



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



Bank AL Habib Limited and its Subsidiary Companies Directors' Report on Audited Consolidated Financial Statements

The Directors are pleased to present the Audited Consolidated Financial Statements of Bank AL Habib Limited and the Bank's Subsidiaries M/s AL Habib Capital Markets (Private) Limited and M/s AL Habib Financial Services Limited for the year ended December 31, 2009.

	(Rupees in '000)
Profit for the year before tax	4,561,391
Taxation	(1,652,865)
Profit for the year after tax	2,908,526
Share of profit attributable to minority interest	(5,286)
Profit attributable to share holders	2,903,240
Unappropriated profit brought forward	2,047,596
Transfer from surplus on revaluation of fixed assets - net of tax	30,713
Profit available for appropriation	4,981,549
Appropriations:	
Transfer to Statutory Reserve	(571,259)
Cash Dividend - 2008	(598,173)
Issue of Bonus Shares - 2008	(1,315,982)
	2,485,414
Un-appropriated profit carried forward	2,496,135
Earnings per share (after tax)	Rs. 4.76

Pattern of Shareholding

The pattern of shareholding as at December 31, 2009 is annexed with the financial statements of Bank AL Habib Limited.

On behalf of the Board of Directors

Karachi: February 25, 2010

ALI RAZA D. HABIB
Chairman



Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Bank AL Habib Limited (the Bank) and its subsidiary companies, AL Habib Capital Markets (Private) Limited and AL Habib Financial Services Limited (together referred to as Group) as at 31 December 2009, and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof for the year then ended, in which are incorporated the unaudited certified returns from the branches except for fifteen branches which have been audited by us. We have also separately reviewed the financial statements of AL Habib Capital Markets (Private) Limited. The financial statements of AL Habib Financial Services Limited are audited by other firm of chartered accountants, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditor. The consolidated financial statements of the Group for the year ended 31 December 2008 were audited by another firm of chartered accountants, whose report dated 25 February 2009 expressed an unqualified opinion on such consolidated financial statements.

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

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2009 and the results of its operations, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Karachi: February 25, 2010

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Arslan Khalid



Consolidated Balance Sheet As at 31 December 2009

	Note	2009 (Rupees in '000)	2008
ASSETS			
Cash and balances with treasury banks	9	14,377,626	11,936,307
Balances with other banks	10	4,642,110	3,678,211
Lendings to financial institutions		–	295,396
Investments	11	110,907,416	47,967,206
Advances	12	105,985,495	100,217,408
Operating fixed assets	13	9,620,148	9,224,617
Deferred tax assets		–	–
Other assets	14	4,284,277	4,010,784
		249,817,072	177,329,929
LIABILITIES			
Bills payable	15	3,187,383	2,232,334
Borrowings	16	33,517,109	12,369,743
Deposits and other accounts	17	189,148,427	144,340,496
Sub-ordinated loans	18	4,845,000	2,846,940
Liabilities against assets subject to finance lease	19	1,508	327,702
Deferred tax liabilities	20	816,557	734,380
Other liabilities	21	4,080,559	2,799,670
		235,596,543	165,651,265
NET ASSETS		14,220,529	11,678,664
REPRESENTED BY :			
Share capital	22	6,101,370	4,785,388
Reserves		3,685,350	3,079,078
Unappropriated profit		2,496,135	2,047,596
Non-controlling interest		106,683	101,397
		12,389,538	10,013,459
Surplus on revaluation of assets - net of tax	23	1,830,991	1,665,205
		14,220,529	11,678,664
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes form an integral part of these consolidated financial statements.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



Consolidated Profit and Loss Account For the year ended 31 December 2009

	Note	2009 (Rupees in '000)	2008
Mark-up/return/interest earned	26	22,122,715	14,604,237
Mark-up/return/interest expensed	27	(13,043,116)	(8,002,884)
Net mark-up/return/interest income		9,079,599	6,601,353
(Provision) / reversal of provision against non-performing loans and advances:			
- Specific provision	12.5	(744,696)	(282,173)
- General provision against consumer advances (as per SBP regulations)	12.5	11,670	(2,814)
- General provision	12.5	(450,000)	(700,000)
Provision for diminution in the value of investments		(2)	(180,679)
Bad debts written-off directly		-	-
		(1,183,028)	(1,165,666)
Net mark-up/return/interest income after provisions		7,896,571	5,435,687
NON MARK-UP/INTEREST INCOME			
Fees, commission and brokerage income		1,024,615	922,647
Dividend income		39,202	316,879
Income from dealing in foreign currencies		307,855	1,009,456
Gain / (loss) on sale / redemption of securities	28	168,439	(107,231)
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-
Share of profit from associates		106,074	55,822
Other income	29	284,123	274,553
Total non mark-up/interest income		1,930,308	2,472,126
		9,826,879	7,907,813
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	30	(5,103,266)	(4,300,626)
Other provisions / write-offs	31	(65,688)	-
Other charges	32	(96,534)	(73,800)
Total non mark-up/interest expenses		(5,265,488)	(4,374,426)
Extra-ordinary/unusual items		-	-
PROFIT BEFORE TAXATION		4,561,391	3,533,387
Taxation – Current		(1,651,309)	(1,309,520)
– Prior years		-	(61,391)
– Deferred		(1,556)	204,147
	33	(1,652,865)	(1,166,764)
PROFIT AFTER TAXATION		2,908,526	2,366,623
Attributable to:			
Equity holders of parent		2,903,240	2,370,096
Non-controlling interest		5,286	(3,473)
		2,908,526	2,366,623
			Restated
Basic and diluted earnings per share attributable to equity holders of parent - Rupees	34	4.76	3.88

The annexed notes form an integral part of these consolidated financial statements.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



Consolidated Statement of Comprehensive Income For the year ended 31 December 2009

	2009	2008
	(Rupees in '000)	
Net profit for the year	2,908,526	2,366,623
Other comprehensive income		
Effect of foreign currency translation of net investment in foreign operations	35,013	66,126
Total comprehensive income for the year	2,943,539	2,432,749
Attributable to:		
Equity holders of parent	2,938,253	2,436,222
Non - controlling interest	5,286	(3,473)
	2,943,539	2,432,749

The annexed notes form an integral part of these consolidated financial statements.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



Consolidated Statement of Changes in Equity For the year ended 31 December 2009

	Capital Reserve		Revenue Reserves			Total	Non-controlling Interest	Total Equity	
	Share Capital	Statutory Reserve	Special Reserve	General Reserve	Exchange Translation Reserve				Unappropriated Profit
	(Rupees in '000)								
Balance as at 01 January 2008	3,681,068	1,857,479	126,500	540,000	3,970	1,788,270	7,997,287	104,870	8,102,157
Net profit for the year	-	-	-	-	-	2,370,096	2,370,096	(3,473)	2,366,623
Other comprehensive income	-	-	-	-	66,126	-	66,126	-	66,126
Total comprehensive income for the year	-	-	-	-	66,126	2,370,096	2,436,222	(3,473)	2,432,749
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	30,713	30,713	-	30,713
Transfer to statutory reserve	-	485,003	-	-	-	(485,003)	-	-	-
Cash dividend (Rs. 1.5 per share)	-	-	-	-	-	(552,160)	(552,160)	-	(552,160)
Issue of bonus shares in the ration of 3 shares for every 10 shares held	1,104,320	-	-	-	-	(1,104,320)	-	-	-
Balance as at 31 December 2008	4,785,388	2,342,482	126,500	540,000	70,096	2,047,596	9,912,062	101,397	10,013,459
Net profit for the year	-	-	-	-	-	2,903,240	2,903,240	5,286	2,908,526
Other comprehensive income	-	-	-	-	35,013	-	35,013	-	35,013
Total comprehensive income for the year	-	-	-	-	35,013	2,903,240	2,938,253	5,286	2,943,539
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	30,713	30,713	-	30,713
Transfer to statutory reserve	-	571,259	-	-	-	(571,259)	-	-	-
Cash dividend (Rs. 1.25 per share)	-	-	-	-	-	(598,173)	(598,173)	-	(598,173)
Issue of bonus shares in the ration of 27.5 Shares for every 100 shares held	1,315,982	-	-	-	-	(1,315,982)	-	-	-
Balance as at 31 December 2009	6,101,370	2,913,741	126,500	540,000	105,109	2,496,135	12,282,855	106,683	12,389,538

The annexed notes form an integral part of these consolidated financial statements.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
Chief Executive and
Managing Director

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



Consolidated Cash Flow Statement For the year ended 31 December 2009

	2009	2008
	(Rupees in '000)	
Cash Flow From Operating Activities		
Profit before taxation	4,561,391	3,533,387
Dividend income	(39,202)	(316,879)
	4,522,189	3,216,508
Adjustments for:		
Depreciation	562,335	465,911
Amortisation	33,338	26,530
Provision against non-performing loans and advances	1,183,026	984,987
Provision for diminution in the value of investments	2	180,679
Gain on disposal of operating fixed assets	(31,073)	(17,310)
Share of profit from associates	(106,074)	(55,822)
Financial charges on leased assets	16,100	59,264
Charge for compensated absences	25,000	34,000
Provision against off-balance sheet items	65,688	-
	1,748,342	1,678,239
	6,270,531	4,894,747
Increase in operating assets		
Lendings to financial institutions	295,396	3,817,033
Advances	(6,951,113)	(21,962,338)
Other assets	(282,215)	(1,526,181)
	(6,937,932)	(19,671,486)
Increase in operating liabilities		
Bills Payable	955,049	(162,148)
Borrowings	21,147,366	2,543,218
Deposits	44,807,931	29,522,464
Other Liabilities (excluding provision for taxation)	1,059,942	449,993
	67,970,288	32,353,527
	67,302,887	17,576,788
Income tax paid	(1,529,626)	(895,174)
Net cash flow from operating activities (Balance carried forward)	65,773,261	16,681,614



	Note	2009	2008
		(Rupees in '000)	
Net cash flow from operating activities (Balance brought forward)		65,773,261	16,681,614
Cash Flow From Investing Activities			
Net investments in available-for-sale securities		(63,548,508)	(13,934,139)
Proceeds from held-to-maturity securities		1,014,996	724,341
Investment in associates		(23,506)	12,410
Dividend received		38,315	317,489
Investments in operating fixed assets		(992,571)	(1,734,925)
Sale proceeds of operating fixed assets		42,049	22,623
Exchange adjustment on translation of net investment in foreign operations		35,013	66,126
Net cash flow from investing activities		(63,434,212)	(14,526,075)
Cash Flow From Financing Activities			
Receipts / (payments) of sub-ordinated loans		1,998,060	(1,140)
Payments of lease obligations		(342,294)	(378,119)
Dividend paid		(589,597)	(543,306)
Net cash flow from financing activities		1,066,169	(922,565)
Increase in cash and cash equivalents		3,405,218	1,232,974
Cash and cash equivalents at the beginning of the year		15,614,518	14,381,544
Cash and cash equivalents at the end of the year	35	19,019,736	15,614,518

The annexed notes form an integral part of these consolidated financial statements.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



Notes to the Cosolidated Financial Statements For the year ended 31 December 2009

1. STATUS AND NATURE OF BUSINESS

The Group comprises of:

Holding company

- Bank AL Habib Limited

Subsidiary companies

- AL Habib Capital Markets (Private) Limited
 - AL Habib Financial Services Limited
- 1.2 Bank AL Habib Limited (the Bank) was incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 255 branches (2008: 225 branches), including a wholesale branch (2008: 01) in the Kingdom of Bahrain, a branch (2008: 01) in Karachi Export Processing Zone and 06 (2008: 04) Islamic Banking branches.
- 1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The company was incorporated in Pakistan on 23 August 2005 as a private limited company under the Companies Ordinance, 1984. The company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.
- 1.4 AL Habib Financial Services Limited is a wholly owned subsidiary of the Bank. The Company was incorporated in Dubai on 05 March 2008. The principal objective of the company is to engage in arranging / advising on financial products and services.

2. BASIS OF PRESENTATION

- 2.1 These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BSD Circular No. 04, dated 17 February 2006.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. However, murabaha financing arrangements undertaken by the Islamic Banking branches are accounted for as a purchase and sale transaction of the underlying goods in these consolidated financial statements in accordance with the accounting policies of the Group.



- 2.3 The financial results of the Islamic Banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial information of the Islamic Banking branches is disclosed in note 47.

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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and regulations / directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or regulations / directives issued by the SECP and the SBP differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said regulations / directives shall prevail.
- 3.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, IFRS - 7 "Financial Instruments: Disclosure" 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.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for the revaluation of leasehold land and building, certain investments and derivative financial instruments at fair value as stated in notes 6.4, 6.6 and 6.14 below.

These consolidated financial statements are presented in Pak Rupees which is the Group's functional currency and presentation currency.

5. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2008, except for changes resulting from the adoption of the following accounting standards as described below:

IAS 1 - Presentation of Financial Statements (Revised)

The revised standard became effective for accounting period beginning on or after 1 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line item in the statement of changes in equity. In addition, the standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Group has adopted two statement



approach and, has accordingly, presented profit and loss account and statement of comprehensive income separately. However, in accordance with the requirements of the Companies Ordinance, 1984 and SBP directives, surplus / (deficit) on revaluation of operating fixed assets and available-for-sale investments is reported under separate account shown below equity and is not taken to the statement of comprehensive income and statement of changes in equity.

IFAS 2 - Ijarah

The standard became effective during the year and deals with the accounting for ijarah financing contracts undertaken by the Islamic Banking branches of the Group. The standard is applicable prospectively for ijarah contracts entered into on or after 01 January 2009. As a result of application of this standard, the Group has recorded the assets leased out under ijarah arrangements at cost less depreciation and impairment, if any which have been included under "advances". The rentals from ijarah and depreciation expense on ijarah assets are recognised in the profit and loss account over the term of the contract and have been reported under "mark-up / return / interest earned" in these consolidated financial statements. Previously, the ijarah arrangements were accounted for by the Group as finance leases. Had the Group applied its previous accounting policy in respect of ijarah contracts entered into on or after 01 January 2009, the net profit for the year and total assets would have been increased by Rs. 5.049 million.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 Basis of consolidation

Subsidiaries are those companies in which the Bank directly or indirectly controls, beneficially owns or hold more than 50% of the shares or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the Bank and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

The Bank has the following subsidiaries and associates:

	% of shareholding
Subsidiaries	
AL Habib Capital Markets (Private) Limited	66.67
AL Habib Financial Services Limited	100
Associates	
Habib Sugar Mills Limited	6.24
Habib Asset Management Limited	30
First Habib Income Fund	Not applicable
First Habib Stock Fund	Not applicable

Investments in Habib Sugar Mills Limited and Habib Asset Management Limited are accounted for under equity method of accounting.



6.2 Cash and cash equivalents

These include cash and balances with treasury banks and balances with other banks.

6.3 Repurchase / resale agreements

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

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these arrangements are included in reverse repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repos agreement.

6.4 Investments

Investments (other than associates) are classified as follows:

Held for trading

These are investments acquired principally for the purpose of generating profits from short-term fluctuations in price or dealer's margin or are securities included in a portfolio in which a pattern of short-term trading exists.

Held to maturity

These are investments with fixed or determinable payments and fixed maturities which the Group has the intention and ability to hold till maturity.

Available for sale

These are investments which do not fall under the held for trading and held to maturity categories.

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

Investments (other than held-for-trading) are initially measured at fair value plus transaction cost associated with the investment. Investments classified as held-for-trading are initially measured at fair value, and transaction costs are expensed in the profit and loss account.



After initial recognition quoted securities, other than those classified as held-to-maturity, are carried at market value. Unquoted securities are valued at cost less impairment in value, if any. Held-to-maturity securities are carried at amortised cost.

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available-for-sale investments is taken to a separate account which is shown in the balance sheet below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realized upon disposal. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held-for-trading is taken to the profit and loss account.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for impairment against debt securities is made as per the aging criteria prescribed by the Prudential Regulations of the SBP and in case of unquoted equity securities on the basis of book value of net assets.

Premium or discount on debt securities classified as available-for-sale and held-to-maturity is amortised using effective interest method and taken to the profit and loss account.

6.5 **Advances**

Loans and advances

These are stated net of provisions for non-performing advances. Provision for non-performing advances is determined keeping in view the requirements of the Prudential Regulations and is charged to the profit and loss account. The Group also maintains general provision in addition to the requirements of the Prudential Regulations on the basis of the management's assessment. Advances are written off when there are no realistic prospects of recovery.

Finance lease receivables

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

Ijarah finance

Assets leased out under ijarah arrangements are stated at cost less depreciation and impairment, if any and included under "advances". Such assets are depreciated over the terms of ijarah contracts.

Murabaha receivable

Funds disbursed under murabaha arrangements for purchase of goods are recorded as advance for murabaha. On culmination of murabaha i.e. sale of goods to customers, murabaha receivables are recorded at the sale price net of deferred income. Goods purchased but remaining unsold at the balance sheet date are recorded as inventories.

6.6 **Operating fixed assets**

Tangible operating assets - owned

Leasehold land is stated at revalued amounts. Buildings on leasehold land are stated at revalued amount less accumulated depreciation and impairment, if any. All other operating fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account on straight line basis so as to charge the assets over their expected useful



lives at the rates specified in note 13.2. The depreciation charge is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation is charged on prorata basis, i.e., full month charge in the month of purchase and no charge in the month of disposal.

Land and buildings are revalued by independent professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value. The surplus arising on revaluation of fixed assets is credited to the “surplus on revaluation of assets” account shown below equity. The Group has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 and SECP’s SRO 45(1)/2003 dated 13 January 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from surplus on revaluation of assets to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Tangible operating assets - leased

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are accounted for by recording the assets and related liability. These are stated at lower of fair value and the present value of minimum lease payments at the inception of lease less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. Depreciation is charged on the basis similar to the owned assets.

Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and impairment, if any. Amortization is based on straight line method by taking into consideration the estimated useful life of assets at the rates specified in note 13.3. Intangible assets are amortized on prorata basis i.e. full month amortization in the month of purchase and no amortization in the month of disposal.

Capital work in progress

Capital work in progress is stated at cost less impairment, if any.

Impairment

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the fixed assets are written down to their recoverable amounts.



The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets.

6.7 Taxation

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

Current

Provision for current tax is based on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustments to the tax payable in respect of previous years.

Deferred

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

6.8 Employees' benefits

Defined benefit plan

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10% of present value of defined benefit obligation or 10% of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. Equal monthly contributions are made both by the Bank and its employees to the fund at the rate of 10% of the basic salary in accordance with the terms of the scheme.



AL Habib Capital Markets (Private) Limited operates an approved provident fund scheme for its confirmed employees. Contributions are made by the company and the employees at the rate of 10 % of the basic salary in accordance with the terms of the scheme.

Compensated absences

Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for estimated liability for annual leave as a result of services rendered by the employee against un-availed leaves upto the balance sheet date.

6.9 Revenue recognition

Mark-up / interest / return on advances and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark-up is recognized on receipt basis.

Financing method is used in accounting for income from lease financing. Under this method, the unrealised lease income is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gain / loss on termination of lease contracts, front end fee and other lease income are recognised as income on receipt basis.

The rentals from ijarah are recognised as income over the term of the contract net of depreciation expense relating to the ijarah assets.

Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.

Dividend income is recognised when the right to receive is established.

Gain or loss on sale of investments are recognised in profit and loss account in the year in which they arise.

Fee, commission, brokerage and other related income are recognised as services are performed.

6.10 Foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

Foreign operations

The assets and liabilities of foreign operations are translated to Pak Rupees at exchange rates prevailing at the balance sheet date. The income and expense of foreign operations are translated at average rate of exchange for the year. Exchange gain or loss is taken to equity under "foreign currency translation reserve".



6.11 Provisions against liabilities

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

6.12 Provisions against off-balance sheet obligations

The Group, in the ordinary course of business, issues letters of credit, acceptances, guarantees, bid bonds, performance bonds etc. The commission against such contracts is recognised in the profit and loss account under "fees, commission and brokerage income" over the period of contracts. The Group's liability under such contracts is measured at the higher of the amount representing unearned commission income at the balance sheet date and the best estimate of the amount expected to settle any financial obligation arising under such contracts.

6.13 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognised in the profit and loss account of the current period.

6.14 Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of derivative financial instruments is taken to the profit and loss account.

6.15 Off-setting

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognised 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 of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

6.16 Dividend distribution

Declarations of dividend to holders of the equity instruments of the Group are recognised as liability in the period in which it is declared.

6.17 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The segment reporting format has been determined and prepared in conformity with the format of financial statements and guidelines, prescribed by the SBP vide BSD Circular No.04, dated, 17 February 2006. The Group's primary format of reporting is based on business segments.



Business segments

Retail banking

It consists of retail lending, deposits and banking services to private individuals and small businesses. The retail banking activities include provision of banking and other financial services, such as current and savings accounts, credit cards, consumer banking products etc. to individual customers, small merchants and SMEs.

Corporate commercial banking

Commercial banking represents provision of banking services including treasury and international trade related activities to large corporate customers, multinational companies, government and semi-government departments and institutions and SMEs treated as corporate under the Prudential Regulations.

Retail brokerage

Retail brokerage activities include the business of equity, money market and foreign exchange brokerage, equity research and corporate financial advisory and consultancy services.

Geographical segments

The Bank operates in two geographic regions, being:

- Pakistan
- Middle East

7. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods. The estimates and judgements that have a significant effect on these consolidated financial statements are in respect of the following:

	Note
Classification of investments and provision for diminution in the value of investments	6.4 & 11
Provision against non-performing advances	6.5 & 12
Useful lives of assets and methods of depreciation	6.6 & 13
Current and deferred taxation	6.7 & 20
Defined benefit plan	6.8 & 37
Provisions against off-balance sheet obligations	6.11 & 31



8. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IAS 24 - Related Party Disclosures (Revised)	01 January 2011
IAS 27 - Consolidated and Separate Financial Statements (Amendment)	01 July 2009
IAS 32 - Financial Instruments: Presentation - Classification of Right Issues (Amendment)	01 February 2010
IFRS 2 - Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions	01 January 2010
IFRS 3 - Business Combinations (Revised)	01 July 2009
IFRIC 14 - IAS 19 – The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	01 January 2011
IFRIC 17 - Distributions of Non-cash Assets to owners	01 July 2009
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

The Group expects that the adoption of the above interpretations, amendments and revisions of the standards will not affect the Group's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.



	Note	2009	2008
(Rupees in '000)			
9. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		2,746,962	2,904,375
Foreign currencies		564,690	434,211
National prize bonds		19,200	8,067
		3,330,852	3,346,653
In transit – foreign currency		32,770	50,623
With State Bank of Pakistan in:			
Local currency current accounts	9.1	5,966,761	4,961,539
Local currency current account-Islamic Banking	9.2	170,824	70,980
Foreign currency deposit account			
Cash reserve account		981,415	696,067
Cash reserve account-Islamic Banking		2,780	7,861
Special cash reserve account	9.3	2,944,244	2,090,933
Local US Dollar collection account	9.4	15,374	36,097
		10,081,398	7,863,477
With National Bank of Pakistan in:			
Local currency current accounts		932,606	675,554
		14,377,626	11,936,307

- 9.1 Represent statutory cash reserve maintained under Section 36 of the State Bank of Pakistan Act, 1956.
- 9.2 Represents statutory cash reserve maintained by the Islamic Banking branch in accordance with BPD Circular No. 01 of 2003.
- 9.3 Represents special cash reserve maintained against foreign currency deposits mobilised under Circular FE-25 of 1998.
- 9.4 Represents US Dollar collection account opened with the SBP in accordance with Circular FE-02 of 2004.

