HAIDER 50-B, HOUSE NO 3, KACHA LAWRENCE ROAD, LAHORE	FAYYAZ HAIDER	34203-9913127-1	MUHAMMAD IDREES	660	108	-	768	660	108	-	768
171	JAHANZAIB HOUSE NO 633, SECTOR NO 5/E, ORANGI TOWN, KARACHI	JAHANZAIB	42401-0548776-7	SARDAR KHAN	994	143	-	1,137	994	143	-	1,137
172	SYED MUHAMMAD ATIF ALVI HOUSE #R-918 SECTOR A4 BUFFERZONE, NORTH KARACHI, KARACHI	SYED MUHAMMAD ATIF ALVI	42101-1807674-9	SYED ABDUL HASEEB ALVI	688	114	-	802	688	114	-	802
173	YOUSUF HOUSE A-3/243, SECTOR A-3, SAEEDABAD, BALDIA TOWN, KARACHI	YOUSUF	42401-3095168-1	ABDUL RAZZAQ	1,363	226	-	1,589	1,363	226	-	1,589
174	MUHAMMAD NAWAZ HOUSE NO 4/743, LIAQUATABAD NO 4, KARACHI	MUHAMMAD NAWAZ	42101-1736873-7	AJIAZ HUSSAIN	899	149	-	1,048	899	149	-	1,048
175	ABDUL LATIF HOUSE NO L-824, SECTOR 48-E, KORANGI NO 2-1/2, KARACHI	ABDUL LATIF	82203-5252804-1	MUHAMMAD ZAMAN	681	113	-	794	681	113	-	794
176	SYED HASSAN AZFAR GILLANI NAYA MUHALLA WARD NO, MUZZAFFRABAD	SYED HASSAN AZFAR GILLANI	82203-1297588-7	SYED RUKAN UDDIN GILLANI	543	84	-	627	543	84	-	627
177	MUHAMMAD KHALID RAFIQUE HOUSE NO 3 STREET NO, MULTAN	MUHAMMAD KHALID RAFIQUE	42000-0492326-7	MUHAMMAD RAFIQ	880	145	-	1,025	880	145	-	1,025
178	MUHAMMAD SOHAIL FLAT NO 333, 3RD FLOOR, CHAND MANZIL, ABDUL MAJEEB KHAN ROAD, KARACHI	MUHAMMAD SOHAIL	42301-8662521-7	MUHAMMAD RAFIQ	890	147	-	1,037	890	147	-	1,037
179	MUHAMMAD ASIF HOUSE NO B-692-693, GALI, MUHALLAH BALOCH GOTH, ORANGI TOWN, KARACHI	MUHAMMAD ASIF	42401-9431842-9	NAZIR ALI	763	94	-	857	763	94	-	857
180	IMTIAZ AHMED FARSHVI HOUSE NO F 371, PATEL PARA, NEW TOWN, KARACHI	IMTIAZ AHMED FARSHVI	42201-0902531-3	MALIK ALLAH BUKSH	955	85	-	1,040	955	85	-	1,040
181	ARIF MEHMOOD HOUSE NO 9/351, WASI, SIALKOT	ARIF MEHMOOD	34603-2320046-5	CHAUDHRY MUHAMMAD SADIO	926	154	-	1,080	926	154	-	1,080
182	SYED MUHAMMAD RASHID HOUSE NO 104, SECTOR 14-D, ORANGI TOWN, KARACHI	SYED MUHAMMAD RASHID	42401-1738012-7	ABDUL MUQEET	750	125	-	875	750	125	-	875
183	MOHAMMAD IRFAN QADRI HOUSE NO C-10-2448, SHAHI BAZAR, HYDERABAD	MOHAMMAD IRFAN QADRI	41303-9146617-9	MUHAMMAD YAQOOB	637	104	-	741	637	104	-	741
184	AMIN MUHAMMAD J 665, SULTANABAD COLONY, GULBAHAR NO 1, KARACHI	AMIN MUHAMMAD	42101-1896380-7	ANWAR ALI	966	161	-	1,127	966	161	-	1,127
185	MOHAMMAD AMIR HOUSE # 201 AREA 35/B, KORANGI # 4, KARACHI	MOHAMMAD AMIR	42201-0731709-5	BARKAT ULLAH	926	154	-	1,080	926	154	-	1,080
186	MUHAMMAD SULTAN HOUSE NO 512, MOHAMMADI COLONY, MARIPUR ROAD, KARACHI	MUHAMMAD SULTAN	42301-0778065-5	MUHAMMAD SULTAN	609	100	-	709	609	100	-	709

Annexure - 1

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(Rupees '000')

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others					Total
187	KHAWJA MOBIN SADIQ HOUSE NO R-887, SECTOR 15-A-4, BUFFER ZONE, NORTH KARACHI, KARACHI	KHAWJA MOBIN SADIQ	42101-1038774-9	KHAWAJA GHULAM AHMED	890	147	-	1,037	890	147	-	1,037
188	JAVAD IQBAL MIRZA SCHOOL MUHAMMAD ANI A, MANDI BAHAUDDIN	JAVAD IQBAL MIRZA	34402-7206310-5	MIRZA ABDUL HAQ	660	109	-	769	660	109	-	769
189	CHAUDHRY ZUBAIR UL HAQ HOUSE # 4759, GULSHAN E MAZDOR, SECTOR 16 - 17, KARACHI	CHAUDHRY ZUBAIR UL HAQ	42401-8008719-1	CHAUDHARY SHAKAR DIN	732	140	-	872	732	140	-	872
190	ALI AHMED HOUSE NO. A-888, SECTOR 11-A, NORTH KARACHI, KARACHI	ALI AHMED	42101-1662701-9	SYED WALI AHMED	570	94	-	664	570	94	-	664
191	MUHAMMAD NAQI HOUSE NO. LS-57 & 5, SECTOR 5/A-2, NORTH KARACHI, KARACHI	MUHAMMAD NAQI	42101-1567864-5	MUHAMMAD TAQI	572	106	-	678	572	106	-	678
192	ABDUL SALAM HOUSE # 1732/203, DE MAHAJIR CAMP NO. 3, BALDIA TOWN, KARACHI	ABDUL SALAM	42401-1690171-7	ABDUL REHEEM	642	106	-	748	642	106	-	748
193	MOHAMMAD NASIR HOUSE NO 585, SECTOR F, KO, KARACHI	MOHAMMAD NASIR	42201-0400903-3	BUNDO MIAN	585	97	-	682	585	97	-	682
194	QAYUM NAWAZ KHAN HOUSE NO 895, MUHALLA NAWAN SHER, MULTAN	QAYUM NAWAZ KHAN	36302-4213900-7	MEHMOOD KHAN TREEN	528	45	-	573	528	45	-	573
195	FEROZE SAADAT LAHORE	FEROZE SAADAT	35202-6784057-1		623	50	-	673	623	50	-	673
196	MUNIB YOUSAF HOUSE # 180-A, BLOCK # 2, TARIQ STREET, KARIM PARK, LAHORE	MUNIB YOUSAF	35202-2731638-9	MUHAMMAD YOUSAF SHEIKH	996	83	-	1,079	996	83	-	1,079
197	MUHAMMED SHAHID FLAT NO 6 AYUB MANZI, AREA AM-1 BURNS ROAD, KARACHI	MUHAMMED SHAHID	42301-0875301-7	M ARFEEN	561	47	-	608	561	47	-	608
198	ABDUL MUJEER BIN QAMAR HOUSE NO 25, GALI NO 9, BLOCK-3, H NAZIMABAD NO -3, KARACHI	ABDUL MUJEER BIN QAMAR	42101-1770841-3	QAMAR PARVAZ	602	104	-	706	602	104	-	706
199	ABID RIZWAN SHAIKAT HOUSE NO # 34, HILL ROAD, F 6/3, ISLAMABAD	ABID RIZWAN SHAIKAT	61101-0289026-7	CHAUDHARY SHAIKAT ALI	580	51	-	631	580	51	-	631
200	MUHAMMAD ASLAM HOUSE NO 5, STREET NO, MUHALLAH AFTAB PARK, NEAR SHEHZAN FACTORY, LAHORE	MUHAMMAD ASLAM	35202-3490311-1	CHAUDHARY MUHAMMAD ASHRAF	706	162	-	868	706	162	-	868
201	ARSHAD BASHEER HOUSE NO 29 ST NO 04 NEA, LAHORE	ARSHAD BASHEER	35202-4286926-1	MUHAMMAD BASHEER	665	65	-	730	665	65	-	730
202	IMRAN SHAHID AL SHEIKH STREET HOU, JHELUUM	IMRAN SHAHID	37301-9189695-9	MUSHTAQ AHMED SHAHID	643	93	-	736	643	93	-	736
203	FARHAN HUSSAIN HOUSE NO A-31/4, U K BANGALOWS, GULSHAN-E-IQBAL, KARACHI	FARHAN HUSSAIN	42201-2157861-1	ZAHORU HUSSAIN	642	106	-	748	642	106	-	748
204	MUHAMMAD NADEEM HANIF HOUSE NO 7, STREET NO, MUHALLAH QURESHI, JANAZGAH MOZANG, LAHORE	MUHAMMAD NADEEM HANIF	35202-9069511-5	SHEIKH MUHAMMAD HANIF	890	147	-	1,037	890	147	-	1,037
205	KHALID YASEEN KHAN LODHI HOUSE NO 131 GARDEN, OPP DEENI MADISRA, LAHORE	KHALID YASEEN KHAN LODHI	35403-9779380-3	MUHAMMAD YASIN KHAN LODHI	1,349	223	-	1,572	1,349	223	-	1,572