	Note	2009	2008
(Rupees in '000)			
10. BALANCES WITH OTHER BANKS			
In Pakistan			
Current accounts		297,453	437,777
Deposit accounts	10.1	2,500	2,500
Savings accounts	10.2	120,155	100,064
		420,108	540,341
Outside Pakistan			
Current accounts		335,602	727,226
Deposit accounts	10.3	3,886,400	2,410,644
		4,222,002	3,137,870
		4,642,110	3,678,211

- 10.1 This carries mark-up at the rate of 3% (2008: 3%) per annum.
- 10.2 These carry expected profit rates ranging from 5% - 8% (2008: 5% - 10.50%) per annum.
- 10.3 These carry mark-up rates upto 1% (2008: upto 2.15%) per annum.



11. INVESTMENTS

	Note	2009			2008		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
11.1 Investments by type							
		(Rupees in '000)					
Available for sale securities	11.5						
Market Treasury Bills		65,526,602	17,262,898	82,789,500	39,178,143	497,549	39,675,692
Pakistan Investment Bonds		10,528,090	-	10,528,090	1,408,123	-	1,408,123
Foreign Currency Bonds		334,161	-	334,161	394,929	-	394,929
Sukuks		5,890,099	-	5,890,099	1,208,197	-	1,208,197
Ordinary shares of listed companies and closed end mutual funds		176,840	-	176,840	231,897	-	231,897
Ordinary shares of unlisted companies		42,021	-	42,021	41,505	-	41,505
Listed term finance certificates		689,891	-	689,891	706,739	-	706,739
Unlisted term finance certificates		5,801,605	-	5,801,605	-	-	-
Open ended mutual funds		975,000	-	975,000	105,000	-	105,000
		89,964,309	17,262,898	107,227,207	43,274,533	497,549	43,772,082
Held to maturity securities	11.2						
Pakistan Investment Bonds		1,534,695	-	1,534,695	2,058,011	-	2,058,011
Foreign Currency Bonds		-	-	-	394,297	-	394,297
Sukuks		446,134	-	446,134	419,444	-	419,444
Listed term finance certificates		406,821	-	406,821	406,941	-	406,941
Unlisted term finance certificates		250,000	-	250,000	373,953	-	373,953
		2,637,650	-	2,637,650	3,652,646	-	3,652,646
Associates	11.12						
Habib Sugar Mills Limited		210,573	-	210,573	202,591	-	202,591
Habib Asset Management Limited		33,500	-	33,500	31,755	-	31,755
First Habib Income Fund		771,680	-	771,680	701,262	-	701,262
First Habib Stock Fund		49,435	-	49,435	-	-	-
		1,065,188	-	1,065,188	935,608	-	935,608
Investments at cost		93,667,147	17,262,898	110,930,045	47,862,787	497,549	48,360,336
Provision for diminution in the value of investments	11.4	(90,704)	-	(90,704)	(184,078)	-	(184,078)
Investments (net of provisions)		93,576,443	17,262,898	110,839,341	47,678,709	497,549	48,176,258
Surplus / (deficit) on revaluation of available for sale investments - net	23.2	46,992	21,083	68,075	(209,052)	-	(209,052)
Investments after revaluation of available-for-sale investments		93,623,435	17,283,981	110,907,416	47,469,657	497,549	47,967,206

11.2 The aggregate market value of held-to-maturity securities as at 31 December 2009 amounts to Rs. 2,452 (2008: 3,222) million.



	Note	2009	2008
(Rupees in '000)			
11.3 Investments by segment			
<i>Federal Government Securities</i>			
– Market Treasury Bills	11.6	82,789,500	39,675,692
– Pakistan Investment Bonds	11.7	12,062,785	3,466,134
– Foreign Currency Bonds	11.10	–	789,226
– Sukuks	11.8	3,829,489	494,444
		98,681,774	44,425,496
<i>Fully paid-up ordinary shares</i>			
– Listed companies and closed end mutual funds	11.5.5	176,840	231,897
– Unlisted companies	11.11	42,021	41,505
		218,861	273,402
<i>Term finance certificates, sukuks and bonds</i>			
<i>Term Finance Certificates</i>			
– Listed term finance certificates		1,096,712	1,113,680
– Unlisted term finance certificates		6,051,605	373,953
	11.9	7,148,317	1,487,633
Sukuks	11.8	2,506,744	1,133,197
Foreign Currency Bonds	11.10	334,161	–
		9,989,222	2,620,830
<i>Others</i>			
– Open ended mutual funds	11.5.9	975,000	105,000
– Associates	11.12	1,065,188	935,608
		2,040,188	1,040,608
Investments at cost		110,930,045	48,360,336
Provision for diminution in the value of investments	11.4	(90,704)	(184,078)
Investments - net of provisions		110,839,341	48,176,258
Surplus / (deficit) on revaluation of available-for-sale investments -net	23.2	68,075	(209,052)
Investments after revaluation of available-for-sale investments		110,907,416	47,967,206



	2009	2008
	(Rupees in '000)	
11.4 Particulars of provision of diminution in the value of investments		
Opening balance	184,078	3,399
Charge during the year	2	180,679
Adjustment of provision upon disposal of investments	(93,376)	-
Closing balance	90,704	184,078
11.4.1 Particulars of provision in respect of type and segment		
Available for sale investment:		
Listed companies and closed end mutual funds	85,004	141,888
Unlisted companies	5,700	5,700
Open ended mutual funds	-	36,490
	90,704	184,078

11.5 Quality of available-for-sale securities

Name of security	Face value	2009 Rating	2008 Rating	2009 Cost		2008 Carrying value	
				2009	2008	2009	2008
	Rs. / USD			(Rupees in '000)			
11.5.1 Market Treasury Bills	-	Unrated	Unrated	82,789,500	39,675,692	82,884,748	39,700,914
11.5.2 Pakistan Investment Bonds	-	Unrated	Unrated	10,528,090	1,408,123	10,497,953	1,251,540
11.5.3 Foreign Currency Bonds							
Government of Pakistan Bonds	-	-	CCC+	-	394,929	-	395,492
Government of Sri Lanka Bonds	USD 100	B	-	334,161	-	355,381	-
				334,161	394,929	355,381	395,492

11.5.4 Sukuks

2009	2008	Name of security							
No. of certificates									
		Dar Al Arkan International Sukuk							
20,000	20,000	Company	USD 100	A-	A-	168,483	158,197	147,423	123,394
170,000	-	Engro Foods Limited	Rs.5,000	A-	-	850,000	-	850,000	-
1,000	1,000	Government of Pakistan Ijara Sukuk	Rs.100,000	Unrated	Unrated	100,000	100,000	100,992	101,000
30,000	-	Government of Pakistan Ijara Sukuk	Rs.100,000	Unrated	-	3,000,000	-	3,000,000	-
36,990	-	Government of Pakistan Sukuk	USD 100	CCC +	-	308,355	-	309,392	-
513,261	-	Liberty Power Tech Limited	Rs.1,000	AA-	-	513,261	-	513,261	-
40,000	40,000	Sui Southern Gas Company Limited	Rs.5,000	AA-	Unrated	200,000	200,000	194,274	173,745
150,000	150,000	WAPDA Second Sukuk Company Limited	Rs.5,000	Unrated	Unrated	750,000	750,000	706,199	784,857
						5,890,099	1,208,197	5,821,541	1,182,996



11.5.5	Ordinary shares of listed companies and closed end mutual funds	Face value	2009	2008	Rating	2009		2008				
						Cost	Carrying value	Cost	Carrying value			
		Rs. / USD				(Rupees in '000)						
			2009	2008	Name of security							
		No. of shares / certificates										
		-	88		Adamjee Insurance Co. Limited	10	-	AA	-	10	-	9
		-	547		Al-Abbas Cement Industries Limited	10	-	Unrated	-	2	-	2
		-	141		Allied Bank Limited	10	-	AA-	-	5	-	4
		-	4,657		Arif Habib Bank Limited	10	-	A	-	16	-	26
		-	884		Arif Habib Limited	10	-	Unrated	-	66	-	76
		32,686	32,686		Arif Habib Securities Limited	10	Unrated	A+	1,477	1,477	1,610	1,375
		-	1,432		Askari Bank Limited	10	-	AA	-	23	-	21
		-	43		Attock Petroleum Limited	10	-	Unrated	-	7	-	6
		-	183		Attock Refinery Limited	10	-	AA	-	12	-	11
		-	218		Azgard Nine Limited	10	-	A+	-	4	-	4
		11,250	8,632		Bank Alfalah Limited	10	AA	AA	180	157	155	144
		-	2,117		Bankislami Pakistan Limited	10	-	A-	-	11	-	15
		-	7		BOC Pakistan Limited	10	-	Unrated	-	1	-	1
		-	5,458		Bosicor Pakistan Limited	10	-	Unrated	-	18	-	25
		201,595	201,595		Cherat Cement Company Limited	10	Unrated	Unrated	15,938	15,938	2,530	2,300
		-	173		Crescent Steel & Allied Products Limited	10	-	A+	-	3	-	3
		1,653	1,653		D. S. Industries Limited	10	Unrated	Unrated	21	21	6	25
		-	446		D.G. Khan Cement Company Limited	10	-	Unrated	-	10	-	9
		-	95		Dawood Equities Limited	10	-	Unrated	-	1	-	1
		-	72		Dawood Lawrencepur Limited	10	-	Unrated	-	3	-	4
		-	578		Dewan Cement Limited	10	-	BB	-	2	-	2
		-	4,748		Dewan Sulman Fibre Limited	10	-	Unrated	-	4	-	7
		-	1,384		Dost Steels Limited	10	-	Unrated	-	11	-	11
		-	116		E.F.U. General Insurance Limited	10	-	AA	-	14	-	15
		150,395	107,319		Engro Chemicals Pakistan Limited	10	AA	AA	28,202	26,040	27,550	10,352
		-	57		Eye Television Network Limited	10	-	Unrated	-	2	-	2
		-	2,538		Fauji Cement Co Limited	10	-	Unrated	-	9	-	12
		-	271		Fauji Fertilizer Bin Qasim Limited	10	-	Unrated	-	3	-	3
		-	296		Fauji Fertilizer Company Limited	10	-	Unrated	-	17	-	17
		-	356		Faysal Bank Limited	10	-	AA	-	5	-	4
		-	21		First National Equities Limited	10	-	Unrated	-	1	-	1
		57	286		Habib Bank Limited	10	AA+	AA+	4	23	7	21
		500	-		Habib Metropolitan Bank Limited	10	AA+	-	15	-	16	-
		-	901		Honda Atlas Cars (Pakistan) Limited	10	-	Unrated	-	12	-	10
		-	20		ICI Pakistan Limited	10	-	Unrated	-	1	-	1
		-	52		Indus Motor Company Limited	10	-	Unrated	-	6	-	6
		44,052	44,052		International Industries Limited	10	Unrated	Unrated	357	357	2,585	2,025
		-	18		Invest & Finance Securities Limited	10	-	Unrated	-	-	-	-
		5,061	5,061		Jahangir Siddiqui & Company Limited	10	AA+	AA+	284	284	152	265
		-	5,644		Javed Omer Vohra & Co. Limited	10	-	BB+	-	65	-	51
		-	7,932		JS Bank Limited	10	-	A-	-	28	-	46
		532	532		JS Investments Limited	10	A+	AA-	21	21	8	23
		-	953		JS Value Fund Limited	10	-	Unrated	-	3	-	4
		-	334		Kot Addu Power Company Limited	10	-	Unrated	-	8	-	11
		-	36		Lucky Cement Limited	10	-	Unrated	-	1	-	1
		-	1,266		Maple Leaf Cement Factory Limited	10	-	BBB+	-	3	-	5
		-	1		Mari Gas Company Limited	10	-	Unrated	-	-	-	-



2009	2008	Name of security	Face value	Rating		Cost		Carrying value	
				2009	2008	2009	2008	2009	2008
			Rs. / USD	(Rupees in '000)					
No. of shares / certificates									
1,431	873	MCB Bank Limited	10	AA+	AA+	224	118	314	110
-	134	Meezan Bank Limited	10	-	A+	-	3	-	3
147,000	122,211	National Bank of Pakistan	10	AAA	AAA	10,731	6,603	10,932	6,149
-	1,409	Netsol Technologies Limited	10	-	Unrated	-	38	-	36
-	7,790	NIB Bank Limited	10	-	AA-	-	23	-	36
-	186	Nishat (Chunian) Limited	10	-	Unrated	-	1	-	2
-	739	Nishat Mills Limited	10	-	A+	-	16	-	17
86,500	86,306	Oil & Gas Development Company Limited	10	AAA	AAA	6,400	6,389	9,561	4,315
-	2,391	Pace (Pakistan) Limited	10	-	A+	-	26	-	21
86,900	86,900	Packages Limited	10	AA	AA	22,065	22,092	12,514	7,082
1,066,000	1,066,000	Pakistan Capital Protected Fund - I	10	Unrated	Unrated	10,000	10,000	9,775	9,872
-	5,893	Pakistan Cement Company Limited	10	-	Unrated	-	12	-	19
-	138	Pakistan Elektron Limited	10	-	A	-	3	-	3
-	251	Pakistan International Container Terminal Ltd.	10	-	A-	-	11	-	11
4,000	3,572	Pakistan Oil Fields Limited	10	Unrated	Unrated	441	393	923	366
84,600	70,287	Pakistan Petroleum Limited	10	Unrated	Unrated	10,389	10,362	16,005	7,072
-	764	Pakistan Premier Fund Limited	10	-	Unrated	-	1	-	2
-	11,520	Pakistan PTA Limited	10	-	Unrated	-	13	-	18
-	399	Pakistan Refinery Limited	10	-	Unrated	-	34	-	39
-	482	Pakistan Reinsurance Company Limited	10	-	Unrated	-	12	-	11
-	249	Pakistan State Oil Company Limited	10	-	AAA	-	39	-	36
-	4,875,000	Pakistan Strategic Allocation Fund	10	-	4-Star	-	48,750	-	11,115
-	461	Pakistan Telecommunication Company Limited	10	-	Unrated	-	8	-	8
-	791	Pervez Ahmed Securities Limited	10	-	Unrated	-	5	-	3
-	250,221	PICIC Growth Fund	10	-	MFR 2-Star	-	10,030	-	1,398
-	100,000	PICIC Investment Fund	10	-	MFR 3-Star	-	1,950	-	203
-	417	Pioneer Cement Limited	10	-	BBB	-	9	-	10
-	2,071	Saudi Pak Commercial Bank Limited	10	-	A-	-	11	-	10
-	73	Searle Pakistan Limited	10	-	BBB	-	4	-	5
-	2,086	Sitara Peroxide Limited	10	-	Unrated	-	34	-	38
-	240	Soneri Bank Limited	10	-	AA-	-	2	-	3
-	262	Sui Northern Gas Pipelines Limited	10	-	AA	-	4	-	6
-	995	Sui Southern Gas Co Limited	10	-	AA-	-	12	-	10
-	7,771	Telecard Limited	10	-	Unrated	-	10	-	15
-	7	Thatta Cement Company Limited	10	-	Unrated	-	-	-	-
-	1,221	The Bank of Punjab Limited	10	-	AA-	-	18	-	16
1,848,500	1,848,505	The Hub Power Company Limited	10	AA+	Unrated	70,091	70,102	57,723	26,056
-	20,687	TRG Pakistan Limited - Class - A	10	-	BBB+	-	26	-	37
-	34	Tri-Pack Films Limited	10	-	A+	-	4	-	4
-	482	United Bank Limited	10	-	AA+	-	19	-	18
-	1,737	Worldcall Telecom Limited	10	-	A+	-	5	-	5
						176,840	231,897	152,366	91,136



	Face value	2009	2008	Rating	Face value	2009	2008	Cost	2009	2008	Carrying value	2009	2008
11.5.6 Ordinary shares of unlisted companies													
		<u>2009</u>	<u>2008</u>	<u>Name of security</u>									
No. of shares													
3,000,000	3,000,000			Khushhali Bank Limited	Rs.10	A -	A -	30,000	30,000	30,000	30,000		
				Pakistan Export Finance Guarantee									
569,958	569,958			Agency Limited	Rs.10	Unrated	Unrated	5,700	5,700	-	-		
24	24			S.W.I.F.T	-	Unrated	Unrated	6,321	5,805	6,321	5,805		
								42,021	41,505	36,321	35,805		
11.5.7 Listed term finance certificates													
		<u>2009</u>	<u>2008</u>	<u>Name of security</u>									
No. of certificates													
6,000	6,000			Allied Bank Limited	Rs.5,000	AA -	AA -	29,964	29,976	29,028	28,075		
33,800	33,800			Allied Bank Limited - II	Rs.5,000	AA -	AA -	169,000	169,000	151,255	169,000		
5,000	5,000			Askari Bank Limited - II	Rs.5,000	AA -	AA -	24,960	24,970	23,990	22,460		
40,000	40,000			Engro Chemicals Pakistan Limited - III	Rs.5,000	AA	AA	199,840	199,920	185,851	178,343		
5,000	5,000			Jahangir Siddiqui & Company Ltd - IV	Rs.5,000	AA +	AA +	24,970	24,980	25,574	24,208		
6,600	6,600			NIB Bank Limited	Rs.5,000	A+	A	32,980	32,993	30,268	26,147		
20,000	20,000			Orix Leasing Pakistan Limited - III	Rs.5,000	AA +	AA +	83,267	99,940	83,619	96,511		
20,000	20,000			Pak Arab Fertilizers limited	Rs.5,000	A	AA	99,940	99,980	93,841	86,734		
5,000	5,000			United Bank Limited - III	Rs.5,000	AA -	AA	24,970	24,980	24,656	21,081		
								689,891	706,739	648,082	652,559		
11.5.8 Unlisted term finance certificates													
		<u>2009</u>	<u>2008</u>	<u>Name of security</u>									
No. of certificates													
				National Transmission & Despatch									
587,521	-			Co. Limited	Rs.5,000	Unrated	-	2,937,605	-	2,937,605	-		
552,800	-			Power Holding Private Limited	Rs.5,000	Unrated	-	2,764,000	-	2,764,000	-		
20,000	-			Bank Al Falah Limited IV	Rs.5,000	AA -	-	100,000	-	100,000	-		
								5,801,605	-	5,801,605	-		
11.5.9 Open ended mutual funds													
		<u>2009</u>	<u>2008</u>	<u>Name of security</u>									
No. of units													
-	52,417			Atlas Islamic Fund	-	-	Unrated	-	25,000	-	13,000		
2,503,938	-			BMA Empress Cash Fund	Rs.10	AA +	-	25,000	-	25,363	-		
-	100,000			HBL Stock fund	-	-	Unrated	-	10,000	-	5,798		
-	500,000			KASB Balanced Fund	-	-	Unrated	-	25,000	-	17,930		
2,500,000	-			MCB Cash Management Optimizer Fund	Rs.100	AM 3 +	-	250,000	-	256,647	-		
-	250,000			MCB Dynamic Allocation Fund	-	-	Unrated	-	25,000	-	13,762		
1,910,220	-			Meezan Cash Fund	Rs.50	AA	-	100,000	-	100,210	-		
10,000,000	-			NAFA Government Securities Liquid Fund	Rs.10	AA +	-	125,000	-	127,963	-		
-	1,000,000			NAFA Islamic Income Fund	-	-	Unrated	-	10,000	-	8,697		
7,194,245	-			National Investment Trust Limited	Rs.10	AM 2	-	200,000	-	219,065	-		
10,000,000	-			NIF Government Bond Fund	Rs.10	3-Star	-	100,000	-	101,301	-		
1,977,758	-			Pakistan Cash Management Fund	Rs.50	AAA	-	100,000	-	99,428	-		
500,000	-			UBL Liquidity Plus Fund	Rs.100	AA +	-	75,000	-	76,603	-		
-	100,000			United Islamic Income Fund	-	-	Unrated	-	10,000	-	9,323		
								975,000	105,000	1,006,580	68,510		
								107,227,207	43,772,082	107,204,577	43,378,952		



11.6 Market Treasury Bills

These securities have a maturity period of six months to one year, with yield ranging between 11.35% to 14.25 % (2008: 12.54% to 13.86%) per annum.

11.7 Pakistan Investment Bonds

These securities have a maturity period of three to ten years with interest rates ranging between 9% to 14% (2008: 9% to 14%) per annum. These include securities costing Rs. 5,000/- pledged with the Controller of Military Accounts, Karachi as a security deposit for extending banking facilities on account of regimental funds viz-a-viz private fund accounts.

11.8 Sukuks

The book value of investment of the Group in Sukuks is as follows:

2009	2008	Redeemable value per certificate	Maturity Date	Name of Security	Rate	2009	2008
Number of certificates		Rupees				(Rupees in '000)	
Available for sale							
20,000	20,000	8,424	Jul-12	Dar Al Arkan International Sukuk Company	3 months' LIBOR plus 225 bps	168,483	158,197
170,000	-	5,000	Jan-17	Engro Foods Limited	6 months' KIBOR plus 69 bps	850,000	-
1,000	1,000	100,000	Sep-11	Government of Pakistan Ijara Sukuk	6 months T-Bills plus 45 bps	100,000	100,000
30,000	-	100,000	Mar-12	Government of Pakistan Ijara Sukuk	Weighted avg. 6 months T-Bills rate	3,000,000	-
36,990	-	8,336	Jan-10	Government of Pakistan Sukuk	6 months' LIBOR plus 220 bps	308,355	-
513,261	-	1,000	Mar-21	Liberty Power Tech Limited	3 months' KIBOR plus 300 bps	513,261	-
40,000	40,000	5,000	Dec-12	Sui Southern Gas Company Limited	3 months' KIBOR plus 20 bps	200,000	200,000
150,000	150,000	5,000	Jul-17	WAPDA Second Sukuk Company Limited	6 months' KIBOR less 25 bps	750,000	750,000
						5,890,099	1,208,197
Held to maturity							
50,000	50,000	8,423	Jan-10	Government of Pakistan Sukuk	6 months' LIBOR plus 220 bps	421,134	394,444
5,000	5,000	5,000	Oct-12	WAPDA First Sukuk Company Limited	6 months' KIBOR plus 35 bps	25,000	25,000
						446,134	419,444
						<u>6,336,233</u>	<u>1,627,641</u>

11.8.1 Sukuks are redeemable semi-annually.

11.8.2 These Sukuks have face value of Rs. 5,000 per certificate except for Dar Al Arkan International Sukuk Company and Government of Pakistan Sukuks which have face value of US \$ 100 per certificate, Liberty Power Tech Limited which has face value of Rs. 1,000 per certificate and Government of Pakistan Ijara Sukuk which have face value of Rs. 100,000 per certificate.