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
206	MOHAMMAD AYOUB, HUMA PALACE MEMON SOCIETY, NO. 6, 3RD FLOOR, KHADDAR MARKET, KARACHI	MOHAMMAD AYOUB	42301-3811678-3	ABDUL SATTAR	674	112	-	786	674	112	-	786
207	HAMID NAWAZ HOUSE NO 3/14 MUHALL, LAHORE	HAMID NAWAZ	35202-4978847-5	MUMTAZ-UL-HAQ	561	88	-	649	561	88	-	649
208	MUHAMMAD JAFFAR ALI HOUSE NO L-1, SHAH FAISAL COLONY NO 1, KARACHI	MUHAMMAD JAFFAR ALI	42201-0546443-1	MUHAMMAD ALI	899	149	-	1,048	899	149	-	1,048
209	ALI SALMAN FLAT# B-9, BLESSING APPARTMENT, GARDEN EAST, KARACHI	ALI SALMAN	42201-8140819-5	AMEER ALI	1,112	184	-	1,296	1,112	184	-	1,296
210	SALAH UD DIN HOUSE NO 274, SECTOR A-2, LAHORE	SALAH UD DIN	35202-2722139-1	ZIA UD DIN	623	103	-	726	623	103	-	726
211	KHALID BAIG HOUSE NUMBER MCB 10, NEW MOHALLAH, CHAKWAL	KHALID BAIG	37201-1600014-9	ABDUL QAYYUM BAIG	1,305	215	-	1,520	1,305	215	-	1,520
212	MOMIN TAJ FLAT # A24/4, FAHAD SQUARE, BLOCK # 15, GULZARE-HIJRI, KARACHI	MOMIN TAJ	15502-25568244-5	BABOS KHAN	653	108	-	761	653	108	-	761
213	SHEIKH MUHAMMAD BILAL HOUSE NO 03, STREET-7, WASSAN PURA, LAHORE	SHEIKH MUHAMMAD BILAL	35202-0957776-5	SHEIKH JAMAL DIN	1,711	126	-	1,837	1,711	126	-	1,837
214	RAJA ABDUL SATTAR HOUSE NO 15, STREET N, GULBERG TOWN, GARI SHAHU, LAHORE	RAJA ABDUL SATTAR	35202-2309084-1	RAJA ABDUL KARIM	1,075	177	-	1,252	1,075	177	-	1,252
215	MUHAMMAD USMAN HOUSE NO 2/A, STREET N, MUHALLA MAZHAR SHAH, ABUL INALI ROAD, LAHORE	MUHAMMAD USMAN	35202-2671360-3	SHEIKH AKRAM	535	47	-	582	535	47	-	582
216	GHULAM MUSTAFA HOUSE NO HR-1222, GROUND FLOOR, BLOCK-18, SAMANABAD, KARACHI	GHULAM MUSTAFA	42101-1372177-1	ABDUL RAZZAQ	731	129	-	860	731	129	-	860
217	ISLAM UDDIN HOUSE NO DV-183, DOD VILLAGE, GULBAHAR, KARACHI	ISLAM UDDIN	42101-7461927-7	ABDUL RAZZAQ	908	150	-	1,058	908	150	-	1,058
218	MUHAMMAD IRFAN BUTT FLAT # B-408, 4TH FLOOR, AKBER PARADISE, BLOCK-10-A, GULSHAN-E-IGBAL, KARACHI	MUHAMMAD IRFAN BUTT	42201-1071226-7	MAIRAJ UDDIN BUTT	927	82	-	1,009	927	82	-	1,009
219	ZAR MUHAMMAD HOUSE NO L-219, STREET-1, SHIRI JINNAH COLONY-2, KARACHI	ZAR MUHAMMAD	14301-2018236-5	GHAZI MERJAN	615	100	-	715	615	100	-	715
220	MUHAMMAD HUSSAIN MOOSA HOUSE NO B-283, BLOCK A, NAZIMABAD, KARACHI	MUHAMMAD HUSSAIN MOOSA	42101-0377088-7	HASSAN ALI MOOSA	958	159	-	1,117	958	159	-	1,117
221	NAZEER AHMED KHAWAJA NAZEER KHAWA, MULTAN	NAZEER AHMED	36302-0357980-9	GHULAM ALI	835	133	-	968	835	133	-	968
222	MUHAMMAD LATIF HOUSE NO B-457, BLOCK-04, METROVILL SITE, KARACHI	MUHAMMAD LATIF	42401-8978524-1	MUHAMMAD UDDIN	908	150	-	1,058	908	150	-	1,058
223	ABDUL WAHEED KARACHI	ABDUL WAHEED	42301-8963441-5	ABDUL WAHEED	674	59	-	733	674	59	-	733
224	MUHAMMAD RAZZAQ 241 SHAHBAZ BLOCK, MUSTAFA TOWN, WAHADAT ROAD, LAHORE	MUHAMMAD RAZZAQ	35201-3986812-5	ALLAH DITTA AASI	588	52	-	640	588	52	-	640