11.9 Term Finance Certificates

The book value of investment of the Group in Term Finance Certificates is as follows:

2009	2008	Redeemable value per certificate	Maturity Date	Name of Security	Rate	2009	2008
Number of certificates		Rupees				(Rupees in '000)	
Listed - Available for sale							
6,000	6,000	4,994	Dec-14	Allied Bank Limited	6 months' KIBOR plus 190 bps	29,964	29,976
33,800	33,800	5,000	Aug-19	Allied Bank Limited - II	6 months' KIBOR plus 0.85 bps	169,000	169,000
5,000	5,000	4,992	Oct-13	Askari Bank Limited - II	6 months' KIBOR plus 150 bps	24,960	24,970
40,000	40,000	4,996	Nov-15	Engro Chemicals Pakistan Limited - III	6 months' KIBOR plus 155 bps	199,840	199,920
5,000	5,000	4,994	May-12	Jahangir Siddiqui & Company Limited - IV	6 months' KIBOR plus 250 bps	24,970	24,980
6,600	6,600	4,997	Mar-16	NIB Bank Limited	6 months' KIBOR plus 1.15 bps	32,980	32,993
20,000	20,000	4,163	May-12	Orix Leasing Pakistan Limited - III	6 months' KIBOR plus 150 bps	83,267	99,940
20,000	20,000	4,997	Feb-13	Pak Arab Fertilizer Limited	6 months' KIBOR plus 150 bps	99,940	99,980
5,000	5,000	4,994	Sep-14	United Bank Limited - III	6 months' KIBOR plus 170 bps	24,970	24,980
						689,891	706,739
Unlisted - Available for sale							
20,000	-	5,000	Dec-17	Bank Alfalah Limited - IV National Transmission	15.00% p.a.	100,000	-
587,521	-	5,000	Mar-14	and Despatch Company Limited	6 months' KIBOR plus 175 bps	2,937,605	-
552,800	-	5,000	Sep-14	Power Holding (Private) Limited	6 months' KIBOR plus 200 bps	2,764,000	-
						5,801,605	-
Listed - Held to Maturity							
20,000	20,000	4,991	Feb-13	Askari Bank Limited	6 months' KIBOR plus 150 bps	99,820	99,860
17,400	17,400	5,000	Aug-19	Allied Bank Limited - II	6 months' KIBOR plus 0.85 bps	87,000	87,000
15,000	15,000	4,990	Nov-12	Bank Al Falah Limited - II	6 months' KIBOR plus 150 bps	74,856	74,885
9,000	9,000	4,991	Feb-13	The Royal Bank of Scotland Limited	6 months' KIBOR plus 190 bps	44,919	44,937
5,000	5,000	4,991	May-13	Soneri Bank Limited	6 months' KIBOR plus 160 bps	24,955	24,965
5,000	5,000	4,993	Feb-13	Standard Chartered Bank (Pakistan) Ltd.	6 months' KIBOR plus 200 bps	24,965	24,975
1,070	1,070	4,991	Aug-12	United Bank Limited	8.45% p.a.	5,340	5,342
4,000	4,000	4,999	Mar-13	United Bank Limited - II	8 years PIB yield plus 135 bps	19,996	19,997
5,000	5,000	4,994	Sep-14	United Bank Limited - III	6 months' KIBOR plus 170 bps	24,970	24,980
						406,821	406,941
Unlisted - Held to Maturity							
2,500	2,500	100,000	Jan-13	Orix Leasing Pakistan Limited - IV	6 months' KIBOR plus 120 bps	250,000	250,000
-	35,000	-	-	Pakistan International Airlines Corporation	-	-	123,953
						250,000	373,953
						7,148,317	1,487,633

11.9.1 Term Finance Certificates are redeemable semi-annually.

11.9.2 These term finance certificates have face value of Rs. 5,000 per certificate except for Orix Leasing Pakistan Limited - IV, which have face value of Rs 100,000 per certificate.



11.10 Foreign Currency Bonds

The book value of investment of the Group in Foreign Currency Bonds is as follows:

<u>2009</u>	<u>2008</u>	<u>Redeemable value per certificate</u>	<u>Maturity Date</u>	<u>Name of Security</u>	<u>Rate</u>	<u>2009</u>	<u>2008</u>
<u>No. of Certificates of US \$ 100 each</u>		<u>Rupees</u>				<u>(Rupees in '000)</u>	
Available for sale							
-	50,000	-	-	Government of Pakistan Bonds	-	-	394,929
40,000	-	8,354	Oct-12	Government of Sri Lanka Bonds	8.25% p.a.	334,161	-
						334,161	394,929
Held to Maturity							
-	50,000	-	-	Government of Pakistan Bonds	-	-	394,297
						334,161	789,226

11.10.1 Foreign Currency Bonds are redeemable semi-annually.

11.11 Ordinary shares of unlisted companies

<u>No. of ordinary shares 2009</u>	<u>2008</u>	<u>Name of companies</u>	<u>2009</u>	<u>2008</u>
			<u>(Rupees in '000)</u>	
3,000,000	3,000,000	Khushhali Bank Limited Par value per share: Rs. 10 Break-up value per share: Rs. 11, based on audited financial statements for the year ended 31 December 2008 Chief Executive: Mr. Ghalib Nishter	30,000	30,000
569,958	569,958	Pakistan Export Finance Guarantee Agency Limited Par value per share: Rs. 10 Break-up value per share: Rs. 2.061, based on audited financial statements for the year ended 31 December 2008 Chief Executive: Mr. S. M. Zaem	5,700	5,700
24	24	Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T) allocated shares based on the financial contribution from network based serviced by the Bank.	6,321	5,805
			42,021	41,505



11.12 Associates

<u>No. of ordinary shares</u>		<u>Name of companies</u>	2009	2008
2009	2008		(Rupees in '000)	
5,994,440	4,495,830	Habib Sugar Mills Limited % of holding: 6.24% Par value per share: Rs. 5 Market value: Rs.236.181 million Chief Executive: Mr. Raeesul Hasan	210,573	202,591
3,375,000	3,375,000	Habib Asset Management Limited % of holding: 30% Par value per share: Rs. 10 Break up value per share: Rs. 9.82 based on audited financial statements for the year ended 30 June 2009 Chief Executive: Mr. Imran Azim	33,500	31,755
7,469,557	7,224,291	First Habib Income Fund Average cost per unit: Rs. 103.8164 Net asset value Rs. 103.310 Management Company: Habib Asset Management Limited Chief Executive of the Management Company: Mr. Imran Azim	771,680	701,262
500,000	-	First Habib Stock Fund Net Asset Value Rs. 98.870. The average cost per unit is Rs. 100 Management Company: Habib Asset Management Limited Chief Executive of the Management Company: Mr. Imran Azim	49,435	-
			1,065,188	935,608
11.12.1	Includes Rs. 24.750 (2008: Rs. 24.750) million invested in Habib Asset Management Limited classified as strategic investment in accordance with SBP's guidelines contained in BPD Circular Letter No. 16 of 2006 dated 01 August 2006.			
11.12.2	Movement of investments in associates			
	Opening balance		935,608	948,018
	Share of profit		106,074	55,822
	Investments made		75,000	20,250
	Dividend received		(51,494)	(88,482)
	Closing balance		1,065,188	935,608



	Note	2009 (Rupees in '000)	2008
12. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		93,912,688	90,873,987
Outside Pakistan		1,594,681	2,212,836
		95,507,369	93,086,823
Investment in continuous funding scheme		–	20,153
Net investment in finance lease / ijara financing			
In Pakistan	12.2	670,242	685,722
Outside Pakistan		–	–
		670,242	685,722
Murabaha receivable	12.3	2,268,080	743,719
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		2,028,863	1,877,868
Payable outside Pakistan		7,898,634	5,008,499
		9,927,497	6,886,367
Advances - gross		108,373,188	101,422,784
Provision against non-performing loans and advances	12.5		
Specific provision		(1,210,572)	(466,585)
General provision against consumer advances (as per SBP regulations)		(27,121)	(38,791)
General provision		(1,150,000)	(700,000)
		(2,387,693)	(1,205,376)
Advances - net of provisions		105,985,495	100,217,408
12.1 Particulars of advances - gross			
12.1.1 In local currency		96,317,364	92,746,881
In foreign currencies		12,055,824	8,675,903
		108,373,188	101,422,784
12.1.2 Short term (for upto one year)		88,481,397	83,501,623
Long term (for over one year)		19,891,791	17,921,161
		108,373,188	101,422,784



12.2 Net investment in finance lease / Ijarah financing

	2009				2008			
	Not later than one year	Later than one and less than five years	Over five years	Total (Rupees in '000)	Not later than one year	Later than one and less than five years	Over five years	Total
Lease / ijarah rentals receivable	283,731	383,934	-	667,665	289,031	457,984	-	747,015
Residual value	32,724	82,216	-	114,940	6,508	90,454	-	96,962
Minimum lease / ijarah payments	316,455	466,150	-	782,605	295,539	548,438	-	843,977
Financial charges / depreciation for future periods	(67,927)	(44,436)	-	(112,363)	(80,241)	(78,014)	-	(158,255)
Present value / book value of finance lease / ijarah assets	<u>248,528</u>	<u>421,714</u>	<u>-</u>	<u>670,242</u>	<u>215,298</u>	<u>470,424</u>	<u>-</u>	<u>685,722</u>

12.2.1 This includes Rs.127.323 million in respect of ijarah contracts executed on or after 1 January 2009. These contracts have been accounted for in accordance with the requirements of IFAS 2 "Ijarah" as referred in note 5. Accordingly, the cost and book value of underlying ijarah assets are given below:

	COST		2009 ACCUMULATED DEPRECIATION		BOOK VALUE		Rate %
	As at 01 Jan. 2009	As at 31 Dec. 2009	As at 01 Jan. 2009	Charge 2009	As at 31 Dec. 2009	As at 31 Dec. 2009	
Vehicles	-	138,304	-	10,981	10,981	127,323	13.90 - 16.70

12.3 These are net-of deferred income of Rs. 21.246 (2008: Rs. 15.286) million.

12.4 Advances include Rs. 2,067.656 (2008: Rs. 862.550) million which have been placed under non-performing status as detailed below:

Category of classification	2009								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	-	-	-	-	-	-	-	-	-
Substandard	712,684	-	712,684	172,813	-	172,813	172,813	-	172,813
Doubtful	323,251	-	323,251	158,642	-	158,642	158,642	-	158,642
Loss	<u>992,198</u>	<u>39,523</u>	<u>1,031,721</u>	<u>839,594</u>	<u>39,523</u>	<u>879,117</u>	<u>839,594</u>	<u>39,523</u>	<u>879,117</u>
	<u>2,028,133</u>	<u>39,523</u>	<u>2,067,656</u>	<u>1,171,049</u>	<u>39,523</u>	<u>1,210,572</u>	<u>1,171,049</u>	<u>39,523</u>	<u>1,210,572</u>
	2008								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	3,829	-	3,829	-	-	-	-	-	-
Substandard	306,312	-	306,312	14,975	-	14,975	14,982	-	14,982
Doubtful	200,622	-	200,622	99,800	-	99,800	99,811	-	99,811
Loss	<u>351,787</u>	<u>-</u>	<u>351,787</u>	<u>351,787</u>	<u>-</u>	<u>351,787</u>	<u>351,792</u>	<u>-</u>	<u>351,792</u>
	<u>862,550</u>	<u>-</u>	<u>862,550</u>	<u>466,562</u>	<u>-</u>	<u>466,562</u>	<u>466,585</u>	<u>-</u>	<u>466,585</u>



12.5 Particulars of provision against non-performing loans and advances

	2009			2008		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	466,585	738,791	1,205,376	186,341	35,977	222,318
Charge for the year						
Specific provision	953,428	-	953,428	347,713	-	347,713
General provision for consumer portfolio	12.5.1	-	(11,670)	-	2,814	2,814
General provision for loans and advances	12.5.2	-	450,000	-	700,000	700,000
Reversals		(208,732)	-	(65,540)	-	(65,540)
	744,696	438,330	1,183,026	282,173	702,814	984,987
Amount written-off	12.6	(709)	-	(1,929)	-	(1,929)
Closing balance	<u>1,210,572</u>	<u>1,177,121</u>	<u>2,387,693</u>	<u>466,585</u>	<u>738,791</u>	<u>1,205,376</u>

12.5.1 The Prudential Regulations require banks to maintain a general reserve equal to 1.5% of the consumer portfolio which is fully secured and 5% of the consumer portfolio which is unsecured to protect the Group from the risk associated with the economic cyclical nature of this business. Accordingly, the general provision for secured and unsecured consumer portfolio as of 31 December 2009 amounts to Rs. 27.121 (2008: Rs 38.791) million.

12.5.2 In line with its prudent policies, the Group also makes general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations and amounts to Rs. 1,150 (2008: Rs.700) million.

12.5.3 Particulars of provision against non-performing loans and advances

	2009			2008		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	1,171,049	1,177,121	2,348,170	466,585	738,791	1,205,376
In foreign currency	39,523	-	39,523	-	-	-
	<u>1,210,572</u>	<u>1,177,121</u>	<u>2,387,693</u>	<u>466,585</u>	<u>738,791</u>	<u>1,205,376</u>

12.6 Particulars of write-offs:

	2009	2008
	(Rupees in '000)	
12.6.1 Against provision	709	1,929
Directly charged to profit and loss account	-	-
	<u>709</u>	<u>1,929</u>
12.6.2 Write-offs of Rs. 500,000 and above	-	606
Write-offs of below Rs. 500,000	709	1,323
	<u>709</u>	<u>1,929</u>



12.6.3 Detail of financial relief of Rs. 500,000/- and above under section 33A (3) of the Banking Companies Ordinance, 1962.

Name and particulars of the borrower	Outstanding liabilities			Principal written-off	Mark-up written-off
	Principal	Mark-up	Total		
Shahid Akhtar House # 89 -A-D-1 Main Boulevard Gulberg - III, Lahore. CNIC No. 35202-2795039-5 Father Name : Taj Din	28,638	1,231	29,869	-	3,190
12.7 Particulars of Loans and Advances to Directors, Associated Companies etc.			Note	2009	2008
				(Rupees in '000)	
(i) Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons					
Balance at beginning of the year				644,017	443,572
Loans granted during the year				480,676	331,312
Repayments				(248,958)	(130,867)
Balance at end of the year				875,735	644,017
(ii) Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members					
Balance at beginning of the year				369,000	135,143
Loans granted during the year				542,438	969,758
Repayments				(511,854)	(735,901)
Balance at end of the year				399,584	369,000
13. OPERATING FIXED ASSETS					
Capital work-in-progress			13.1	316,182	354,091
Property and equipment			13.2	9,238,363	8,817,812
Intangible assets			13.3	30,853	17,964
Stock Exchange Membership Card				34,750	34,750
				9,620,148	9,224,617
13.1 Capital work-in-progress					
Civil works				213,466	175,661
Advance payment towards property				94,082	171,750
Consultants' fee and other charges				8,634	6,680
				316,182	354,091



2009

13.2 Property and equipment

	COST / REVALUED AMOUNT		DEPRECIATION		BOOK VALUE		Rate of depreciation %
	As at 01 January 2009	Additions / (deletions) / transfers* 31 December 2009	As at 01 January 2009 (Rupees in '000)	Charge / (deletions) / transfers* 31 December 2009	As at 31 December 2009	As at 31 December 2009	
Owned							
Leasehold land	3,138,605	150,355	-	-	-	3,288,960	-
Buildings on leasehold land	4,212,760	193,112	116,161	122,384	238,545	4,167,327	2.22 - 8.33
Improvements to leasehold buildings	303,649	137,003	23,237	18,636	41,873	398,779	5
Furniture and fixtures	286,618	38,799 (4,831)	98,302	24,507 (2,609)	120,200	200,386	10
Electrical, office and computer equipment	836,727	357,291 (7,570) 582,342 *	328,687	258,004 (6,288) 288,512 *	868,915	899,875	20
Vehicles	161,019	117,300 (20,761) 284,567 *	18,129	67,759 (14,633) 189,265 *	260,520	281,605	20
Leased							
Electrical, office and computer equipment	8,939,378	993,860 (33,162) 866,909 *	584,516	491,290 (23,530) 477,777 *	1,530,053	9,236,932	
Vehicles	582,342	- (582,342) *	242,665	45,847 (288,512) *	-	-	20
	295,913	- (4,801) (284,567) *	172,640	25,198 (3,459) (189,265) *	5,114	1,431	20
	878,255	- (4,801) (866,909) *	415,305	71,045 (3,459) (477,777) *	5,114	1,431	
	9,817,633	993,860 (37,963)	999,821	562,335 (26,989)	1,535,167	9,238,363	



2008

	COST / REVALUED AMOUNT			DEPRECIATION			BOOK VALUE		Rate of depreciation %
	As at 01 Jan. 2008	Revaluation surplus / (deletions) / transfers* / other adjustments**	Reversal of accumulated depreciation / other adjustments**	As at 01 Jan. 2008	Charge / (deletions) / transfers* / other adjustments**	Reversal of accumulated depreciation / other adjustments**	As at 31 Dec. 2008	As at 31 Dec. 2008	
Owned Leasehold land	1,735,126	681,636	873,701	-	-	-	-	3,138,605	-
			(151,858)**	3,138,605					
Buildings on leasehold land	2,423,206	1,340,071	508,267	(201,130)	4,212,760	(201,130)	116,161	4,096,599	2.22-8.33
			142,346**						
Improvements to leasehold buildings	178,434	-	131,678	-	303,649	11,581	23,237	280,412	5
			(6,463)**			(509)**			
Furniture and fixtures	227,301	-	62,737	(3,420)	286,618	24,693	98,302	188,316	10
						(2,392)			
Electrical, office and computer equipment	285,182	-	394,706	(9,413)	836,727	97,520	328,687	508,040	20
			166,252*			(8,657)			
						110,302*			
Vehicles	25,517	-	133,953	(770)	161,019	13,845	18,129	142,890	20
			2,319*			(281)			
						1,571*			
	4,874,766	2,021,707	2,105,042	(13,603)	8,939,378	262,350	584,516	8,354,862	
			168,571*	(15,975)**		(11,330)	(509)**		
						111,873*			
Leased Electrical, office and computer equipment	751,023	-	(2,429)	(166,252)*	582,342	143,733	242,665	339,677	20
						(625)			
						(110,302)*			
Vehicles	301,194	-	(2,962)	(2,319)*	295,913	59,828	172,640	123,273	20
						(1,726)			
						(1,571)*			
	1,052,217	-	(5,391)	(168,571)*	878,255	203,561	415,305	462,950	
						(2,351)			
						(111,873)*			
	5,926,983	2,021,707	2,105,042	(18,994)	9,817,633	465,911	999,821	8,817,812	
						(201,130)	(201,130)		
						(13,681)	(509)**		



13.2.1 Deletions of fixed assets during the year with original cost or book value in excess of Rs. 1,000,000/- or 250,000/- respectively (whichever is less).

Particulars	Cost	Book value	Sale price (Rupees in '000)	Mode of disposal	Particulars of purchaser
Vehicles	<u>7,156</u>	<u>5,655</u>	<u>6,965</u>	Insurance claim settled	Habib Insurance Company Limited-Karachi (Related party)
Items having book value of less than Rs. 250,000/- or cost of less than Rs. 1,000,000/-	<u>30,807</u>	<u>5,321</u>	<u>35,084</u>	Various	Various

13.2.2 The domestic leasehold land and buildings were revalued in 2008 by an independent professional valuer on the basis of market value which resulted in net surplus of Rs. 2,022 million over the book value of the assets as of the date of said revaluation. Had there been no revaluation, the net book value of leasehold land and buildings would have amounted:

	2009 (Rupees in '000)	2008
Leasehold land	1,802,658	1,652,302
Buildings on leasehold land	1,933,880	2,457,029
	<u>3,736,538</u>	<u>4,109,331</u>

13.3 Intangible assets

	2009							
	COST		ACCUMULATED AMORTIZATION			BOOK VALUE		
	As at 01 January 2009	Additions	As at 31 December 2009	As at 01 January 2009	Charge	As at 31 December 2009	As at 31 December 2009	Rate of Amortization %
Computer software	<u>112,656</u>	<u>36,618</u>	<u>149,274</u>	<u>94,692</u>	<u>23,729</u>	<u>118,421</u>	<u>30,853</u>	<u>50</u>
	2008							
	COST		ACCUMULATED AMORTIZATION			BOOK VALUE		
	As at 01 January 2008	Additions	As at 31 December 2008	As at 01 January 2008	Charge	As at 31 December 2008	As at 31 December 2008	Rate of Amortization %
Computer software	<u>94,262</u>	<u>18,394</u>	<u>112,656</u>	<u>77,772</u>	<u>16,920</u>	<u>94,692</u>	<u>17,964</u>	<u>50</u>



14. OTHER ASSETS

	Note	2009	2008
(Rupees in '000)			
Mark-up / return / interest accrued in local currency		3,536,406	3,079,263
Mark-up / return / interest accrued in foreign currencies		54,605	74,880
Advances, deposits and prepayments		384,621	378,149
Unrealized gain on forward foreign exchange contracts		45,568	84,518
Stationery and stamps on hand		85,495	96,264
Receivable from SBP on encashment of Government Securities		16,165	17,547
Non-refundable deposits	14.1	115,937	125,546
Others		45,480	154,617
		4,284,277	4,010,784

14.1 Represent deposits paid in relation to acquisition of some of the Bank's properties. These are being written-off over the periods ranging from 10 to 20 years (being estimated useful lives of related properties).

	2009	2008
(Rupees in '000)		
15. BILLS PAYABLE		
In Pakistan	3,187,383	2,232,334
16. BORROWINGS		
In Pakistan	33,400,857	11,996,081
Outside Pakistan	116,252	373,662
	33,517,109	12,369,743



	Note	2009	2008
(Rupees in '000)			
16.1 Particulars of borrowings with respect to currencies			
In local currency		33,400,857	11,996,081
In foreign currencies		116,252	373,662
		33,517,109	12,369,743
16.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan			
Export refinance scheme	16.3	13,646,270	9,799,699
Long term financing for export oriented projects	16.4	1,116,815	1,179,935
Long term financing for imported and locally manufactured plant and machinery	16.5	1,415,994	518,898
		16,179,079	11,498,532
Repurchase agreement borrowings	16.6	17,221,778	497,549
		33,400,857	11,996,081
Unsecured			
Borrowings from financial institutions	16.7	42,121	-
Overdrawn nostros		74,131	373,662
		116,252	373,662
		33,517,109	12,369,743

16.3 These carry mark-up rate of 7% (2008: 6.5%) per annum, payable quarterly at the time of partial payment or upon maturity of loan, whichever is earlier.

16.4 These carry mark-up rates ranging from 4% - 5% (2008: 4% - 5%) per annum having maturity period of upto 7.5 years.

16.5 These carry mark-up rates ranging from 7.2% - 7.77% (2008: 6.5% - 7%) per annum having maturity period of upto ten years.

16.6 These carry mark-up rates of 11.96% - 12.50% (2008: 14.90%) per annum, having maturity of upto one month.

16.7 These carry mark-up rate of 1% per annum, having maturity of one month.



	Note	2009 (Rupees in '000)	2008
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		70,993,523	57,183,768
Savings deposits		35,309,221	22,275,727
Current accounts - Remunerative		21,174,817	16,820,578
Current accounts - Non-remunerative		53,878,930	42,967,461
		181,356,491	139,247,534
Financial Institutions			
Remunerative deposits		7,582,281	4,922,248
Non-remunerative deposits		209,655	170,714
		7,791,936	5,092,962
		189,148,427	144,340,496
17.1 Particulars of deposits			
In local currency		164,806,247	126,464,140
In foreign currencies		24,342,180	17,876,356
		189,148,427	144,340,496
18. SUB-ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - I - (Quoted)	18.1	1,347,300	1,347,840
Term Finance Certificates (TFCs) - II - (Quoted)	18.2	1,498,500	1,499,100
Term Finance Certificates (TFCs) - III - (Unquoted)	18.3	1,999,200	-
		4,845,000	2,846,940
18.1 Term Finance Certificates - I (Quoted)			
Total issue		Rupees 1,350 million	
Rating		AA	
Rate		Payable six monthly at average six months KIBOR plus 150 bps	
Floor		3.50% p.a.	
Ceiling		10.00% p.a.	
Redemption		6-78th month: 0.25% 84th, 90th and 96th month: 33.25% each	
Tenor		8 years	
Maturity		July 2012	
18.2 Term Finance Certificates - II (Quoted)			
Total issue		Rupees 1,500 million	
Rating		AA	
Rate		Payable six monthly at average six months KIBOR plus 1.95% without any floor and cap	
Redemption		6-84th month: 0.28% 90th and 96th month: 49.86% each	
Tenor		8 years	
Maturity		February 2015	



18.3 Term Finance Certificates - III (Unquoted)

Total issue	Rupees 2,000 million
Rating	AA
Rate	Payable three monthly at 15.50% p.a. for first 5 years and 16% p.a. for next 3 years
Redemption	3rd-84th month: 0.56% 87th, 90th, 93rd and 96th month: 24.86% each
Tenor	8 years
Maturity	June 2017

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009			2008		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	(Rupees in '000)					
Not later than one year	1,222	96	1,126	249,530	25,448	224,082
Later than one year and not later than five years	399	17	382	112,392	8,772	103,620
	1,621	113	1,508	361,922	34,220	327,702

19.1 The Group has entered into various lease agreements for computers, office equipments and vehicles. Lease rentals include financial charges at the rate of 10.25% -12.25% (2008: 10.00% - 12.25%) per annum which have been used as discounting factor and are payable monthly. The Group has the option to purchase the assets upon completion of lease period and has intention to exercise it.

	Note	2009 (Rupees in '000)	2008
--	------	--------------------------	------

20. DEFERRED TAX LIABILITIES

Taxable temporary differences arising in respect of:

Accelerated depreciation		737,574	658,250
Surplus on revaluation of fixed assets		552,997	569,535
Finance lease arrangements		118	47,349
Surplus on revaluation of investments		7,231	—
		1,297,920	1,275,134

Deductible temporary differences arising in respect of:

Provision against non-performing loans and advances	20.1	(473,038)	(421,881)
Deficit on revaluation of investments		—	(73,397)
Provision for diminution in the value of investments		(8,325)	(16,776)
Provision for compensated absences		—	(28,700)
		(481,363)	(540,754)
		816,557	734,380



20.1 During the year, amendments were brought in the Income Tax Ordinance, 2001 through the Finance Act 2009 regarding tax allowability of provision against non-performing loans and off balance sheet exposures applicable from tax year 2010 (accounting year 31 December 2009) and onwards. The said amendments made in the tax law do not explicitly provide for a transitional mechanism with regard to the provision for non-performing advances made prior to the applicability of the above amendments. However, the Bank based upon the opinion of its tax advisor, and in view of Circular no. 01/2010 dated 13 January 2010 of ICAP on the subject matter, is confident about the allowability of such provisions relating to prior periods.

	Note	2009	2008
(Rupees in '000)			
21. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		1,965,864	1,156,323
Mark-up / return / interest payable in foreign currencies		48,416	91,301
Provision for compensated absences		141,000	116,000
Locker deposits		92,732	71,671
Taxation (Provision less payments)		639,538	517,857
Unclaimed dividends		35,999	27,423
Branch adjustment account		293,811	222,209
Special exporters' accounts in foreign currencies		67,607	22,135
Unearned commission income		10,380	42,835
Security deposits against leases / ijarah		115,156	101,061
Workers' Welfare Fund	32	95,831	71,866
Accrued expenses		93,569	94,442
Provision against off balance sheet items	31	65,688	–
Others		414,968	264,547
		4,080,559	2,799,670

22. SHARE CAPITAL

	2009	2008		2009	2008
(Number of shares)					
Authorised Capital					
	<u>800,000,000</u>	<u>800,000,000</u>	Ordinary shares of Rs.10 each	<u>8,000,000</u>	<u>8,000,000</u>
Issued, subscribed and paid-up capital					
	<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>300,000</u>	<u>300,000</u>
	<u>580,136,922</u>	<u>448,538,763</u>	Issued as bonus shares	<u>5,801,370</u>	<u>4,485,388</u>
	<u>610,136,922</u>	<u>478,538,763</u>		<u>6,101,370</u>	<u>4,785,388</u>

22.1 As of the balance sheet date, 74,403,084 (2008: 58,355,360) ordinary shares of Rs. 10/- each were held by the related parties.



	Note	2009	2008
		(Rupees in '000)	
23. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	23.1	1,770,147	1,800,860
Available-for-sale investments	23.2	60,844	(135,655)
		<u>1,830,991</u>	<u>1,665,205</u>
23.1 Balance at the beginning of the year		2,370,395	395,939
Revaluation during the year		-	2,021,707
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		(47,251)	(47,251)
		<u>2,323,144</u>	<u>2,370,395</u>
Related deferred tax liability on:			
Balance at the beginning of the year		569,535	117,048
Revaluation during the year		-	469,025
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		(16,538)	(16,538)
		<u>552,997</u>	<u>569,535</u>
		<u>1,770,147</u>	<u>1,800,860</u>
23.2 Available-for-sale investments			
Federal Government Securities		67,139	(131,796)
Fully paid-up ordinary shares		60,531	1,127
Term finance certificates, sukuks and bonds		(91,175)	(78,383)
Open ended mutual funds		31,580	-
		<u>68,075</u>	<u>(209,052)</u>
Related deferred tax (liability) / asset		(7,231)	73,397
		<u>60,844</u>	<u>(135,655)</u>
24. CONTINGENCIES AND COMMITMENTS			
24.1 Direct Credit Substitutes			
Stand-by letter of credit		1,501,123	20,739
24.2 Transaction-related Contingent Liabilities			
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees related to particular transactions issued in favour of:			
- Government		6,052,504	5,243,256
- Financial Institutions		302,603	553,408
- Others		2,809,840	3,654,461
		<u>9,164,947</u>	<u>9,451,125</u>
24.3 Trade-related Contingent Liabilities			
Letters of credit		28,152,079	25,498,917
Acceptances		3,816,563	4,085,219
		<u>31,968,642</u>	<u>29,584,136</u>



24.4 Other contingencies

The income tax returns of the Bank have been submitted upto and including the Bank's financial year 2008. The income tax assessments of the Bank have been made by the tax authorities upto and including the assessment / tax year 2008.

In respect of assessment years 1995-1996, 1999-2000 to 2002-2003 and tax years 2003 and 2004, the Income Tax Department has filed appeals against the appellate orders of the Commissioner Income Tax Appeals (CIT Appeals) before the Income Tax Appellate Tribunal (ITAT) on which tax liability, if any, of Rs. 40 million may arise.

For tax years, 2005 to 2007, the CIT Appeals has passed appellate orders by disallowing certain expenses / deductions (including bad debts written-off directly, improvement in leasehold premises, provision against non-performing loans and advances) having an aggregate tax impact of Rs. 64.57 million (net of provision made by the Bank of Rs. 61.391 million). The Bank has preferred an appeal against the above referred orders of the CIT Appeals.

For the tax year 2008, the tax authorities have amended the return of income filed by the Bank by disallowing certain expenses / deductions (including provision against non-performing loans and advances, improvement in leased premises) with an additional tax liability of Rs. 93.57 million. The Bank has preferred an appeal against the same before the CIT Appeals.

The aggregate financial impact of the above matters on the tax provisions made by the Bank in the financial statements works out to be Rs.198.14 million (2008: Rs. 201.65 million). However, the management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and hence, no additional provision has been considered necessary in these consolidated financial statements.

	2009	2008
	(Rupees in '000)	
24.5 Commitments in respect of forward lending		
Commitments to extend credit	<u>1,147,277</u>	<u>1,595,670</u>
24.6 Commitments in respect of forward purchase of Securities		
Market Treasury Bills	-	5,814,865
Sukuks	<u>712,371</u>	-
	<u>712,371</u>	<u>5,814,865</u>
24.7 Commitments in respect of forward exchange contracts		
Purchase	<u>11,702,277</u>	<u>7,661,905</u>
Sale	<u>8,584,253</u>	<u>5,470,527</u>
24.8 Commitments for the acquisition of operating fixed assets	<u>138,147</u>	<u>198,384</u>

25. DERIVATIVE FINANCIAL INSTRUMENTS

The Group deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business. As per the Group's policy, these contracts are reported on their fair value at the balance sheet date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealized gains and losses on these contracts are recorded on the balance sheet under "other assets / other liabilities". These products are offered to the Group's customers to protect from unfavourable movements in foreign currencies. The Group hedges such exposures in the inter-bank foreign exchange market.



	Note	2009	2008
		(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
Customers		12,010,125	10,232,722
Financial institutions		373,013	189,829
		<u>12,383,138</u>	<u>10,422,551</u>
On investments			
Available for sale securities		9,166,139	3,333,378
Held to maturity securities		308,824	359,838
		<u>9,474,963</u>	<u>3,693,216</u>
On deposits with financial institutions		43,525	164,318
On securities purchased under resale agreements		217,572	267,932
On call money lendings		3,517	56,220
		<u>22,122,715</u>	<u>14,604,237</u>
27. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		11,260,534	7,042,723
Sub-ordinated loans		539,349	338,626
Repurchase agreement borrowings		341,386	86,367
Borrowings from SBP		874,927	484,282
Other borrowings		26,920	50,886
		<u>13,043,116</u>	<u>8,002,884</u>
28. GAIN / (LOSS) ON SALE / REDEMPTION OF SECURITIES			
Government securities		108,549	—
Listed shares		30,054	23,676
Mutual funds		29,836	(130,907)
		<u>168,439</u>	<u>(107,231)</u>
29. OTHER INCOME			
Gain on sale of operating fixed assets		31,073	17,310
Recovery of expenses from customers	29.1	82,289	76,388
Lockers rent		5,515	5,762
Others	29.2	165,246	175,093
		<u>284,123</u>	<u>274,553</u>
29.1	Includes courier, telex, postage and other charges recovered from customers.		
29.2	Includes income from various general banking services such as cheque book charges, cheque return charges, cheque handling charges etc.		



	Note	2009	2008
		(Rupees in '000)	
30. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		2,175,029	1,830,831
Charge for defined benefit plan		68,285	44,132
Contribution to defined contribution plan		91,708	72,318
Charge for compensated absences		25,000	34,000
Non-executive directors' fees, allowances and other expenses		860	960
Rent, taxes, insurance, electricity, etc.		685,057	569,346
Legal and professional charges		26,530	21,299
Communications		150,256	137,824
Repairs and maintenance		231,785	191,016
Rentals of operating leases		–	1,683
Financial charges on leased assets		16,100	59,264
Security charges		205,661	152,267
Stationery and printing		146,801	125,363
Advertisement and publicity		166,307	113,420
Donations	30.1	71,810	5,710
Auditors' remuneration	30.2	2,470	1,935
Depreciation	13.2	562,335	465,911
Amortisation		33,338	26,530
Travelling and conveyance		35,932	32,886
Vehicle running expenses		138,609	142,234
Commission and brokerage		30,585	60,510
Subscriptions and publications		41,961	38,127
Clearing charges (NIFT)		33,129	40,295
Others		163,718	132,765
		5,103,266	4,300,626

30.1 The details of donations in excess of Rupees One hundred thousand are given below:

Al-Sayyeda Benevolent Trust	925	925
Government College University Endowment Fund Trust	1,000	–
Habib Education Trust	900	900
Habib Medical Trust	925	925
Habib Medical Trust (for Masoomeen Hospital)	3,000	–
Habib Poor Fund	900	900
Institute of Business Administration, Karachi	50,000	–
Kashmir Education Foundation	200	–
Memon Health and Education Foundation	6,000	–
Rahmatbai Habib Food & Clothing Trust	900	900
Rahmatbai Habib Widows & Orphans Trust	900	900
Shaukat Khanum Memorial Hospital and Research Centre	–	200
Sindh Institute of Urology and Transplantation	2,500	–
The Citizens Foundation	1,100	–
The Indus Hospital	2,500	–

None of the Directors or their spouse had any interest in the above donees.



	Note	2009 (Rupees in '000)	2008
30.2 Auditors' remuneration			
Audit fee		1,493	938
Fee for half yearly review, audit of provident and gratuity fund, special certifications and sundry advisory services		715	732
Out of pocket expenses		262	265
		<u>2,470</u>	<u>1,935</u>
31. OTHER PROVISIONS / WRITE-OFFS			
Provision against off-balance sheet items		<u>65,688</u>	<u>–</u>
32. OTHER CHARGES			
Workers' Welfare Fund		95,831	71,866
Penalties imposed by the SBP		703	1,934
		<u>96,534</u>	<u>73,800</u>
33. TAXATION			
For the year			
– Current		1,651,309	1,309,520
– Deferred		1,556	(204,147)
		<u>1,652,865</u>	<u>1,105,373</u>
For prior years	33.1	–	61,391
		<u>1,652,865</u>	<u>1,166,764</u>
33.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>4,561,391</u>	<u>3,533,387</u>
Tax at the applicable rate of 35% (2008: 35%)		1,596,487	1,236,685
Tax effect of:			
– Expenses that are not deductible in determining taxable income		151,021	(6,310)
– Income not subject to tax		(39,662)	1,798
– Dividend income taxed at reduced rate		(21,933)	(101,329)
– Reversal of tax on share of profit of associates		–	(19,538)
– Provision for diminution in the value of available for sale investments being allowed at reduced rate		(20,814)	–
– Property income taxed at reduced rate		–	730
– Others		(12,234)	(6,663)
		<u>1,652,865</u>	<u>1,105,373</u>



	2009 (Rupees in '000)	2008
34. BASIC AND DILUTED - EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		
Profit after taxation - attributable to equity holders of parent	<u>2,903,240</u>	<u>2,370,096</u>
	(Number)	
Weighted average number of ordinary shares	<u>610,136,922</u>	<u>610,136,922</u>
	(Rupees)	
Basic and diluted earnings per share	<u>4.76</u>	<u>3.88</u>

34.1 The weighted average number of shares for 2008 has been adjusted for the effect of bonus shares issued during the year.

	2009 (Rupees in '000)	2008
35. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	<u>14,377,626</u>	11,936,307
Balances with other banks	<u>4,642,110</u>	3,678,211
	<u>19,019,736</u>	<u>15,614,518</u>

	2009 (Numbers)	2008
36. STAFF STRENGTH		
Permanent	<u>3,524</u>	3,214
Temporary / on contractual basis	<u>143</u>	123
Group's own staff at end of the year	<u>3,667</u>	3,337
Outsourced	<u>1,011</u>	871
Total staff strength	<u>4,678</u>	<u>4,208</u>

37. DEFINED BENEFIT PLAN

37.1 General description

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or on earlier cessation of service as under:

Number of years of eligible service completed:

- Less than 5 years
- 5 years or more but less than 10 years
- 10 years or more but less than 15 years
- 15 years or more

Amount of gratuity payable:

- Nil
- 1/3rd of basic salary for each year served
- 2/3rd of basic salary for each year served
- Full basic salary for each year served



37.2 Principal actuarial assumptions

The last actuarial valuation of the scheme was carried out on 31 December 2009 and the significant assumptions used for actuarial valuation were as follows:

	2009	2008
Discount rate	12.75% p.a.	14.00% p.a.
Expected rate of increase in salary in future years	11.75% p.a.	13.00% p.a.
Expected rate of return on plan assets	12.75% p.a.	14.00% p.a.

37.3 Movement in defined benefit plan

	2008	2007
Charge for the year	67,684	44,132
Contribution to the fund	(67,684)	(44,132)
Closing balance	<u>–</u>	<u>–</u>

37.4 Reconciliation of defined benefit plan

	2008	2007
Present value of defined benefit obligations	418,650	314,703
Fair value of plan assets	(268,835)	(181,364)
Unrecognised actuarial loss	(149,815)	(133,339)
	<u>–</u>	<u>–</u>

37.5 Movement in present value of defined benefit obligations:

	2008	2007
Opening balance	314,703	223,093
Current service cost	43,437	31,350
Interest cost	45,333	22,972
Actuarial gain on obligation	21,596	47,098
Benefits paid	(6,419)	(9,810)
Closing balance	<u>418,650</u>	<u>314,703</u>

37.6 Movement in fair value of plan assets

	2008	2007
Opening balance	181,364	135,505
Expected return on plan assets	28,363	14,852
Actuarial loss on plan assets	(2,157)	(3,315)
Contribution to the fund	67,684	44,132
Benefits paid	(6,419)	(9,810)
Closing balance	<u>268,835</u>	<u>181,364</u>



	2009	2008			
	(Rupees in '000)				
37.7 Movement in unrecognised actuarial loss					
Opening balance	133,339	87,588			
Amount recognised during the year	(7,276)	(4,662)			
Actuarial loss during the year	23,752	50,413			
Closing balance	<u>149,815</u>	<u>133,339</u>			
37.8 Charge for defined benefit plan					
Current service cost	43,437	31,350			
Interest cost	45,333	22,972			
Expected return on plan assets	(28,363)	(14,852)			
Actuarial loss recognised	7,277	4,662			
	<u>67,684</u>	<u>44,132</u>			
37.9 Actual return on plan assets	<u>26,206</u>	<u>11,537</u>			
37.10 Historical information					
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(Rupees in '000)				
– Present value of defined benefit obligation	<u>(418,650)</u>	(314,703)	(223,093)	(158,620)	(108,992)
– Fair value of plan assets	<u>268,835</u>	181,364	135,505	96,453	63,902
– Deficit	<u>(149,815)</u>	<u>(133,339)</u>	<u>(87,588)</u>	<u>(62,167)</u>	<u>(45,090)</u>
– Experience (gain) / loss on obligation	<u>(21,596)</u>	<u>(47,098)</u>	<u>26,831</u>	<u>19,199</u>	<u>18,657</u>
– Experience loss on plan assets	<u>(2,157)</u>	<u>(3,315)</u>	<u>(1,898)</u>	<u>(320)</u>	<u>(1,599)</u>
			2009	2008	
37.11 Components of plan assets as a percentage of total plan assets					
– Government securities			28.67%	19.82%	
– Term finance certificates			12.15%	22.24%	
– Bank balances			59.18%	57.94%	
			<u>100.00%</u>	<u>100.00%</u>	



37.12 Expected contribution to be paid to the funds in the next financial year

The Bank contributes to the gratuity fund according to the actuary's advice. Based on actuarial advice, the management estimates that the charge and contribution to defined benefit plan for the year ending 31 December 2010 would be Rs. 79.009 million.

38. DEFINED CONTRIBUTION PLAN

The general description of the plan is included in note 6.8.

39. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		*Directors		Executives	
	2009	2008	2009	2008	2009	2008
	(Rupees in '000)					
Fees	–	–	860	960	–	–
Managerial remuneration	7,945	6,000	4,331	3,870	438,031	345,406
Charge for defined benefit plan	2,891	500	1,073	330	50,508	9,094
Contribution to defined contribution plan	795	600	433	387	34,938	27,580
Rent and house maintenance	3,178	2,400	1,733	1,548	171,360	137,861
Utilities	1,254	1,069	433	387	42,840	34,465
Medical	12	3	150	46	10,228	8,497
Bonus	2,016	2,000	1,073	1,290	103,673	112,503
Others	–	–	–	–	12,317	3,345
	<u>18,091</u>	<u>12,572</u>	<u>10,086</u>	<u>8,818</u>	<u>863,895</u>	<u>678,751</u>
Number of person(s)	<u>1</u>	<u>1</u>	<u>9</u>	<u>9</u>	<u>409</u>	<u>345</u>

The Chief Executive, Executive Director and Executives are also provided with company maintained cars in accordance with the terms of employment.

*Directors include one Executive Director (2008: 01).



40. FAIR VALUE OF FINANCIAL INSTRUMENTS

	2009		2008	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
On-balance sheet financial instruments				
Assets				
Cash and balances with treasury banks	14,377,626	14,377,626	11,936,307	11,936,307
Balances with other banks	4,642,110	4,642,110	3,678,211	3,678,211
Lendings to financial institutions	–	–	295,396	295,396
Investments	110,907,416	110,810,377	47,967,206	47,328,211
Advances	105,985,495	105,985,495	100,217,408	100,217,408
Other assets	3,698,224	3,698,224	3,404,835	3,404,835
	<u>239,610,871</u>	<u>239,513,832</u>	<u>167,499,363</u>	<u>166,860,368</u>
Liabilities				
Bills payable	3,187,383	3,187,383	2,232,334	2,232,334
Borrowings	33,517,109	33,517,109	12,369,743	12,369,743
Deposits and other accounts	189,148,427	189,148,427	144,340,496	144,340,496
Sub-ordinated loans	4,845,000	4,845,000	2,846,940	2,846,940
Liabilities against assets subject to finance lease	1,508	1,508	327,702	324,791
Other liabilities	2,834,245	2,834,245	1,943,094	1,915,178
	<u>233,533,672</u>	<u>233,533,672</u>	<u>164,060,309</u>	<u>164,029,482</u>
Off-balance sheet financial instruments				
Commitment to extend credit	<u>1,147,277</u>	<u>1,147,277</u>	<u>7,661,905</u>	<u>7,661,905</u>
Forward purchase of foreign exchange contracts	<u>11,702,277</u>	<u>11,702,277</u>	<u>5,470,527</u>	<u>5,470,527</u>
Forward sale of foreign exchange contracts	<u>8,584,253</u>	<u>8,584,253</u>	<u>1,595,670</u>	<u>1,595,670</u>
Forward purchase of securities	<u>712,371</u>	<u>712,371</u>	<u>5,814,865</u>	<u>5,814,865</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 value of financial instruments is based on:

Federal Government Securities	PKRV rates (Reuters page)
Listed securities	Market prices
Mutual funds	Net asset values
Unlisted equity investments	Break-up value as per latest available audited financial statements.

Fair value of 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 market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances have been calculated in accordance with the Bank's accounting policies as stated in note 6.3 and 6.4.



41. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2009					
	Retail Banking	Commercial Banking	Retail Brokerage	Advisory Service	Inter Segment Elimination	Total
	(Rupees in '000)					
Total income	11,053,698	20,285,919	54,292	13,272	(7,354,158)	24,053,023
Total expenses	(7,770,618)	(18,989,657)	(50,456)	(35,059)	7,354,158	(19,491,632)
Net income	<u>3,283,080</u>	<u>1,296,262</u>	<u>3,836</u>	<u>(21,787)</u>	<u>-</u>	<u>4,561,391</u>
Segment assets (net of provisions)	158,065,218	237,739,738	328,988	51,708	(146,368,580)	249,817,072
Segment non performing loans	42,540	2,025,115	-	-	-	2,067,655
Segment provision required against	32,157	1,178,415	-	-	-	1,210,572
Segment liabilities	156,869,070	224,807,300	204,462	84,291	(146,368,580)	235,596,543
Segment return on net assets (%)*	6.99%	8.53%	16.50%	25.67%	-	-
Segment cost of funds (%)*	4.95%	8.45%	24.68%	41.59%	-	-
	2008					
	Retail Banking	Commercial Banking	Retail Brokerage	Advisory Service	Inter Segment Elimination	Total
	(Rupees in '000)					
Total income	9,181,897	12,953,314	75,699	671	(5,135,218)	17,076,363
Total expenses	(5,942,009)	(12,628,036)	(88,641)	(19,508)	5,135,218	(13,542,976)
Net income	<u>3,239,888</u>	<u>325,278</u>	<u>(12,942)</u>	<u>(18,837)</u>	<u>-</u>	<u>3,533,387</u>
Segment assets (net of provisions)	92,975,895	164,033,372	310,921	65,024	(80,055,283)	177,329,929
Segment non performing loans (NPL)	32,941	829,609	-	-	-	862,550
Segment provision required against NPL	23,556	443,006	-	-	-	466,562
Segment liabilities	91,677,630	153,640,316	308,696	79,906	(80,055,283)	165,651,265
Segment return on net assets (%)*	9.88%	7.90%	24.35%	1.03%	-	-
Segment cost of funds (%)	6.48%	8.22%	28.71%	24.41%	-	-

*These percentages have been computed on closing assets / liability figures instead of average balances.

42. TRUST ACTIVITIES

The Bank provides services as a trustee to Dawood Money Market Fund. The market value of securities held by the Bank in safe custody on behalf of the Fund as on 30 June 2008 are Rs. 628.807 (2008: Rs.1,946.321) million.



43. RELATED PARTY TRANSACTIONS

Related parties comprise associates (including entities having directors in common), retirement benefit funds, major share holders, directors and key management personnel and their close family members.

Transactions with related parties are carried out on an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.