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

S. No.	Name & Address of borrower	Name of Individual / partners / directors		NIC No.	Father's / Husband's Name	Outstanding Liabilities Before Adjustments			Principal written off	Interest/ Mark-up written off	Other Financial Relief	Total
		Name				Principal	Accrued Mark-up	Others				
225	MUHAMMAD AYAZ CHAUDHARY HOUSE NO 44/W7 TAM, MULTAN	MUHAMMAD AYAZ CHAUDHARY		36302-7712428-1	S M FAYAZ	681	113	-	794	681	113	794
226	AZAL MEHMOOD KHAN HOUSE NO 421, SECTOR 14-A, SHADMAN TOWN, NORTH KARACHI, KARACHI	AZAL MEHMOOD KHAN		42101-2958411-3	MOHAMMAD MEHMOOD KHAN	682	113	-	795	682	113	795
227	MOHAMMAD IMRAN FLAT NO 209, ALSA CHAMA HOMES, GHULAM HUSSAIN, GARDEN WEST, KARACHI	MOHAMMAD IMRAN		42301-9337913-3	MOHAMMAD HANIF	519	99	-	618	519	99	618
228	ASLAM ASHFAQ, FLAT A- 53-54, FARAZ ,BLOCK 20, GULISTANE-JOHAR, KARACHI	ASLAM ASHFAQ		42201-8909737-5	MOHAMMAD MEHBOOB	921	46	-	967	921	46	967
229	ABDUL SHAFIQ BHATTI FLAT # A-308, PEARL APARTMENT, NORTH KARACHI, KARACHI	ABDUL SHAFIQ BHATTI		42101-9700965-9	ABDUL HAMEED BHATTI	667	110	-	777	667	110	777
230	SARA QADIR HOUSE NO. J-10/2 8TH, PHASE-IV D.H.A., KARACHI	SARA QADIR		42301-0993143-0	ABDUL QADIR	602	51	-	653	602	51	653
231	MUHAMMAD BILAL FLAT NO A-202, BLOCK-A, PHASE-I, BILAL ARCADE, 2 GHULAM HUSSAIN GASIM ROAD, GARDEN, KARACHI	MUHAMMAD BILAL		42301-0847526-1	MUHAMMAD HAROON	674	59	-	733	674	59	733
232	MUHAMMAD KHALID HOUSE O. 34/16, STR, SAEEDABAD, KARACHI	MUHAMMAD KHALID		42401-1565620-1	ABDUL QADIR	688	114	-	802	688	114	802
233	BALAJI TEXTILE MILLS (PVT) LIMITED ROOM NO. 3, 3RD FLOOR, SHAHJAHAN ARCADE, NEW GARDEN TOWN, LAHORE	MIAN MUHAMMAD AKRAM MIAN IKRAM WAHMOOD MIAN JAWAD AKRAM		35202-2876500-9 35201-1402276-5 35202-8920585-5	MIAN MUHAMMAD ISMAIL MIAN MUHAMMAD ISMAIL MIAN MUHAMMAD AKRAM	494	251	-	745	494	251	745
234	MASTER PLASTIC PACK MASTER PLASTIC PACK, G.T. ROAD, GUJRANWALA	SH PERVAIZ IQBAL SH KAMRAN PERVAIZ MST. ZARINA BAGUM SH NAEEM PERVAIZ		34101-3576835-1 34101-5363161-9 34101-7050925-8 34101-5366016-9	SH MUHAMMAD TUFAIL SH PERVAIZ IQBAL SH PERVAIZ IQBAL SH PERVAIZ IQBAL	-	5,216	-	5,216	-	5,216	5,216
235	AL MADINA TRANSPORT PLOT NO. 1, SECTOR 47, BULLI NAGAR, ORANGI TOWN, KARACHI	YOUSUF ABDAS ALI KHAN DILAWAR KHAN BEFRE KARAM		42401-3763529-3 42401-2663084-7 42401-9546898-3	DILAWAR KHAN DILAWAR KHAN DILAWAR KHAN	12,425	1,280	3,450	17,155	1,626	1,280	3,450
236	PUNJN EMBROIDERY 36- MOMINPURA, INDUSTRIAL AREA, G.T ROAD, LAHORE	ARIF MUKHTAR MALIK MUHAMMAD SHAHZAD SHAHBAZ QADIR SALAHUDDIN MAHMOOD SUBHANI MALIK		35202-29-0900311 35201-21-205383 35201-02-437857 35201-16-160663 35202-29-0900359	MALIK MUKHTAR AHMED MUHAMMAD TUFAIL GHULAM QADIR MUHAMMAD TUFAIL MALIK MUKHTAR AHMED	30,106	3,643	4,874	38,623	4,949	3,643	4,874
237	TABASSUM ELAHI PLOT # 19, 21ST STREET, MAIN KORANGI ROAD KARACHI	TABASSUM ELAHI		42301-1414526-1	ANWAR ELLAHI	-	7,579	-	7,579	-	7,579	7,579
238	NAZIR MOOSA TRADING COMPANY SHOP NO.52, EXPRESS MARKET, SADDAR, KARACHI	NAZIR MOOSA		42201-0693363-5	MOOSA BHAJI	38,824	9,702	-	48,526	8,824	9,702	18,526
239	TRADE EXCHANGE SERVICES F-451, SITE, KARACHI	NASIR KASIM ALI DOSSA NAJUMUL HUSSAIN DOSSA		42201-0478169-9 42201-0493692-5	KASIM ALI DOSSA KASIM ALI DOSSA	12,592	1,723	-	14,315	1,592	1,723	3,315
240	MAMA FAHAD INTERNATIONAL 67 BLOCK 6 PECHS KARACHI	MUHAMMAD ABID KHAN		42201-2434640-5	MUHAMMAD ABDUL RAUF KHAN	32,288	1,879	-	34,167	8,773	1,879	10,652
241	HUMAYUN TELECOM SHOP NO 1/2, ASIF CENTRE, MODEL TOWN, LINK ROAD, LAHORE	FREDWAN HUMAYUN		35202-4551197-1	HUMAYUN AKHTAR SHEIKH	12,995	2,307	-	15,302	496	2,307	2,803
242	H S ENTERPRISES D-1, SUJAY ROAD, AMINABAD, IND PROJECT OLD MAIN MANGHOPIR RD SITE KARACHI	HARIS		42101-0457834-9	JAMSHAD ALAM	9,725	1,190	-	10,915	800	1,190	1,980
243	AJWA TEXTILE INDUSTRIES 23.5-KM FEROPUR ROAD LHR- SUJA GAJUMATTA, KAHNANAU 128-A GARDEN BLOCK GARDEN TOWN LHR	IOBAL ATTARA		42291-0712281-9	HAJI HAMID ATTARA	31,874	5,086	-	36,960	-	3,961	3,961