Transactions with related parties, other than those disclosed elsewhere in financial statements, are summarised as follows:

	2009			Total
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	
Deposits				
At beginning of the year	572,537	3,843	44,710	621,090
Placement during the year	49,523,388	152,320	8,302,102	57,977,810
Withdrawal during the year	(49,421,329)	(142,197)	(8,266,688)	(57,830,214)
At end of the year	<u>674,596</u>	<u>13,966</u>	<u>80,124</u>	<u>768,686</u>
Advances				
At beginning of the year	369,000	54	641	369,695
Given during the year	542,438	987	8,381	551,806
Repaid during the year	(511,854)	(1,015)	(8,858)	(521,727)
At end of the year	<u>399,584</u>	<u>26</u>	<u>164</u>	<u>399,774</u>
Contingencies and commitments	<u>229,073</u>	-	-	<u>229,073</u>
Purchase of fixed assets	<u>1,503</u>	-	-	<u>1,503</u>
Mark-up earned	43,475	3	28	43,506
Mark-up expensed	70,764	1,093	6,316	78,173
Bank charges and commission	2,062	41	258	2,361
Salaries and allowances	-	-	87,320	87,320
Bonus	-	-	12,047	12,047
Contribution to defined contribution plan	-	-	2,473	2,473
Contribution to defined benefit plan	-	-	6,293	6,293
Staff provident fund	-	-	-	88,966
Staff gratuity fund	-	-	-	61,391
Directors' fee	-	860	-	860
Insurance claim received	8,233	-	-	8,233
Insurance premium paid	100,530	-	-	100,530
Dividend income	51,494	-	-	51,494
Dividend paid	11,177	-	-	11,177
Commission expense	1,523	-	-	1,523
Commission income	-	-	-	-



2008

	Associates	Non Executive Directors	Key Management Personnel	Total
	(Rupees in '000)			
Deposits				
At beginning of the year	202,702	11,668	11,283	225,653
Received during the year	64,139,870	110,591	3,664,366	67,914,827
Repaid during the year	(63,770,035)	(118,416)	(3,630,939)	(67,519,390)
At end of the year	<u>572,537</u>	<u>3,843</u>	<u>44,710</u>	<u>621,090</u>
Advances				
At beginning of the year	135,143	91	2,600	137,834
Given during the year	969,758	1,154	3,996	974,908
Repaid during the year	(735,901)	(1,191)	(5,955)	(743,047)
At end of the year	<u>369,000</u>	<u>54</u>	<u>641</u>	<u>369,695</u>
Contingencies and commitments	<u>88,751</u>	<u>-</u>	<u>-</u>	<u>88,751</u>
Purchase of fixed assets	<u>1,037</u>	<u>-</u>	<u>-</u>	<u>1,037</u>
Mark-up earned	39,047	7	38	39,092
Mark-up expensed	38,734	520	2,697	41,951
Bank charges and commission	1,109	2	14	1,125
Salaries and allowances	-	-	75,268	75,268
Bonus	-	-	16,252	16,252
Contribution to defined contribution plan	-	-	2,840	2,840
Contribution to defined benefit plan	-	-	1,390	1,390
Staff provident fund	-	-	-	69,477
Staff gratuity fund	-	-	-	44,132
Directors' fee	-	960	-	960
Insurance claim received	63,560	-	-	63,560
Insurance premium paid	77,696	-	-	77,696
Dividend income	88,482	-	-	88,482
Dividend paid	6,560	-	-	6,560
Commission expense	-	-	-	-
Commission income	969	-	-	969



44. CAPITAL ASSESSMENT AND ADEQUACY - BASEL II SPECIFIC (CONSOLIDATED BASIS)

44.1 Scope of application

The Bank is the only entity in the Group to which Basel II capital adequacy framework applies. The Bank has ownership in the following two subsidiaries, where the Bank holds more than 50% of voting shares:

Name	Type of entity	Country of Incorporation
AL Habib Capital Markets (Private) Limited	Financial	Pakistan
AL Habib Financial Services Limited	Financial	United Arab Emirates

The financial statements of above subsidiaries are included in the consolidated financial statements. The Bank has ownership in the following two associated companies, where the Bank either holds more than 20% of voting shares or has common Directors on the Board:

Name	Type of entity	Country of Incorporation
Habib Asset Management Limited	Financial	Pakistan
Habib Sugar Mills Limited	Commercial	Pakistan

44.2 Capital adequacy

It is the Bank's policy that the level of capital maintained by it should be such that it maximizes the return to shareholders while providing sufficient buffer to absorb risks, including those from any unexpected events. Therefore, the Bank carefully monitors its capital adequacy ratio and endeavours to maintain it at a level sufficiently higher than the minimum regulatory requirement. The capital adequacy assessment process will continue to be further improved and refined, keeping in view the guidelines of the SBP.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% of their risk weighted assets.

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

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

Total regulatory capital should be at least 10% of risk-weighted assets and the Bank's capital adequacy ratio is 15.20%.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by 31 December 2013 in a phased manner. The Bank has been increasing its paid up share capital to comply with the aforesaid requirement. The paid-up capital requirement as of 31 December 2009 is Rs. 6 billion. The Bank's paid-up capital as of 31 December 2009 is Rs. 6.101 billion.



The Bank's exposure to and its management and control of risks is described in note 44. Stress testing is performed for various risks and their impact on capital adequacy ratio as per guidelines of the SBP.

44.3 Capital structure

The Bank's Tier I capital comprises share capital, statutory reserve, special reserve, general reserve, and unappropriated profit.

The Bank's Tier II capital includes subordinated loans, general provisions, revaluation reserves, and exchange translation reserve.

The Bank does not use any Tier III capital at present, which may include short-term subordinated debt solely for the purpose of meeting a portion of capital requirement for market risk.

	2009	2008
	(Rupees in 000)	
<i>Tier I Capital</i>		
Share capital	6,101,370	4,785,388
Reserves	3,580,241	3,008,982
Unappropriated profit	2,495,592	2,047,596
Non-controlling interest	107,223	101,397
Less: Adjustment for investments in associates*	(16,750)	(50,941)
Intangible assets	(65,604)	(58,704)
Total Tier I Capital	12,202,072	9,833,718
<i>Tier II Capital</i>		
Subordinated loans (upto 50% of total Tier I Capital)	4,306,080	2,307,804
General provisions subject to 1.25% of total risk weighted assets	1,177,121	738,791
Exchange translation reserve	105,109	70,096
Revaluation reserves (upto 45%)	1,112,768	730,580
Less: Adjustment for investment in associates*	(16,750)	(50,941)
Total Tier II Capital	6,684,328	3,796,330
<i>Eligible Tier III Capital</i>	-	-
Total Regulatory Capital	18,886,400	13,630,048

* 50% deduction from Tier I capital and 50% deduction from Tier II capital as required by BASEL II framework.



44.4 The risk weighted assets to capital ratio, calculated in accordance with the SBP's guidelines on capital adequacy is as follows:

	Capital Requirements		Risk Weighted Assets	
	2009	2008	2009	2008
	(Rupees in '000)			
Credit Risk				
Sovereign	111,657	173,606	1,116,571	1,928,955
Public sector enterprises	79,435	101,716	794,349	1,130,183
Corporates	7,863,147	7,607,323	78,631,472	84,525,813
Banks	366,048	310,812	3,660,492	3,453,471
Retail	738,283	326,543	7,382,825	3,628,259
Residential mortgages	37,300	26,673	372,998	296,369
Equity exposures	301,114	154,871	3,011,136	1,720,784
Other assets	1,262,618	1,145,255	12,626,177	12,725,050
	<u>10,759,602</u>	<u>9,846,799</u>	<u>107,596,020</u>	<u>109,408,884</u>
Market Risk				
Interest rate risk	19,949	7,297	249,356	81,078
Foreign exchange risk	17,382	8,006	217,278	88,956
	<u>37,331</u>	<u>15,303</u>	<u>466,634</u>	<u>170,034</u>
Operational Risk	<u>1,292,207</u>	<u>1,004,859</u>	<u>16,152,589</u>	<u>11,165,097</u>
Total	<u>12,089,140</u>	<u>10,866,961</u>	<u>124,215,243</u>	<u>120,744,015</u>
Capital Adequacy Ratio				
Total regulatory capital (a)	18,886,400	13,630,048		
Total risk weighted assets (b)	<u>124,215,243</u>	<u>120,744,015</u>		
Capital Adequacy Ratio [(a) / (b) x 100]	<u>15.20%</u>	<u>11.29%</u>		

45. RISK MANAGEMENT

The Bank has a risk management framework commensurate with its size and the nature of its business. The Board of Directors has approved risk management policies covering key areas of activities for the guidance of management and committees of the Board, management committees, and Divisions / Departments of the Bank.

This section presents information about the Bank's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments.

45.1 Credit risk

Credit risk is the risk of loss arising from failure by a client or counterparty to meet its contractual obligation. It emanates from loans and advances, commitments to lend, contingent liabilities such as letters of credit and guarantees, and other similar transactions both on and off balance sheet. These exclude investments and treasury-related exposures, which are covered under market risk.

It is the Bank's policy that all credit exposures shall be adequately collateralized, except when specially exempted by the SBP as in case of personal loans and credit cards, and those at overseas branch where the accepted local banking practice is followed.



The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Bank's risk capital, to maintain the soundness of assets and to ensure returns commensurate with risk.

Credit risk of the Bank is managed through the credit policy approved by the Board, a well defined credit approval mechanism, prescribed documentation requirement, post disbursement administration, review and monitoring of all credit facilities; and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken mainly by the Central Credit Committee. Credit Risk Management Committee of the Board provides overall guidance in managing the Bank's credit risk.

Counterparty exposure limits are approved in line with the Prudential Regulations and the Bank's own policies, by taking into account both qualitative and quantitative criteria. There is an established system for continuous monitoring of credit exposures and follow-up of any past due loans with the respective business units. All past due loans, including trade bills, are reviewed on fortnightly basis and pursued for recovery. Any non-performing loans are classified and provided for as per Prudential Regulations.

Credit facilities, both fund based and non-fund based, extended to large customer groups and industrial sectors are regularly monitored. The Bank has concentration of credit in textile which is the largest sector of Pakistan's economy. Concentration risk is managed by diversification within sub-sectors like spinning, weaving and composites, credit worthiness of counterparties, and adequate collateralisation of exposures.

Credit administration function has been placed under a centralised set-up. Its main focus is on compliance with terms of sanction of credit facilities, compliance with Prudential Regulations and the Bank's internal policies and procedures, scrutiny of documentation, monitoring of collateral, and maintenance of borrowers' limits, mark-up rates, and security details.

The Bank has implemented its own internal risk rating system for the credit portfolio, as per guidelines of the SBP. Credit ratings by external rating agencies, if available, are also considered.

The Bank lends primarily against the cash flow of the business with recourse to the assets being financed as primary security. Collaterals in the form of liquid securities, tangible securities, and other acceptable securities are obtained to hedge the risk, as deemed appropriate. Main types of collaterals taken by the Bank include charge on stock-in-trade, receivables, and machinery, mortgage of properties, shares and other marketable securities, government securities, government guarantees, bank guarantees and cash margins and bank deposits.

Specific provisions on credit portfolio are determined in accordance with the Prudential Regulations. General provision on the consumer portfolio is also determined as per Prudential Regulations. The Bank also maintains additional general provision in line with its prudent policies. Particulars of provisions against advances are given in note 12.5.

The Bank uses the Standardised Approach to calculate capital charge for credit risk as per Basel II regulatory framework, with comprehensive approach for credit risk mitigation.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non-performing loans and downward shift in these categories.



45.1.1 Credit risk: Disclosures on portfolio subject to Standardised Approach - Basel II Specific

The Bank uses the ratings issued by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) for its local currency exposures and ratings issued by Moody's, S&P, and Fitch for its foreign currency exposures. These External Credit Assessments Institutions (ECAIs) have been approved by the SBP. For foreign currency claims on sovereigns, the Bank also uses risk scores of Export Credit Agencies (ECAs).

Types of exposures	JCR-VIS (local currency)	PACRA (local currency)	Moody's, S&P, and Fitch (foreign currency)	ECA Score (foreign currency)
Corporates	✓	✓	–	–
Banks	✓	✓	✓	–
Sovereigns	–	–	✓	✓
Small and Medium Enterprises	–	–	–	–
Securitized	–	–	–	–
Others (public sector enterprises)	✓	✓	–	–

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

Credit exposures subject to Standardized Approach

Risk buckets	Amount outstanding/ credit equivalent (rated and unrated)	Credit Risk Mitigation (CRM) deduction	Net amount
		(Rupees in '000)	
0%	112,995,918	–	112,995,918
20%	21,809,407	8,519,048	13,290,359
35%	1,065,709	–	1,065,709
50%	21,033,430	14,279,205	6,754,225
75%	12,826,304	2,982,537	9,843,767
100%	98,551,136	4,801,307	93,749,829
150%	59,390	22,600	36,790
	<u>268,341,294</u>	<u>30,604,697</u>	<u>237,736,597</u>

45.1.2 Credit risk: Disclosures on CRM for Standardized Approach – Basel II Specific

Eligible collaterals used by the Bank for credit risk mitigation are cash margins and cash deposits, government securities, financial guarantees, listed shares, and other listed, quoted or rated securities. The Bank requires perfection of collaterals by marking lien on cash margins and deposits, pledging of shares and other securities and verifying the authenticity of guarantees received. Shares and securities including marketable government securities are taken at market value and other government securities are taken at encashment value. Appropriate hair-cuts are applied as per Basel II regulatory framework. Among the mitigants used by the Bank, there is concentration in cash margins and cash deposits.



45.1.3 Segment by class of business

2009

	Gross Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Agriculture / Agri business	1,189,758	1.10	118,261	0.06	542,266	1.27
Automobiles and Transportation						
Equipment	1,395,116	1.29	2,564,471	1.36	1,753,248	4.11
Cement	3,129,467	2.89	103,654	0.05	268,395	0.63
Chemicals / Pharmaceuticals	2,713,517	2.50	769,041	0.41	1,817,125	4.26
Commerce and Trade	9,585,165	8.84	8,564,287	4.53	5,946,773	13.95
Electronics and Electrical appliances	213,490	0.20	418,556	0.22	876,479	2.06
Fertilizers	1,663,009	1.53	3,540,790	1.87	1,259,379	2.95
Financial	1,806,036	1.67	7,689,954	4.07	690,832	1.62
Food and Allied	3,940,533	3.64	1,120,265	0.59	887,478	2.08
Ghee and Edible Oil	1,756,712	1.62	335,705	0.18	1,835,548	4.31
Individuals	2,458,115	2.27	113,755,061	60.14	1,554	-
Iron and Steel	3,125,428	2.88	2,629,963	1.39	2,000,984	4.69
Oil refinery / marketing	8,735,486	8.06	9,012,176	4.76	4,988,780	11.70
Paper and Board	466,585	0.43	52,004	0.03	83,373	0.20
Plastic products	684,699	0.63	90,807	0.05	1,292,041	3.03
Production and Transmission of Energy	5,475,517	5.05	5,463,459	2.89	2,017,261	4.73
Real estate / Construction	2,654,885	2.45	1,978,577	1.05	2,160,655	5.07
Services (other than financial)	1,038,828	0.96	7,094,329	3.75	567,620	1.33
Shoes and Leather garments	1,083,576	1.00	188,760	0.10	194,052	0.46
Sugar	2,770,242	2.56	638,810	0.34	54,789	0.13
Surgical Equipments	428,852	0.40	214,487	0.11	219,998	0.52
Textile						
Spinning	21,997,652	20.30	627,847	0.33	3,050,716	7.16
Weaving	7,095,938	6.55	628,311	0.33	2,190,506	5.14
Composite	12,037,860	11.11	1,154,809	0.61	2,416,154	5.67
Ready-made Garments	2,048,195	1.89	447,545	0.24	845,210	1.98
	43,179,645	39.85	2,858,512	1.51	8,502,586	19.95
Others	8,878,527	8.18	19,946,498	10.54	4,673,496	10.95
	<u>108,373,188</u>	<u>100.00</u>	<u>189,148,427</u>	<u>100.00</u>	<u>42,634,712</u>	<u>100.00</u>



2008

	Gross Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
	Agriculture / Agri business	2,335,836	2.30	573,568	0.40	416,181
Automobiles and Transportation						
Equipment	1,421,053	1.40	1,506,212	1.04	1,929,657	4.75
Cement	2,445,226	2.41	146,257	0.10	1,931,180	4.75
Chemicals / Pharmaceuticals	3,117,279	3.07	528,350	0.37	1,195,389	2.94
Commerce and Trade	8,668,116	8.55	5,852,460	4.05	4,577,534	11.26
Electronics and Electrical appliances	494,825	0.49	344,727	0.24	473,545	1.16
Fertilizers	1,416,687	1.40	1,598,281	1.11	3,394,004	8.35
Financial	2,547,247	2.51	5,092,962	3.53	8,930	0.02
Food and Allied	3,963,143	3.91	693,079	0.48	623,722	1.53
Ghee and Edible Oil	1,412,499	1.39	151,182	0.10	1,237,055	3.04
Individuals	2,845,665	2.81	88,502,984	61.29	13,141	0.03
Iron and Steel	3,069,628	3.03	1,009,285	0.70	3,151,841	7.75
Oil refinery / marketing	6,921,976	6.83	5,915,407	4.10	6,969,602	17.14
Paper and Board	621,163	0.61	139,641	0.10	252,083	0.62
Plastic products	457,227	0.45	126,542	0.09	565,552	1.39
Production and Transmission of Energy	3,968,564	3.91	1,747,807	1.21	1,731,814	4.26
Real estate / Construction	2,911,666	2.87	1,684,885	1.17	2,047,793	5.04
Services (other than financial)	1,029,738	1.02	2,631,355	1.82	640,519	1.58
Shoes and Leather garments	1,177,176	1.16	346,215	0.24	81,541	0.20
Sugar	2,372,210	2.34	533,795	0.37	109,251	0.27
Surgical Equipments	173,616	0.17	137,158	0.10	98,934	0.24
Textile						
Spinning	21,664,039	21.36	882,819	0.61	2,322,376	5.71
Weaving	6,284,138	6.20	337,750	0.23	661,429	1.63
Composite	10,537,155	10.39	597,651	0.41	862,374	2.12
Ready-made Garments	2,684,783	2.65	345,118	0.25	949,208	2.33
	41,170,115	40.60	2,163,338	1.50	4,795,387	11.79
Others	6,882,129	6.77	22,915,006	15.89	4,407,015	10.87
	<u>101,422,784</u>	<u>100.00</u>	<u>144,340,496</u>	<u>100.00</u>	<u>40,651,670</u>	<u>100.00</u>



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

	2009		2008	
	Classified Advances	Specific Provision held	Classified Advances	Specific Provision held
	(Rupees in '000)			
Agriculture / Agri business	1,998	400	3,829	–
Automobiles and Transportation Equipment	31,632	16,654	1,622	1,274
Chemical / Pharmaceuticals	5,765	5,765	7,597	1,898
Commerce and Trade	172,793	148,838	133,466	117,397
Food and Allied	2,613	2,613	4,412	4,412
Financial	190,478	60,943	19,205	4,801
Ghee and Edible oil	2,075	2,075	2,075	2,075
Individuals	42,540	32,157	32,941	23,580
Plastic products	90,129	51,464	45,335	45,335
Production and transmission of energy	18,000	18,000	–	–
Real estate / Construction	38,575	38,575	40,472	39,574
Shoes and Leather garments	15,000	7,500	–	–
Textile				
Spinning	1,022,482	549,006	155,071	79,360
Weaving	247,921	123,961	–	–
Composite	105,687	102,309	125,217	115,613
Ready-made garments	45,188	45,188	5,665	5,665
	1,421,278	820,464	285,953	200,638
Others	34,780	5,124	285,643	25,601
	2,067,656	1,210,572	862,550	466,585

45.1.5 Segment by sector

	2009					
	Gross Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Public / Government	15,621,677	14.41	25,269,556	13.36	3,262,350	7.65
Private	92,751,511	85.59	163,878,871	86.64	39,372,362	92.35
	108,373,188	100.00	189,148,427	100.00	42,634,712	100.00
	2008					
	Gross Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Public / Government	8,215,303	8.10	19,622,537	13.59	8,629,665	21.23
Private	93,207,481	91.90	124,717,959	86.41	32,022,005	78.77
	101,422,784	100.00	144,340,496	100.00	40,651,670	100.00



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

	2009		2008	
	Classified Advances	Specific Provision held (Rupees in '000)	Classified Advances	Specific Provision held
Public / Government	–	–	–	–
Private	2,067,656	1,210,572	862,550	466,585
	2,067,656	1,210,572	862,550	466,585

45.1.7 GEOGRAPHICAL SEGMENT ANALYSIS

	2009			
	Profit before taxation	Total assets employed (Rupees in '000)	Net assets employed	Contingencies and commitments
Pakistan	4,412,096	244,961,837	13,733,072	41,962,145
Middle East	149,295	4,855,235	487,457	672,567
	4,561,391	249,817,072	14,220,529	42,634,712
	2008			
	Profit before taxation	Total assets employed (Rupees in '000)	Net assets employed	Contingencies and commitments
Pakistan	3,487,980	173,104,055	11,327,741	40,099,356
Middle East	45,407	4,225,874	350,923	552,314
	3,533,387	177,329,929	11,678,664	40,651,670

45.2 Market risk

Market risk is the risk of loss arising from movements in market rates or prices, such as interest rates, foreign exchange rates, and equity prices.

The Bank takes positions in securities for the purpose of investment and not to run a trading book. As regards foreign exchange positions, the purpose is to serve the needs of clients. The Bank does not engage in trading or market making activities.

Market risk is managed through the market risk policy approved by the Board, approval of counterparty and dealer limits, specific senior management approval for each investment and regular review and monitoring of the investment portfolio by the Asset Liability Management Committee (ALCO). A key element of the Bank's market risk management is to balance safety, liquidity, and income in their order of priority. Another key element is separation of functions and reporting lines for the Treasury Division which undertakes dealing activities within the limits and parameters set by ALCO, Settlements Department which confirms and settles the aforesaid deal and Middle Office which independently monitors and analyses the risks inherent in treasury operations. Risk Management Committee of the Board provides supervision and guidance in managing the Bank's market risk.



Dealing activities of the Bank include investment in Government Securities, Term Finance Certificates, sukuk / bonds, shares and mutual funds, money market transactions and foreign exchange transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Any excess over limits noted by the Settlements Department and / or the Middle Office is reported to senior management and ALCO. Stress testing is performed as per guidelines of the SBP.

The Bank uses the Standardised Approach to calculate capital charge for market risk as per Basel II regulatory framework. Details of capital charge for market risk are given in note 43.3.

45.2.1 Interest rate / yield risk

Interest rate risk is the risk of loss from adverse movements in interest rates. The ALCO monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank arising from fluctuation in the market interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands.

The Bank's interest rate exposure is calculated by categorizing its interest sensitive assets and liabilities into various time bands based on the earlier of their contractual repricing or maturity dates.

Interest rate risk exposures of the Bank are controlled through dealer limits, counter-party exposure limits and (when necessary) type-of-instrument limits. Duration and modified duration of various types of debt securities as well as their entire portfolio are also calculated, and the impact of adverse change in interest rates on the market value of the securities is estimated. Stress testing for interest rate risk is carried out regularly to estimate the impact of adverse changes in the interest rates.

45.2.1.1 Interest rate / yield risk in the banking book – Basel II Specific

The Bank holds financial assets and financial liabilities with different maturities or repricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates. Interest rate risk in the banking book refers to the risk associated with interest-bearing financial instruments that are not held in the trading book of the Bank.

Repricing gap analysis presents the Bank's interest sensitive assets (ISA) and interest sensitive liabilities (ISL), categorized into various time bands based on the earlier of their contractual repricing or maturity dates (or settlement dates for off-balance sheet instruments). Deposits with no fixed maturity dates (for example, saving deposits and treasurer's call deposits) are included in the lowest, one-month time band, but these are not expected to be payable within a one-month period. The difference between ISA and ISL for each time band signifies the gap in that time band, and provides a workable framework for determining the impact on net interest income.