Annexure - 1

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2010

(Rupees '000')

S.No.	Name & Address of borrower	Name of Individual / partners / directors		Father's / Husband's Name	Outstanding Liabilities Before Adjustments				Interest/ Mark-up written off	Other Financial Relief	Total	
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
244	UMER MARBLE FACTORY, SHOWKATALAB SHEIKH MULLABUKSH JAMMU ROAD SIALKOT	IMRAN KHAN	34603-1393379-3	SAFDAR KHAN	-	544	-	544	-	544		
245	RUMMY INTERNATIONAL P.O. S. LESTATE- SHAHAB PURA SIALKOT	ILYAS AHMED BHATTI BILLAL FAZZANA	34603-7223377-1 34603-2837900-7 34603-7021894-6	MOHAMMAD SAEED ILYAS AHMED W/O ILYAS AHMED BHATTI	5,000	955	-	5,955	955	955		
246	SALEEM TRADING CORPORATION ROOM NO. 3 & 4, 1ST FLOOR, CHEMICAL CHAMBER, ADMJEEE ROAD, JODIA BAZAR, KARACHI	SALEEM GAILI	42201-0452582-3	HAJI SULLEMAN GAILI	6,692	1,374	-	8,066	1,374	1,374		
247	ORIENT MARBLE INDUSTRIES A-59, SITE, MANGHOPIR ROAD, KARACHI	FAREED AHMED	42101-2917149-1	MR. ISMAIL	9,998	727	-	10,725	727	727		
248	MUHAMMAD FAROOQUE STORE SHOP # 55, EMPRESS MARKET, SADDAR, KARACHI	MUHAMMAD FAROOQUE	42201-06893367-5	MOOSA BHAI	2,099	1,567	-	3,666	1,567	3,666		
					397,633	76,347	8,324	482,304	222,174	75,222	8,324	305,720

Pattern of Shareholding as at December 31, 2010

Number of Shareholders	Shareholdings		Shares held	Percentage
	From	To		
1,557	1	100	62,780	0.0016
3,713	101	500	1,318,547	0.0326
4,099	501	1,000	3,611,741	0.0893
10,838	1,001	5,000	31,309,551	0.7743
3,031	5,001	10,000	23,515,301	0.5815
3,563	10,001	50,000	84,732,602	2.0954
659	50,001	100,000	50,152,512	1.2403
337	100,001	200,000	46,956,840	1.1612
120	200,001	300,000	29,847,316	0.7381
70	300,001	400,000	24,641,742	0.6094
37	400,001	500,000	16,967,153	0.4196
22	500,001	600,000	12,204,028	0.3018
22	600,001	700,000	14,172,588	0.3505
16	700,001	800,000	12,272,741	0.3035
16	800,001	900,000	13,598,092	0.3363
15	900,001	1,000,000	14,617,408	0.3615
69	1,000,001	5,000,000	146,906,834	3.6330
9	5,000,001	10,000,000	62,858,855	1.5545
6	10,000,001	15,000,000	75,162,698	1.8587
4	15,000,001	20,000,000	66,817,209	1.6524
1	20,000,001	25,000,000	24,578,800	0.6078
3	25,000,001	100,000,000	83,290,318	2.0597
1	100,000,001	500,000,000	208,386,995	5.1533
1	500,000,001	3,000,000,000	2,995,744,425	74.0837
28,209			4,043,727,076	100.0000

Categories of Shareholders as at December 31, 2010

Category	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	1	16,083,935	0.40
Associated Companies, undertakings and related parties	1	2,995,744,425	74.08
NIT, ICP & IDBP/ICP	5	31,415,386	0.78
Banks, Development Financial Institutions, Non Banking Financial Institutions	34	88,143,439	2.18
Insurance Companies	17	8,123,595	0.20
Modarabas and Mutual Funds	28	9,668,777	0.24
Public Sector Companies & Corporations	9	245,560,106	6.07
Executives / Employees	18	522,835	0.01
Foreign Companies	68	41,441,438	1.02
Shareholders holding 10% or more {excluding Bugis Investments (Mauritius) Pte Limited}	-	-	-
General Public (including local & foreign individual)	27,762	465,358,429	11.51
Others	266	141,664,711	3.50
TOTAL	28,209	4,043,727,076	100.00

Details of Pattern of Shareholding as at December 31, 2010

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
1	Associated Companies, Undertakings and related parties Bugis Investments (Mauritius) Pte Ltd.	1 1	2,995,744,425 2,995,744,425	74.08
2	NIT & ICP National Investment Trust Limited National Bank of Pakistan, Trustee Deptt. NI (U)T Fund Investment Corporation of Pakistan IDBP/ICP	5 1 1 2 1	31,415,386 1,599,936 29,701,032 13,516 100,902	0.78
3	Directors, CEO and their spouses and minor children Francis Andrew Rozario Syed Aamir Zahidi Tejpal Singh Hora Asif Jooma Teo Cheng San, Roland Najmus Saquib Hameed Muhammad Abdullah Yusuf Khawaja Iqbal Hassan	1 1	16,083,935 16,083,935	0.40
4	Executives / Employees	18	522,835	0.01
5	Public Sector Companies and Corporations	9	245,560,106	6.07
6	Foreign Companies	68	41,441,438	1.02
7	Banks, Development Financial Institutions, Non-banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	79	105,935,811	2.62
8	General Public (including local & foreign individual)	27,762	465,358,429	11.51
9	Others	266	141,664,711	3.50
	Total	28,209	4,043,727,076	100.00

NIB Bank Limited

Proxy Form

I/We _____ S/o,D/o,W/o _____
of _____
(full address) being a member of NIB Bank Limited and holder of shares as per Registered Folio No. _____ and / or CDC Participant I.D. No. _____ and Account No. _____ do hereby appoint _____ of _____ (full address) or failing him/her _____ of _____ (full address) as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of NIB Bank Limited scheduled to be held on Wednesday, March 30, 2011 at 04:00 P.M. at Moosa G. Desai Auditorium, Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2011.

Witnesses :

1. _____
Name :
CNIC No. :
Address :

Signature of Member(s)
on Rs. 5/- Revenue Stamp

2. _____
Name:
CNIC No. :
Address :

NOTE: A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him / her. No person shall act as proxy (except for a Corporation) unless he / she is entitled to be present and vote in his / her own right.

Proxy forms, in order to be valid, must be complete in all respects and be received at the Registered Office of the Bank not later than 48 hours before the meeting.



NIB Bank Limited
Muhammadi House, I.I. Chundrigar Road, Karachi
UAN: 111-333-111 www.nibpk.com