The Bank reviews the repricing gap analysis periodically to monitor and manage interest rate risk in the banking book.

45.2.1.2 Mismatch of interest rate sensitive assets and liabilities

2009

	Effective Yield/Interest Rate	Total	Exposed to Yield/ Interest rate risk						Non interest bearing financial instruments			
			Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years		Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	14,377,626	2,959,618	-	-	-	-	-	-	-	-	11,418,008
Balances with other banks	0.26%	4,642,110	4,006,555	-	-	2,500	-	-	-	-	-	633,055
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	12.67%	110,907,416	9,409,790	45,001,415	6,470,767	35,687,505	2,646,171	864,257	1,776,063	6,790,992	-	2,260,456
Advances	12.15%	105,985,495	15,929,534	17,798,462	25,774,517	16,663,694	2,075,876	3,286,821	6,724,137	5,519,747	2,285,210	9,927,497
Other assets	-	3,698,224	-	-	-	-	-	-	-	-	-	3,698,224
		239,610,871	32,305,497	62,799,877	32,245,284	52,353,699	4,722,047	4,151,078	8,500,200	12,310,739	2,285,210	27,937,240
Liabilities												
Bills payable	-	3,187,383	-	-	-	-	-	-	-	-	-	3,187,383
Borrowings	9.50%	33,517,109	17,537,019	9,047,794	4,477,131	95,101	146,256	202,733	1,343,873	667,202	-	-
Deposits and other accounts	6.88%	189,148,427	75,447,828	16,354,832	10,506,007	22,114,470	2,033,231	2,128,740	6,474,735	-	-	54,088,584
Sub-ordinated loans	13.32%	4,845,000	270	1,498,900	400	1,070	450,700	899,260	3,200	1,991,200	-	-
Liabilities against assets subject to finance lease	11.16%	1,508	123	249	386	368	354	28	-	-	-	-
Other Liabilities	-	2,834,245	-	-	-	-	-	-	-	-	-	2,834,245
		233,533,672	92,985,240	26,901,775	14,983,924	22,211,009	2,630,541	3,230,761	7,821,808	2,658,402	-	60,110,212
On-balance sheet gap		6,077,199	(60,679,743)	35,898,102	17,261,360	30,142,690	2,091,506	920,317	678,392	9,652,337	2,285,210	(32,172,972)
Off-balance sheet financial instruments												
Forward purchase of foreign exchange contracts		11,702,277	3,917,544	3,332,768	2,984,163	1,467,802	-	-	-	-	-	-
Forward sale of foreign exchange contracts		(8,584,253)	(5,450,802)	(1,407,482)	(1,723,347)	(2,622)	-	-	-	-	-	-
Forward purchase of securities		712,371	62,371	150,000	150,000	350,000	-	-	-	-	-	-
Forward commitments to extend credit		1,147,277	200,237	290,490	596,544	60,006	-	-	-	-	-	-
Off-balance sheet gap		4,977,672	(1,270,650)	2,365,776	2,007,360	1,875,186	-	-	-	-	-	-
Total interest / yield risk sensitivity gap		11,054,871	(61,950,393)	38,263,878	19,268,720	32,017,876	2,091,506	920,317	678,392	9,652,337	2,285,210	(32,172,972)
Cumulative interest / yield risk sensitivity gap		(61,950,393)	(23,686,515)	(4,417,795)	27,600,081	29,691,587	30,611,904	31,290,296	40,942,633	43,227,843		



2008

Effective Yield/ Interest Rate	Total	Exposed to Yield/ Interest rate risk										Non interest bearing financial instruments
		Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
(Rupees in '000)												
On-balance sheet financial Instruments												
Assets												
	11.936,307	2,127,030	-	-	-	-	-	-	-	-	-	9,809,277
Cash and balances with treasury banks	3,678,211	2,567,897	-	2,500	-	-	-	-	-	-	-	1,107,814
Balances with other banks	295,396	295,396	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	47,967,206	17,286,002	25,585,026	12,646	1,010,502	1,524,045	1,130,619	245,620	-	-	-	1,131,059
Investments	100,217,408	20,200,262	22,204,434	14,136,617	19,377,373	3,980,534	7,381,882	3,023,382	1,246,353	-	-	6,886,366
Advances	3,404,835	-	-	-	-	-	-	-	-	-	-	3,404,835
Other assets	167,499,363	42,476,587	47,789,460	15,147,119	19,392,519	5,504,579	8,512,501	3,269,002	1,246,353	22,339,351	-	-
Liabilities												
	2,232,334	-	-	-	-	-	-	-	-	-	-	2,232,334
Bills payable	12,369,743	1,250,727	6,816,641	86,785	162,720	173,008	821,378	363,792	-	-	-	-
Borrowings	144,340,496	57,061,049	11,074,754	17,166,104	1,136,524	2,414,992	6,076,345	-	-	-	-	43,131,938
Deposits and other accounts	2,846,940	270	1,499,100	270	540	540	1,346,220	-	-	-	-	-
Sub-ordinated loans	327,702	22,040	44,229	94,794	76,332	23,347	3,941	-	-	-	-	1,943,094
Liabilities against assets subject to finance lease	1,943,094	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	164,060,309	58,334,086	19,434,724	9,036,501	17,347,953	1,376,116	2,611,887	8,247,884	363,792	-	-	47,307,366
On-balance sheet gap	3,439,054	(15,857,499)	28,354,736	6,110,618	2,044,566	445,776	2,892,692	204,617	2,905,210	1,246,353	(24,968,015)	-
Off-balance sheet financial instruments												
	7,661,905	4,167,330	1,524,438	1,475,280	494,857	-	-	-	-	-	-	-
Forward purchase of foreign exchange contracts	(5,470,527)	(3,611,246)	(854,286)	(1,004,995)	-	-	-	-	-	-	-	-
Forward sale of foreign exchange contracts	5,814,865	5,814,865	-	-	-	-	-	-	-	-	-	-
Forward purchase of securities	1,595,670	732,880	351,630	224,000	62,290	-	-	-	-	-	-	-
Forward commitments to extend credit	9,601,913	7,103,829	1,021,782	694,285	719,727	62,290	-	-	-	-	-	-
Off-balance sheet gap	13,040,967	(8,753,670)	29,376,518	6,804,903	2,764,293	508,066	2,892,692	204,617	2,905,210	1,246,353	-	-
Total interest / yield risk sensitivity gap	(8,753,670)	20,622,848	27,427,751	30,192,044	30,700,110	33,592,802	33,857,419	36,762,629	38,008,982	-	-	-
Cumulative interest / yield risk sensitivity gap												



45.2.3 Foreign exchange risk

Foreign exchange risk is the risk of loss from adverse changes in currency exchange rates. The Bank's foreign exchange exposure comprises forward contracts, purchase of foreign bills, foreign currency loans and investments, foreign currency cash in hand, balances with banks abroad, foreign currency deposits and foreign currency placements with the SBP and other banks. Focus of the Bank's foreign exchange activities is on catering to the needs of its customers, both in spot and forward markets.

Foreign exchange risk exposures of the Bank are controlled through dealer limits, open foreign exchange position limits, counterparty exposure limits, and country limits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities within strict limits. The net open position in any single currency and the overall foreign exchange exposure are both managed within the statutory limits as prescribed by the SBP as well as the internal limits set by the Bank itself. Stress testing for foreign exchange risk is carried out regularly to estimate the impact of adverse changes in foreign exchange rates.

	2009			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)			
Pakistan Rupee	227,706,415	210,950,220	(3,127,257)	13,628,938
United States Dollar	20,879,777	19,237,053	(1,149,125)	493,599
Great Britain Pound	329,158	3,184,894	2,877,645	21,909
Japanese Yen	66,876	6	(68,340)	(1,470)
Euro	737,575	2,140,269	1,467,077	64,383
Other currencies	97,271	84,101	–	13,170
	249,817,072	235,596,543	–	14,220,529
	2008			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)			
Pakistan Rupee	160,819,479	147,201,984	(2,191,393)	11,426,102
United States Dollar	14,764,223	13,908,886	(271,290)	584,047
Great Britain Pound	646,895	1,910,977	1,039,922	(224,160)
Japanese Yen	68,327	2	(52,633)	15,692
Euro	909,917	2,520,982	1,475,394	(135,671)
Other currencies	121,088	108,434	–	12,654
	177,329,929	165,651,265	–	11,678,664



45.3 Liquidity risk

Liquidity risk is the risk of loss to a bank arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable losses.

Liquidity risk is managed through the liquidity risk policy approved by the Board, careful monitoring of daily liquidity position by the Treasury Division and the Middle Office and regular review and monitoring of the liquidity position by the ALCO. Risk Management Committee of the Board provides supervision and guidance in managing the Bank's liquidity risk.

Key elements of the Bank's liquidity risk management are as follows:

- To maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet the Bank's funding requirements at any time.
- To keep a strong focus on mobilisation of low-cost core deposits from customers.
- To maintain a realistic balance between the behavioural maturity profiles of assets and liabilities.
- To maintain excellent credit rating (as borrowing costs and ability to raise funds are directly affected by credit rating).
- To have a written contingency funding plan to address any hypothetical situations when access to normal sources of funding is constrained.

The Bank's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the marketplace. Stress testing for liquidity risk is carried out regularly to estimate the impact of decline in liquidity on the ratio of liquid assets to deposits plus borrowings.

45.3.1 Equity position risk in the banking book – Basel II Specific

The Bank's policy is to take equity positions for investment purposes and not to run a trading book for buying and selling of equities. Equity holdings include direct investment in shares and in equity-based mutual funds, both closed-end and open-end. Policies covering their valuation and accounting are disclosed in note 6.3.

Cumulative realized net gain during the year arising from disposal of equity holdings amounted to Rs. 44.290 million.



45.3.2 Equity position risk

Equity position risk is the risk of loss from adverse movements in equity prices. The Bank's policy is to take equity positions for investment purposes and not to run a trading book for buying and selling of shares.

Equity position risk of the Bank is controlled through equity desk / dealer limits, broker limits, equity portfolio limits, and future contracts limits. Direct investment in equities and mutual funds is managed within the statutory limits as prescribed by the SBP as well as the internal limits set by the Bank itself. Stress testing for equity price risk is carried out regularly to estimate the impact of decline in stock prices.

45.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risks but excludes strategic and reputational risks.

Operational risk is managed through the operational risk policy and audit policy approved by the Board, along with the policies on prevention of frauds and forgeries and compliance with "Know Your Customer" and "Anti Money Laundering" requirements; operational manuals and procedures issued from time to time; a system of internal controls and dual authorization for important transactions and safe-keeping; a Business Continuity Plan, including a Disaster Recovery Plan for I.T., to prevent interruption of business services in the event of a major incident or disaster; an I.T. Security Policy to ensure security and integrity of I.T. systems; and regular audit of the branches. Audit Committee of the Board provides overall guidance in managing the Bank's operational risk.

The Bank's operational risk management framework, as laid down in the operational risk policy, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank.

The Bank places a high priority on conducting all business dealings with integrity and fairness, as laid down in the Statement of Ethics & Business Practices, which is required to be signed by all employees.

Internal controls are an essential feature of risk reduction in operational risk management. The Bank is being assisted by external consultants to further improve the effectiveness and efficiency of its internal controls.

45.4.1 Operational risk disclosures – Basel II Specific

The Bank uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel II regulatory framework. This approach is considered to be most suitable in view of the business model of the Bank which relies on an extensive network of branches to offer one-stop, full-service banking to its clients. The Bank has developed and implemented an Operational Loss Database. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures.



46. MATURITIES OF ASSETS AND LIABILITIES

The following maturity profile is based on contractual maturities. In case of saving deposits and current accounts, which have no fixed maturity dates, expected maturities are based on assessment of ALCO.

		2009								
		Upto 1	Over 1	Over 3	Over 6	Over 1	Over 2	Over 3	Over 5	Over 10
		month	month to	months to	months to	year to	years to	years to	years to	years
			3 months	6 months	to 1 year	2 years	3 years	5 years	10 years	
			(Rupees in '000)							
Assets										
Cash and balances with treasury banks	14,377,626	14,377,626	-	-	-	-	-	-	-	-
Balances with other banks	4,642,110	4,639,610	-	-	2,500	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	110,907,416	6,854,491	35,402,207	5,565,543	36,970,368	3,515,646	6,700,865	5,540,977	8,762,187	1,595,132
Advances	105,985,495	22,214,338	19,393,765	27,228,795	17,256,806	2,075,876	3,286,821	6,724,137	5,519,747	2,285,210
Other assets	4,284,277	2,899,446	848,449	185,524	110,054	51,445	40,979	23,955	38,208	86,217
Operating fixed assets	9,620,148	95,766	301,812	174,026	346,547	2,014,032	363,925	441,762	550,824	5,331,454
	249,817,072	51,081,277	55,946,233	33,153,888	54,686,275	7,656,999	10,392,590	12,730,831	14,870,966	9,298,013
Liabilities										
Bills payable	3,187,383	3,187,383	-	-	-	-	-	-	-	-
Borrowings	33,517,109	17,537,019	9,047,794	4,477,131	95,101	146,256	202,733	1,343,873	667,202	-
Deposits and other accounts	189,148,427	27,514,375	27,690,614	21,841,788	33,450,252	22,437,639	22,533,146	28,012,721	5,667,892	-
Sub-ordinated loans	4,845,000	270	700	400	1,370	451,300	899,860	752,000	2,739,100	-
Liabilities against assets subject to finance lease	1,508	123	249	386	368	354	28	-	-	-
Other Liabilities	4,080,559	2,797,770	99,343	65,710	779,989	26,165	35,557	42,225	-	233,800
Deferred tax liabilities	816,557	-	-	-	(302,934)	353,780	148,499	264,944	75,541	276,727
	235,596,543	51,036,940	36,838,700	26,385,415	34,024,146	23,415,494	23,819,823	30,415,763	9,149,735	510,527
	14,220,529	44,337	19,107,533	6,768,473	20,662,129	(15,758,495)	(13,427,233)	(17,684,932)	5,721,231	8,787,486
Net assets										
Share capital	6,101,370									
Reserves	3,685,350									
Unappropriated profit	2,496,135									
Non-controlling interest	106,683									
Surplus on revaluation of assets	1,830,991									
	14,220,529									



2008

	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	11,936,307	-	-	-	-	-	-	-	-	-
Balances with other banks	3,678,211	3,675,711	-	-	2,500	-	-	-	-	-
Lending to financial institutions	295,396	295,396	-	-	-	-	-	-	-	-
Investments	47,967,206	15,531,141	24,832,861	505,962	391,134	619,338	1,928,569	2,065,940	1,120,847	971,414
Advances	100,217,408	23,674,222	23,341,322	14,634,508	20,646,160	2,289,045	3,980,534	7,381,882	3,023,382	1,246,353
Other assets	4,010,784	3,261,709	226,876	175,434	105,249	61,062	32,701	22,291	39,406	86,056
Operating fixed assets	9,224,617	52,288	232,068	279,031	318,786	480,851	411,642	509,525	1,886,762	5,053,664
	177,329,929	58,426,774	48,633,127	15,594,935	21,463,829	3,450,296	6,353,446	9,979,638	6,070,397	7,357,487
Liabilities										
Bills payable	2,232,334	2,232,334	-	-	-	-	-	-	-	-
Borrowings	12,369,743	1,250,727	6,816,641	2,694,692	86,785	162,720	173,008	821,378	363,792	-
Deposits and other accounts	144,340,496	24,357,511	19,500,918	14,704,954	25,592,268	16,303,619	17,582,087	22,086,056	4,213,083	-
Sub-ordinated loans	2,846,940	270	300	-	570	1,140	1,140	1,347,420	1,496,100	-
Liabilities against assets subject to finance lease	327,702	22,040	44,229	63,019	94,794	76,332	23,346	3,942	-	-
Other Liabilities	2,799,670	1,714,494	116,892	29,692	648,787	11,113	25,144	65,442	-	188,106
Deferred tax liabilities	734,380	-	-	-	(45,021)	(78,187)	(88,888)	567,455	71,636	307,385
	165,651,265	29,577,376	26,478,980	17,492,357	26,378,183	16,476,737	17,715,837	24,891,693	6,144,611	495,491
	11,678,664	28,849,398	22,154,147	(1,897,422)	(4,914,354)	(13,028,441)	(11,362,391)	(14,912,055)	(74,214)	6,861,996
Net assets										
Share capital	4,785,388									
Reserves	3,079,078									
Unappropriated profit	2,047,596									
Non-controlling interest	101,397									
Surplus/(deficit) on revaluation of assets	1,665,205									
	11,678,664									



47. ISLAMIC BANKING BUSINESS

47.1 The Bank is operating 06 (2008: 04) Islamic banking branches in Pakistan. The balance sheet and profit and loss account of these branches as at 31 December 2009 and for the year are as follows:

47.1.1 BALANCE SHEET

	2009	2008
	(Rupees in 000)	
ASSETS		
Cash and balance with treasury banks	195,926	92,335
Balances with and due from financial institutions	2,291	100,027
Investments	949,431	477,295
Financing and receivables		
– Murabaha	2,268,080	743,719
– Ijara	485,659	556,290
– Diminishing musharika	327,565	427,648
Other assets	142,268	119,946
	4,371,220	2,517,260
LIABILITIES		
Bills payable	6,723	8,160
Due to financial institutions	191,017	–
Deposits and other accounts		
– Current accounts	427,044	330,773
– Saving accounts	214,741	379,896
– Term deposits	1,225,491	777,459
– Others	1,744	360
– Deposits from financial institutions - remunerative	1,264,453	528,517
– Deposits from financial institutions - non remunerative	657	504
Due to Head Office	456,099	–
Other liabilities	146,200	161,306
	3,934,169	2,186,975
NET ASSETS	437,051	330,285
REPRESENTED BY		
Islamic banking fund	350,000	250,000
Unremitted profit	106,498	77,990
	456,498	327,990
(Deficit) / surplus on revaluation of assets	(19,447)	2,295
	437,051	330,285



47.1.2 PROFIT AND LOSS ACCOUNT

	2009	2008
	(Rupees in 000)	
Profit / return on financing and placements earned	403,322	260,853
Profit / return on deposits and other dues expensed	<u>(246,000)</u>	<u>(141,805)</u>
Net spread earned	157,322	119,048
OTHER INCOME		
Fees, commission and brokerage income	11,242	7,196
Income from dealing in foreign currencies	3,292	-
Other income	1,135	-
	15,669	7,196
	172,991	126,244
OTHER EXPENSES		
Administrative expenses	(66,493)	(48,254)
PROFIT BEFORE TAXATION	106,498	77,990
47.2 Remuneration to Shariah Advisor / Board	720	914
47.3 CHARITY FUND		
Opening balance	404	14
Additions during the period	486	402
Payments / utilisation during the period	(404)	(12)
Closing balance	486	404

48. GENERAL

- 48.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparative and to conform with changes in presentation in the current year.
- 48.2 Captions, as prescribed by BSD Circular No. 04, dated 17 February 2006, in respect of which there are no amounts have not been reproduced in these financial statements, except for the captions of the balance sheet and profit and loss account.
- 48.3 Figures have been rounded off to the nearest thousand rupees.
49. Subsequent to the year end, the Board of Directors proposed a final cash dividend of Rs. 2/- per share and issue of bonus shares in the ratio of 20 shares of every 100 shares held.

50. DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors' meeting held on February 25, 2010.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



Report of Shariah Advisor

We have examined, on test check basis, each class of transaction, the relevant documentation and procedures adopted by Islamic Banking Branches / Division of Bank AL Habib Limited (IBB-BAHL), and we hereby report, for the year ended December 31, 2009, that in our opinion;

- (a) the affairs of IBB-BAHL have been carried out in accordance with rules and principles of Shariah, SBP regulations and guidelines related to Shariah compliance and other rules as well as with specific fatawa and rulings issued by the Shariah Advisor from time to time;
- (b) the allocation of funds, weightages, profit sharing ratios, profits and charging of losses, if any, relating to PLS accounts conform to the basis vetted by the Shariah Advisor in accordance with Shariah rules and principles and;
- (c) any earnings that have been realized from sources or by means prohibited by Shariah rules and principles have been credited to charity account.

Karachi: February 25, 2010

ISMATULLAH
Shariah Advisor
Islamic Banking Division



Branch Network

KARACHI

1 MAIN BRANCH

Mackinnons Building, I.I. Chundrigar Road.
Phones : (92-21) 32412986 & 111-786-110
Fax : (92-21) 32412028

2 CLOTH MARKET BRANCH

Ground Floor, Lotus Manzil, BR-2,
New Neham Road, Cloth Market.
Phones : (92-21) 32401301-4
Fax : (92-21) 32401300

3 JODIA BAZAR BRANCH

MR-1/16, Ram Bharti Street,
Market Quarter, Jodia Bazar.
Phones : (92-21) 32446451-5
Fax : (92-21) 32473390

4 NORTH NAPIER ROAD BRANCH

2-A, Ground Floor, Yousufi Manzil,
North Napier Road.
Phones : (92-21) 32731496, 32771321, 32771218
Fax : (92-21) 2771187

5 NEW CHALLI BRANCH

Haji Adam Chambers,
Altaf Hussain Road.
Phones : (92-21) 32410526, 32410876, 32410917
Fax : (92-21) 32411048

6 PAKISTAN CHOWK BRANCH

Shop No. 1, Chandna Manzil, Kutchery Road.
Phones : (92-21) 32212352-54
Fax : (92-21) 32212350

7 KEAMARI BRANCH

Plot No. 20, Locality No. II,
Group Jungle Shah.
Phones : (92-21) 32859723-26
Fax : (92-21) 32859727

8 KARACHI STOCK EXCHANGE BRANCH

Room No. 4-6, Stock Exchange Building,
Stock Exchange Road.
Phones : (92-21) 32401516-19
Fax : (92-21) 32401520

9 KHARADAR BRANCH

Shop No. 7 & 8 Hemani Centre,
Ghulam Hussain Kassim Quarters.
Phones : (92-21) 32205572-74
Fax : (92-21) 32205575

10 NAYABAD BRANCH

Plot No. 121, Nayabad, Lyari Quarter,
Shah Waliullah Road.
Phones : (92-21) 32514854-55, 32513953
Fax : (92-21) 32513445

11 LEA MARKET BRANCH

Shop No. 1, Plot No. N.P 6/30-31,
Zulikha Mansion, Napier Town Quarters.
Phones : (92-21) 32540846-47, 32520684
Fax : (92-21) 32540848

12 BOULTON MARKET BRANCH

Plot No. 2/2, Lotia House Building,
M.A. Jinnah Road.
Phones : (92-21) 32419801-7
Fax : (92-21) 32419802

13 TIMBER MARKET BRANCH

Plot No. E-III-2, S-34, Siddiq Wahab Road,
Phones : (92-21) 32762776, 32762778, 32762784
Fax : (92-21) 32762730

14 STEEL MARKET BRANCH

Plot No. 5, Shop No. 6 & 7,
Ranchore Quarters, Baba-e-Urdu Road.
Phones : (92-21) 32732061, 32737367-68
Fax : (92-21) 32731798

15 BOHRA PIR BRANCH

Plot No. 5/7, Tota Ram Building,
Ranchore Quarters, Karachi.
Phones : (92-21) 32745540-41
Fax : (92-21) 32745821

16 M. A. JINNAH ROAD BRANCH

Godrej Kandawalla Building,
M. A. Jinnah Road.
Phones : (92-21) 32228494, 32228458
Fax : (92-21) 32228450

17 EIDGAH BRANCH

Plot No. 57, Shop No. 18, Jahangir Mansion M.A.
Jinnah Road.
Phones : (92-21) 32771204, 32771235-44
Fax : (92-21) 32771195

18 SADDAR BRANCH

Saddar Bazar Shop No. 4-6, Bukhara Centre,
Raja Ghazanfar Ali Khan Road, Saddar.
Phones : (92-21) 35658032-35
Fax : (92-21) 35658030

19 REGAL CHOWK BRANCH

Preedy Street, Saddar.
Phones : (92-21) 32700929-32
Fax : (92-21) 32700934

20 SOLDIER BAZAR BRANCH

Plot No. 17/I, Sol-B-2, Soldier Bazar.
Phones : (92-21) 32241711-4
Fax : (92-21) 32241716

21 GARDEN BRANCH

Nishtar Road, Plot No. 281
Shop No. 1, Green Garden, Garden West.
Phones : (92-21) 32241530-33
Fax : (92-21) 32241535

22 FATIMA JINNAH COLONY BRANCH

6, Ruby Apartments, Jamshed Quarters,
Phones : (92-21) 34854529, 34854548
Fax : (92-21) 34854542

23 P.I.B. COLONY BRANCH

Plot No. 286, P.I.B. Colony.
Phones : (92-21) 34134352, 34134356-57
Fax : (92-21) 34134349

24 ALLAMA IQBAL ROAD BRANCH

86-S, Block-2, Raja Terrace,
P.E.C.H.S.
Phones : (92-21) 34384661-4
Fax : (92-21) 34384665

25 TARIQ ROAD BRANCH

Shop No. 1 & 2, Plot No. 277-278
Ahmed Chamber, Main Tariq Road,
P.E.C.H.S.
Phones : (92-21) 34397631-34
Fax : (92-21) 34397635

26 BAHADURABAD BRANCH

Central Commercial Area, B.C.H.S.,
Bahadurabad.
Phones : (92-21) 34915803-5
Fax : (92-21) 34915802

27 MUHAMMAD ALI HOUSING SOCIETY BRANCH

Block No. 7 & 8, Plot No. Z-130-131,
Kathiawar Co-Operative Housing Society,
Adamjee Nagar, Karachi.
Phones : (92-21) 34533620-22
Fax : (92-21) 34533618

28 DHORAJI COLONY BRANCH

Plot No. 35/354, Block 7 & 8,
C.P. & Berar Cop. Housing Society,
Phones : (92-21) 34860881-84
Fax : (92-21) 34860885

29 SHAHRAH-E-FAISAL BRANCH

19-1-A, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal.
Phones : (92-21) 34544383-87
Fax : (92-21) 34530143

30 CITI TOWERS BRANCH

Plot No. 33-A, Citi Towers, Block-6,
P.E.C.H.S, Main Shara-e-Faisal.
Phones : (92-21) 34373150-53
Fax : (92-21) 34373154

31 BALOCH COLONY BRANCH

Plot No. SA/14, Block-3,
Karachi Administration Co. Housing Society.
Phones : (92-21) 34301202-05
Fax : (92-21) 34301206

32 SHAH FAISAL COLONY BRANCH

Plot No. H-6 & H-7, Block-4,
Shah Faisal Colony.
Phones : (92-21) 34604583-84-86
Fax : (92-21) 34604588

33 MALIR HALT BRANCH

Plot No. 157, Malir Halt,
Opp. Malir Halt Railway Station,
Shahrah-e-Faisal.
Phones : (92-21) 34599591-3 & 34599611
Fax : (92-21) 34599613

Registered Office and Head Office
126-C, Old Bahawalpur Road, Multan. Phones: (92-61) 4580314-16, & 111-786-110
Fax: (92-61) 4582471



Branch Network

- 34 MALIR CITY BRANCH**
Plot No. G/1-278/9-VIII C13, Malir City.
Phones : (92-21) 34117432-34
Fax : (92-21) 34117435
- 35 MALIR CANTT. BRANCH**
158, Block-C, Bazar Area, Malir Cantt.
Phones : (92-21) 34491701-04
Fax : (92-21) 34491705
- 36 MODEL COLONY BRANCH**
Plot No. 117, Model Colony, Malir.
Phones : (92-21) 34492085-87
Fax : (92-21) 34117735
- 37 MEMON GOTH BRANCH**
Plot No. 485, Memon Goth, Malir Gadap Town.
Phones : (92-21) 34562415-18
Fax : (92-21) 34562419
- 38 SAUDABAD BRANCH**
Plot No. LS-35, Sub Sector Street-32,
Sector No. 4, Liaquat Market, Malir Colony.
Phones : (92-21) 34117772-75
Fax : (92-21) 34117776
- 39 LANDHI BRANCH**
Plot No. C-4/A, Scheme No. 3,
Landhi Town Ship.
Phones : (92-21) 35028991-95
Fax : (92-21) 35028996
- 40 BABAR MARKET BRANCH**
Plot No. 3/22, Area 37-C,
Landhi Township.
Phone : (92-21) 35010463
Fax : (92-21) 35010464
- 41 GULSHAN-E-HADEED BRANCH**
Plot No. C-29, Phase-I, Bin Qasim.
Phones : (92-21) 34721502-04
Fax : (92-21) 34721500
- 42 PORT QASIM BRANCH**
Plot No. CP-2/14, Commercial Area,
Port Qasim Authority.
Phones : (92-21) 34720273-78
Fax : (92-21) 34720275
- 43 PAKISTAN STEEL MILLS BRANCH**
Pipri Bin Qasim.
Phones : (92-21) 34750617, 34200666
Fax : (92-21) 34750618
- 44 CLIFTON BRANCH**
Shaheen Centre, Block-7, K.D.A.
Scheme No. 5, Clifton.
Phones : (92-21) 35821882-4
Fax : (92-21) 35821885
- 45 ZAMZAMA BRANCH**
16-C, Commercial Lane 3, Phase V,
Zamzama Boulevard, D.H.A.
Phones : (92-21) 35302230-37
Fax : (92-21) 35302223
- 46 KHAYABAN-E-SHAMSHEER BRANCH**
Plot No. 2-C, Stadium Lane No. 4,
Phase V, Defence Housing Authority.
Phones : (92-21) 35846277-79
Fax : (92-21) 35846179
- 47 KHAYABAN-E-HAFIZ BRANCH**
Plot No. 23-C, Shehbaz Lane No. 1,
Phase-VI, Defence Housing Authority.
Phones : (92-21) 35340513, 35340175
Fax : (92-21) 35341043
- 48 KHAYABAN-E-RAHAT BRANCH**
Plot No. 14-C, Lane No. 3
Phase VI, DHA.
Phones : (92-21) 35311769-71
Fax : (92-21) 35311780
- 49 KHAYABAN-E-JAMI BRANCH**
Plot No. 27-C, Phase VII, DHA.
Phones : (92-21) 35349787-89, 35349779
Fax : (92-21) 35349778
- 50 BADAR COMMERCIAL AREA BRANCH**
Plot No. 7-C, Street No. 1, Phase V,
Defence Housing Authority.
Phones : (92-21) 35245402-05
Fax : (92-21) 35245406
- 51 BILAWAL CHOWK BRANCH**
Shop No. C1 & 2, Beach Blessing
Block-2, KDA Scheme No. 5, Clifton.
Phones : (92-21) 35877901-04
Fax : (92-21) 35877906
- 52 SEA VIEW BRANCH**
Plot No. 17, Block-IV, KDA Scheme 5,
Opp Dolmen City Centre, Clifton.
Phones : (92-21) 35309883-6
Fax : (92-21) 35309882
- 53 KHAYABAN-E-ITTEHAD BRANCH**
Plot No. C-28/C-30, Ittehad Commercial
Lane-12, DHA Phase-II Ext.
Phones : (92-21) 35313793-96
Fax : (92-21) 35313792
- 54 GIZRI BRANCH**
Plot No. 1, Shop No. 10,
Mustafa Centre, Upper Gizri.
Phones : (92-21) 35831862-3, 35831866
Fax : (92-21) 35831941
- 55 DEHLI COLONY BRANCH**
Plot No. A-20/5, Shop No. 4 & 5,
Bazar Area, Dehli Colony Clifton.
Phones : (92-21) 35364993-6
Fax : (92-21) 35364997
- 56 9TH COMMERCIAL STREET BRANCH**
Plot No. 113, Phase IV,
9th Commercial Street,
Defence Housing Authority.
Phones : (92-21) 35397781-4
Fax : (92-21) 35397785
- 57 MEHMOODABAD BRANCH**
Plot No. 545, Survey No. 692, MAC-II,
Mehmoodabad No. 3.
Phones : (92-21) 35392291-94
Fax : (92-21) 35392295
- 58 DHA Phase-II BRANCH**
12th Commercial Street, Herbert Tower,
DHA Phase-II, Extension.
Phones : (92-21) 35312570, 35312633-4
Fax : (92-21) 35312599
- 59 KORANGI ROAD BRANCH**
Speedy Towers Plot No. 131/1
Phase-I, Defence Housing Authority.
Phones : (92-21) 35386797-99
Fax : (92-21) 35386796
- 60 IBRAHIM HAIDERY BRANCH**
Plot No. 786/425, Ibrahim Haidery Goth,
Baloch Mohallah.
Phones : (92-21) 35090766-69
Fax : (92-21) 35090772
- 61 KORANGI INDUSTRIAL AREA BRANCH**
Plot No. ST 2/2, Sector-23,
Korangi Town Ship.
Phones : (92-21) 35114992-5
Fax : (92-21) 35114996
- 62 KORANGI TOWNSHIP BRANCH**
Plot No. ST 10, Sector-35-E, Korangi-5.
Phones : (92-21) 35072125-28
Fax : (92-21) 35070409
- 63 S.I.T.E., BRANCH**
B/76, S. S. Chambers, S.I.T.E.,
Phones : (92-21) 32571710 -11, 32586683-84
Fax : (92-21) 32571522
- 64 METROVILLE BRANCH**
Plot No. E-8, Block-1,
S.I.T.E., Metroville-1.
Phones : (92-21) 36750370-73
Fax : (92-21) 36751215
- 65 ORANGI TOWN BRANCH**
Plot No. 15 & 16, Sector 6/E,
Orangi Township.
Phones : (92-21) 36699291, 36661309
Fax : (92-21) 36657854
- 66 SAEEDABAD BRANCH**
Plot No. 602/1, Sector No. 5-J,
Saeedabad, Baldia Township.
Phones : (92-21) 32891687-88, 32891690-91
Fax : (92-21) 32890343
- 67 SHERSHAH BRANCH**
Shop No. 27-30, Plot No. D-283,
Shershah, S.I.T.E. Area.
Phones : (92-21) 32586241-44
Fax : (92-21) 32586246
- 68 RIZVIA SOCIETY BRANCH**
D-9, Ishrat Arcade, Rizvia Co-operative
Housing Society, Nazimabad.
Phones : (92-21) 36607992-95
Fax : (92-21) 36607996
- 69 NAZIMABAD BLOCK-1 BRANCH**
Plot No. 9, Sub Block-K, Arafat Tower
Nazimabad No. 1.
Phones : (92-21) 36617126-26
Fax : (92-21) 36615269
- 70 GOLE MARKET BRANCH**
Plot No. 1, Block-III,
Mecca Tower, Nazimabad.
Phones : (92-21) 36708602-05
Fax : (92-21) 36708606



Branch Network

- 71 PAPOSH NAGAR BRANCH**
Plot No. 16, Block-V, Nazimabad.
Phones : (92-21) 36708791-94
Fax : (92-21) 36708795
- 72 HADI MARKET BRANCH**
Plot No. C-3, Shop B-1/GS-12-15, Al-Badar Square, Block-IV, Nazimabad No. 4.
Phones : (92-21) 36707457-60
Fax : (92-21) 36707461
- 73 BLOCK 'F' NORTH NAZIMABAD BRANCH**
Plot No. SC-14, Samar Residency K.D.A. Scheme No. 2, Block F, North Nazimabad.
Phones : (92-21) 36723593-96
Fax : (92-21) 36723592
- 74 BARKAT-E-HYDARI BRANCH**
Al-Burhan Arcade, Block-E, North Nazimabad.
Phones : (92-21) 36670115, 36631793-94
Fax : (92-21) 36670116
- 75 BLOCK-G NORTH NAZIMABAD BRANCH**
Plot No. SD-6, Saima Flowers, Block-G, Scheme No. 2, North Nazimabad.
Phones : (92-21) 36706602-05
Fax : (92-21) 36706606
- 76 BLOCK-L NORTH NAZIMABAD BRANCH**
Plot No. SC-4, Block-L, K.D.A., Scheme No. 2, North Nazimabad.
Phones : (92-21) 36706456-59
Fax : (92-21) 36706460
- 77 BUFFER ZONE BRANCH**
Plot No. FL-5, Sector 15-A-1, Haroon Shopping Emporium, North Karachi Township.
Phones : (92-21) 36960243-44, 36960298-99
Fax : (92-21) 36960285
- 78 SINDHI HOTEL BRANCH**
Plot No. 158/16 & 18, Sector 5-E, North Karachi Township.
Phones : (92-21) 36990407, 36990036
Fax : (92-21) 36990425
- 79 NORTH KARACHI INDUSTRIAL AREA BRANCH**
Nimra Corner, ST-3, Sector 12-A, North Karachi.
Phones : (92-21) 36954196-98
Fax : (92-21) 36954187
- 80 U.P. MORE BRANCH**
Plot No. L-1, Sector No. 11-B, North Karachi Town Ship.
Phone : (92-21) 36956534, 36956523
Fax : (92-21) 36956727
- 81 WATER PUMP BRANCH**
C-21, Block-13, Federal "B" Area, Shahrah-e-Pakistan.
Phones : (92-21) 36369125, 36369114-15
Fax : (92-21) 36369216
- 82 HUSSAINABAD BRANCH**
Plot No. R-481, Block-2, KDA Scheme No.16, F.B. Area.
Phone : (92-21) 36806791-93-95
Fax : (92-21) 36806794
- 83 FEDERAL 'B' AREA BRANCH**
ST. 4/A-2, Block-20, Al-Noor Society, F.B. Area.
Phones : (92-21) 36345611, 36345651
Fax : (92-21) 36349879
- 84 DASTAGIR COLONY BRANCH**
Plot No. R-202, Block-15, KDA Scheme No. 16, F.B. Area.
Phones : (92-21) 36806382-85
Fax : (92-21) 36370715
- 85 LIAQUATABAD BRANCH**
Plot No. 1 & 2, Shop No. 2 & 3 Block No. 3, Liaquatabad Township.
Phones : (92-21) 34132312, 34133160
Fax : (92-21) 34133479
- 86 KARIMABAD BRANCH**
Plot No. BS 13/14, Block-1, K.D.A. Scheme No. 16, F.B. Area.
Phones : (92-21) 36826712-15
Fax : (92-21) 36826658
- 87 HASSAN SQUARE BRANCH**
Plot No. A-12, Shop No. A-1, Rehman Square, Block 13-D, Sir Shah M. Suleman Road, Gulshan-e-Iqbal.
Phones : (92-21) 34827703-04
Fax : (92-21) 34827706
- 88 AL-HILAL CO.H.S. BRANCH**
Opposite Askari Park, K.D.A. Scheme No. 7.
Phones : (92-21) 34860832-35
Fax : (92-21) 34860836
- 89 GULSHAN-E-IQBAL BRANCH**
B-39, Al-Shams Centre, Block 13-A, University Road, Gulshan-e-Iqbal.
Phones : (92-21) 34989162-63
Fax : (92-21) 34989164
- 90 GULSHAN CHOWRANGI BRANCH**
Plot No. FL-3, Block No. 3, KDA Scheme No. 24, Gulshan-e-Iqbal.
Phones : (92-21) 34811971-3
Fax : (92-21) 34985045
- 91 GULSHAN BLOCK-1 BRANCH**
Plot No. SB-11, Jameel Arcade, Block 1, Gulshan-e-Iqbal, K.D.A., Scheme 24.
Phones : (92-21) 34967753, 34800645-46
Fax : (92-21) 34968694
- 92 GULISTAN-E-JAUHAR BRANCH**
Shahlimar Shopping Centre, Block-17, Gulistan-e-Jauhar.
Phones : (92-21) 34010921-22, 34010961
Fax : (92-21) 34010911
- 93 FORT CORNER BRANCH**
Plot No. SB-36, Fort Corner Shopping Mall, Block-14, Gulistan-e-Jauhar.
Phones : (92-21) 34661061-65
Fax : (92-21) 34661060
- 94 UNIVERSITY ROAD BRANCH**
SB-13, Sobia Pride, Block-1, Scheme 36, Gulistan-e-Johar, Opp. N.E.D. University.
Phones : (92-21) 34029612-15
Fax : (92-21) 34029610
- 95 MEMON MEDICAL INSTITUTE BRANCH**
Plot No. 21, Hyder Buksh Gabol Road, Safoora Goth, Near to Kiran Hospital KDA Scheme No. 33.
Phones : (92-21) 34691094-97
Fax : (92-21) 34691098
- 96 ABUL HASSAN ISPHAHANI ROAD BRANCH**
Chapal Garden, Abul Hassan Isphahani Road.
Phones : (92-21) 34657593-96
Fax : (92-21) 34657597
- 97 RASHID MINHAS ROAD BRANCH**
Plot 18, Block 10-A, K.D.A Scheme No. 24, Gulshan-e-Iqbal.
Phones : (92-21) 34990570, 34990573-74-76
Fax : (92-21) 34990593
- 98 CENTRUM SHOPPING MALL BRANCH**
Plot No. LA-1, Block-21, Rashid Minhas Road, F.B. Area.
Phones : (92-21) 36821405-08
Fax : (92-21) 36821349
- 99 GULSHAN-E-MAYMAR BRANCH**
Plot No. SB-10, Sector Z, Sub Sector IV, KDA Scheme-45, Gulshan-e-Maymar.
Phones : (92-21) 36832880-83
Fax : (92-21) 36832879
- 100 SITE II SUPER HIGHWAY BRANCH**
Plot No. B-29/A, S.I.T.E., Phase-I, Super Highway, Scheme-33.
Phones : (92-21) 36880534-37
Fax : (92-21) 36880532
- 101 NEW SABZI MANDI BRANCH**
Administration Block, New Sabzi Mandi Super Highway.
Phones : (92-21) 36870841, 36870843
Fax : (92-21) 36870844
- 102 ISLAMIC BANKING BRANCH**
20-A/1, Block-6, Shahrah-e-Faisal, P.E.C.H.S.,
Phones : (92-21) 34392411-13
Fax : (92-21) 34392443
- 103 ISLAMIC BANKING S.I.T.E BRANCH**
Plot No. B-53-A, Dewan Centre, S.I.T.E.
Phones : (92-21) 32551171-74
Fax : (92-21) 32551178
- EXPORT PROCESSING ZONE KARACHI**
- 104 W/1, & 2 Sector B-III, Export Processing Zone, Landhi Industrial Area.**
Phones : (92-21) 35084832, 35085188
Fax : (92-21) 35084833



Branch Network

GHARO

105 Main National Highway
Gharo Distt. Thatta.
Phones : (92-298) 760215-16
Fax : (92-298) 760217

BADIN

106 Quaid-e-Azam Road.
Phones : (92-297) 810030-31
Fax : (92-297) 810032

HUB CHOWKI

107 Shop No. 4-6, International Shopping Mall
and Hotel, Main RCD Road, Teh:
Hub, Distt. Lasbela.
Phones : (92-0853) 363023-26
Fax : (92-0853) 363022

LAHORE

108 MAIN BRANCH

87, Shahrah-e-Quaid-e-Azam.
Phones : (92-42) 36375821-3 & 111-786-110
Fax : (92-42) 36369037

109 LAHORE STOCK EXCHANGE BRANCH

Room No. 112, 1st Floor,
Stock Exchange Building,
19, Khayaban-e-Iqbal.
Phones : (92-42) 36300125-27
Fax : (92-42) 36300128

110 NEW GARDEN TOWN BRANCH

Awami Complex, 1-4 Usman Block,
Front Block V, New Garden Town.
Phones : (92-42) 35869366-69
Fax : (92-42) 35869370

111 GULBERG BRANCH

23-A/K, Gulberg II.
Phones : (92-42) 35750469 & 35750144
Fax : (92-42) 35750145

112 PECO ROAD BRANCH

897-898, Block-D,
Maulana Shaukat Ali Road, Faisal Town.
Phones : (92-42) 35175169 & 35175430-31
Fax : (92-42) 35175427

113 CAVALRY GROUND BRANCH

85, Cavalry Ground Extension,
Commercial Area Cantt.
Phones : (92-42) 36603212-16-17
Fax : (92-42) 36671820

114 DEFENCE BRANCH

82-Y Commercial, Phase III, D.H.A.
Phones : (92-42) 35894113, 35894116
Fax : (92-42) 35893303

115 G-BLOCK DHA BRANCH G-7

7-G, Commercial Area, Main Road,
Phase-1, Defence, Lahore Cantt.
Phones : (92-42) 35910092-94
Fax : (92-42) 35910095

116 ALLAMA IQBAL TOWN BRANCH

7-Chenab Block, Main Boulevard,
Allama Iqbal Town.
Phones : (92-42) 35430918-20
Fax : (92-42) 35430921

117 KARIM BLOCK MARKET BRANCH

Plot No. 17-18, Sikandar Block,
Allama Iqbal Town.
Phones : (92-42) 35295982-84
Fax : (92-42) 35295985

118 SHAHALAM MARKET BRANCH

Hilal-e-Ahmar Health Complex
2, Queens Road, Shahalam Gate.
Phones : (92-42) 37670496 & 37670498
Fax : (92-42) 37670510

119 CIRCULAR ROAD BRANCH

51, S.E. Vohra Building,
Outside Akbari Gate,
Circular Road, Lahore.
Phones : (92-42) 37670671-73
Fax : (92-42) 37670674

120 CHOWK SHAH ALAM GATE BRANCH

R-121, Circular Road.
Chowk Shah Alam Gate.
Phones : (92-42) 37671164-65
Fax : (92-42) 37671180

121 AZAM CLOTH MARKET BRANCH

1-Kamla Centre, Ittehad Bazar,
Punjab Block, Azam Cloth Market.
Phones : (92-42) 37672913-15
Fax : (92-42) 37672916

122 NEW ANARKALI BRANCH

1-A, New Anarkali, First Floor,
Tariq Trade Centre, Chowk Lohari Gate.
Phones : (92-42) 37674248-50
Fax : (92-42) 37674252

123 BRANDRETH ROAD BRANCH

52, Brandreth Road, Lahore.
Phones : (92-42) 37320253-5, 37311079
Fax : (92-42) 37117288

124 MCLEOD ROAD BRANCH

65-Mcleod Road.
Phones : (92-42) 36278934-35
Fax : (92-42) 36278820

125 ICCHRA BRANCH

218, Ferozepur Road, Ichhra.
Phones : (92-42) 37569982-3, 37569923
Fax : (92-42) 37569924

126 BADAMI BAGH BRANCH

92-Grain Market, Badami Bagh.
Phones : (92-42) 37708002-4
Fax : (92-42) 37708005

127 BILAL GANJ BRANCH

Sheesh Mahal Park.
Phones : (92-42) 37110461-63-64
Fax : (92-42) 37110462

128 TIMBER MARKET BRANCH

Timber Market, Ravi Road.
Phones : (92-42) 37720900, 37724609-11
Fax : (92-42) 37720901

129 GULSHAN-E-RAVI BRANCH

5-F, Main Boulevard, Gulshan-e-Ravi.
Phones : (92-42) 37467724, 37466624
Fax : (92-42) 37416272

130 WAPDA TOWN BRANCH

Mega Plaza, 191-F, Phase-I
PIA.C.H.S., Wapda Town Chowk.
Phones : (92-42) 35945671, 35945672-3
Fax : (92-42) 35945669

131 JOHAR TOWN BRANCH

13-G, Johar Town.
Phones : (92-42) 35314302-3-4
Fax : (92-42) 35311696

132 THOKAR NIAZ BAIG BRANCH

Jamal Plaza, 1-K.M. Raiwind Road.
Phones :
(92-42) 35314396 -97, 35311897
Fax : (92-42) 35314398

133 BAGHBANPURA BRANCH

268-B, GT Road, Baghbanpura.
Phones : (92-42) 36824837, 36824796
Fax : (92-42) 36824785

134 SHADBAGH BRANCH

Plot No. 2, 1-Tajpura Chowk,
Mouza Chan Miran.
Phones : (92-42) 37602466, 37602566
Fax : (92-42) 37607366

135 ISLAMIC BANKING BRANCH

3-E, Main Market, Gulberg.
Phones : (92-42) 35754901-02
Fax : (92-42) 35762501

136 REGAL CHOWK BRANCH

63, Shahrah-e-Quaid-e-Azam,
Phones : (92-42) 37352756 & 86
Fax : (92-42) 37314190

137 SAMANABAD BRANCH

891-N, Main Poonch Road.
Phones : (92-42) 37590926-28
Fax : (92-42) 37590929

138 ISLAMPURA BRANCH

10-C, Ghazia Abad,
Main Bazar, Islampura.
Phones : (92-42) 37112628-30
Fax : (92-42) 37112631

139 SHADMAN COLONY BRANCH

Plot No. 120, Shadman Colony No. 1.
Phones : (92-42) 37572906-08
Fax : (92-42) 37572910

140 CHOWK YATEEM KHANA BRANCH

137, Sharif Park, Multan Road,
Chowk Yateem Khana.
Phones : (92-42) 37568110-12
Fax : (92-42) 37568104

141 GHARI SHAHU BRANCH

84-G, Allama Iqbal Road,
Mauza Ghari Shahu Cantt.
Phones : (92-42) 36294148-50
Fax : (92-42) 36294151



Branch Network

142 SHAHDARA BRANCH

Opp. Rustam Sohrab Factory,
Sheikhupura Road, Tehsil Shahdara.
Phones : (92-42) 37940171-73
Fax : (92-42) 37940174

143 MODEL TOWN BRANCH

21, Central Commercial Market,
Model Town Society.
Phones : (92-42) 35915502-4
Fax : (92-42) 35915505

144 BUND ROAD BRANCH

Plot No. 691-Bank Road,
Chohan Park, Main Bund Road.
Phones : (92-42) 37151083-85
Fax : (92-42) 37151086

145 FEROEZPUR ROAD BRANCH

Khasra No. 3386/262, Muza Attari
Saroba Cantonment Area, (18-KM)
Main Ferozepur Road.
Phones : (92-42) 35923627-8, 35923648
Fax : (92-42) 35923649

146 SABZAZAR BRANCH

123-A, Liaqat Chowk,
Main Road, Sabzazar.
Phones : (92-42) 37496749-53
Fax : (92-42) 37496754

KHANEWAL

147 Hussain Shopping Centre, Jamia Masjid Road, Khanewal. Phones : (92-65) 2552755-56 Fax : (92-65) 2552757

MIAN CHANNU

148 G.T. Road, Mian Channu, District Khanewal. Phones : (92-65) 2662141-4 Fax : (92-65) 2662145

MULTAN

149 MAIN BRANCH

126-C, Old Bahawalpur Road.
Phones : (92-61) 4580314-16 & 111-786-110
Fax : (92-61) 4582471

150 HUSSAIN AGAHI BRANCH

Lohari Gate Shopping Centre,
Hussain Agahi Road.
Phones : (92-61) 4513893 & 4513577
Fax : (92-61) 4513793

151 GHALLA MANDI BRANCH

135/C, Ghalla Mandi, Vehari Road.
Phones : (92-61) 4232627-28
Fax : (92-61) 4232629

152 GULGASHT BRANCH

Bosan Road, Multan.
Phones : (92-61) 6752701-03-05
Fax : (92-61) 6752704

153 ADDA BOSAN BRANCH

Bosan Road, Adda Bosan,
Teh: & Distt: Multan.
Phones : (92-61) 4595006-8
Fax : (92-61) 4595009

154 ISLAMIC BANKING BRANCH

Plot No. 399/400-C, 1st Floor,
Gulgasht Colony, Bosan Road, Multan.
Phones : (92-61) 6511643, 6511641
Fax : (92-61) 6511644

155 SHAH RUKNE ALAM COLONY BRANCH

Plot No. 231, Block-A, Shah Rukn-e-Alam
Colony, Multan.
Phones : (92-61) 6782961-2
Fax : (92-61) 6782963

156 ADDA LAR BRANCH

Bahawalpur Road, Adda Lar,
Tehsil & Distt Multan.
Phones : (92-61) 4377913-4
Fax : (92-61) 4377911

PULL KHARAN

157 Mauza Hanjani, Jalalpur Pir Wala Road, Tehsil Shujabad, District Multan. Phones : (92-061) 4042270-71 Fax : (92-061)

KHAN BELA BRANCH

158 Koraja Plaza, KLP Road, Distt. Rahim Yar Khan. Phones : (92-68) 5580071, 5580072 Fax : (92-68) 5580073

ZAHIR PIR BRANCH

159 Charchran / KLP Road, Distt. Rahim Yar Khan. Phones : (92-68) 5563705, 5563706 Fax : (92-68) 5563707

TIBBA SULTANPUR BRANCH

160 Main Bazar, Saleem Minhas Road, Distt. Vehari. Phones : (92-67) 3701001, 3701143 Fax : (92-67) 3701144

GAGGO MANDI

161 Sheikh Fazil Road, Teh: Burewala, Distt. Vehari. Phones : (92-67) 3501231-2 Fax : (92-67) 3501233

KARKHANA BAZAR

162 35-A, Karkhana Bazar, Near Ghalla Mandi. Distt: Vehari. Phones : (92-67) 3360028, 3360029 Fax : (92-67) 3360031

PARCO BRANCH

163 Kot Addu Road, Qasba Gujrat, Teh: Kot Addu Distt: Muzaffargarh. Phones : (92-66) 2291905-6 Fax : (92-66) 2291907

SADIQABAD

164 Plot No. 24, Allama Iqbal Road. Phones : (92-68) 5801101-3 Fax : (92-68) 5801104

RAHIM YAR KHAN

165 Shahi Road. Phones : (92-68) 5884557 & 5884508-9 Fax : (92-68) 5884503

KHANPUR

166 Plot No. 362-B, Model Town Kutchery Road. Phones : (92-68) 5576702-3 Fax : (92-68) 5576704

BAHAWALPUR

167 Circular Road, Near Chowk Fawara, Bahawalpur. Phones : (92-62) 2731262-64 Fax : (92-62) 2731265

168 UCH SHARIF TOWN BRANCH

Tehsil Ahmedpur East
District Bahawalpur.
Phones : (92-62) 2551315
Fax : (92-62) 2551316

D.G. KHAN

169 83-Block-10, New College Road, Dera Ghazi Khan. Phones : (92-64) 2468470, 2468471-3 Fax : (92-64) 2468474

BUREWALA

170 67/F Vehari Road, Burewala Phones : (92-67) 3772531-33 Fax : (92-67) 3772534

FAISALABAD

171 MAIN BRANCH

Bank Square, Outside Kutchery Bazar.
Phones : (92-41) 2637301-3 & 111-786-110
Fax : (92-41) 2614266

172 MILLAT ROAD BRANCH

132-B, Gulistan Colony II, Millat Road.
Phones : (92-41) 8582115-6
Fax : (92-41) 8582118

173 MADINA TOWN BRANCH

37-X-101, Soosan Road.
Phones : (92-41) 8557691-93
Fax : (92-41) 8737645

174 BATALA COLONY BRANCH

Plot No. 291-1, P.C. Extn. DGM Block,
Batala Colony.
Phones : (92-41) 8500562-3
Fax : (92-41) 8500564

KHURRIANWALA

175 Kamal Spinning Mills, 4th KM, Khurrianwala-Jaranwala Road, Distt: Faisalabad. Phones : (92-41) 4363144-5 Fax : (92-41) 4363146

FEROZWATOAN

176 Main Gate, Shafi Spinning Mills Ltd., Faisalabad Sheikhupura Road, Ferozwatoan Distt. Sheikhupura. Phones : (92-56) 3730301-2 Fax : (92-56) 3730303

KAMALIA SUGAR MILLS

177 Kot Khathran, Kamalia. Phone : (92-46) 3432479, 3432487 Fax : (92-46) 3432491



Branch Network

SAHIWAL

178 271, Block-2, High Street (Jinnah Road).
Phones : (92-40) 4466021 & 4467021
Fax : (92-40) 4464031

OKARA

179 29, Block-A, Mandi Road, Okara.
Phones : (92-44) 2528175-2528241
Fax : (92-44) 2524789

KASUR

180 Railway Road, Near Darbar Bullhayshah.
Phones: (92-49) 2764355, 2764366, 2764465
Fax : (92-49) 2765040

SHEIKHUPURA

181 B-IX-64-95/A, Sarghoda Road,
Near Sharif Plaza.
Phones : (92-56) 3612906 & 111-786-110
Fax : (92-56) 3612877

GUJRANWALA

182 Opp: Iqbal High School, G.T. Road,
Gujranwala.
Phones : (92-55) 3846220, 3857220
Fax : (92-55) 3734100

PEOPLES COLONY

Premises No. 30-Y-7, Block
Main Central Road, Peoples Colony.
Phones : (92-55) 4292401-3
Fax : (92-55) 4292404

GHAKHAR

184 G.T. Road, Ghakhar Tehsil Wazirabad,
District Gujranwala.
Phones : (92-55) 3832802-4
Fax : (92-55) 3832805

HAFIZABAD

185 Chowk Anarkali Bazar,
Gujranwala Road, Hafizabad.
Phones : (92-547) 540373-75
Fax : (92-547) 540376

WAZIRABAD

186 Awan Market, Opp. Civil Court,
Sialkot Road, Distt. Gujranwala.
Phones : (92-55) 6601231-3
Fax : (92-55) 6601244

SIALKOT

187 Opp. Telephone Exchange Office Paris Road.
Phones : (92-52) 4598407 & 111-786-110
Fax : (92-52) 4597064

GUJRAT

188 Ground Floor, Soufi Hotel, G.T. Road.
Phones : (92-53) 3515803 & 111-786-110
Fax : (92-53) 3525628

LALA MUSA

189 G.T. Road, Lala Musa,
Tehsil Kharian, Distt. Gujrat.
Phones : (92-53) 7519672-74
Fax : (92-53) 7519675

DINGA (DISTT. GUJRAT)

190 Opp. Civil Hospital.
Phone : (92-53) 7401737
Fax : (92-53) 7402785

KHARIAN

191 G.T. Road, Kharian City, District Gujrat, Punjab.
Phone : (92-537) 536178-80
Fax : (92-537) 536167

ISLAMABAD

192 MAIN BRANCH

90-91, Razia Sharif Plaza,
Jinnah Avenue, Blue Area.
Phones : (92-51) 2270883-4 & 111-786-110
Fax : (92-51) 2270885

193 F-10 MARKAZ BRANCH

F-10 Markaz.
Phones : (92-51) 2297758-2213482
Fax : (92-51) 2296895

194 I-8 MARKAZ BRANCH

Huzafia Centre.
Phones : (92-51) 4862257-9
Fax : (92-51) 4862261

195 I-10 MARKAZ BRANCH

Plot No. 3-C, Babar Plaza,
Phones : (92-51) 4431194-96
Fax : (92-51) 4431197

196 BARA KAHU BRANCH

Mozah Kot Hathail Main Murree Road
Bara Kahu Tehsil & District.
Phones : (92-51) 2233604-06
Fax : (92-51) 2231139

197 G-9 MARKAZ BRANCH

21-B, G-9 Markaz.
Phones : (92-51) 2285781-83
Fax : (92-51) 2285784

RAWALPINDI

198 MAIN BRANCH

40/3, Jhanzeb Centre, Bank Road,
Rawalpindi Cantt.
Phones : (92-51) 5519936-38
Fax : (92-51) 5519939

199 CITY BRANCH

C/30, C/32, Iqbal Road, Trunk Bazar,
Rawalpindi City.
Phones : (92-51) 5553462, 5553664
Fax : (92-51) 5554493

200 MURREE ROAD BRANCH

B-128, Block No. B, Satellite Town, Murree Road.
Phones : (92-51) 4572019-20
Fax : (92-51) 4572021

201 WAH CANTONMENT BRANCH

A-12, Shahwali Colony,
Opp. Aslam Uppal Chowk, The Mall Road.
Phones : (92-51) 4511705, 4511872
Fax : (92-51) 4511926

202 CHAKLALA SCHEME-III BRANCH

Rahman Plaza, Imran Khan Avenue,
Chaklala-III, Commercial Market, Rawalpindi.
Phones : (92-51) 5766322-4
Fax : (92-51) 5766011

203 GULZAR-E-QUAID BRANCH

Plot No. 10, Civic Center,
Airport Employees Co-operative Housing
Society, (AECHS), Chaklala, Rawalpindi.
Phones : (92-51) 5707602-4
Fax : (92-51) 5707605

204 PESHAWAR ROAD BRANCH

659-Naseerabad, Peshawar Road, Rawalpindi.
Phones : (92-51) 5440145-47
Fax : (92-51) 5440149

GUJAR KHAN

205 Plot No. D-39, G.T. Road,
Tehsil: Gujjar Khan, Distt: Rawalpindi.
Phones : (92-51) 3511601
Fax : (92-51) 3511602

ABBOTTABAD

206 Mansehra Road, Abbottabad.
Phones : (92-992) 384190-92
Fax : (92-992) 384193

PESHAWAR

207 MAIN BRANCH

105-106, F.C. Trust Building,
Sonehri Masjid Road.
Phones : (92-91) 5279814 & 111-786-110
Fax : (92-91) 5279861

208 JAMRUD ROAD BRANCH

G.B. Plaza, Jamrud Road,
Hayatabad, Peshawar.
Phones : (92-91) 5815197, 5813294, 5814704
Fax : (92-91) 5814660

209 ASHRAF ROAD BRANCH

Pashtoon Plaza, Ashraf Road, Peshawar City.
Phones : (92-91) 2580731, 2580732, 2580733
Fax : (92-91) 2580735

210 UNIVERSITY ROAD BRANCH

Malik Plaza, Arbab Chowk, University Road.
Phones : (92-91) 5711492-94
Fax : (92-91) 5711495

211 ISLAMIC BANKING BRANCH

Pak Business Centre, G.T. Road.
Phones : (92-91) 2581902-2581904
Fax : (92-91) 2581905

SALEH KHANA

212 Village & P.O. Saleh Khana,
Tehsil & Distt. Nowshera N.W.F.P.
Phone : (92-923) 651456
Fax : (92-923) 651676

MATHANICHANGAN SWABI

213 Village Mathanichangan, Distt. Swabi. N.W.F.P.
Phones : (92-938) 537337-38
Fax : (92-938) 537339

HARIPUR

214 Nida Centre, G.T. Road, Haripur, N.W.F.P.
Phones : (92-995) 627057-59
Fax : (92-995) 627054

MIRPUR (AZAD KASHMIR)

215 82-A/B, Allama Iqbal Road, Sector B-4.
Phone : (92-58610) 45064
Fax : (92-58610) 44766

DADYAL

216 Nishtar Plaza, Vill: Bhalot,
Tehsil Dadyal Distt. Mirpur, (A.K.).
Phone : (92-5827) 445064
Fax : (92-5827) 444766

MIRPURKHAAS

217 Plot No. 488 & 489, Ward A, Station Road,
Phones : (92-233) 874524, 874525
Fax : (92-233) 874522

MEHAR

218 Plot CS # 996/ICL 996/ID, Ward A,
Mehtar Town, Distt. Dadu.
Phones : (92-254) 730040-41
Fax : (92-254) 730042



Branch Network

NAWABSHAH

- 219 Masjid Road.
Phones : (92-244) 362738 & 362854
Fax : (92-244) 362737

QAZI AHMED BRANCH

- 220 Waqar Ali Shopping Centre,
Main National Highway,
Qazi Ahmed City, Taluka Doulatpur
District Nawabshah, Sindh.
Phones : (92-244) 321402, 321404
Fax : (92-244) 321403

SHAHPUR CHAKAR

- 221 Main Bazar, Chowk.
Phones : (92-235) 846131, 846164
Fax : (92-235) 846178

HYDERABAD

222 MAIN BRANCH

- Saddar Bazar, Cantonment Area.
Phones : (92-22) 2785803
Fax : (92-22) 2781955

223 QASIMABAD BRANCH

- Suhrio House, Ground Floor, Main
Shahrah-e-Qasimabad, Hyderabad, Sindh.
Phones : (92-22) 265551-4
Fax : (92-22) 2655557

224 MARKET ROAD BRANCH

- Grain Market, Plot No. C.S. 2773/1
Ward 'A' Market Road.
Phones : (92-22) 2638113-4, 2634554
Fax : (92-22) 2631416

225 NEW SAEEDABAD BRANCH

- Plot No. 53 / 236, Ward A-11/16,
Taluka Hala, District Maitari.
Phones : (92-22) 2767550-2
Fax : (92-22) 2767553

226 HALA NAKA BRANCH

- Plot No. 118, Main Truck Stand,
Hala Naka Road, Hyderabad.
Phones : (92-22) 2032325-6
Fax : (92-22) 2032327

227 LATIFABAD BRANCH

- Block-D, Unit No. 7, Latifabad, Hyderabad.
Phones : (92-22) 381807273
Fax : (92-22) 3818070

HINGORJA

- 228 Plot No. 371, Sami Sagyoon Road,
Tehsil: Sobhodero, Distt. Khairpur.
Phones : (92-243) 740596
Fax : (92-243) 740597

SUKKUR

- 229 B-2555, Shaheed Gunj.
Phone : (92-71) 5622287
Fax : (92-71) 5625749

BHIRIA ROAD

- 230 Plot No. 11-C/14-T, Station Road,
Bhiria Road, Distt. Naushero Feroz, Sindh.
Phone : (92-242) 435028, 435029
Fax : (92-242) 435030

MORO

- 231 Plot No. IB/210/C-83, Main Road, Moro,
Distt. Naushero Feroz, Sindh.
Phones : (92-242) 413112, 413116
Fax : (92-242) 413121

TANDO ADAM

- 232 Plot No. 236, Shah Complex, Near
Muhammadi Chowk, Tando Adam, Sindh.
Phone : (92-235) 576284
Fax : (92-235) 576315

KANDHKOT

- 233 Jumman Shah Mohallah / Road,
Kandhkot Town, Sindh.
Phones : (92-722) 570013-14
Fax : (92-722) 570015

LARKANA

- 234 Plot No. 1616/1, 1616/2, 1618, 1622
Pakistan Chowk, Bunder Road.
Phones : (92-74) 4043060, 4042599, 4043199
Fax : (92-74) 4043199

MEHRABPUR

- 235 Zeeshan Shopping Center,
Thari Road, Mehrabpur.
Phones : (92-242) 430914, 431132
Fax : (92-242) 431538

SANGHAR

- 236 Plot No. 938-1 & 938-2, Ward-B
M.A. Jinnah Road, Sanghar.
Phones : (92-235) 543102, 543103
Fax : (92-235) 542849

SHAHDADPUR

- 237 Court Road, Shahdadpur.
Distt. Sanghar.
Phones : (92-235) 842699-700
Fax : (92-235) 842698

DAHARKI

- 238 Daharki Distt. Ghotki
Phone : (92-723) 643822
Fax : (92-723) 643820

TURBAT

- 239 Saddar Bazar Main Road, Turbat.
Phones : (0852) 411491-04
Fax : (0852) 411490

QUETTA

- 240 Mannan Chowk, M.A. Jinnah Road.
Phones : (92-81) 2844125 & 111-786-110
Fax : (92-81) 2842335

241 ISLAMIC BANKING BRANCH

- Plot No. 3, Farooq-e-Azam Chowk
Opp. Bus Stand, Satellite Town.
Phone : (92-81) 2449042
Fax : (92-81) 2449036

GAWADAR

- 242 Plot No. 40/41, Mir Lal Bakhsh Ward,
Air Port Road.
Phones : (92-86) 4211002-3
Fax : (92-86) 4212203

FAZILPUR

- 243 Atta Market, Indus Highway,
Fazilpur, Tehsil & District Rajanpur.
Phone : (92-604) 680201
Fax : (92-604) 680202

JHELUM

- 244 Opposite Rescue 15, Railway Road.
Phones : (92-544) 621810, 623110
Fax : (92-544) 627510

SARGODHA

- 245 Opposite DIG House,
Khayyam Chowk, University Road.
Phones : (92-48) 3768051-3
Fax : (92-48) 3768054

MANDI BHAUDDIN

- 246 Ghalla Mandi,
Bank Road, Mandi Bhauddin.
Phones : (92-546) 501722, 502922
Fax : (92-546) 503304

CHAKWAL

- 247 B-VII, 11A, Ejaz Plaza,
Opp. Govt. Boys College Talagang Road.
Phones : (92-543) 540050
Fax : (92-543) 540049

TOBA TEK SINGH

- 248 Plot No. 102, Chak No. 326-GB,
Allama Iqbal Road, Talab Bazar.
Phones : (92-46) 2514017-19
Fax : (92-46) 2514020

SHIKARPUR

- 249 Plot No. 5/137, Opposite Gate
Sabzi Mandi Stuart Gunj.
Phones : (92-726) 512519-20
Fax : (92-726) 520776

MURIDKE

- 250 G.T. Road, Muridke,
Tehsil Ferozwala, Distt. Sheikhpura.
Phones : (92-42) 7950602-4
Fax : (92-42) 7950605

NAROWAL

- 251 Kutchery Road.
Phones : (92-542) 411331-2
Fax : (92-542) 414413

JOHARABAD

- 252 Main Bazar Joharabad,
District Khushab.
Phones : (92-454) 721985-86
Fax : (92-454) 721984

GHOTKI

- 253 Mohalla Khoobomal,
Havaii Devairi Sahib Road.
Phone : (92-723) 681005
Fax : (92-723) 681006

JACOBABAD

- 254 C-S # 195/1A, Ward 'A' Old
Anaj Mandi Road.
Phone : (92-722) 651232
Fax : (92-722) 651230

ROHILLAN WALI BRANCH

- 255 Ali Pur Road, Rohillan Wali,
Tehsil & Distt. Muzaffargarh.
Phone :
Fax :

KINGDOM OF BAHRAIN

- 256 1302 Almoayyed Tower,
Al Seef District, P.O. Box 50786
Manama, Kingdom of Bahrain.
Phone : (92-973) 1756-4044
Fax : (92-973) 1756-4033

Principal Office

Mackinnons Building, I. I. Chundrigar Road, Karachi. Phones: (92-21) 32412421, 32412986 & 111-786-110
Fax: (92-21) 32419752

SWIFT CODE : BAHLPKKA

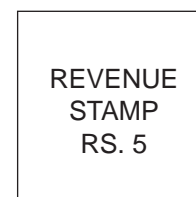
website : www.bankalhabib.com



Form of Proxy

The Company Secretary
Bank AL Habib Limited
126-C, Old Bahawalpur Road,
MULTAN.

I/We _____
of _____
a member(s) of Bank AL Habib Limited and holding _____
ordinary shares, as per Register Folio No./CDC Account and Participant's I.D. No. _____
hereby appoint _____ Folio No. _____
of _____
or failing him/her _____ Folio No. _____
of _____
another member of the Bank to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting
of the Bank to be held on Thursday, March 25, 2010 and at any adjournment thereof.
As witness my/our hand this _____ day of _____ 2010.



SIGNATURE OF MEMBER (S)

A member entitled to attend the Annual 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.

CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his / her original CNIC or 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 alongwith proxy form.

The instrument appointing a proxy should be signed by the member or by his/her attorney duly authorised in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The proxy forms shall be deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting.