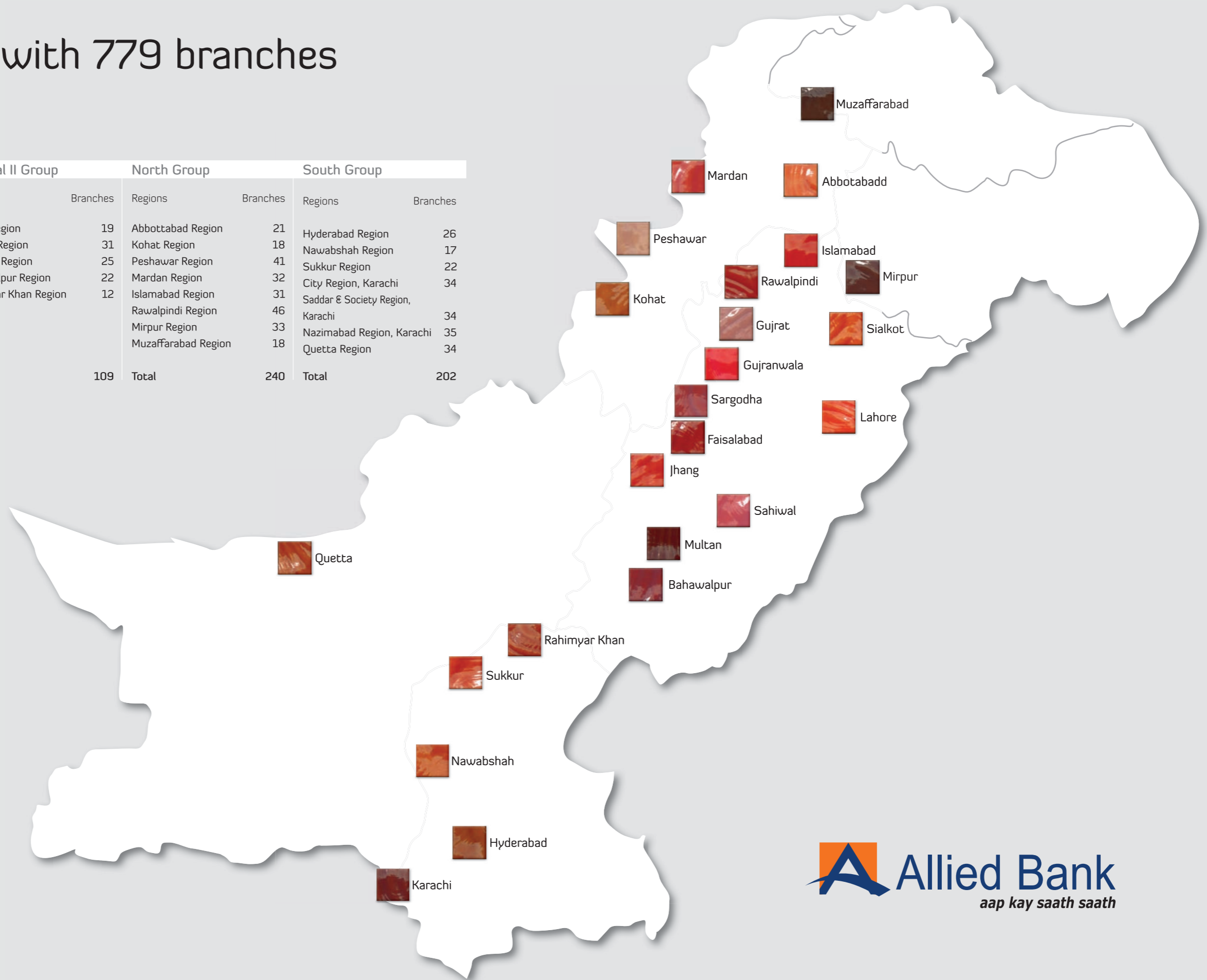


Around you with 779 branches

Central I Group		Central II Group		North Group		South Group	
Regions	Branches	Regions	Branches	Regions	Branches	Regions	Branches
Gujrat Region	22	Jhang Region	19	Abbottabad Region	21	Hyderabad Region	26
Sialkot Region	25	Multan Region	31	Kohat Region	18	Nawabshah Region	17
Gujranwala Region	34	Sahiwal Region	25	Peshawar Region	41	Sukkur Region	22
Gulberg Region, Lahore	41	Bahawalpur Region	22	Mardan Region	32	City Region, Karachi	34
City Region, Lahore	35	Rahimyar Khan Region	12	Islamabad Region	31	Saddar & Society Region, Karachi	34
Faisalabad Region	35			Rawalpindi Region	46	Karachi	34
Sargodha Region	36			Mirpur Region	33	Nazimabad Region, Karachi	35
				Muzaffarabad Region	18	Quetta Region	34
Total	228	Total	109	Total	240	Total	202



The Cover Concept...

Delivering value to the people we serve...

At Allied Bank, we believe that more than being economic engines, banks should also be transformed into enterprises that utilize their resources and engage in activities designed to serve the people and become essential in serving societies - delivering value and elevating the lives of communities we operate in.

We are striving for a system that's less arbitrary and less complicated, in which each of our product has a fitting place in everyone's lives.

With a composition of several facets of the community on this year's Annual Report cover, we celebrate various aspects of our society where we conduct our business, every opportunity that belongs to Allied Bank belongs to you, and every value that's Allied Bank believes in is crafted for you.

The transition of our systems into this very thought might be subtle, but it is always on its way, everyday!





Contents

02	Corporate values that bind us together
03	Company Information
04	Board of Directors
06	Board Committees
08	Chairman's Message
10	Directors' Report
14	The Management
16	Chief Executive Officer's Review
25	Awards & Accolades
26	Performance Highlights
30	Vertical & Horizontal Analysis
34	Statement of Value Addition
35	Entity Ratings of Allied Bank
36	Corporate Social Responsibility
40	Notice of 64th Annual General Meeting
42	Statement of Compliance with Code of Corporate Governance (CCG)
44	Statement of Ethics and Business Practices
46	Statement of Internal Controls
47	Auditors' Review Report to the Members on statement of compliance with CCG

Unconsolidated Financial Statements of Allied Bank Limited

51	Auditors' Report to the Members
52	Balance Sheet
53	Profit and Loss Account
54	Statement of Comprehensive Income
55	Cash Flow Statement
56	Statement of Changes in Equity
57	Notes to the Financial Statements
123	Annexures

Consolidated Financial Statements of Allied Bank Limited and its Subsidiary

142	Directors' Report on Consolidated Financial Statements
143	Auditors' Report to the Members
144	Balance Sheet
145	Profit and Loss Account
146	Statement of Comprehensive Income
147	Cash Flow Statement
148	Statement of Changes in Equity
149	Notes to the Financial Statements
216	Annexures
233	Pattern of Shareholding
239	Form of Proxy

Corporate Values

that bind us together

Company Information

Growth
Innovation
Service
Integrity
Performance
Excellence

Vision

To become a dynamic and efficient bank providing integrated solutions in order to be the first choice bank for the customers

Mission

- To provide value added services to our customers
- To provide high tech innovative solutions to meet customers' requirements
- To create sustainable value through growth, efficiency and diversity for all stakeholders
- To provide a challenging work environment and reward dedicated team members according to their abilities and performance
- To play a proactive role in contributing towards the society

Core Values

- Integrity
- Excellence in Service
- High Performance
- Innovation and Growth

Board of Directors

Mohammad Naeem Mukhtar
Chairman / Non Executive Director

Sheikh Mukhtar Ahmad
Non Executive Director

Mohammad Waseem Mukhtar
Non Executive Director

Abdul Aziz Khan
Independent Director

Sheikh Jalees Ahmed
Executive Director

Farrakh Qayyum
Government Nominee / Non Executive Director

Mubashir A. Akhtar
Independent Director

Pervaiz Iqbal Butt
Independent Director

Mohammad Aftab Manzoor
Chief Executive Officer

Audit Committee

Sheikh Mukhtar Ahmad
Chairman

Farrakh Qayyum
Member

Sheikh Jalees Ahmed
Member

Company Secretary

Waheed-Ur-Rehman, FCA

Auditors

M. Yousuf Adil Saleem & Co.
Chartered Accountants

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Adviser

Haidermota and Company,
Advocates and Solicitors

Shares Registrar

Technology Trade (Pvt.) Ltd.

Central Office

Bath Island, Khayaban-e-Iqbal,
Main Clifton Road,
Karachi – 75600
UAN: (92 21) 111-110-110

Head Office/ Registered Office

8-Kashmir / Egerton Road,
Lahore
UAN: (92 42) 111-110-110

Website & Email

www.abl.com
E-mail: info@abl.com

Toll Free Number

0800-22522

Board of Directors



(Left to Right)

- Abdul Aziz Khan
- Sheikh Jalees Ahmed
- Mohammad Naeem Mukhtar
- Pervaiz Iqbal Butt
- Mohammad Aftab Manzoor
- Mubashir A. Akhtar
- Sheikh Mukhtar Ahmad
- Farrakh Qayyum
- Mohammad Waseem Mukhtar

Board Committees

Audit Committee

Constitution:

- Sheikh Mukhtar Ahmad
Chairman
- Farrakh Qayyum
Member
- Sheikh Jalees Ahmed
Member

Terms of Reference

Primary responsibilities of the Audit Committee are to determine appropriate measures to safeguard bank's assets, ensure consistency of accounting policies, review financial statements and recommend appointment of and coordinate with external auditors. The committee is inter-alia responsible to ascertain the internal control system including financial and operational controls, ensuring adequate and effective accounting and reporting structure, determining and monitoring compliance with the best practices of the corporate governance and satisfactory implementation of the internal control over financial reporting. Implementation of the management testing plan, assessing the testing results and advising appropriate corrective action is also amongst the major responsibilities of the Audit Committee.

Human Capital Committee

Constitution:

- Sheikh Jalees Ahmed
Chairman
- Abdul Aziz Khan
Member
- Mohammad Waseem Mukhtar
Member
- Mohammad Aftab Manzoor
Member

Terms of Reference

The committee defines the organizational structure and functional responsibilities of each group. It approves staff strength, key appointments, salary revisions, bonuses and any special allowances. It nominates the management personnel on the boards of other companies / subsidiaries. It also recommends amendments in Human Resources Policy to the Board. Besides monitoring performance of Human Resources Group, the committee also oversees certain H.R. related management committees.

e-Vision Committee

Constitution:

- Mohammad Naeem Mukhtar
Chairman
- Mohammad Waseem Mukhtar
Member
- Pervaiz Iqbal Butt
Member
- Mohammad Aftab Manzoor
Member

Terms of Reference

One of the key missions of the e-Vision committee is to provide strategic direction for e-banking and adoption of evolving technology. Strategic plans for IT infrastructure and review/implementation of medium to long term plans, including alternate delivery channels are also reviewed by the e-Vision committee. The Committee provides assistance to the Board with insights regarding international developments in the field of e-banking adoption. It also oversees performance of Project Steering Committee (T24 Core Banking Project) IT steering Committee, and IT Group.

Board Risk Management Committee

Constitution:

- Abdul Aziz Khan
Chairman
- Mohammad Waseem Mukhtar
Member
- Mubashir A.Akhtar
Member
- Mohammad Aftab Manzoor
Member

Terms of Reference

The primary functions of Board Risk Management Committee (BRMC) is the monitoring of management's adherence to prudent and sound risk policies, assessing the ever changing risk profile and providing risk appetite to the business units. It also ensures development of risk management principles to build stakeholders confidence, safeguard and enhance reputation. The committee approves risk limits for Credit, market and operational risks, Credit approval grid and proposals regarding rescheduling/write-offs and filling of recovery suits. Overseeing of certain management committees and groups is also undertaken by the BRMC. The Committee also monitors the initiatives and expenses pertaining to Basel II and up gradation of Risk Management Systems.

Strategic Planning & Monitoring Committee

Constitution:

- Mohammad Waseem Mukhtar
Chairman
- Sheikh Jalees Ahmed
Member
- Abdul Aziz Khan
Member
- Mohammad Aftab Manzoor
Member

Terms of Reference

Strategic plans of the bank, annual operating plan, proposals for acquisition, divestures and alliances are considered by the committee for recommendation to the Board. The Committee among other things monitors progress against annual plan / budget. Besides overseeing certain management committees and groups, it also approves filing of legal suits and criminal complaints.

Board of Directors and Board's Committees meetings attended by Directors during 2009

Directors	Board of Directors	Audit Committee	Board Risk Management Committee	Strategic Planning & Monitoring Committee	e-Vision Committee	Human Capital Committee
Mohammad Naeem Mukhtar	9	-	-	-	7	-
Sheikh Mukhtar Ahmad	8	9	-	-	-	-
Mohammad Waseem Mukhtar	9	-	5	6	6	7
Abdul Aziz Khan	8	-	7	7	-	5
Sheikh Jalees Ahmed	9	9	-	7	-	7
Farrukh Qayyum	8	8	-	-	-	-
Nazrat Bashir*	6	-	3	-	-	-
Tasneem M. Noorani*	6	-	-	-	-	-
Mubashir A. Akhtar	9	5	2	-	-	-
Pervaiz Iqbal Butt	8	-	-	-	6	-
Mohammad Aftab Manzoor	9	-	7	7	8	7
Number of meetings held	9	9	7	7	8	7

* Mrs. Nazrat Bashir and Mr. Tasneem M. Noorani retired from Directorship on August 20, 2009.

Chairman's Message



2009 was an extraordinary year for the global economy and financial markets. Impact of this financial crisis fed rapidly straight in to the performance of the real economy.



Securitization on overly complexed product structures, cheap credit, and excessive lending are few factors contributing to this economic meltdown. These causes are complex and interrelated. In many countries, huge support from taxpayer's money has been required to stabilize the system.

In Pakistan although we did not have a direct impact from the global financial crises but law and order, slow economic growth and lack of political stability put a lot of stress on many industries and in turn the financial sector. Industry wide non-performing loans were on the rise putting pressure on profitability.

We at Allied Bank have built our business on very strong foundations. Our strategy has been tested and remains intact. We will continue building our business by focusing on SME and Agriculture sector, strengthening our corporate and commercial relationships, product innovation and continuous focus on service quality.

Customer is the focus of everything we do at Allied Bank. Understanding the banking needs of modern day customers and fulfilling these needs by offering superior innovative solutions is the nucleus of your bank's strategy. Technological advancement and Innovation are the key enablers of Allied Bank's strategy.

On behalf of the Board and the Management I would like to thank our customers for their trust and continued relationship with Allied Bank. We are working tirelessly to enhance customer experience by offering better, relevant and state of the art products and services in the future. I would also like to assure our customers that we at Allied Bank are working very hard to strengthen this relationship.

The balance sheet of your bank grew by 14% to Rs. 418 billion compared to Rs. 367 billion a year ago. This is a reflection of a robust strategy by the board and the management and extraordinary delivery by each

team member at Allied Bank. My sincere thanks to all for their efforts and achievements. Let's continue the same momentum and set even a higher standards for 2010.

Your bank stands on solid foundations as reflected by long term rating of "AA" and short term rating of "A1+" by PACRA.

Your bank continues to pursue the strategy of having a mixture of youth and experience by investing in best of industry talent and inducting young MBAs as Management Trainees. Competency based recruitment coupled with market based compensation has enabled your bank to attract the best of industry talent. Your banks Human Resource policy is based on a clearly defined performance management system, career planning and development, meritocracy and succession planning.

In these testing times Allied Bank is focusing on strengthening the risk management framework. Our philosophy of understanding the dynamics of various industries, evaluating these in the current macroeconomic condition and ability to adapt quickly is paying dividends. We are constantly learning and embracing change in a dynamic environment. Learning and acquiring new skills to better evaluate and optimize risk will be our focus.

I would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and Allied Bank's Board of Director for their support, trust and valuable contributions.

Mohammad Naeem Mukhtar
Chairman

Directors' Report

Dear Shareholders

On behalf of the Board, we are pleased to present the annual report of your Bank for the year ended December 31, 2009.

The operating results and appropriations, as recommended by the Board are included in the table:

The Board of Directors has proposed a final cash dividend of Rs. 2 per share (aggregate cash dividend of Rs. 4 per share including interim dividend) and to issue bonus shares in the proportion of one share for every 10 shares held, i.e., 10% for the year 2009. This, together with the interim dividends declared during 2009 will be approved in the forthcoming annual general meeting.

	Rs. In million	
	2009	2008
Profit after tax for the year	7,122	4,157
Accumulated profits brought forward	8,537	6,971
Transfer from surplus on revaluation of fixed assets - net of tax	32	18
Profit available for appropriation	15,691	11,146
Interim cash dividend for the year ended December 31, 2009 at Rs. 2 per share (2008: year ended December 31, 2008 at Rs. 1.5 per share)	(1,422)	(970)
Final cash dividend for the year ended December 31, 2008 at Re. 1 per share (2008: year ended December 31, 2007 at Rs. 1.5 per share)	(646)	(808)
Bonus shares for the year ended December 31, 2008 @ 10% (2008: year ended December 31, 2007 @ 20%)*	—	—
Transfer to statutory Reserves	(1,424)	(831)
Accumulated profits carried forward	12,199	8,537
Earning Per Share (EPS) (Rs.)	10.02	5.85

* Appropriation out of Share Premium Account



Performance Review

Your bank posted pre-tax profit of Rs. 10,536 million during 2009 compared to Rs. 6,121 million in previous year, an impressive growth of 72.1%. The after tax profit also rose by 71.4% from previous year to Rs. 7,122 million during 2009. As a result, the ROA & ROE of your bank increased to 1.81% and 30.50% during 2009 from 1.21% and 21.2% in previous year.

The balance sheet size of your bank stands at Rs. 418,374 million as at December 31, 2009, while the equity of your bank registered a strong growth of 34% to reach Rs. 29,960 million. Deposits of your bank increased to Rs. 328,875 million as at December 31, 2009 compared to Rs. 297,475 million in previous year, a growth of 10.6%. Meanwhile, the gross advances rose to Rs. 249,887 million at December 31, 2009, a YoY rise of 11.74%.

Net Mark-up/Interest Income of your bank increased by 40.6% to reach Rs. 18,700 million; mainly led by growth in average earning asset and improving deposit mix towards low cost core deposits. Non-Mark up income rose to Rs. 5,958 million, a growth of 21.7%. The bank's operating expenses increased by 13.9% to Rs. 9,609 million, with cost to revenue ratio declining appreciably to 38.9% in 2009 from 46.3% in previous year. In addition to substantial growth in revenue, the effective cost control measures adopted during the year restricted the growth in cost.

Impairment on Available for Sale Listed Equity Investments

In accordance with SBP BSD Circular No. 4 dated February 13, 2009 the management of Allied Bank, based on its estimate and exercising prudence,

recognized impairment loss of Rs. 1,686.635 million during 2008 through profit and loss account, out of the total impairment loss of Rs. 3,545.891 million as at December 31, 2008. With markets registering upsurge during the year 2009, a major portion of this loss classified under equity has been recovered. Resultantly, the impairment of Rs. 379.390 million is recognized in the Profit and Loss Account for the year-ended December 31, 2009.

Statement under Code of Corporate Governance

The Board of Directors is aware of its responsibilities under the Code of Corporate Governance and is pleased to report that:

- The financial statements, prepared by the management of the Bank, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed in the Annual Accounts.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Bank's ability to continue as a going concern.

Financial Calendar 2009

1st Quarter Results issued on	April 25, 2009
2nd Quarter Results issued on	August 11, 2009
3rd Quarter Results issued on	October 24, 2009
Recommendation of Annual Results by the BOD	February 17, 2010
64th AGM scheduled for & Approval of Annual Results	March 26, 2010
20% cash dividend & 10% bonus shares to be issued by	Within 30 days of AGM 2009
1st Quarter Results issued on	April 26, 2008
2nd Quarter Results issued on	August 20, 2008
3rd Quarter Results issued on	October 29, 2008
Recommendation of Annual Results by the BOD	February 27, 2009
63rd AGM held for Approval of Annual Results	March 27, 2009
10% cash dividend & 10% bonus shares to be issued by	Within 30 days of AGM

- There has been no material departure from the best practices of corporate governance.
- Performance highlights for the last six year is attached.
- The book value of investment and accrued profit on investment of Pension Fund, Provident Fund, Gratuity Fund and Welfare Fund is Rs. 4,418 million, Rs. 2,345 million, Rs. 296 million, and Rs. 109 million respectively, as per audited accounts of the funds for the year ended December 31, 2008.
- Pattern of Shareholding, complying with the requirements prescribed by the code is annexed.
- Statement of Compliance with Code of Corporate Governance is included in the Annual Report.
- We have criteria for nomination of Bank's executives on the Boards of other companies where Allied Bank is an investor company. The Human Capital Committee of the Board decides the nominations.
- The committees of Board of Directors along with their terms of reference/charter has been separately disclosed in the annual report.

- The details of Board & Board's Committees meetings held during the year and attendance by each director have been separately disclosed in the Annual Report.

Change in the Board of Directors

The Board places on record its sincerest appreciation to the outgoing Directors, Mr. Tasneem M. Noorani, and Mrs. Nazrat Bashir to whom we are indebted for their prudent, professional and diligent guidance.

Chief Executive Officer's Review

The Directors of your bank fully endorse the Chief Executive Officer's Review on the bank's performance for the year ended December 31, 2009.

Statement of Internal Controls

The Board is pleased to endorse the statement made by management relating to internal control. The Management's Statement on Internal Control is included in the Annual Report.

Directors' Report cont'd

Risk Management Framework

The Bank manages risk through a framework of sound risk principles which includes an optimum organizational structure, risk assessment and monitoring processes. **The Risk Management Group (RMG) is mandated to implement this framework as a function independent of commercial lines of business, working under the guidance of Board's Risk Management Committee (BRMC).**

In addition, a Management Committee comprising members of senior management deliberates on major risk issues. The Committee also recommends risk policies prepared by RMG following review in its periodic meetings to the BRMC and the Board for approval.

During 2009, RMG took several steps to further strengthen the Risk Management Framework, for example:

- Completed the Basel II Implementation phase for the Credit Risk Standardized Approach with assistance of a reputable advisory firm, and initiated efforts to subsequently migrate to Credit Risk Foundation Internal Ratings Based Approach. Further, the Operational Risk Framework was designed to comply with the Operational Risk Standardized Approach. Various sub-projects are underway, that will be executed over a time span of two years, to bring the bank in compliance with the Basel II approaches. This is an important step in the alignment of regulatory and economic capital requirements.



- Completed the development of Market Risk Management Framework with assistance of an internationally reputed Bank's Risk Advisory Services. The Bank is currently implementing the newly devised framework so that it can efficiently manage liquidity and market risk.
- Deployment of a suite of Risk Management Solutions from one of the leading global firms is in progress. The solutions would enable the bank to automate the risk reporting for credit, market and operational risk as well as to meet the regulatory requirements as set out by the State Bank of Pakistan for Basel II reporting.
- In order to align with the present day's requirements and to improve the risk rating evaluation of obligors, as a first step the Risk Rating System of corporate banking relationship has been upgraded to ensure proper evaluation of each & every corporate banking relationship. This risk rating system has been embedded in a newly developed Loan

Origination System (LOS) to enhance efficiency and improve credit assessment process. This would automate credit origination and approval process. On successful implementation, RMG plans to develop LOS for retail banking relationships.

The Bank devotes considerable resources in managing the risks to which it is exposed. The momentum attained thus far will be continued in the future through significant investments in human resources, technology and training.

Entity Ratings

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating of 'AA' (Double A) and the short-term rating of 'A1+' (A One Plus) of your Bank. The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

TFCs Issue I

JCR-VIS Credit Rating Company has maintained rating of AA- (Double A Minus) assigned to your Bank's 1st TFC Issue (issue date: December 06, 2006). This rating denotes high credit quality.

TFCs Issue II

During the year, your Bank raised funds through a second TFC Issue (Issue date: August 28, 2009) of Rs. 3,000 million. The TFC Issue is rated AA- (Double A Minus) by PACRA. The rating denotes a very strong capacity for timely payment of financial commitments.

Corporate Governance Rating

Corporate Governance Rating (CGR) is meant to indicate the relative level to which an organization accepts and follows the codes and guidelines of corporate governance practices. In this context, JCR-VIS Credit Rating Company Limited has reaffirmed corporate governance rating of 'CGR-8' of your bank, which denotes 'high level of corporate governance' and is only two notches away from the highest level of CGR.

Auditors

The present auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment. Messrs M. Yousuf Adil Saleem and Co., Chartered Accountants retire in pursuance of the Code of Corporate Governance after completion of a term of five years.

The Board of Directors, on the suggestion of the Audit Committee, has recommended Messrs Ford Rhodes Sidat Hyder & Co., Chartered Accountants., and Messrs KPMG Taseer Hadi & Co., Chartered Accountants, for the next term.

Events after the Balance Sheet date

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Acknowledgements

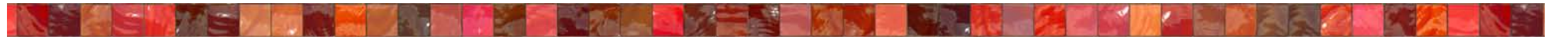
On behalf of the Board and management, we would like to express our sincere appreciation to our customers and shareholders for their patronage, State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for their continuous guidance and support, and employees for all their continued dedication, enthusiasm and loyalty.

For and on behalf of the Board,

Mohammad Aftab Manzoor
Chief Executive Officer

Dated: February 17, 2010
Place: Lahore

The Management



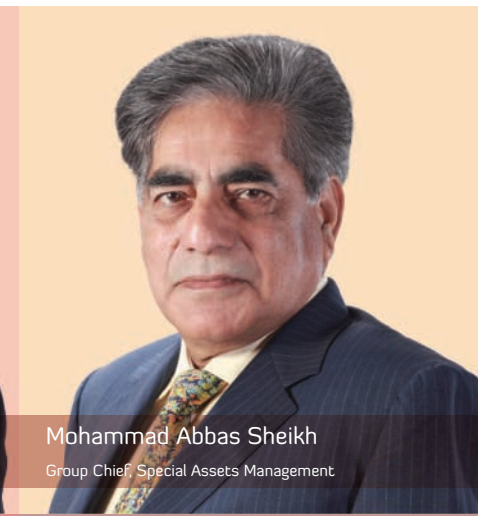
Mohammad Aftab Manzoor
Chief Executive Officer



Fareed Vardag
Group Chief, Risk Management



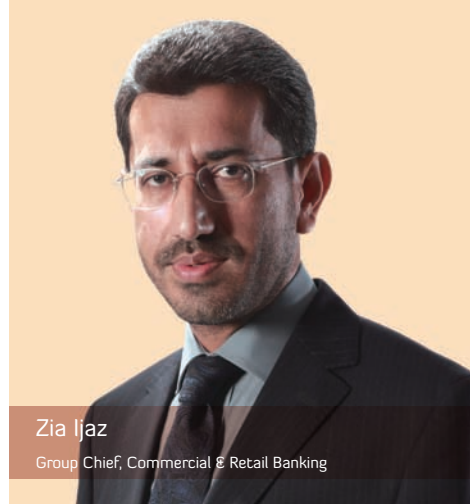
Tahir Hassan Qureshi
Chief Financial Officer



Mohammad Abbas Sheikh
Group Chief, Special Assets Management



Tariq Mahmood
Group Chief, Operations



Zia Ijaz
Group Chief, Commercial & Retail Banking



Shafique Ahmed Uqaili
Group Chief, Human Resources



Khawaja Mohammad Almas
Head Core Banking Projects



Mujahid Ali
Group Chief, Information Technology



Muhammad Jawaid Iqbal
Group Chief, Corporate & Investment Banking



Asim Tufail
Group Chief, Consumer & Personal Banking



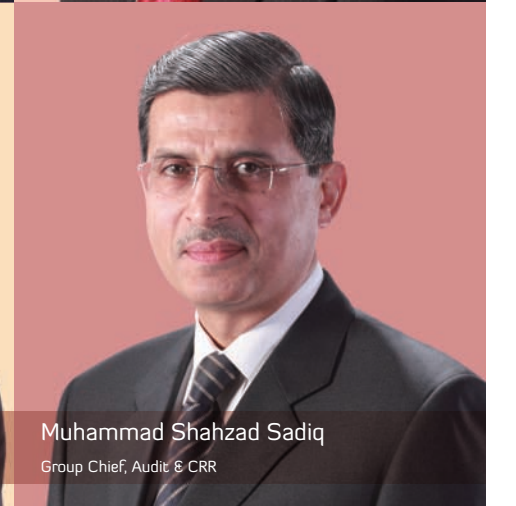
Muhammad Yaseen
Treasurer



Iqbal Zaidi
Group Chief, Compliance



Waheed ur Rehman
Group Chief, Corporate Affairs & Company Secretary



Muhammad Shahzad Sadiq
Group Chief, Audit & CRR

Chief Executive Officer's Review



The global slow down emanating from a severe financial crisis posed serious challenges for the economic managers around the globe. Shocks of the crises impacted the Pakistan's economy indirectly, resulting into substantial decline in foreign investment inflows and limiting of funding opportunities.

Economic activity in Pakistan during 2009 remained subdued owing to major challenges in the operating environment; GDP grew by only 2.0% during FY09 compared to 4.1% in previous year, mainly due to sensitive security situation, acute energy shortage, and weakening demand on account of high inflation. The lower GDP growth was on account of negative growth in large scale manufacturing sector and slowdown in growth of services sector. However, the agriculture sector grew at a higher pace than the previous year.

The macroeconomic imbalances prevailing towards the end of 2008 have shown respite during the year. External account has shown decline, attributable to the improvement in the balance of trade due to sharp decline in imports as compared to exports and impressive increase in remittances. The YoY inflation has fallen substantially and was recorded at 10.5% in December 2009 after reaching a record level of 25.8% in April 2008. The weakening of inflationary pressures in the economy and narrowing of the twin deficits, allowed the central bank to finally initiate monetary easing. Thus, SBP reduced its policy discount rate thrice in 2009 – by 100 bps each time – in April 2009 and August 2009 and 50 bps in November 2009. However, multidimensional risks to the nascent recovery guided the SBP to adopt a more measured monetary response.



The combined impact of the fiscal consolidation and the weaker private sector activity meant that money supply growth dropped to 9.6 percent in FY09 from a robust growth of 15.3 percent in previous year. Due to shift in the risk appetite and weak demand from the private sector, the funds deployment by the banks shifted towards government paper or lending to Public Sector Enterprises (PSEs).

In this scenario, the banking industry has a challenging time as the slowdown in economy impacted the borrowers' repayment capacity, thereby leading to a rising trend in NPLs across the banking sector. As a consequence, banking industry has to make huge provisions against NPLs and the profitability remained under pressure.

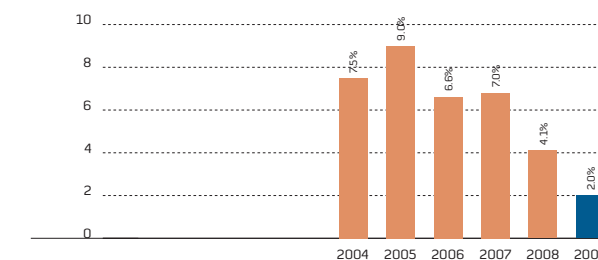
Financial Overview

Under the current circumstances, Your Bank effectively pursued its strategy of consolidation and remained focused on the improvement in quality of assets and achievement of a more favorable deposit mix. In line with this strategy, the Bank continued to align its risk management framework to effectively respond to changing dynamics. Meanwhile, efforts to enhance customers satisfaction continued during the year through strengthening delivery capabilities by leveraging technology platform and the Bank's extensive outreach and developing innovative products and solutions.

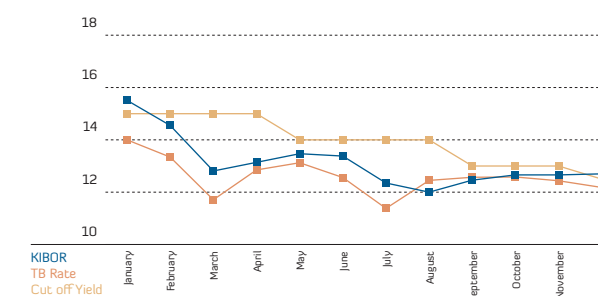
Allied Bank's Profit Before Tax increased to Rs. 10,536 million during 2009 as compared to Rs 6,121 million in 2008, a YoY increase of 72.1%. Profit After Tax also rose to Rs. 7,122 million in 2009 as against Rs. 4,157 million in 2008, showing an increase of 71.3%. Consequently, the ROA and ROE of the Bank increased to 1.81% and 30.5% as compared with 1.21% and 21.2% in previous year. The EPS of the Bank stands at Rs. 10.02 for 2009 compared to Rs. 5.85 in previous year.

The balance sheet size of Your Bank increased to Rs. 418,374 million as at December 31, 2009, a YoY rise of 14.1%. The equity of the Bank increased by 34% to Rs. 29,960 million as at December 31, 2009. Consequently, the financial leverage reduced to 13.96 times as at December 31, 2009 compared to 16.40

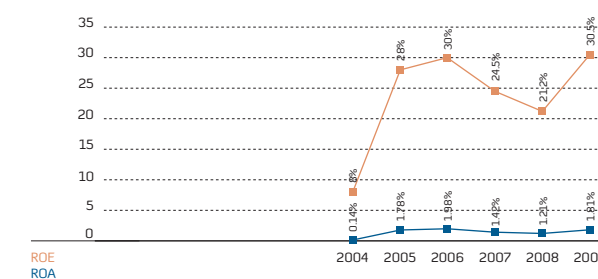
GDP Growth (Percentage)



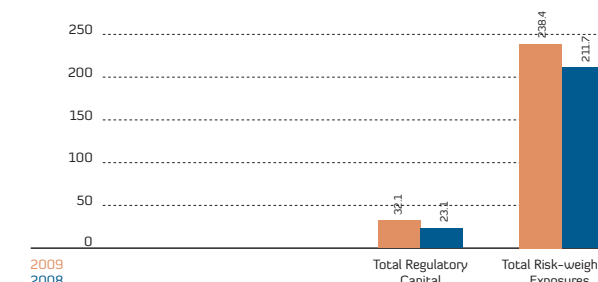
Interest Rates (2009)



Return on Assets and Equity (Percentage)

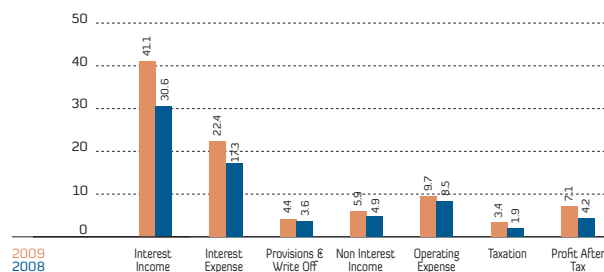


Risk Weighted Assets and Total Regulatory Capital (Rs. in Billion)



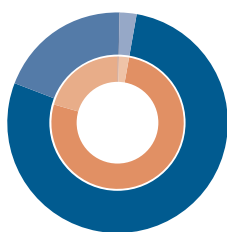
CEO's Review cont'd

Profit and Loss Composition
(Rs. in Billion)

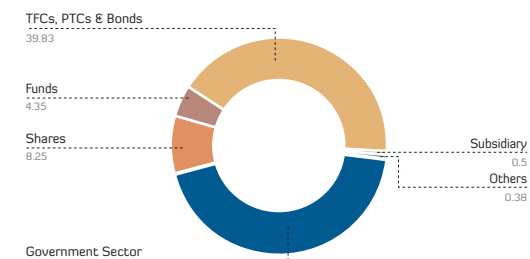


Segmental Advances - Performing
(Rs. in Billion)

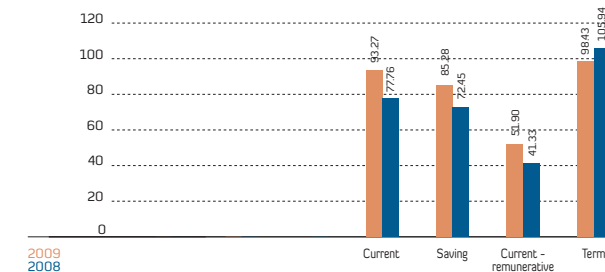
	2009	mix	2008	mix
CIBG	182.6	78.1	161.1	76.7
CRBG	45.4	19.4	43.4	20.7
Consumer	0.2	0.1	0.2	0.1
Staff	5.5	2.4	5.2	2.5



Investment December 31, 2009
(Rs. in Billion)



Deposit Growth
(Rs. in Billion)



on December 31, 2008. The Bank's CAR at December 31, 2009 was worked out to at 13.47 %, improving from previous year's 10.90%. This shows Bank's focus on balance sheet strengthening while also ensuring regulatory compliance.

Deposits grew by 10.6% to Rs. 328,875 million as at December 31, 2009 compared to Rs. 297,475 as at December 31, 2008. Gross advances increased to Rs. 249,887 million at December 31, 2009 compared to Rs. 223,640 million at December 31, 2008, a YoY rise of 11.74%.

Net Mark-up/Interest Income of the Bank increased by 40.6% to Rs. 18,700 million as compared to Rs. 13,298 million in the previous year. Non-Mark up income rose to Rs. 5,958 million showing a YoY increase of 21.7%.

The Bank's operating expenses increased by 13.9% to Rs. 9,609 million during 2009. The Gross Income to Expense ratio has improved to 2.57 times during 2009 from 2.04 times in 2008.

Earning Assets

Advances

Considering the challenging circumstances during the year 2009, Your Bank decided to pursue its strategy of consolidation and remained focused on improvement in the quality of assets. In line with this strategy, Your Bank remained prudent in lending to the new corporate relationships, and fresh advances were mainly extended to existing top tier corporate relationships having strong business fundamentals with tested repayment track record, and exited or reduced its exposure in vulnerable customers in the current tough operating environment.

In Commercial and Retail banking, steps were taken to enhance focus on SME's, Commercial and Agriculture sectors, with a view to diversify and increase its share in total loan book of the Bank. In this regard various new products were launched to attract quality customers. A team of well experienced agriculture credit officers were hired to further penetrate into the agriculture sector. Relationship managers were inducted at all the four group offices (North, Central I, Central II and South) to identify SMEs having strong business profile.

Through effective implementation of above strategy your Bank has been able to increase its average advances by 17.4% to Rs. 221,549 million during the year 2009 as compared to Rs. 188,681 million in 2008, and the yield on advances increased to 13.60% in 2009 as against 11.63% during the previous year.

Investments (Excluding Equity Investments) & Lending to Financial Institutions

The investments on an average basis grew by 12.4% compared to 2008. Your Bank decided to revisit its investment portfolio with a view to rationalize exposure in certain segments with the intention to deploy resources into other profitable avenues. In this regard the exposure in open end mutual funds has been reduced from Rs. 12,761 million (14.7% of total investments) as at December 31, 2008 to Rs. 4,348 million (4.6% of total investments) as at December 31, 2009. The exposure in TFCs has increased by 98.4% to Rs. 36,312 million (38.1% of total investments) as at December 31, 2009 compared to Rs. 18,302 million (21.1% of total investments) as at December 31, 2008. This was mainly due to reclassification of Bank's existing lending exposure as an outcome to adjust the circular debt. The Bank's Sukuk Portfolio include exposure of Rs. 3,190 million to Maple Leaf Cement Factory Limited.

While appreciating the borrower's financial difficulties, the management together with other consortium members is actively considering a financial restructuring arrangements wherein the sponsors would also inject a sizeable amount to support the company's operations and servicing of mark up.

The investment in Treasury Bills of Rs. 33,996 million as at December 31, 2009 contributes 35.7% of the total investments.

The strategy followed by your management in respect of advances and investments resulted in an increase in Mark-up/Interest Income by 34.5% to Rs. 41,122 million in 2009 as compared to Rs. 30,571 million earned during the year 2008.

Non-Performing Advances (NPLs):

In the scenario when the NPLs had an increasing trend in the banking industry, your Bank adopted the strategy to pro-actively monitor the weak accounts and minimize the fresh addition to NPLs and speed up the recovery efforts and regularize/reschedule the existing portfolio. After accounting for the recovery of Rs. 1,960 million and regularization of Rs. 1,226 million during the year under review, the NPLs increased to Rs. 16,281 million as at December 31, 2009 as against Rs. 13,772 million as at December 31, 2008, thus showing a net increase of Rs. 2,509 million.

The infection ratio of 6.5% as at December 31, 2009 was slightly above 6.2% of the previous year; whereas coverage ratio remained at previous year's level of 77%. Your Bank has accounted for a provision of Rs. 3,163 million against NPLs during the year under review. No benefit of FSV has been taken while determining the provision against NPLs as allowed under BSD Circular No. 10 of 2009 dated October 20, 2009.

Deposits

During 2009, stable and low cost deposits remained the major focus of our business strategy. We re-aligned our resources to increase the proportion of such deposits through effectively leveraging our extensive network of online branches. To achieve this objective new branches and existing branches are being built, or renovated to improve their ambience. Furthermore, service standards are constantly being improved, customers are being offered specialized services including internet banking and online transfers throughout the Allied Bank's network and innovative deposits schemes are also being launched to attract additional deposits.

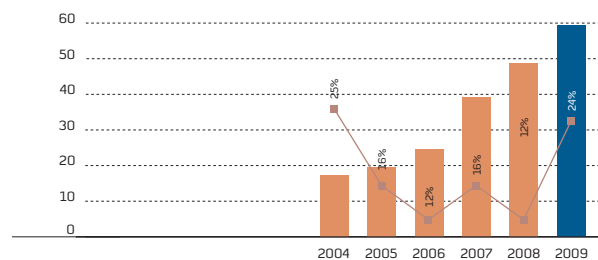
The strategy followed by your management in respect of deposits resulted in an increase in low cost deposits, thus reducing the reliance on high cost deposits. The Mark-up/Interest expense for the year 2009 increased to Rs. 22,422 million as against Rs. 17,273 million in previous year. The Bank has been able to restrict the cost of deposits to 6.10% in 2009 as against 5.10% during the year 2008, wherein the impact of minimum 5% profit on saving deposits was accounted for a period of seven months.

Equity Portfolio:

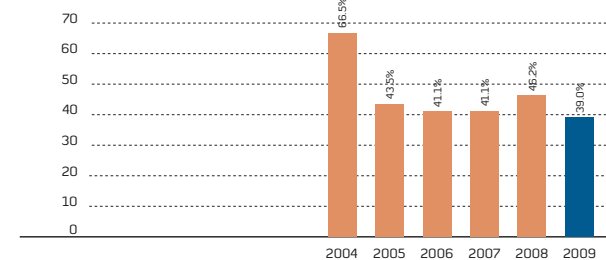
The sharp decline in stock market towards the end of 2008 under exceptional circumstances led to revaluation deficit of Rs. 3,546 million of which Rs. 1,687 million was recognized as an expense during 2008, while the remaining amount of Rs. 1,859 million was carried forward to the next year. Major exposure of your Bank was in quality stocks. Hence, the management decided to hold to these stocks till suitable price levels are reached. With the upsurge in the market during 2009, certain scrips were

CEO's Review *cont'd*

Non Markup / Interest Income
(Rs. in Billion)



Cost to Income Ratio
(Percentage)



liquidated, resulting in recognition of dividend and capital gains of Rs. 1,373 million and limiting of the impairment charge recognized during 2009 to Rs. 379 million. The unrealized gains of Rs. 2,069 million as at December 31, 2009 indicates the quality of shares held under the equity portfolio.

Investment Banking, Trade & Ancillary Business

The management remained committed during the year to enhance the contribution of fee based income to augment and diversify the revenue base. The fee and commission based income recorded a YoY growth of Rs. 174% to reach Rs. 2,708 million.

Allied Bank maintained its lead and won the "Corporate Finance House of the Year Award" by CFA Association of Pakistan for the third consecutive year and the "Best Domestic Investment Bank of the Year – Pakistan" (2008) by Asset Magazine, Hong Kong. The investment banking Group continued its momentum and earned a fee income of Rs. 610 million during 2009 compared to Rs. 299 million in previous year.

Your Bank also remained active in securing cash management mandates during the year and also managed to increase its share in trade related business. Furthermore, due to enhanced focus on the foreign remittance business, the revenue from this avenue has increased manifold during the year. Allied Bank received the mandate of sixteen international money-transfer companies as well as a key regional bank. The Bank' IT team has developed an in house tool – Allied express – that has enhanced the capacity and speed of handling the remittance business.

Human Resource

The Bank remained active in its efforts to attract the best of the industry talent by offering market based compensation and develop the skill set of existing personnel. As part of the strategy to mix youth with experience, and to improve the culture of the Bank, the management adopted the policy of inducting fresh MBA/M.Coms from business schools of repute as Management Trainee Officers (MTOs). The selection criterion is purely based on meritocracy with equal opportunity for all. The candidates passing a written test prepared by Institute of Bankers are called for interviews. The selected young men and women are trained and inducted into various functions of the Bank. During the last two years around 800 MTOs in two separate batches have been hired, while the hiring of another batch of around 250 MTOs is in process. The Management Development Centers (MDCs) have been set up, and various training courses have been arranged in these MDCs where around 5,000 employees participated in these courses as part of career planning and development policy. The Bank has also nominated 1,100 employees on various courses held within Pakistan and 76 of employees were sent abroad to attend the courses and seminars during 2009. The Bank, during the year under review, has incurred Rs. 57.8 million on training of employees as compared to Rs. 58.4 million spent in the previous year.

To promote employee engagement and satisfaction, a performance evaluation system is in place whereby 'pay to performance criteria' inculcates the motivation amongst the employees to achieve the goals/targets set for them.



CEO's Review cont'd



Recognizing it to be long-term investment having lasting benefits, the management continued to invest in human resource strengthening. Consequently, HR cost increased by 25.1% to Rs. 5,660 million during 2009 as against Rs. 4,523 million during the previous year (excluding the VRS expense).

Other Operating Expenses:

The Bank's operating expenses increased to Rs. 4,043 million during 2009, a YoY growth of 15.4%. When compared with average inflation rate during the year, the figure reflects management's effective control in the current difficult circumstances without compromising on the business expansionary needs. The control has mainly been achieved through instilling strong discipline to remain within budgetary limits and close monitoring.

Service Quality

With a view to strengthen the long-term relationship with the customers, the Bank is committed to provide quality customer service across the Bank. A dedicated Service Quality department is entrusted with the responsibility to monitor and recommend for improvement in the service quality aspects. In line with commitment to provide personalized quality service, "Customer Care" & "Complaint Management" Units have been established. The objective of these units is to minimize problem incidence rate, reduce the number of complaints for each business area & assess the satisfaction levels of customers with various touch points of Allied Bank through Customer Satisfaction Survey. With the launch of Phone Banking, another touch point has been established for the customers to avail banking services through efficient and convenient mode of communication. An Internal Service Measurement (ISM) & Health Checks has also been introduced, which contributed in further improvement of the service quality of branches.

Going forward, the Bank endeavors to further enhance its focus on achieving service excellence through adopting various measures including business process re-engineering through automation.

Alternate Delivery Channels/Cards Business

Following launch of Visa Debit Cards in August 2008, the activity has really speeded up during 2009 with 266,108 cards issued to customers during the year. Due to conscious approach towards building the credit card portfolio, a total of 2,886 cards were issued during 2009. The usage of Allied Bank's ATMs by own and other customers was over seventeen million.

Operations, Systems and Controls

Operations group continued to focus on centralization of processes and business continuity. The Internal Controls Division under the ambit of Operations Group is entrusted with the responsibility of expediting rectification of irregularities and control lapses in branches' operations and various controlling offices pointed out through audit reviews. On the other hand the Compliance Group, through its regional offices, ensures adherence to the regulatory requirements and Bank's internal policies and procedures, with specific emphasis on KYC/AML.



The management is in the process of adopting an internationally accepted COSO (Internal Control – Integrated) Framework and has already completed the detailed documentation of the existing processes and controls, together with a comprehensive gap analysis of the control design. The Bank has addressed some of the major gaps identified during the exercise and is at an advanced stage of developing and implementing remediation plans for the remaining gaps. In addition, comprehensive management testing plans and framework are being developed for ensuring on-going operating effectiveness of key controls. The Bank is currently in the process of adopting a Business Continuity Plan applicable to all its functional areas.

Technology

Leveraging technology to deliver the best customer experience and enhance the efficiency of operations remained the corner stone of Allied Bank's strategy. The Bank continued to maintain its lead of being the top Bank with highest number of ATMs, which increased to 530 covering 145+ cities whereby making it the widest geographical network for ATM based services amongst

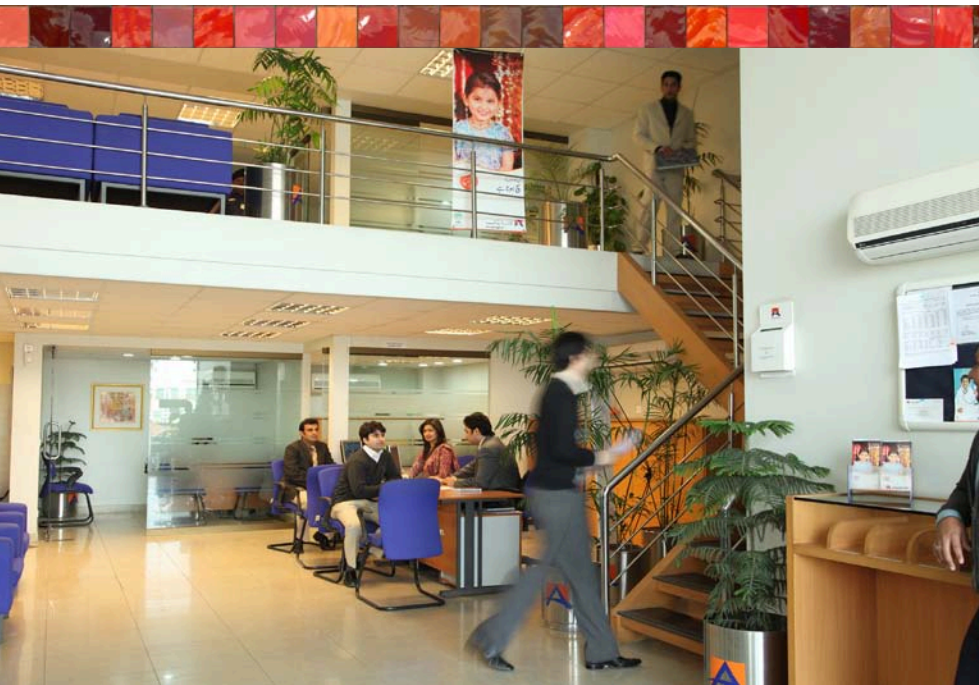


all the banks in Pakistan. Additionally, the Bank took the initiative by installing five Cash Deposits Machine in major cities to enhance its Alternate Delivery Channel.

Significant progress has been made during the year towards implementation of the state of the art core banking solution – Temenos T-24. The Bank successfully completed the first phase of implementing the system by going live with Treasury, Trade Modules, migration of all controlling offices and development of centralized processing units for account opening and verification process. Under the second phase the Bank plans to start migration of branches in phased manner to replace the legacy system.

In order to cater high speed connectivity requirement for the new core banking solution, infrastructure upgradation and bandwidth improvements are being actively pursued.

CEO's Review *cont'd*



Risk Management

The management remained committed to instill a strong risk culture and control environment across the Bank. A number of initiatives have been taken during the year to strengthen the overall risk management function. Those encompass development of policies and procedural covering various risk areas including market risk management, asset liability management, and operational risk management. The deployment of a suite of risk management solutions from one of the leading global firms is in process. Given the difficult credit environment, much emphasis is being placed on upgrading the credit risk assessment and monitoring process. The Bank is currently in the process of developing Loan Origination System for corporate banking relationships, which would automate the credit origination and approval process with an embedded obligor risk rating engine. The Bank has appointed a consultant to assist in implementation of Operational Risk Framework. Various policies and procedures with respect to the framework are under approval process.

ABL Asset Management Company Limited (ABL AMC)

ABL AMC expanded its product suite by launching a stock fund in June 2009. The company also has an income fund, launched in September 2008. ABL AMC has surpassed many old players in the market by growing its fund size to over Rs. 9 Billion in a relatively shorter operational period.

Outlook

The recent economic trends suggest the possibility of a modest recovery during 2010. The major impetus for growth is expected to come from the services sector, while LSM has also lately shown signs of recovery.

The positive improvement in macroeconomic indicators, mainly inflation and contraction in external imbalances bodes well for the revival of economic activity. However, risks to these improvements remains as inflationary pressures have not completely abated, the commodity prices may spur again to unmanageable levels and foreign

inflows (for instance from FoDP and other bilateral arrangements) may not materialize on time. Meanwhile, the severe energy shortages and the sensitive security situation remain a major threat to the potential output of the economy.

The rising fiscal slippages, deficit of 1.5% of GDP for Q1-FY10 as compared to 1.1% in Q1-FY09 poses another challenge. A sizeable portion of it also relates to increasing expenditure on defense and security.

The continuing pressure in the operation environment suggests that the challenges for the banking sector would persist in 2010. Your Bank, while remaining prudent under the circumstances would continue to emphasize on improving cost effective deposit mix, building risk weighted assets by ensuring quality and optimizing costs to pursue the strategy of maintaining steady growth.

I would like to thank the entire management team and employees of Allied Bank for their commitment, which has allowed your Bank to maintain steady growth amidst challenges in the operating environment.

Mohammad Aftab Manzoor
Chief Executive Officer

Dated: February 17, 2010
Place: Lahore

Awards & Accolades

Corporate Finance House of the Year

Allied Bank awarded "Corporate Finance House of the Year 2008 (Banks)" for the third consecutive year by CFA Association of Pakistan.

Corporate Excellence Award

Allied Bank received the "26th Corporate Excellence Award" in Financial Institutions category by Management Association of Pakistan (MAP). The Bank was presented this award in recognition of its Corporate Governance and Overall Management Best Practices.

Best Domestic Investment Bank

Allied Bank awarded "Best Domestic Investment Bank of the Year – Pakistan" in The Asset Asian Awards 2009 by The Asset Magazine, Hong Kong. The awards recognize institutions that have made a significant contribution to the development of the finance industry in Asia.

Corporate Report Award (SAFA)

The Annual Report for the year 2008 of Allied Bank was awarded "Certificate of Merit" by the South Asian Federation Accountants (SAFA), an apex body of the SAARC countries.

Best Equity House Pakistan

Allied Bank recognized as the "Best Equity House - Pakistan (2008)" in The Asset Asian Awards by The Asset Magazine, Hong Kong. The Asset Triple A Country Awards are Asia's defining recognition for excellence in banking and finance.

Corporate Report Award (ICAP & ICMAP)

Allied Bank won the "Best Corporate Report Award 2008", securing 2nd position for excellence in its publication of timely, informative, factual and reader friendly annual report.



Performance Highlights

December 31 2004 2005 2006 2007 2008 2009

BALANCE SHEET

Assets

Cash and balances with treasury and other banks	12,320	18,035	24,745	30,408	25,751	27,716
Lending to financial institutions	16,175	5,777	19,050	18,419	15,793	28,123
Investments- Gross	57,657	45,269	47,156	84,151	84,602	96,975
Advances - Gross	69,949	119,866	151,705	178,524	223,640	249,887
Operating Fixed assets	2,552	4,721	6,445	7,549	11,134	12,447
Other assets	7,073	7,908	10,800	11,368	18,399	17,955
Total assets - Gross	165,726	201,575	259,902	330,419	379,319	433,103
Provisions against non-performing advances	(10,464)	(8,659)	(7,672)	(10,117)	(10,668)	(12,543)
Provisions against diminution in value of investment	(336)	(342)	(203)	(192)	(1,956)	(2,186)
Total assets - net of provision	154,926	192,574	252,027	320,110	366,696	418,374

Liabilities & Equity

Customer deposits	126,392	161,410	206,031	263,972	297,475	328,875
Inter bank borrowings	12,538	9,694	18,410	22,934	27,778	39,819
Bills payable	2,534	2,449	2,278	3,494	2,952	3,162
Other liabilities	3,206	4,472	5,119	7,332	13,636	11,061
Sub-ordinated loans	-	-	2,500	2,499	2,498	5,497
Total Liabilities	144,671	178,025	234,339	300,231	344,340	388,414
Net Assets / Liabilities	10,256	14,550	17,688	19,878	22,356	29,960
Share capital	4,405	4,489	4,489	5,386	6,464	7,110
Share premium	10,640	4,316	4,316	3,419	2,341	1,695
Reserves	717	1,377	1,817	2,632	3,463	4,888
Un - appropriated profit / (loss)	(6,314)	2,732	5,608	6,971	8,537	12,198
Equity - Tier I	9,448	12,914	16,230	18,408	20,805	25,891
Surplus on revaluation of assets	808	1,636	1,458	1,470	1,550	4,069
	10,256	14,550	17,688	19,878	22,356	29,960

PROFITABILITY

Markup / Return / Interest earned	5,245	9,892	17,216	21,201	30,571	41,122
Markup / Return / Interest expensed	794	2,025	6,793	10,093	17,273	22,422
Net Markup / Interest income	4,451	7,867	10,423	11,108	13,298	18,700
Fee, Commission, Brokerage and Exchange income	1,520	1,471	1,636	2,258	3,266	3,470
Capital gain & Dividend income	65	196	540	1,585	1,571	2,452
Other income	155	273	273	77	59	36
Non interest income	1,740	1,940	2,449	3,920	4,897	5,958
Gross income	6,191	9,807	12,872	15,029	18,195	24,658
Operating expenses	4,115	4,264	5,289	6,174	8,431	9,609
Profit before provisions	2,076	5,543	7,583	8,855	9,764	15,049
Donations	-	15	9	28	82	97
Provisions - (charge) / reversal	(1,594)	(694)	(913)	(2,874)	(3,561)	(4,416)
Profit before taxation	482	4,834	6,661	5,953	6,121	10,536
Taxation	(290)	(1,744)	(2,264)	(1,877)	(1,964)	(3,414)
Profit / (Loss) after taxation	192	3,090	4,397	4,076	4,157	7,122

CASH FLOW STATEMENT - SUMMARY

Cash Flow from Operating Activities	4,523	(5,893)	9,328	46,350	564	10,811
Cash Flow from Investing Activities	(17,183)	11,664	(4,241)	(38,461)	(3,544)	(10,000)
Cash Flow from Financing Activities	14,176	-	1,403	(1,904)	(1,755)	926
Cash & Cash equivalents at the Beginning of the Year	10,483	12,129	17,753	24,303	29,842	25,190
Effect of Exchange Rate changes on Cash & Cash equivalents	109	(21)	124	65	511	428
Cash & Cash equivalents at the End of the Year	12,107	17,877	24,368	30,353	25,618	27,355

December 31 2004 2005 2006 2007 2008 2009

FINANCIAL RATIOS

Return on equity (RoE)	8%	28%	30%	23.54%	21.20%	30.50%
Return on assets (RoA)	0.14%	1.78%	1.98%	1.42%	1.21%	1.81%
Profit before tax ratio (Profit before tax / Gross Income)	8%	49%	52%	40%	34%	43%
Gross spread ratio	85%	80%	61%	52%	43%	45%
Return on capital employed (ROCE)	8%	28%	26%	21%	19%	26%
Advances to deposits ratio (ADR) - Gross	55%	74%	74%	68%	75%	76%
Advances to deposits ratio (ADR) - Net	47%	69%	70%	64%	72%	72%
Income to expense ratio	1.5	2.30	2.43	2.43	2.16	2.57
Cost to revenue ratio	66.5%	43.5%	41.1%	41.1%	46.2%	39.0%
Growth in gross income	4%	58%	31%	17%	21%	36%
Growth in net profit after tax	-50%	1511%	42%	-7%	2%	71%
Total assets to shareholders' funds (Tier 2)	15.1	13.2	14.2	16.1	16.4	14.0
Intermediation cost ratio	3.4%	3.0%	2.9%	2.63%	3.00%	3.07%
NPL ratio	22.0%	10.6%	6.91%	6.36%	6.16%	6.52%
Net infection ratio	8.28%	3.64%	1.96%	0.74%	1.46%	1.58%
Weighted average cost of debt	2.45%	6.78%	9.09%	9.96%	11.50%	11.50%
Capital adequacy ratio (CAR)*	16.64%	12.17%	12.80%	10.26%	10.90%	13.47%

SHARE INFORMATION

Cash dividend per share	-	2.50	2.50	3.00	2.50	4.00
Proposed bonus issue per share	-	-	2.00	2.00	1.00	1.00
Dividend yield (based on cash dividend)	-	2.9%	2.7%	2.3%	8.0%	6.8%
Dividend payout ratio (Total payout)	-	36%	46%	66%	54%	50%
Earning per share (EPS) **	0.38	4.35	6.18	5.73	5.85	10.02
Price earnings ratio ** (PE x)	-	12.6	9.5	17.2	4.9	5.9
Market value per share - at the end of the year ***	-	86.5	93.5	130.2	31.3	58.7
Market value per share - highest / lowest during the year	-	87.5/35.0	111.65/78.5	145.45/93.00	156.45/31.32	66.30/19.85
Book value per share	23.3	32.4	39.4	36.9	34.6	42.1

OTHER INFORMATION

Non - performing advances (NPLs)	15,383	12,699	10,479	11,355	13,772	16,281
Imports and Exports business	72,765	96,072	113,571	150,698	194,186	196,211
Number of employees	6,768	6,909	7,139	8,181	8,325	8,713
Number of branches	735	741	742	757	766	779

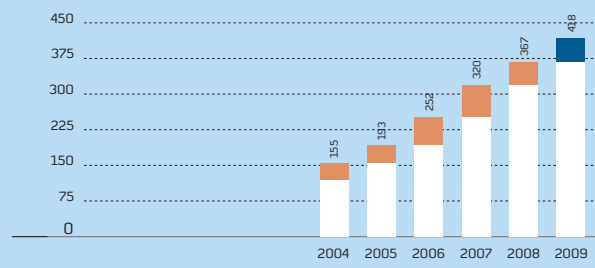
* 2007, 2008 and 2009 numbers are based on BASEL II framework.

** EPS for prior years has been adjusted to affect bonus shares issue during 2009.

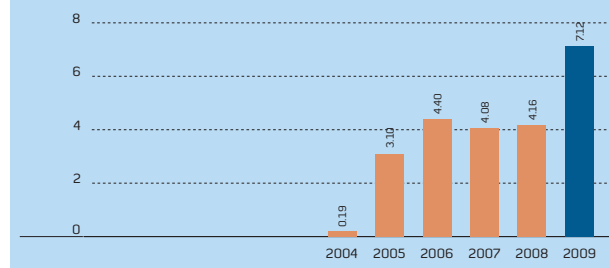
*** The Bank was listed on stock exchanges during 2005, therefore, information pertaining to prior year is not given.

Performance Highlights cont'd

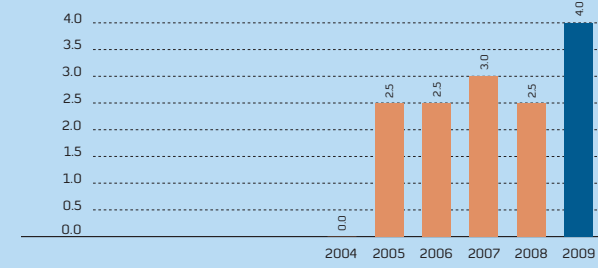
Balance Sheet Size
(Rs. in Billions)



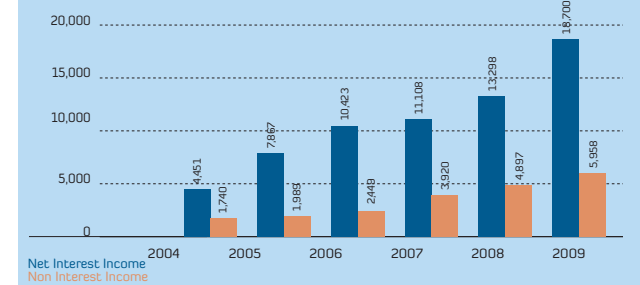
Profit After Taxation
(Rs. in Billion)



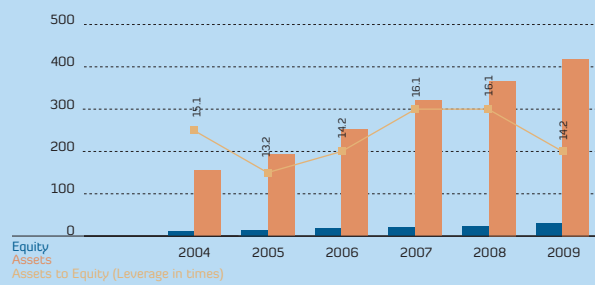
Dividend Per Share
(Rupees)



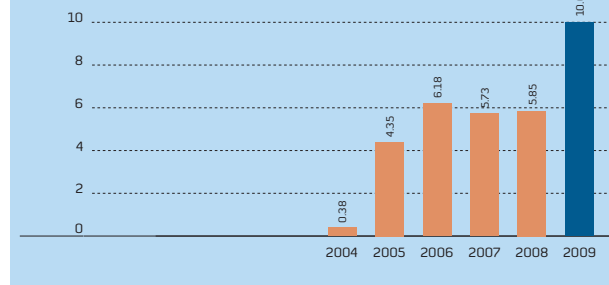
Gross Income
(Rs. in Million)



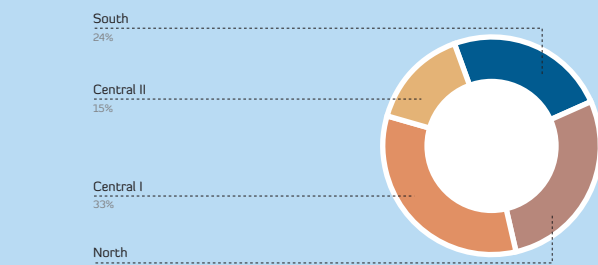
Assets to Equity
(Rs. in Billion)



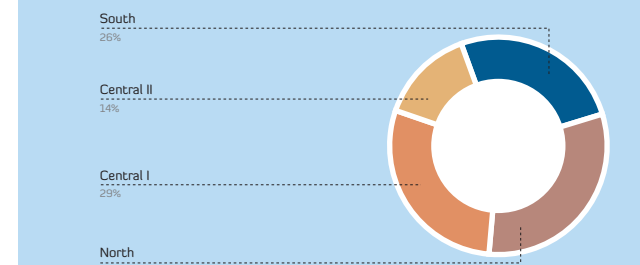
Earning Per Share
(Rupees)



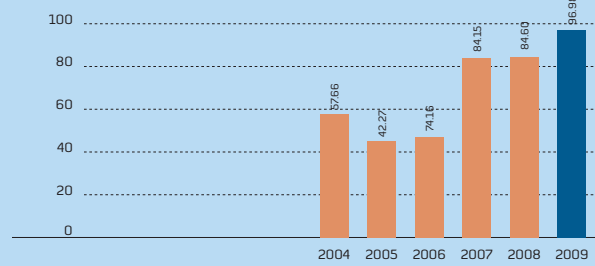
ATMs Allocation
(Percentage)



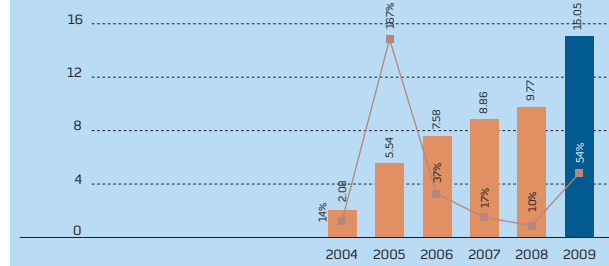
Branch Allocation
(Percentage)



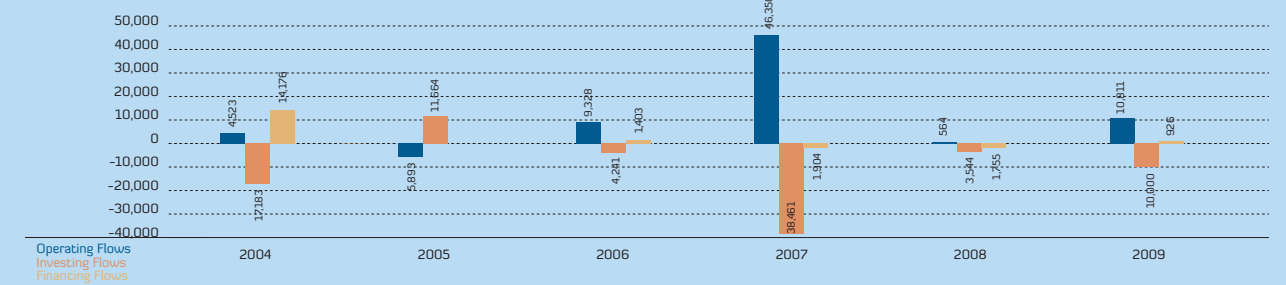
Investments - Gross
(Rs. in Billion)



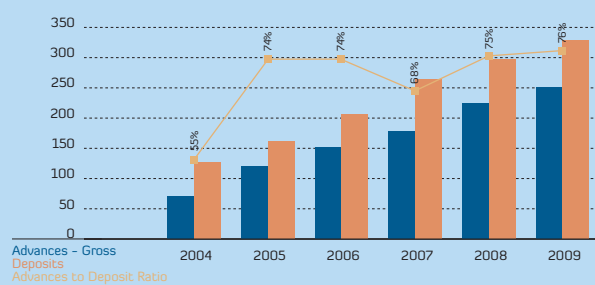
Operating Profit
(Rs. in Billion)



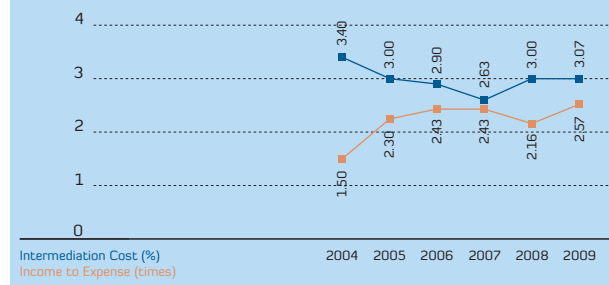
Cash Flows Analysis
(Rs. in Million)



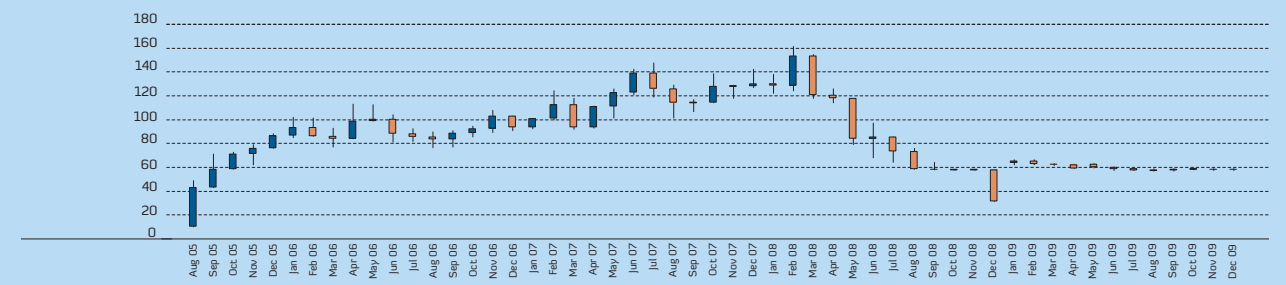
Advances to Deposits
(Rs. in Billion)



Intermediation Cost and Income to Expense Ratio



Share Price High -Low
(Rupees)



Vertical & Horizontal Analysis (Balance Sheet)

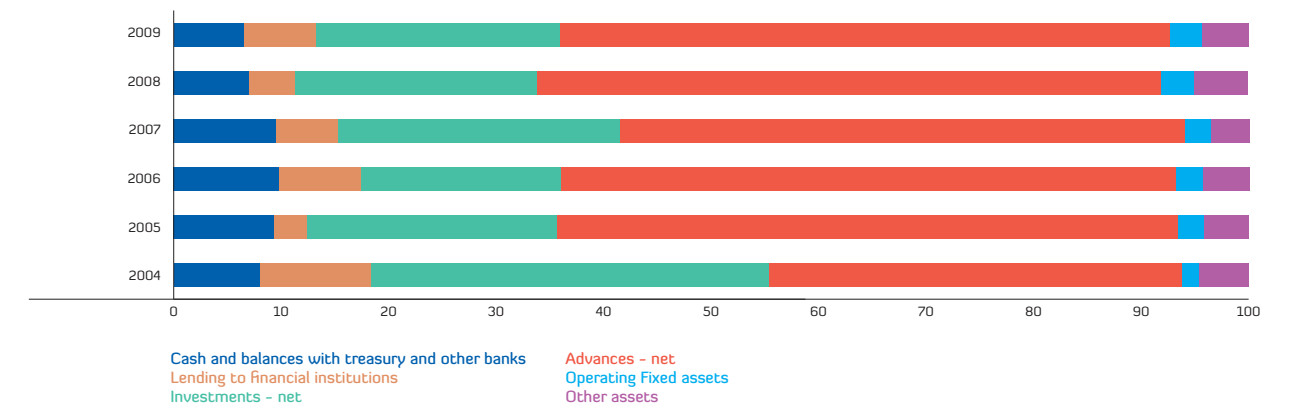
Vertical Analysis

	2004	2005	2006	2007	2008	2009
ASSETS						
Cash and balances with treasury and other banks	8.0%	9.4%	9.8%	9.5%	7.0%	6.6%
Lending to financial institutions	10.4%	3.0%	7.6%	5.8%	4.3%	6.7%
Investments - net	37.0%	23.3%	18.6%	26.2%	22.4%	22.7%
Advances - net	38.4%	57.7%	57.1%	52.6%	58.1%	56.7%
Operating fixed assets	1.6%	2.5%	2.6%	2.4%	3.0%	3.0%
Other assets	4.6%	4.1%	4.3%	3.5%	5.0%	4.3%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES & EQUITY						
Customer deposits	81.6%	83.9%	81.8%	82.3%	81.1%	78.6%
Inter bank borrowings	8.1%	5.0%	7.3%	7.2%	7.6%	9.5%
Bills payable	1.6%	1.3%	0.9%	1.1%	0.8%	0.8%
Other liabilities	2.1%	2.3%	2.0%	2.3%	3.7%	2.6%
Sub-ordinated loans	0.0%	0.0%	1.0%	0.8%	0.7%	1.3%
Total Liabilities	93.5%	92.4%	93.0%	93.7%	93.9%	92.8%
Share capital	2.8%	2.3%	1.8%	1.7%	1.8%	1.7%
Reserves	7.3%	3.0%	2.4%	1.9%	1.6%	1.6%
Un - appropriated profit / (loss)	(4.1)%	1.4%	2.2%	2.2%	2.3%	2.9%
Equity - Tier I	6.0%	6.7%	6.4%	5.8%	5.7%	6.2%
Surplus on revaluation of assets	0.5%	0.8%	0.6%	0.5%	0.4%	1.0%
Total Equity	6.5%	7.5%	7.0%	6.3%	6.1%	7.2%

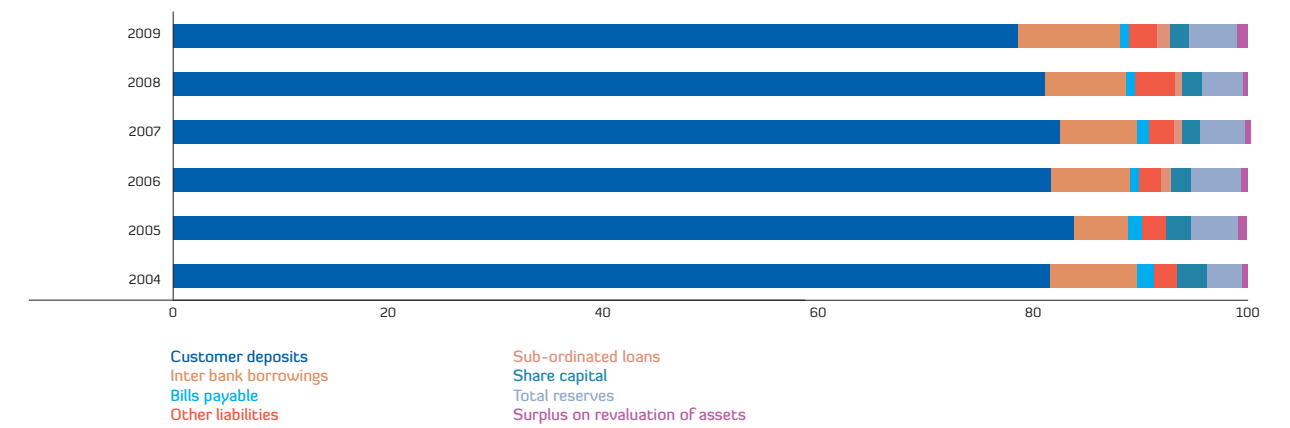
Horizontal Analysis

	2004	2005	2006	2007	2008	2009
ASSETS						
Cash and balances with treasury and other banks	100.0%	146.4%	200.8%	246.8%	209.0%	225.0%
Lending to financial institutions	100.0%	35.7%	117.8%	113.9%	97.6%	173.9%
Investments - net	100.0%	78.5%	81.8%	146.0%	146.7%	168.2%
Advances - net	100.0%	171.4%	216.9%	255.2%	319.7%	357.2%
Operating Fixed assets	100.0%	185.0%	252.5%	295.8%	436.3%	487.7%
Other assets	100.0%	111.8%	152.7%	160.7%	260.1%	253.9%
Total assets	100.0%	121.6%	156.8%	199.4%	228.9%	261.3%
LIABILITIES & EQUITY						
Customer deposits	100.0%	127.7%	163.0%	208.9%	235.4%	260.2%
Inter bank borrowings	100.0%	77.3%	146.8%	182.9%	221.5%	317.6%
Bills payable	100.0%	96.6%	89.9%	137.9%	116.5%	124.8%
Other liabilities	100.0%	139.5%	159.7%	228.7%	425.3%	345.0%
Sub-ordinated loans	-	-	100.0%	99.6%	99.9%	219.9%
Total Liabilities	100.0%	123.1%	162.0%	207.5%	238.0%	268.5%
Share capital	100.0%	101.9%	101.9%	122.3%	146.7%	161.4%
Reserves	100.0%	40.6%	40.6%	32.1%	22.0%	15.9%
Un - appropriated profit / (loss)	100.0%	143.4%	188.8%	210.4%	235.2%	293.2%
Equity - Tier I	100.0%	136.7%	171.8%	194.8%	220.2%	274.1%
Surplus on revaluation of assets	100.0%	202.4%	180.4%	181.9%	191.8%	503.4%
Total Equity	100.0%	141.9%	172.5%	193.8%	218.0%	292.1%

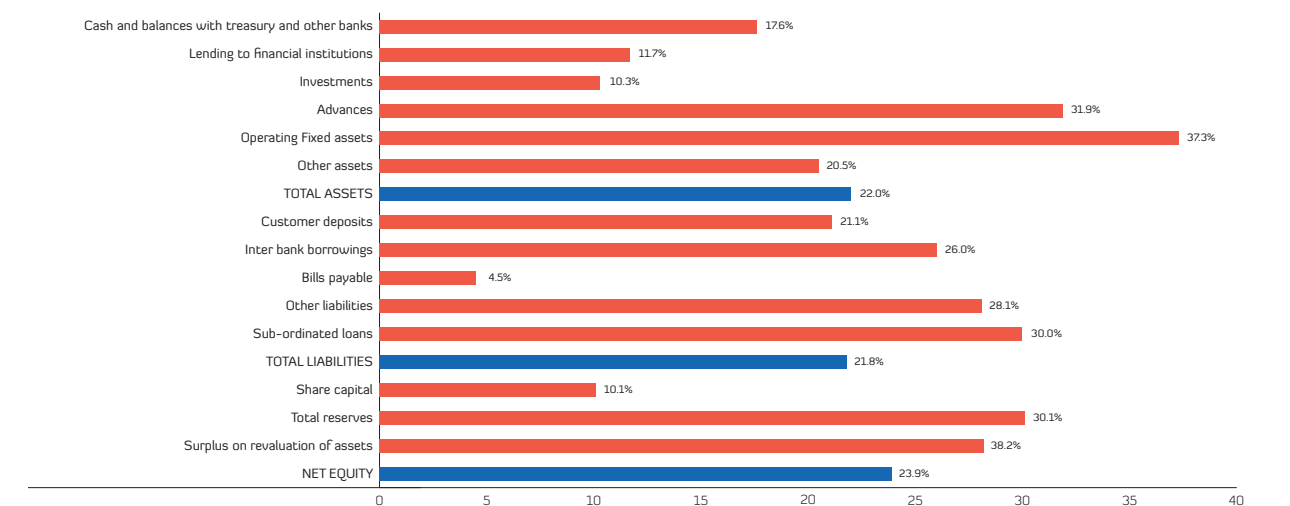
Balance Sheet Vertical Analysis – Assets
(Composition for the last six years)



Balance Sheet Vertical Analysis – Liabilities & Equity
(Composition for the last six years)



Balance Sheet Horizontal Analysis
(Cumulative average growth rate for the last five years - annualised)



Vertical & Horizontal Analysis (Profit & Loss Account)

Vertical Analysis

	2004	2005	2006	2007	2008	2009
Interest / Return / Non Interest Income earned						
Markup / Return / Interest earned	75.1%	83.6%	87.5%	84.4%	86.2%	87.3%
Fee, Commission, Brokerage and Exchange income	21.8%	12.4%	8.3%	9.0%	9.2%	7.4%
Capital gain & Dividend income	0.9%	1.7%	2.7%	6.3%	4.4%	5.2%
Other income	2.2%	2.3%	1.5%	0.3%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest / Return / Non Interest Expense						
Markup / Return / Interest expensed	11.4%	17.1%	34.5%	40.2%	48.7%	47.6%
Operating expenses	58.9%	36.2%	26.9%	24.7%	24.0%	20.6%
Provisions	22.8%	5.9%	4.7%	11.4%	10.0%	9.4%
Taxation	4.2%	14.7%	11.5%	7.5%	5.6%	7.3%
Total expense - percentage of total income	97.3%	73.9%	77.6%	83.8%	88.3%	84.9%
Profit / (Loss) after taxation	2.7%	26.1%	22.4%	16.2%	11.7%	15.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

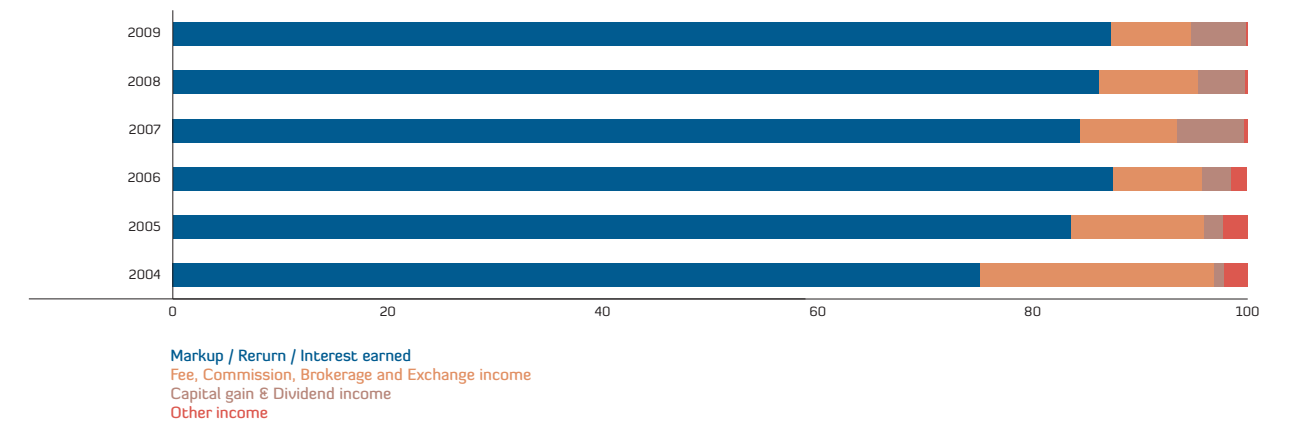
Horizontal Analysis

	2004	2005	2006	2007	2008	2009
Interest / Return / Non Interest Income earned						
Markup / Return / Interest earned	100.0%	188.6%	328.2%	404.2%	582.9%	784.1%
Fee, Commission, Brokerage and Exchange income	100.0%	96.7%	107.6%	148.5%	214.8%	228.2%
Capital gain & Dividend income	100.0%	301.9%	830.6%	2438.9%	2417.8%	3772.8%
Other income	100.0%	176.3%	176.5%	50.1%	38.2%	23.3%
Total	100.0%	169.4%	281.5%	359.7%	507.8%	674.0%
Interest / Return / Non Interest Expense						
Markup / Return / Interest expensed	100.0%	255.0%	855.4%	1271.0%	2175.1%	2823.5%
Operating expenses	100.0%	104.0%	128.7%	150.7%	206.9%	235.8%
Provisions	100.0%	43.6%	57.3%	180.3%	223.4%	277.0%
Taxation	100.0%	601.5%	780.8%	647.4%	677.5%	1177.5%
Total expense	100.0%	128.7%	224.8%	309.8%	460.9%	588.2%
Profit / (Loss) after taxation	100.0%	1611.3%	2292.7%	2125.4%	2167.4%	3714.0%
Total	100.0%	169.4%	281.5%	359.7%	507.8%	674.0%



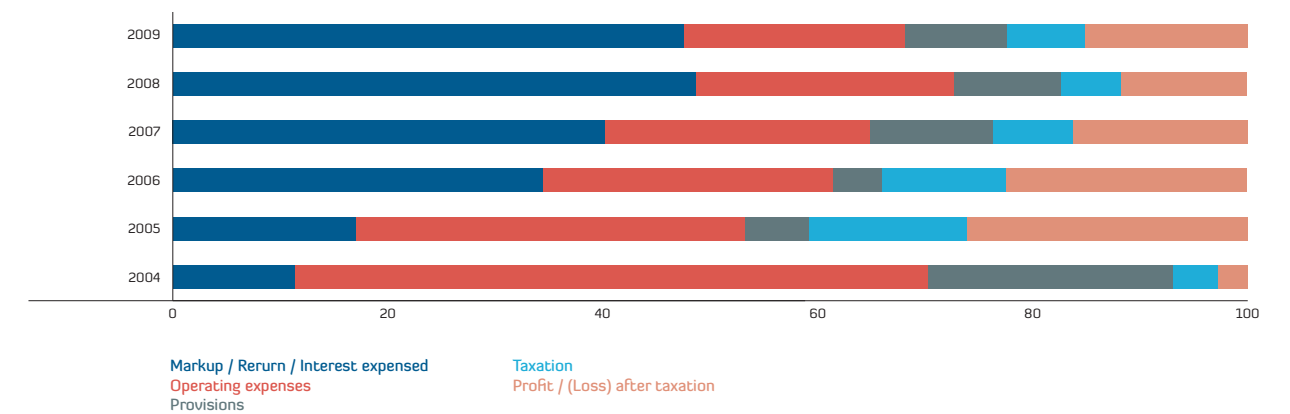
Profit & Loss Vertical Analysis – Income

(Composition for the last six years)



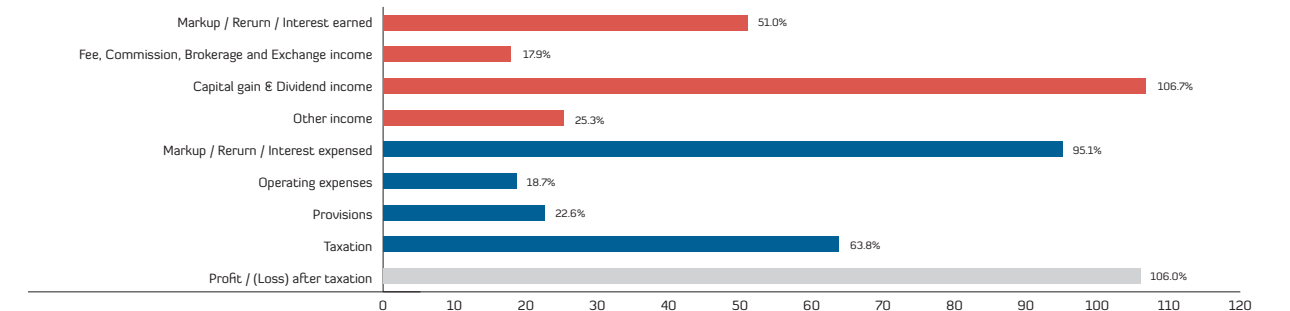
Profit & Loss Vertical Analysis – Expenses & Profit after Tax

(Composition for the last six years)



Profit and Loss Horizontal Analysis

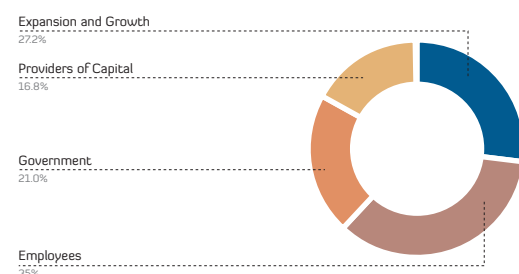
(Cumulative average growth rate for the last five years - annualised)



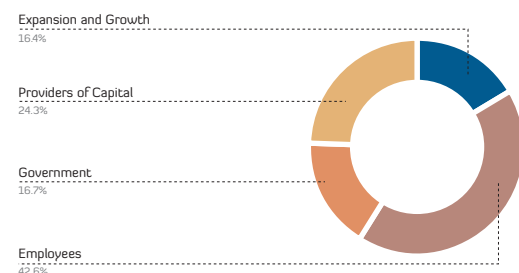
Statement of Value Addition

	2009	%	2008	%
Value Added				
Income from banking services	24,653,623		18,184,842	
Cost of services	(4,043,758)		(2,868,586)	
Value added by banking services	20,609,865		15,316,256	
Non - banking income	4,220		9,889	
Provision against non-performing assets	(4,415,820)		(3,561,109)	
	16,198,265		11,765,036	
Value Allocated				
to employees				
Salaries, allowances and other benefits	5,662,145	35.0	5,011,040	42.6
to Government				
Income tax	3,413,953	21.0	1,964,254	16.7
to providers of capital				
as dividends	2,714,730	16.8	2,854,775	24.3
to expansion and growth				
Depreciation / Amortization	633,056	3.9	420,242	3.6
Retained in business	3,774,381	23.3	1,514,725	12.9
		27.2		16.4
	16,198,265	100	11,765,036	100

Value Addition 2009 (Percentage)



Value Addition 2008 (Percentage)



Your Bank's Entity Ratings



Credit Rating by PACRA

Long term AA
Short term A1+

Corporate Governance
Rating by JCR-VIS

'CGR-8'

'AA'
Very high credit quality. 'AA' ratings denote a very low expectation of credit risk & indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

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

'CGR-8'
High level of corporate governance

Corporate Social Responsibility



Success for Allied Bank is determined by the people it serves, both customers as well as fellow countrymen in need of support and encouragement. The Bank is conscious of its social responsibilities towards communities it operates in at all times, as is evident from its brand promise 'Aap Ke Saath Saath' (With you, all the way).

Allied Bank, under its Corporate Social Responsibility (CSR) policy, contributed significantly towards a number of worthy causes, during the year 2009. The Bank remained in the forefront of furthering the cause of Healthcare, Education, extending support to physically disadvantaged people, eliminating poverty, reaching out to Internally Displaced Persons (IDPs) of Swat, Dir and Buner, Staff Engagement and Sports Promotion.

Reaching out to IDPs

The extremely unsettling conditions prevailing in certain areas of the country during the year resulted in mass exodus of families leaving the security of their homes. Allied Bank reached out to the displaced people of Swat, Buner and Dir by extending financial support to address the basic needs of food and clothing for the unfortunate families. A cheque of Rs. 10 million was handed over to Edhi Foundation for this purpose. While the management of the Bank was responsible for this timely contribution, the employees deserve to be equally lauded for donating their one-day salary for this cause, therefore, touching hearts and minds of our country men and women.

Healthcare

Healthcare has been one of the key areas of focus when it comes to Allied Bank's Corporate Social Responsibility policy. Under its Annual Giving Program, the Bank has been contributing to a number of renowned healthcare institutions and NGOs in order to bring about a positive change within the communities.

We believe that physically or mentally handicapped people face increasing hardships during the course of their lives. Allied Bank has tried to alleviate this suffering to a degree by providing financial support to organizations working in the field.

- During the past year, a substantial donation was made to Tameer Welfare Organization, an NGO working towards assisting physically handicapped/ special persons. The funds were provided for construction of 120 accessible toilettries for disabled families living in the poorest areas of district Faisalabad.
- During 2009, the Bank supported The Kidney Center in its efforts to provide dialysis treatment to poor patients. The Bank also provided financial support to Poor Patients aid Society, Civil Hospital.
- For the second consecutive year, the Bank lent a helping hand to Aga Khan University Hospital to help provide education and healthcare facilities to the less privileged.
- Sponsorship to Liaquat National Hospital

Education

We firmly believe that education is the key to shaping a great nation. We feel it is our core responsibility to contribute as much as we can, when it comes to imparting quality education to the young men and women of our society, who though academically strong, may not be able to pursue professional education at renowned institutions due to financial constraints. Keeping this in mind, we try to lead the way in terms of providing substantial financial support to credible financial institutions across the country.

National Management Foundation (LUMS) has been one of the few key beneficiaries of our Donation Policy, receiving a handsome grant for the third year running. Other prominent educational institutions receiving handsome contributions from Allied Bank during 2009 include:

- Institute of Business Administration (IBA)
- Care Foundation's Empowerment through Education program
- Aga Khan University
- GC University, Lahore
- Gomal University
- Family Education Services, Karachi
- Karachi Education Initiative
- Rural Education & Area Development (READ)
- Aghosh School, Karachi
- KHOJ Society
- SOS Children Village of Pakistan, Islamabad
- Mariam Higher Secondary School
- Sponsorship to CFA Association Pakistan and
- Sponsored Fourth Seminar On Urban and Regional Planning

Sports Promotion

We at Allied Bank understand the importance of sports promotion, not only to build a healthy society but also due to the fact that the country has earned phenomenal respect and recognition worldwide, by being extremely competitive and therefore achieving the highest accolades. These achievements, as a result, have been great tools for the positive image building of the country around the world.



Group Chief CPBG presenting a donation cheque for Edhi Foundation



Aleem Dar receiving a cash prize from the President



All Pakistan Allied Bank Golf Championship

The Bank honored the world renowned Cricket umpire, Mr. Aleem Dar, in recognition of his services rendered to Cricket in general and raising the country's image at home and abroad in particular. Mr. Aleem Dar, who is also on the ICC's Elite Panel of Umpire and a regular employee at Allied bank for the last 15 years, was presented a cash prize for being declared "The Best ICC Umpire of the Year – 2009".

Allied Bank has been a regular supporter of various sports activities, particularly Golf and Cricket. During 2009, we continued to support various sporting activities and institutions which include:

Corporate Social Responsibility cont'd



- Sponsored All Pakistan Allied Bank Golf Championship, held at Lyalpur Golf Club, Faisalabad
- Sponsorship to Special Olympics Pakistan
- Sponsored Karachi Polo Team
- Sponsorship to 19th Frontier Open Golf Championship 2009
- Sponsored All Pakistan Wheelchair Cricket Tournament
- Sponsored Cricket Tournament Organized by Muhammad Ali Jinnah University
- Sponsored First Inter District Cricket Tournament
- Sponsored Naval Golf Championship
- Sponsorship - Cricket Tournament at Quetta
- Financial support to establishment of Golf Club at Park Camp Petaro
- Sponsored Inter-Media Cricket Tournament
- Sponsorship to Sindh Police Sports Board
- Sponsorship to 18th Palmolive Sindh Women's Swimming Championship held at Karachi Gymkhana
- Sponsorship to Arabian Sea Country Club Golf Tournament - 2009
- SBP Governors Cup Inter Bank Regional Cricket Tournament 2009

Staff Engagement

Allied Bank boasts of having one of the best in class Human Resource, consisting of youth and experience. The Bank owes its phenomenal growth and success to the wonderful men and women whose exemplary work ethics, attitude towards collective growth and sheer sense of belonging has made this organization one of the top five banks in Pakistan.

The Management believes in looking after its employees in terms of their physical, spiritual and emotional wellbeing at all times. Following global best practices the management has exclusively set up a dedicated department to engage the employees in positive and fun-filled activities. As part of our Staff Engagement Program, an inter-departmental Cricket Tournament consisting of 10 teams was organized for employees and their families at Asghar Ali Shah Cricket Stadium in Karachi. The tournament was unique in the sense that lady colleagues also participated as players, side-by-side to the male colleagues, making it truly a family event. Plans to hold more such events nationwide are in place while other activities such a volunteering program and holding health awareness weeks are also part of our future strategy.

Others Sponsorships

Allied Bank also contributed to the following noble causes by sponsoring the following events

- Celebration of World Anti Corruption Day
- Seminar on Financing for Micro and Small Enterprises and Microfinance Mela
- Civil Services Academy Alumni Sindh
- Hamara Karachi Festival
- Bahria University
- Hajj Guides PAF Contingent 2009
- All Pakistan Music Conference Annual Festival 2009
- Launch of the Jinnah Anthology Revised Edition - 2008
- Pakistan Show Business Star Fan Club
- Pakistan Broadcasting Corporation Karachi Station
- Adams Theatre and
- Tanara Art Gallery



Allied Bank's employees inter-departmental cricket tournament - Competitive yet a Family event



President with female players of the inter-departmental cricket tournament



Winner Team of inter-departmental cricket tournament



Team players of inter-departmental cricket tournament

Notice of 64th Annual General Meeting

Notice is hereby given that the 64th Annual General Meeting of Allied Bank Limited will be held at Pearl Continental Hotel, Lahore (Crystal 'A' Hall) on Friday 26th March, 2010 at 11:00 a.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extra Ordinary General Meeting held on 19th August, 2009.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank for the year ended December 31, 2009 together with the Directors' and Auditors' Report thereon.
3. To consider and approve Cash Dividend @ 20% (i.e. Rs. 2.00 per share) as recommended by the Board of Directors in addition to Interim Dividend of 20% already paid for the year 2009.
4. To appoint Auditors for the year 2010 and fix their remuneration. One of the retiring joint Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants being eligible has offered themselves for reappointment. The Company has received notices from two of its members for the appointment of M/s Ford Rhodes Sidat Haider & Co., Chartered Accountants as joint auditor in place of retiring auditors M/s M. Yousof Adil Saleem & Co. Chartered Accountants who has completed maximum permissible period of 5 years as per Code of Corporate Governance.

Special Business:

5. To consider and approve Bonus Shares by utilizing Share Premium Account @ 10 % (i.e. one share for every ten shares) as recommended by the Board of Directors of the Bank for the year ended 31.12.2009.

Note: Statement under section 160 of the Companies Ordinance, 1984 is appended below.

Other Business:

6. To transact any other business with the permission of the Chair.

By Order of the Board

Waheed-ur-Rehman
Company Secretary

Date: 5th March, 2010
Place: Lahore
Registered Office:
8-Kashmir /Egerton Road,
Lahore.

Notes:

- i) All members are entitled to attend and vote at the Meeting.
- ii) A member entitled to attend and vote is entitled to appoint a proxy under his / her own hand or through his/ her duly authorized attorney to attend and vote instead of himself / herself and the proxy must be a member of Allied Bank Limited.
- iii) The instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority in order to be effective must be deposited at the Registered Office of Allied Bank Limited not less than 48 hours before the time for holding the Meeting.
- iv) Share Transfer Books of Allied Bank Limited will remain closed from 20th March, 2010 to 26th March, 2010 (both days inclusive). Share transfers requests received at M/s Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block-2, PECHS, Karachi, the Registrar and Share Transfer Office of the Bank at the close of business on 19th March, 2010 will be treated as being in time for the purpose of entitlement of cash dividend and bonus shares to the transferees.
- v) Members are requested to immediately notify the changes, if any, in their registered address to Bank's Share Registrar M/S Technology Trade (Pvt) Limited, Dagia House, 241-C, Block-2, PECHS, Karachi before book closure so that entitlement, if any, be dispatched at the correct address.
- vi) CDC Account Holders will have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i) In case of individuals, the Account Holder or Sub-account Holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his /her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of the Meeting.

B. For Appointing Proxies:

- i) In case of individuals, the Account Holder or Sub-account Holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (if it has not been provided earlier) along with the proxy form of the Company.

Statements under Section 160 of the Companies Ordinance, 1984

ITEM NO 5: ISSUANCE OF BONUS SHARES

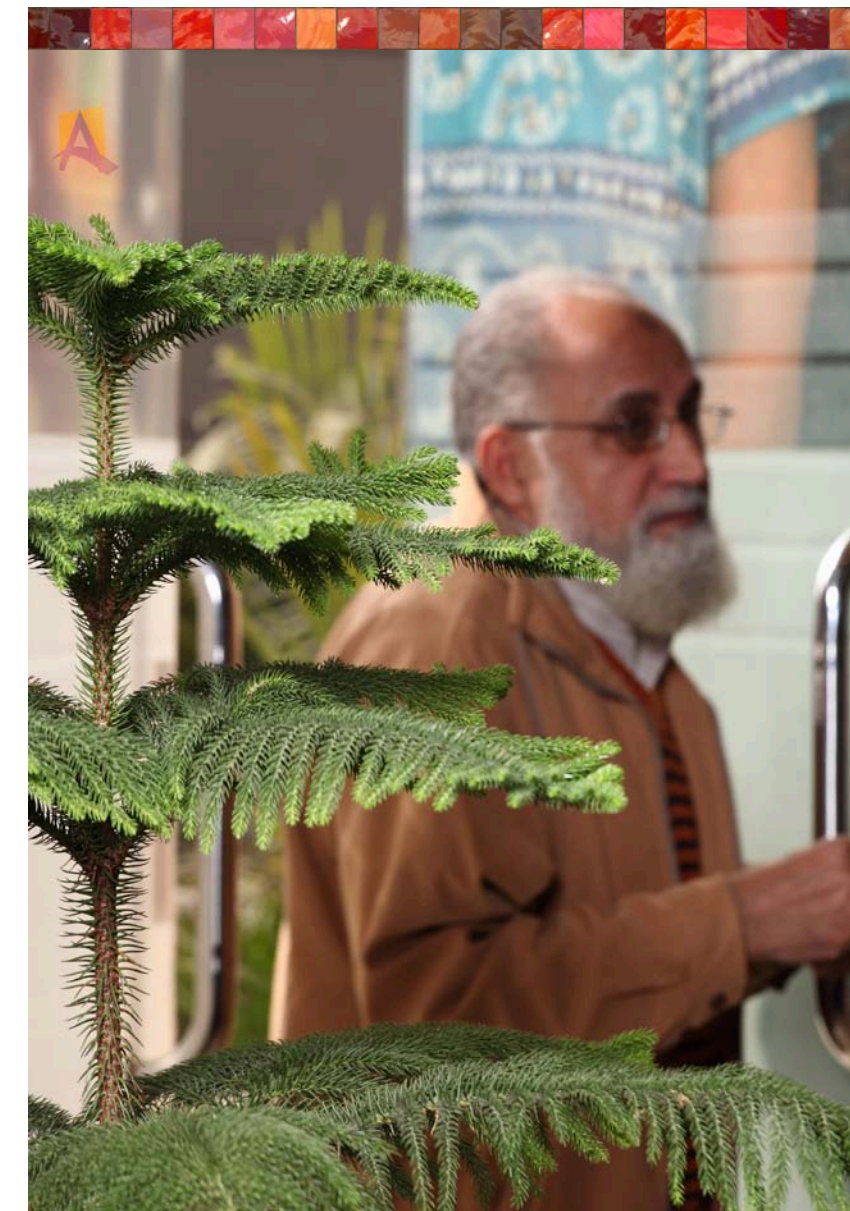
To approve capitalization of a sum of Rs.711,000,760/- (Rupees Seven Hundred Eleven Million Seven Hundred Sixty Only) out of Share Premium Account for the issuance of bonus shares (B-6) in the proportion of one share for every ten shares and approve the following resolution by way of Special Resolution:

"Resolved that:

- a) A sum of Rs. 711,000,760/- out of shares premium account be capitalized and applied for the issuance of 71,100,076 Ordinary shares of Rs. 10 each in the proportion of one share for every ten Ordinary Shares held, allotted as fully paid-up Bonus Shares to the members of the Bank whose names appear on the Register of Members of the Bank as at close of business on March 19, 2010.
- b) The bonus shares entitlement in fraction be consolidated into whole shares and Company Secretary is hereby authorize to sell the same in the Stock Market and proceeds of sale when realized be given to a charitable institution.

- c) CEO and the Company Secretary of the Bank be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for issuance, allotment and distribution of Bonus Shares (B-6)."

The Directors of the Company have no interest in the property or profits of the Bank other than that as holders of ordinary shares in the capital of the Bank and dividends, if any declared by the Bank according to their share holding.



Statement of Compliance

with Code of Corporate Governance

This statement is being presented to comply with the terms of the Code of Corporate Governance as contained in Prudential Regulation No.G-1, and Listing Regulations of Karachi, Lahore & Islamabad Stock Exchanges (Guarantee) Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Bank has adopted the Code of Corporate Governance and applied the principles contained in the Code in the following manner:

1. The directors have confirmed that none of them is serving as a director in more than ten listed companies including the Bank.
2. The Bank encourages representation of independent directors on its Board of Directors. At present, the Board includes 3 independent directors, 3 sponsors directors, 1 executive director and 1 non-executive Government nominee.
3. All the directors of the Bank have confirmed that they are registered tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI and NBFC.
4. Election of the Directors was held on August 19, 2009 for a fresh term of three years.
5. No casual vacancy occurred in the Board during the year 2009.
6. The Bank has adopted a "Statement of Ethics & Business practices", which has been signed by all the directors and employees.
7. The mission / vision statement, overall corporate strategy and significant policies have been approved by the Board. The Bank maintains a complete record of the particulars of significant policies along with the dates on which these were approved or amended.
8. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer are taken by the Board.
9. Related party transactions carried out on "Arm's Length Basis" in accordance with the Related Party Transaction Policy were placed before Audit Committee of the Board and Board of Directors.
10. The meetings of the Board were presided over by the Chairman. The Chairman of the Board is a non-executive director. The Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
11. Appropriate arrangements were made for Orientation of Directors to acquaint them with their duties and responsibilities. Pakistan Institute of Corporate Governance (PICG) had awarded three of the Board members title of "Certified Director". Other members of the Board had completed few parts of the certified directorship. The Bank also encourages participation of members of Board to attend Seminars/workshops conducted by various forums.
12. The Board has approved appointments of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO.
13. The Directors' Report for the year ended December 31, 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the Bank were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
15. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
16. The Bank has complied with all the corporate and financial reporting requirements of the Code.
17. The Board has formed an Audit Committee which comprises of three members; majority of the members including Chairman of the Committee are non-executive directors. One of the members is a Government nominee.
18. The meetings of the Audit Committee are held at least once in every quarter, prior to the approval of interim and the annual financial statements of the Bank as required by the Code. The Board had approved Charter of the Audit Committee.
19. An independent Internal Audit Group is in place.
20. The statutory joint auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
21. The statutory joint auditors or the persons associated with them have not been appointed to provide services other than approved services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board.

Mohammad Aftab Manzoor
Chief Executive Officer

Place: Lahore
Dated: February 17, 2010



Statement of Ethics and Business Practices



All employees of Allied Bank Limited, hereinafter called ABL, shall:-

Abidance of Laws/Rules

- Conform to and abide by the ABL's rules and obey all lawful orders and directives which may from time to time be given by any person or persons under whose jurisdiction, superintendence or control they may for the time being, be placed. They shall comply with and observe all applicable laws, regulations and ABL's policies.
- Stand firmly against supporting the activities of any group or individual that unlawfully threatens public order and safety. They shall not express views detrimental to the ideology, sovereignty or integrity of Pakistan.
- Not bring or attempt to bring political or other pressure/influence directly or indirectly to bear on the

authorities / superior officers or indulge in derogatory pamphleteering, contribute, or write letters to the news papers, anonymously or in their own name with an intent to induce the authority/superior officers to act in a manner inconsistent with rules, in respect of any matter relating to appointment, promotion, transfer, punishment, retirement or for any other conditions of service of employment.

Integrity

- Conduct themselves with the highest standards of ethics, professional integrity and dignity in all dealings with the public, clients, investors, employees, and fellow bankers and not engage in acts discreditable to ABL, profession and nation. If they become aware of any irregularity that might affect the interests of ABL, they shall inform the senior management immediately.
- Maintain all books, data, information and records with scrupulous integrity, reporting in an accurate and timely manner all transactions / reports.
- Avoid all such circumstance in which there is personal interest conflict, or may appear to be in conflict, with the interests of ABL or its customers.
- Not use their employment status to seek personal gain from those doing business or seeking to do business with ABL, nor accept such gain if offered. They shall not accept any gift, favour, entertainment or other benefits the size or frequency of which exceeds normal business contacts from a constituent or a subordinate employee of ABL or from persons likely to have dealings with ABL and candidates for employment in ABL.
- Not accept any benefits from the estate of, or a trust created by a customer, or from an estate or trust of which ABL's Company or business units is an executor, administrator or trustee.

Confidentiality

Maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities/law. All such information will remain as a trust and will only be used for the purpose for which it is intended and will not be used for the personal benefits of any individual(s). Inside information about ABL's customers/affairs shall not be used for their own gain, or for that of others either directly or indirectly.

Professionalism

- Serve ABL honestly and faithfully and shall strictly serve ABL's affairs and the affairs of its constituents. They shall use utmost endeavor to promote the interest and goodwill of ABL and shall show courtesy and attention in all transactions/correspondence with officers of Government, State Bank of Pakistan, other Banks &

Financial Institutions, others establishments dealing with ABL, ABL's constituents and the public.

- Disclose and assign to ABL all interest in any invention, improvement, discovery or work of authorship that they may make or conceive and which may arise out of their employment with ABL. If their employment is terminated, all rights to property and information generated or obtained as part of their employment relationship will remain the exclusive property of ABL.
- Not engage in Money Laundering and will be extremely vigilant in protecting ABL from being misused by anyone to launder money by strictly complying with "Know Your Customer" policies and procedures.

Business/Work Ethics

- Respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work. They will treat every customer of ABL with respect and courtesy.
- Ensure good attendance and punctuality and demonstrate a consistently good record in this area. For any absence during working hours, they shall obtain written permission of their immediate supervisor. They shall not absent themselves from their duties, nor leave their station over night, without having first obtained the permission of the competent authority.
- Maintain a standard of personal hygiene and dress appropriately for attendance at work. Their appearance must inspire confidence and convey a sense of professionalism.
- As personal responsibility, safeguard both the tangible and intangible assets of ABL and its customer(s) that are under their personal control and shall not use ABL's assets for their personal benefits except where permitted by ABL. They shall not use any ABL's facilities including a telephone to promote trade union activities, or carry weapons into ABL premises unless so authorized by the management, or carry on trade union activities during office hours, or subject ABL's officials to physical harassment.
- Not indulge in any kind of harassment including sexual harassment or intimidation whether committed by or against any senior/junior, co-worker, customer, vendor or visitor. They shall not use language, written or spoken in intra-office communication(s) or communication(s) with individual(s) outside the office that may contain any statement or material that is offensive to others. They shall never use ABL's system to transmit or receive electronic image or text containing ethnic slurs, social epithets or any thing that might be construed as harassing, offensive or insulting to others.

- To meet their responsibilities to fellow employees, customers and investors they shall help in maintaining a healthy and productive work environment and shall not engage in the selling, manufacturing, distributing, using, any illegal substance or being under the influence of illegal drugs while on the job.
- Ensure strict adherence to all health and safety policies as may be implemented from time to time by ABL.
- Not give any interview in the print/electronic media or have their photograph displayed or act in television / stage plays or in cinema without having permission from the competent authority.
- Intimate Human Resource Division of any changes in the personal circumstances relating to their employment or benefits.

Employees shall also not indulge in any of the following activities except with the prior permission of the competent authority:

- Borrow money from or in any way place themselves under pecuniary obligation to broker or moneylender or any employee of ABL or any firm or person having dealings with ABL.
- Buy or sell stock, share or securities of any description without funds to meet the full cost in the case of purchase or scrips for delivery in the case of sale. However, they can make a bona-fide investment of their own funds in such stock, shares and securities as they may wish to buy.
- Lend money in their private capacity to a constituent of ABL or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.
- Guarantee in their private capacity the pecuniary obligation of another person or agree to indemnify in such capacity any person from loss.
- Act as agent for an insurance company otherwise than as agent for on behalf of ABL.
- Be connected with the formation or management of a joint stock company.
- Engage in any other commercial business or pursuit either on their own account or as agent for another or others.
- Accept or seek any outside employment or office whether stipendiary or honorary.
- Undertake part-time work for a private or public body or private person, or accept fee thereof.

Statement of Internal Controls

The Bank's management is responsible to establish and maintain an adequate and effective system of internal controls and procedures. The management is also responsible for evaluating the effectiveness of the bank's internal control system that covers material matters by identifying control objective and reviewing significant policies and procedures.

The scope of Audit and Credit Risk Review Group (A & CRRG), independent from line management, inter-alia includes, review and assessment of the adequacy and effectiveness of the control activities across the bank as well as to ensure implementation of and compliance with all the prescribed policies and procedures. All significant and material findings of the internal audit reviews are reported to the Audit Committee of the Board of Directors. The Audit Committee actively monitors implementations to ensure that identified risks are mitigated to safeguard the interest of the bank.

The Internal Controls Division under the ambit of Operations Group is entrusted with the responsibility of expediting rectification of irregularities and control lapses in branches' operations and various controlling offices pointed out through audit reviews. Vigorous efforts are made by Operations Group to improve the Control Environment at grass root level by continuous review & streamlining of procedures to prevent & rectify control lapses as well as imparting training at various levels. The Compliance Group, through its regional offices, ensures adherence to the regulatory requirements and bank's internal policies and procedures, with specific emphasis on KYC/AML.

The Bank's internal control system has been designed to provide reasonable assurance to the Bank's management and Board of Directors. All Internal Control Systems, no matter how well designed, have inherent limitations that they may not entirely eliminate misstatements. Also projections of evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. However, control activities are ongoing process that includes identification, evaluation and management of significant risks faced by the Bank.

Recognizing it to be an ongoing process, the management of Allied Bank is in the process of adopting an internationally accepted COSO (Internal Control – Integrated) Framework with the assistance of a reputable advisory firm in accordance with SBP Guidelines on Internal Controls. The bank has already completed the detailed documentation of the existing processes and controls, together with a comprehensive gap analysis of the control design. The bank has addressed some of the major gaps identified during the exercise and is at an advanced stage of developing and implementing remediation plans for the remaining gaps. In addition, comprehensive management testing plans and framework are being developed for ensuring on-going operating effectiveness of key controls.



Allied Bank expects the complete various stages of its Internal Control Programme and achieve external auditors' certification on internal controls over financial reporting in 2010.

The Board of Directors being ultimately responsible for the internal control system endorses the management evaluation and efforts to adopt above mentioned internationally accepted standards in improving controls and processes to ensure better risk mitigation.

Mohammad Aftab Manzoor
Chief Executive Officer

Dated: February 17, 2010

Review Report to the Members

On Statement of Compliance with Best Practices of Code of Corporate Governance

KPMG Taseer Hadi & Co.

Chartered Accountants
Sheikh Sultan Trust
Building No. 2, Beaumont Road
Karachi

M. Yousuf Adil Saleem & Co.

Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi

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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended December 31, 2009.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi
Date: February 17, 2010

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi
Date: February 17, 2010



Un-consolidated Financial Statements

Allied Bank Limited

for the year ended December 31, 2009

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of Allied Bank Limited ("the Bank") as at December 31, 2009 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 22 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- b) in our opinion:
- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change mentioned in note 5.1, with which we concur;

- ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2009 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement partner:
Amyr Pirani

Date: February 17, 2010
Place: Karachi

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement partner:
Nadeem Yousuf Adil

Unconsolidated Balance Sheet

as at December 31, 2009

December 31, 2009	December 31, 2008	Note	December 31, 2009	December 31, 2008
US \$ in '000			Rupees in '000	
Assets				
313,807	280,785	6	26,435,633	23,653,754
15,200	24,890	7	1,280,443	2,096,779
333,837	187,475	8	28,122,932	15,793,183
1,125,210	981,066	9	94,789,492	82,646,595
2,817,421	2,528,110	10	237,344,038	212,972,008
147,751	132,173	11	12,446,748	11,134,436
-	12,218	12	-	1,029,223
213,138	206,189	13	17,955,045	17,369,691
4,966,364	4,352,906		418,374,331	366,695,669
Liabilities				
37,540	35,048	15	3,162,429	2,952,490
472,671	329,744	16	39,818,532	27,778,151
3,903,951	3,531,216	17	328,875,037	297,475,321
65,253	29,653	18	5,497,000	2,498,000
-	-		-	-
22	-	12	1,871	-
131,283	161,869	19	11,059,484	13,636,093
4,610,720	4,087,530		388,414,353	344,340,055
355,644	265,376		29,959,978	22,355,614
NET ASSETS				
Represented by				
84,400	76,727	20	7,110,008	6,463,644
78,142	68,906		6,582,845	5,804,776
144,803	101,336		12,198,425	8,536,697
307,345	246,969		25,891,278	20,805,117
48,299	18,407	21	4,068,700	1,550,497
355,644	265,376		29,959,978	22,355,614
Contingencies and commitments				
		22		

The annexed notes 1 to 47 and annexures I to II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Unconsolidated Profit and Loss Account

for the year ended December 31, 2009

December 31, 2009	December 31, 2008	Note	December 31, 2009	December 31, 2008
US \$ in '000			Rupees in '000	
488,138	362,891	24	41,121,503	30,570,540
266,159	205,038	25	22,421,694	17,272,724
221,979	157,853		18,699,809	13,297,816
37,546	16,288	10.4	3,162,963	1,372,155
12,512	21,143	9.3	1,054,046	1,781,110
3,331	-	8.7	280,595	-
-	32	10.5	-	2,736
53,389	37,463		4,497,604	3,156,001
168,590	120,390		14,202,205	10,141,815
Non mark-up/interest income				
32,146	27,390	26	2,708,002	2,307,365
16,322	16,861		1,374,967	1,420,364
9,045	11,383		761,934	958,964
12,880	1,793	27	1,085,043	151,068
(94)	-	9.14	(7,897)	-
427	702	28	35,985	59,154
70,726	58,129		5,958,034	4,896,915
239,316	178,519		20,160,239	15,038,730
Non mark-up/interest expenses				
111,863	96,411	29	9,423,503	8,121,805
(670)	2,544	13.2	(56,431)	214,284
(301)	2,265	19.1	(25,353)	190,824
2,552	1,485	31	215,023	125,060
800	3,155	30	67,377	265,817
114,244	105,860		9,624,119	8,917,790
-	-		-	-
125,072	72,659		10,536,120	6,120,940
42,099	21,716	32	3,546,462	1,829,425
-	-		-	-
(1,573)	1,601		(132,509)	134,829
40,526	23,317		3,413,953	1,964,254
84,546	49,342		7,122,167	4,156,686
101,336	82,754		8,536,697	6,971,308
384	208		32,360	17,541
101,720	82,962		8,569,057	6,988,849
186,266	132,304		15,691,224	11,145,535
0.120	0.070	33	10.02	5.85

The annexed notes 1 to 47 and annexures I to II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Unconsolidated Statement of Comprehensive Income

for the year ended December 31, 2009

	December 31, 2009	December 31, 2008
	Rupees in '000	
Profit after taxation for the year	7,122,167	4,156,686
Other comprehensive income	-	-
Total comprehensive income for the year	7,122,167	4,156,686

The annexed notes 1 to 47 and annexures I to II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Unconsolidated Cash Flow Statement

for the year ended December 31, 2009

	December 31, 2009	December 31, 2008	Note	December 31, 2009	December 31, 2008
	US \$ in '000			Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	125,070	72,659		10,536,120	6,120,940
Less: Dividend income	(16,322)	(16,861)		(1,374,967)	(1,420,364)
	108,748	55,798		9,161,153	4,700,576
Adjustments for non-cash charges					
Depreciation/amortization	7,515	4,989		633,056	420,242
Provision against non-performing loans and advances and general provision - net	37,546	16,288		3,162,963	1,372,155
Provision for diminution in the value of investments - net	12,512	21,143		1,054,046	1,781,110
Provision against lendings to financial institutions	3,331	-		280,595	-
Unrealized loss on revaluation of held for trading securities	94	-		7,897	-
(Reversal) / Provision against off balance sheet obligations - net	(301)	2,265		(25,353)	190,824
(Reversal) / Provision against other assets - net	(670)	2,544		(56,431)	214,284
Operating fixed assets written off	111	246		9,373	20,711
Gain on sale of fixed assets	(50)	(117)		(4,220)	(9,889)
Bad debts written off directly	-	32		-	2,736
	60,088	47,390		5,061,926	3,992,173
	168,836	103,188		14,223,079	8,692,749
(Increase)/decrease in operating assets					
Lendings to financial institutions	(149,693)	31,173		(12,610,344)	2,626,058
Held for trading securities	(800)	385		(67,385)	32,397
Advances - net	(326,857)	(545,332)		(27,534,993)	(45,939,619)
Other assets (excluding advance taxation)	(24,572)	(60,717)		(2,069,966)	(5,114,895)
	(501,922)	(574,491)		(42,282,688)	(48,396,059)
Increase/(decrease) in operating liabilities					
Bills payable	2,492	(6,433)		209,939	(541,894)
Borrowings from financial institutions	140,215	56,589		11,811,971	4,767,184
Deposits	372,734	397,701		31,399,716	33,502,939
Other liabilities	(30,228)	72,105		(2,546,450)	6,074,203
	485,213	519,962		40,875,176	43,802,432
	152,127	48,659		12,815,567	4,099,122
	(23,795)	(41,968)		(2,004,490)	(3,535,489)
	128,332	6,691		10,811,077	563,633
	(134,002)	15,993		(11,288,568)	1,347,298
	22,142	(44,510)		1,865,280	(3,749,608)
	16,311	16,176		1,374,038	1,362,722
	(23,404)	(31,572)		(1,971,579)	(2,659,638)
	250	1,846		21,058	155,480
	(118,703)	(42,067)		(9,999,771)	(3,543,746)
	35,600	(12)		2,999,000	(1,000)
	(24,610)	(20,821)		(2,073,173)	(1,753,971)
	10,990	(20,833)		925,827	(1,754,971)
	20,619	(56,209)		1,737,133	(4,735,084)
	299,016	354,244		25,189,600	29,842,093
	5,081	6,061		428,027	510,618
	324,716	304,096		27,354,760	25,617,627
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			34		

The annexed notes 1 to 47 and annexures I to II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Unconsolidated Statement of Changes in Equity

for the year ended December 31, 2009

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
Rupees in '000									
Balance as at January 01, 2008	5,386,370	3,418,596	2,224,258	-	67,995	333,864	6,000	6,971,308	18,408,391
Changes in equity during the year ended December 31, 2008									
Total comprehensive income for the year ended December 31, 2008 - profit for the year	-	-	-	-	-	-	-	4,156,686	4,156,686
Transactions with owners recognised directly in equity									
Bonus issue for the year ended December 31, 2007 declared subsequent to year end @ 20%	-	(1,077,274)	-	1,077,274	-	-	-	-	-
Issue of bonus shares	1,077,274	-	-	(1,077,274)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2007 declared subsequent to year end (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	-	(807,955)	(807,955)
Interim cash dividend for the year ended December 31, 2008 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	-	(969,546)	(969,546)
	1,077,274	(1,077,274)	-	-	-	-	-	(1,777,501)	(1,777,501)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	17,541	17,541
Transfer to statutory reserve	-	-	831,337	-	-	-	-	(831,337)	-
Balance as at December 31, 2008	6,463,644	2,341,322	3,055,595	-	67,995	333,864	6,000	8,536,697	20,805,117
Changes in equity during the year ended December 31, 2009									
Total comprehensive income for the year ended December 31, 2009 - profit for the year	-	-	-	-	-	-	-	7,122,167	7,122,167
Transactions with owners recognised directly in equity									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2008 @ 10%	-	(646,364)	-	646,364	-	-	-	-	-
Issue of bonus shares	646,364	-	-	(646,364)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2008 (Rs. 1.00 per ordinary share)	-	-	-	-	-	-	-	(646,364)	(646,364)
Interim cash dividend for the year ending December 31, 2009 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,422,002)	(1,422,002)
	646,364	(646,364)	-	-	-	-	-	(2,068,366)	(2,068,366)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	-	-	32,360	32,360
Transfer to statutory reserve	-	-	1,424,433	-	-	-	-	(1,424,433)	-
Balance as at December 31, 2009	7,110,008	1,694,958	4,480,028	-	67,995	333,864	6,000	12,198,425	25,891,278

* These were created as a result of merger of Ibrahim Leasing Limited and First Allied Bank Modaraba into Allied Bank Limited.

The annexed notes 1 to 47 and annexures I to II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

1. STATUS AND NATURE OF BUSINESS

Allied Bank Limited (the Bank), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 779 (2008: 766) branches in Pakistan including the Karachi Export Processing Zone Branch (overseas business unit). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA'. Short term rating of the Bank is 'A1+'. The Bank is a holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated in Lahore whereas the principal office is situated at Khayaban-e-Iqbal, Main Clifton Road, Bath Island, Karachi.

2. (a) BASIS OF PRESENTATION

These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary company are being issued separately.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

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

The US Dollar amounts reported in the balance Sheet, profit & loss Account and cash flow statement are stated as additional information, solely for the convenience of the users of these unconsolidated financial statements. For the purpose of translation to US Dollar, the rates of Rs 84.2416 per US Dollar has been used for both 2009, and 2008 financial years, as it was prevalent rate as on December 31, 2009.

(b) BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts/ fair values as disclosed in their respective notes.

3. STATEMENT OF COMPLIANCE

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

3.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan dated April 28, 2008, International Financial Reporting Standard (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 unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

3.3 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2010. These standards are either not relevant to the Bank's operations or are not expected to have a significant impact on the Bank's financial statements other than increase in disclosures in certain cases:

- Revised IFRS 3 - Business Combinations (applicable for annual periods beginning on or after July 01, 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.
- Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 01, 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss.

- IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after October 01, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete.
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged Items (effective for annual periods beginning on or after July 01, 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.
- IFRIC - 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 01, 2009) states that when a Bank distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non-cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement.
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Bank's 2010 financial statements.
- Amendment to IFRS 2 - Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 01, 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.
- Amendment to IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps.
- IAS 24 - Related Party Disclosures (revised 2009) - effective for annual periods beginning on or after January 01, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Bank's financial statements.
- Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - (effective for annual periods beginning on or after July 01, 2009). The amendments specify that if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in IFRS 5 are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary; and disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have any impact on Bank's financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

- i) Classification of investments
 - In classifying investments as "held-for-trading" the Bank has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.
 - In classifying investments as "held-to-maturity" the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.
 - The investments which are not classified as held for trading or held to maturity are classified as available for sale.

- ii) Provision against non performing loans and advances and debt securities classified as investments

The Bank reviews its loan portfolio and debt securities classified as investments to assess amount of non-performing loans and advances and debt securities and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, the forced sale value of the securities and the requirements of the Prudential Regulations are considered. For portfolio impairment provision on consumer advances, the Bank follows, the general provision requirement set out in Prudential Regulations. These provisions change due to changes in requirements.
- iii) Valuation and impairment of available for sale equity investments

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

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

The Finance Act, 2009, has made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. The deduction for provisions for doubtful and loss categories of advances and off balance sheet items is allowed upto a maximum of 1% of total advances. The amount of bad debts classified as OAEM (in agriculture) and Substandard under Prudential Regulation issued by State Bank of Pakistan would not be allowed as an expense. Provisioning in excess of 1% of total advances would be allowed to be carried over to succeeding years. Therefore, the management has carried out an exercise at period end and concluded that they would be able to get deduction of provision in excess of 1% of total advances and have recognised deferred tax asset on such provision amounting to Rs. 223.560 million.
- v) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the balance sheet date and the rates contracted.
- vi) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".
- vii) Defined benefits plan

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method. The actuarial assumptions used to determine the liability and related expense are disclosed in note 36.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2008 (except for the change mentioned in note 5.1 below) and are enumerated as follows:

5.1 Change in accounting policy

Starting January 01, 2009, the Bank has changed its accounting policy in respect of 'Presentation of financial statements'.

IAS I (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009) - The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Bank has opted to present the components of profit or loss in a separate statement while a statement of comprehensive income is presented separately as permitted under revised IAS I. As surplus on revaluation of assets does not form part of the equity under the local laws and is presented below the equity in the balance sheet, accordingly changes in equity arising from surplus on revaluation of assets have not been considered part of comprehensive income and accordingly these are not included in the statement of comprehensive income presented in these financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earning per share.

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

5.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

5.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowing (re-purchase) from and lending (reverse re-purchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under re-purchase agreements

Securities sold subject to a re-purchase agreement are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and re-purchase value is accrued on a prorata basis and recorded as interest expense.

(b) Purchase under resale agreements

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

Other borrowings including borrowings from SBP are recorded at the proceeds received. Mark-up on such borrowings is charged to the profit and loss account on a time proportion basis.

5.4 Investments

5.4.1 The Bank at the time of purchase classifies its investment portfolio into the following categories, which are initially recognized at cost, being the fair value of the consideration given including the acquisition cost, except in case of held for trading investments, in which cases, these are charged off to the profit and loss account.

5.4.1.1 Investments in subsidiaries are stated at cost less impairment, if any.

5.4.1.2 Other investments are classified as follows:

(a) Held for trading

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

(b) Held to maturity

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

(c) Available for sale

These are investments that do not fall under the held for trading or held to maturity categories.

5.4.2 In accordance with the requirements of the SBP, quoted securities, other than those classified as held to maturity and investments in subsidiaries, are carried at market value. Investments classified as held to maturity are carried at amortized cost whereas investments in subsidiaries are carried at cost less impairment losses, if any.

Unrealized surplus / (deficit) arising on revaluation of the Bank's held for trading investment portfolio is taken to the profit and loss account. Surplus / (deficit) arising on revaluation of quoted securities classified as available for sale is kept in a separate account shown in the balance sheet below equity. The surplus/(deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. Subsequent increases or decreases in the carrying value are credited/charged to profit and loss account. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Provision for diminution in the value of securities (except for debentures, participation term certificates and term finance certificates) is made after considering impairment, if any, in their value. Provision for diminution in value of debentures, participation term certificates and term finance certificates are made in accordance with the requirements of Prudential Regulations issued by SBP.

Associates as defined under local statutes but not under IAS are accounted for as ordinary investments.

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

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

5.5 Advances (including net investment in finance lease)

Advances are stated net of general and specific provisions. Specific provision against funded loans is determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. General provision is maintained on consumer portfolio in accordance with the requirements of Prudential Regulations issued by SBP and charged to the profit and loss account.

Leases, where the Bank transfers substantially all the risks and rewards incidental to the 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 minimum lease payments, including guaranteed residual value, if any. Finance lease receivables are included in advances to the customers.

Advances are written off when there are no realistic prospects of recovery.

5.6 Operating fixed assets and depreciation

Tangible assets

Property and equipment owned by the Bank, other than land which is not depreciated, are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any. Land is carried at revalued amount.

Depreciation is calculated using the straight line method, except buildings which are depreciated using the reducing balance method, to write down the cost of property and equipment to their residual values over their estimated useful lives. The rates at which the fixed assets are depreciated are disclosed in note 11.2. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date.

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

Surplus arising on revaluation of fixed assets is credited to surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets, is transferred directly to unappropriated profit (net of deferred tax).

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the profit and loss account in the year the asset is derecognized, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

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

Intangible assets

Intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. The cost of intangible assets is amortized over their estimated useful lives, using the straight line method. Amortization is charged from the month the assets are available for use at the rate stated in note 11.3. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Capital work-in-progress

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

5.7 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments finalised during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences, at the balance sheet date between the amounts attributed to assets and liabilities for financial reporting purpose and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the difference will reverse, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

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

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

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

5.8 Staff retirement and other benefits

5.8.1 Staff retirement schemes

a) For employees who opted for the new scheme introduced by the management:

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary service and age as on June 30, 2002 are payable to all employees whose date of joining the Bank is on or before July 01, 1992, i.e., who have completed 10 years of service as on June 30, 2002; and

An approved gratuity scheme (defined benefit scheme) under which the benefits are payable as under:

- i) For members whose date of joining the Bank is on or before July 01, 1992, their services would be calculated starting from July 01, 2002 for gratuity benefit purposes.
- ii) For members whose date of joining the Bank is after July 01, 1992 their services would be taken at actual for the purpose of calculating the gratuity benefit.

A Contributory Provident Fund scheme with the Bank making equal contribution to that made by employees (defined contribution scheme).

b) For employees who did not opt for the new scheme:

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary as on June 30, 2002 are payable to all employees opting continuation of the previous scheme and whose date of joining the Bank is on or before July 01, 1992, i.e., who had completed ten years of service as on June 30, 2002; and

A contributory benevolent fund was discontinued during the year for active employees. Existing employees were also given an option to settle his/her monthly grant with a lump sum payment. Those who have not opted for the lump sum option continue to receive benevolent grant. (defined benefit scheme).

c) Post retirement medical benefits

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains/losses arising from experience adjustments and changes in actuarial assumptions are amortized over the future expected remaining working lives of the employees, to the extent of the greater of ten percent of the present value of the defined benefit obligations at that date (before deducting plan assets) and ten percent of the fair value of any plan assets at that date.

5.8.2 Other benefits

Employees' compensated absences

Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for estimated liability for annual leaves as a result of services rendered by the employee against unavailed leaves, as per term of service contract, up to balance sheet date. Based on actuarial valuation using Projected Unit Credit Method.

5.9 Assets acquired in satisfaction of claims

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

5.10 Deposits

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

5.11 Subordinated loans

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

5.12 Impairment

At each balance sheet date, the Bank reviews the carrying amount of its assets (other than deferred tax assets) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognized as an expense immediately, except to the impairment loss on revalued fixed assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of those assets.

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

5.13 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognized when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to the profit and loss account net of expected recovery and is classified under other liabilities.

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

5.14 Dividend distribution and appropriations

Bonus and cash dividend and other appropriations (except for the appropriations required by law), declared / approved subsequent to balance sheet date are considered as non-adjusting event and are not recorded in unconsolidated financial statements of the current year. These are recognized in the period in which these are declared / approved.

5.15 Foreign currencies

a) Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date. Foreign bills purchased and forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

c) Commitments

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

5.16 Financial instruments

5.16.1 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Bank 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 the asset. Financial liabilities are de-recognised when obligation specific in the contract 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. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.16.2 Derivative financial instruments

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

5.17 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.18 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. These are recognised as follows:

a) Advances and investments

Mark-up/return on regular loans/advances and investments is recognized on a time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account using the effective interest rate method.

Interest or mark-up recoverable on classified loans and advances and investments is recognized on receipt basis. Interest / return / mark-up on classified rescheduled/restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.

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

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

Gains and losses on sale of investments are recognized in the profit and loss account.

b) Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealised income on classified leases is recognized on receipt basis.

Gains / losses on termination of lease contracts and other lease income are recognized when realized.

c) Fees, brokerage and commission

Fees, brokerage and commission on letters of credit/guarantee are recognized on an accrual basis. Account maintenance and service charges are recognized when realized.

5.19 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure and the guidance of State Bank of Pakistan. The Bank comprises of the following main business segments:

5.19.1 Business segments

a) Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs) and secondary private placements.

b) Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

c) Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and borrowers' agriculture sector. It includes loans, deposits and other transactions with retail customers.

d) Commercial banking

This includes loans, deposits and other transactions with corporate customers.

e) Payment and settlement

This includes payments and collections, funds transfer, clearing and settlement with the customers.

5.19.2 Geographical segments

The Bank conducts all its operations, including the operations of EPZ Karachi branch, in Pakistan.

5.20 Earnings per share

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

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

Note
December 31,
2009
December 31,
2008
Rupees in '000

Remittances in transit

With State Bank of Pakistan (SBP) in

Local currency current accounts
Foreign currency current account

Foreign currency deposit accounts
- Non remunerative
- Remunerative

With National Bank of Pakistan in

Local currency current accounts

National Prize Bonds

5,143,793	5,230,889
413,588	530,383
5,557,381	5,761,272
613,685	761,989
12,694,476	10,432,813
5,829	1,792
12,700,305	10,434,605
977,413	851,495
2,932,240	2,554,486
3,909,653	3,405,981
3,611,940	3,251,073
42,669	38,834
26,435,633	23,653,754

6.1 Deposits with the SBP are maintained to comply with the statutory requirements issued from time to time.

6.2 This represents US Dollar Settlement Account maintained with SBP.

6.3 This represents special cash reserve maintained with the SBP. The special cash reserve carries mark-up at 0.0% (2008: 0.90%) per annum.

Note
December 31,
2009
December 31,
2008
Rupees in '000

7. BALANCES WITH OTHER BANKS

In Pakistan

On current accounts

Outside Pakistan

On current accounts

284	284
1,280,159	2,096,495
1,280,443	2,096,779

7.1 Included in nostro accounts are balances, aggregating to Rs. 198.082 million (2008: Rs. 372.416 million), representing balances held with a related party outside Pakistan.

Note
December 31,
2009
December 31,
2008
Rupees in '000

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings
Letters of placement
Repurchase agreement lendings (Reverse Repo)
Certificates of investment

Provision against lending to Financial Institution.

525,000	100,000
649,750	736,000
26,347,932	14,957,183
880,845	-
28,403,527	15,793,183
(280,595)	-
28,122,932	15,793,183

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

8.1 This represents unsecured lending to Financial Institution, carrying mark-up at the rate, ranging between 12.10% and 12.70% (2008: 15.40%) per annum and will mature on various dates, latest by January 22, 2010.

8.2 These represent clean placements with Non-Banking Finance Companies, carrying mark-up at rates, ranging between 12.60% and 12.70% (2008: 18.90% and 20.00%) per annum on performing placements and will mature on various dates, latest by January 25, 2010.

8.3 These are short-term lendings to various financial institutions against the government securities shown in note 8.6 below. These carry mark-up at rates ranging between 11.75 % and 12.40 % (2008: 10.00% and 14.90%) per annum and will mature on various dates, latest by February 03, 2010.

8.4 These certificate of investments carry mark-up rates ranging between 13.0% and 14.47% (2008: Nil) per annum on performing investments and will mature on various dates latest by April 30, 2012.

8.5 Particulars of lending

In local currency
In foreign currencies

December 31, 2009 December 31, 2008
Rupees in '000

	December 31, 2009	December 31, 2008
In local currency	28,122,932	15,793,183
In foreign currencies	-	-
	<u>28,122,932</u>	<u>15,793,183</u>

8.6 Securities held as collateral against lending to financial institutions

	December 31, 2009			December 31, 2008		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	22,527,333	3,820,599	26,347,932	14,957,183	-	14,957,183
	<u>22,527,333</u>	<u>3,820,599</u>	<u>26,347,932</u>	<u>14,957,183</u>	<u>-</u>	<u>14,957,183</u>

8.7 Particulars of provision

Opening balance

Charge for the year
Reversal

Net charge / (reversal)

Closing balance

December 31, 2009 December 31, 2008
Rupees in '000

	December 31, 2009	December 31, 2008
Opening balance	-	-
Charge for the year	280,595	-
Reversal	-	-
Net charge / (reversal)	<u>280,595</u>	<u>-</u>
Closing balance	<u>280,595</u>	<u>-</u>

These represent provision made under the prudential regulations of the State bank of Pakistan against certain clean placements.

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

9. INVESTMENTS

Note	December 31, 2009			December 31, 2008		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000					

9.1 Investments by types

Held-for-trading securities

Ordinary shares of listed companies

Available-for-sale securities

Market Treasury Bills

Pakistan Investment Bonds

Ordinary shares of listed companies / certificates of mutual funds

Preference shares of listed companies

Units of open end mutual funds

Ordinary shares of unlisted companies

Ordinary shares of related parties

- Listed shares

- Unlisted shares

Pre IPO investments

Sukuk Bonds

Term finance certificates (TFCs)

Held-to-maturity securities

Pakistan Investment Bonds

Foreign Currency Bonds (US\$)

TFCs, Debentures, Bonds and PTCs

Subsidiary

ABL Asset Management Company Limited

Investment at cost

Provision for diminution in value of investments

Unrealized loss on revaluation of held-for-trading securities

Surplus / (Deficit) on revaluation of available-for-sale securities

Total investments at market value

67,385	-	67,385	-	-	-
27,019,901	6,976,575	33,996,476	26,512,476	8,197,541	34,710,017
246,204	-	246,204	445,580	-	445,580
4,882,928	-	4,882,928	6,672,140	-	6,672,140
191,667	-	191,667	250,000	-	250,000
4,347,813	-	4,347,813	12,761,149	-	12,761,149
215,193	-	215,193	544,822	-	544,822
2,449,082	-	2,449,082	-	-	-
597,496	-	597,496	447,853	-	447,853
35,000	-	35,000	35,000	-	35,000
3,637,774	-	3,637,774	2,686,250	-	2,686,250
26,036,936	-	26,036,936	7,619,210	-	7,619,210
69,659,994	6,976,575	76,636,569	57,974,480	8,197,541	66,172,021
7,690,909	-	7,690,909	9,084,116	-	9,084,116
73,286	-	73,286	137,767	-	137,767
10,274,764	-	10,274,764	10,682,356	-	10,682,356
18,038,959	-	18,038,959	19,904,239	-	19,904,239
500,000	-	500,000	500,000	-	500,000
88,266,338	6,976,575	95,242,913	78,378,719	8,197,541	86,576,260
(2,185,929)	-	(2,185,929)	(1,955,903)	-	(1,955,903)
(7,897)	-	(7,897)	-	-	-
1,740,361	44	1,740,405	(1,973,799)	37	(1,973,762)
<u>87,812,873</u>	<u>6,976,619</u>	<u>94,789,492</u>	<u>74,449,017</u>	<u>8,197,578</u>	<u>82,646,595</u>

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
9.2. INVESTMENTS BY SEGMENTS:			
Federal Government Securities:			
Market Treasury Bills	9.2.1-9.2.3	33,996,476	34,710,017
Pakistan Investment Bonds	9.2.1	7,937,113	9,529,696
Foreign Currency Bonds (US\$)	9.2.4	73,286	137,767
Ijara Sukuk Bonds	9.2.1	100,000	100,000
Fully paid up ordinary shares of listed companies/certificates of mutual funds	9.4	7,399,395	6,672,140
Fully paid up ordinary shares of unlisted companies	9.5	812,689	992,675
Investment in Units of Open End Mutual Funds	9.6	4,347,813	12,761,149
Pre IPO Investments	9.7	35,000	35,000
Fully paid up Preference Shares	9.8	191,667	250,000
Term Finance Certificates (TFCs) , Debentures, Bonds and Participation Term Certificates:			
Term Finance Certificates	9.9		
- Listed		2,208,104	2,192,350
- Unlisted		30,335,030	12,044,821
Debentures	9.10	63,479	63,479
Bonds - Government	9.11	118,513	410,280
- others (Sukuk)	9.11	7,118,712	6,171,250
Participation Term Certificates	9.12	5,636	5,636
Subsidiary		500,000	500,000
Total investments at cost		95,242,913	86,576,260
Less: Provision for diminution in the value of investment	9.3	(2,185,929)	(1,955,903)
Investments (Net of Provisions)		93,056,984	84,620,357
Unrealized loss on revaluation of Held-for-trading securities	9.14	(7,897)	-
Surplus / (Deficit) on revaluation of Available-for-sale securities	21.2	1,740,405	(1,973,762)
Total investments at market value		94,789,492	82,646,595

9.2.1 Principal terms of investments in Federal Government Securities

Name of investment	Maturity	Redemption	Coupon
Market Treasury Bills	January 14, 2010 To December 30, 2010	On maturity	At maturity
Foreign Currency Bonds (US\$)	July 01, 2010	On maturity	Half Yearly
Pakistan Investment Bonds	February 14, 2011 To May 19, 2016	On maturity	Half Yearly
Ijara Sukuk Bonds	September 26, 2011	On maturity	Half Yearly

9.2.2 Included herein are Market Treasury Bills having a book value of Rs. 6,639.897 million (2008: Rs.7,866.140 million), given as collateral against repurchase agreement borrowings from financial institutions.

9.2.3 Included herein are Market Treasury Bills having a face value of Rs. 339.800 million (2008: Rs 339.800 million), held by the SBP and National bank of Pakistan against Demand Loan and TT/DD discounting facilities sanctioned to the Bank.

9.2.4 Investment in Foreign currency Banks

Name of Bond	Coupon Rate	Date of Issue	Date of Maturity	Coupon Due	Redemption Period	2009	2008
Rupees in '000							
US \$ Bonds							
KH 000019 (\$695,880)	3M LIBOR+1%	01-Jul-90	01-Jul-09	01-Jul-09	19-Years	-	55,101
KH 000020 (\$695,880)	3M LIBOR+1%	01-Jul-90	01-Jul-10	01-Jul-10	20-Years	58,622	55,100
KH 000039 (\$174,070)	3M LIBOR+1%	01-Jul-90	01-Jul-09	01-Jul-09	19-Years	-	13,783
KH 000040 (\$174,070)	3M LIBOR+1%	01-Jul-90	01-Jul-10	01-Jul-10	20-Years	14,664	13,783
						73,286	137,767

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
9.3. Particulars of Provision			
Opening balance		1,955,903	192,290
Charge for the year	9.3.2	1,056,835	1,783,279
Reversals		(2,789)	(2,169)
Net charge		1,054,046	1,781,110
Reversal as gain on disposal		(822,283)	-
Amounts written off		(1,737)	(17,497)
Closing balance	9.3.1	2,185,929	1,955,903
9.3.1 Particulars of Provision in respect of Type and Segment			
By Type			
Available-for-sale securities			
Ordinary shares/certificates of listed companies		1,310,674	1,746,173
Ordinary shares of unlisted companies		45,176	48,017
Unit of open end mutual funds		100,000	-
		1,455,850	1,794,190
Held-to-maturity securities			
TFCs, Debentures, Bonds and PTCs		730,079	161,713
		2,185,929	1,955,903
By Segment			
Fully Paid up Ordinary Shares			
Listed companies		1,310,674	1,746,173
Unlisted companies		45,176	48,017
Units of open end mutual funds		100,000	-
		1,455,850	1,794,190
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:			
Bonds		590,250	50,000
Term Finance Certificates		70,714	42,598
Debentures		63,479	63,479
Participation Term Certificates		5,636	5,636
		730,079	161,713
		2,185,929	1,955,903

9.3.2 Charge for the year includes impairment aggregating to Rs. 379.390 million recognized in respect of listed equity securities in accordance with SBP BSD circular No. 4 dated February 13, 2009.

9.4 Investments in Listed Shares / certificates of mutual funds

Name of Company / mutual fund	2009			2008	
	Cost per share/ certificates	No. of shares/ certificates	Total Cost	No. of shares/ certificates	Total Cost
	Rupees		Rupees '000		Rupees '000
Arif Habib Inv. Management Limited.	-	-	-	628,201	78,525
Askari Bank Limited	20.28	5,305,372	107,616	500,000	20,197
Attock Petroleum Limited	346.83	166,618	57,788	-	-
Bawany Sugar Mills Limited	-	-	-	5,400	10
Crescent Steel & Allied Products Limited	61.03	903,295	55,124	842,050	64,973
Dadabhoy Leasing.	-	47,300	-	47,300	-
Dadabhoy Modaraba	8.85	567,500	5,025	567,500	5,025
Dadabhoy Cement Industries	-	-	-	1,500	-
Engro Chemical Pakistan Limited.	153.32	3,608,536	553,258	769,098	192,425
Engro Polymers & Chemicals Limited	-	-	-	3,106,567	55,918
Eye Television Network Limited	47.33	1,894,534	89,677	1,806,000	113,222
Fauji Fertilizer Bin Qasim Limited	-	-	-	6,633,500	289,294
Fauji Fertilizer Company	80.26	12,444,987	998,879	8,298,100	929,024
First Credit & Investment Bank Limited	9.95	4,646,900	46,234	4,610,400	46,104
Hub Power Company Limited - related party	30.39	46,547,409	1,414,727	37,667,500	1,208,202
ICI Pakistan Limited	-	-	-	694,600	133,043
IGI Insurance Limited.	-	-	-	114,000	13,141
IGI Investment Bank Limited	-	-	-	190	2
Kaiser Arts & Craft Limited	-	766,500	-	766,500	-
Lucky Cement Limited.	54.32	4,145,846	225,190	800,000	46,285
MCB Bank Limited	-	-	-	4,610,145	417,301
Meezan Bank Limited	19.80	4,497,568	89,040	1,568,509	46,691
Mohib Export Limited.	-	-	-	21,275	-
My Bank Limited	-	-	-	809,500	19,867
Nishat Chunian Power Limited - related party	10.00	44,260,774	442,608	-	-
Nishat Power Limited - related party	10.00	59,173,739	591,737	-	-
National Bank Of Pakistan	-	-	-	1,272,000	196,505
Oil & Gas Development Company Limited.	-	-	-	9,627,300	1,161,705
Pace Pakistan Limited.	13.59	5,104,658	69,363	3,264,000	114,015
Packages Limited	-	-	-	153,500	49,035
Pak Oman Advantage Fund	10.00	96,000	960	96,000	960
Pakistan Oil field Limited.	203.25	3,980,360	809,007	900,360	280,152
Pakistan Petroleum Limited.	153.36	2,746,400	421,181	1,430,000	336,303
Pakistan State Oil	249.44	1,870,000	466,447	-	-
Pakistan Telecommunications Company Limited	-	-	-	6,203,400	264,359
PICIC Growth Mutual Fund	19.97	9,490,938	189,532	3,289,100	115,533
PICIC Growth Fund	32.49	63,400	2,060	63,400	2,061
Redco Textile Mills Limited.	10.00	300	3	300	3
S.G. Fibers Limited.	58.20	788,800	45,908	788,800	45,908
SAFA Textile Mills Limited.	10.00	860,200	8,602	860,200	8,602
Soneri Bank Limited	-	-	-	160,000	2,800
TRG Pakistan Limited	-	-	-	3,894,500	43,814
UBL Capital Protected Fund	9.71	7,725,000	75,000	7,500,000	75,000
United Bank Limited	52.91	10,716,000	567,034	3,420,200	296,132
World Call Telecom	-	-	-	469	4
Nishat Power Limited (underwriting) - related party	100.00	100	10	-	-
Pakistan State Oil - Held for Trading shares	336.93	200,000	67,385	-	-
			7,399,395		6,672,140

9.5 Investment in Un-Listed Shares

Name of Company	Percentage of Holding	No. of shares	Break-up Value per shares Rupees	Paid up Value per share Rupees	Cost Rupees '000	Based on audited accounts as at	Name of Chief Executive/Managing Agent
Al-Amin Textile Mills Limited	-	13,100	N/A	10	-	N/A	Mr. Anis-ur-Rahman
Arabian Sea Country Club Limited - related party	6.45%	500,000	143	10	5,000	30-Jun-09	Mr. Arif Khan Abbasi
Atlas Power Limited - related party	10.99%	35,500,000	9.91	10	355,000	30-Jun-09	Mr. Maqsood A. Basra
Attock Textile Mills Limited	-	55,500	N/A	10	505	N/A	Mrs. Fareeda Khanum
Bankers Equity Limited	-	807,699	N/A	10	-	N/A	Under liquidation
Eastern Capital Limited	16.13%	500,000	13.05	10,000	5,000	30-Jun-07	Mr. Munir M. Ladha
Equity Participation Fund	-	1	76.51	100	-	30-Jun-08	Mr. Jamal Nasim
First Women Bank Limited - related party	8.97%	2,544,000	38.89	10,000	21,200	31-Dec-08	Ms. Shafqat Sultana
Habib Allied International Bank - related party	9.50%	2,375,000	224.63	136	214,769	31-Dec-08	Mr. Zakir Mahmood
KATEX Mills Limited	-	151,100	N/A	10	1,511	N/A	Col. Muhammad Yaqub(Rtd)
Khushhali Bank Limited.	11.73%	200,000,000	10.810	10,000	200,000	31-Dec-08	Mr. M. Ghalib Nishtar
Kohinoor Looms	-	21,000	N/A	10	-	N/A	De-listed
National Woolen Mills	-	6,900	N/A	10	52	N/A	Haji Sher Shah
NIFT - related party	6.57%	985,485	50.77	10	1,526	30-Jun-09	Mr. Muzaffar M khan
PASSCO	3.33%	1,000	20,953	1,000	1,000	31-Mar-09	Maj. Gen Ahmed Nawaz Salim Mela
Ruby Rice & Gen Mills	-	14,500	N/A	10	105	N/A	Mr. Mehboob Ali
SME Bank Limited.	0.32%	774,351	8.17	10	5,250	31-Dec-08	Mr. Mansoor Khan
SWIFT	-	10	285,508	10	1,771	-	-
					812,689		

9.6 Detail of Investment in Open Ended Mutual Funds

Name of Company	No. of Units		Paid-up value per Certificate Rupees	Total Cost Rupees in '000	
	2009	2008		2009	2008
	ABL Income Fund - related party	75,000,000	75,000,000	10	750,000
ABL Stock Fund - related party	10,000,000	-	10	100,000	-
Atlas Islamic Fund	-	10,483	-	-	5,000
AKD Opportunity Fund	-	736,234	-	-	40,000
AMZ Plus Income Fund	1,016,028	2,367,805	100	100,000	250,000
AMZ Plus Stock Fund	-	265,000	-	-	25,000
BMA Chundrigar Road Saving Fund	-	20,291,772	-	-	193,888
Faysal Saving Growth Fund	1,456,876	-	100	150,000	-
HBL Income Fund	-	7,858,840	-	-	750,000
HBL Stock Fund	-	200,000	-	-	20,000
JS Income Fund	997,077	11,903,581	100	100,000	1,200,000
KASB Balanced Fund	-	500,000	-	-	25,000
KASB Liquid Fund	5,015,216	7,915,045	100	472,813	750,000
LMMF	1,000,904	-	100	100,000	-
MCB Dynamic Cash Fund	5,101,313	20,276,840	100	500,000	2,000,000
NAFA Cash Fund	104,830,739	234,984,491	10	1,000,000	2,250,000
National Investment Trust	5,000,000	73,991	10	50,000	2,261
United Growth & Income Fund	10,518,684	47,069,997	100	1,000,000	4,500,000
UBL Principal Protected Plan-II	250,000	-	100	25,000	-
				4,347,813	12,761,149
Pre IPO Investment					
Dawood Family Takaful Limited				35,000	35,000
				35,000	35,000

9.7

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

9.8 Detail of Investment in Preference Shares - Unlisted

Name of Company	Note	Percentage of Holding	No. of certificates	Paid-up Value per certificate Rupees	Total paid-up value Rupees in '000	Break up Value per certificate Rupees	Total Cost December 31, 2009 Rupees in '000	Based on audited accounts as at	Name of Chief Executive/ Managing Agent	Terms of redemption	Total Cost	
											2009	2008
Massod Textile Mills Limited	9.8.1	19%	11,666,670	10	116,667	10	116,667	30 June 09	Mr. Shahid Nazeer	1/3rd of Preference shares along with dividend is convertible into ordinary shares after expiry of 4 years at a discount of 15%.		
Fazal Cloth Mills Limited	9.8.2	30%	7,500,000	10	75,000	10	75,000	30 June 09	Sheikh Naseem Ahmed	ABL's stake in the preference shares for Rupees 75 million to be redeemed within 60 days after completion of 5 years from the date of issue.		
							191,667					

9.8.1 This represents KIBOR plus 2% cumulative preference shares with call option available to the issuer and Conversion Option available to the Bank after completion of four years from the date of issue, i.e., June 29, 2005.

9.8.2 This represents KIBOR plus 2.5% Cumulative Preference Shares having redemption terms within 60 days after completion of 5 years from the date of issue, i.e., May 13, 2006.

9.9 Detail of Investment in TFCs

Name of Company	No. of Units		Paid-up value per Certificate Rupees	Total Cost	
	2009	2008		2009	2008
					Rupees in '000
Listed					
Askari Bank Limited	20,000	-	5,000	100,000	-
Standard Chartered Bank Limited	10,000	10,000	5,000	49,930	49,950
Royal Bank Of Scotland/(Formerly ABN AMRO Bank Limited)	7,000	7,000	5,000	34,936	34,950
United Bank Limited-3rd Issue	10,000	10,000	5,000	49,940	49,960
United Bank Limited -4th Issue	37,000	37,000	5,000	184,889	184,963
Searle Pakistan Limited	10,000	10,000	5,000	18,743	31,238
NIB Bank Limited	76,789	76,789	5,000	383,715	383,868
United Bank Limited-PPTFC	122,558	122,558	5,000	612,422	612,668
Telecard Limited	75,888	75,888	5,000	172,911	219,582
Pak Arab Fertilizers Limited	84,080	84,080	5,000	420,148	420,400
Azgard Nine Limited	1,300	1,300	5,000	4,868	5,952
Escort Investment Bank Limited	20,000	20,000	5,000	83,267	99,940
Financial Receivable Securitization Company Limited	21,000	21,000	5,000	86,722	98,879
Orix Leasing Pakistan Limited	1,500	-	5,000	5,613	-
				2,208,104	2,192,350
Unlisted					
Orix Leasing Pakistan Limited (Chief Executive: Mr. Humayun Murad)	23,000	23,000	100,000	2,300,000	2,300,000
Dewan Farooque Spinning Mills Limited (Chief Executive: Mr. Dewan Abdul Baqi Farooqui)	25,000	25,000	5,000	31,250	46,875
Bosicor Pakistan Limited (Chief Executive: Mr. Aamir Abbassi)	-	10,000	5,000	-	14,286
Al-Abbas Sugar Industries (Chief Executive: Mr. Shunaid Qureshi)	25,000	25,000	5,000	99,950	124,950
Javedan Cement Limited (Formerly Al-Abbas Holding (Pvt) Limited) (Chief Executive: Mr. Shunaid Qureshi)	5,750	5,750	100,000	575,000	575,000
Javedan Cement Limited (Formerly Ghani Holding (Pvt) Limited) (Chief Executive: Mr. Shunaid Qureshi)	5,750	5,750	100,000	575,000	575,000
New Allied Electronics Industries (Chief Executive: Mian Pervaiz Akhtar)	10,000	10,000	5,000	27,777	50,000
Islamabad Electric Supply Corporation (Chief Executive: Mr. Raja Abdul Ghafoor)	400	400	10,000,000	4,000,000	4,000,000
Lahore Electric Supply Corporation (Chief Executive: Mr. Sallahuddin)	400	400	10,000,000	4,000,000	4,000,000
Javedan Cement Limited (Chief Executive: Mr. Shunaid Qureshi)	2,500	2,500	100,000	250,000	250,000

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

Name of Company	No. of Units		Paid-up value per Certificate Rupees	Total Cost	
	2009	2008		2009	2008
					Rupees in '000
Grays Leasing Limited (Chief Executive: Mr. Abdul Rashid Mir)	18,000	15,500	5,000	50,000	77,500
Rai Textile Mills Limited (Chief Executive: Mr. Javed Ahmad Kayani)	6	6	391,687	12	139
Aruj Textile Mills Limited (Chief Executive: Sheikh Muhammad Tahir)	5	5	654,970	852	973
Blue Star Spinning Mills Limited (Chief Executive: Ch. Sardar Mohammad)	1	1	165,291		
	1	1	270,681		
	1	1	263,639		
	1	1	251,937		
	1	1	244,584		
	1	1	233,192		
	1	1	225,529		
	1	1	214,966		
	1	1	206,474		
	1	1	195,704		
	1	1	187,419		
	1	1	176,954		
	1	1	168,364		
	1	1	158,215		
	1	1	149,309		
	1	1	139,574		
	1	1	130,254	1,726	1,726
Bentonite Limited (Chief Executive: Mr. Khalid Shakeel)	13	13	107,610		
	1	1	107,619		
	1	1	470,440		
	15	15	20,100		
	1	1	20,680	1,360	1,360
Shah Jewana Textile Mills Limited (Chief Executive: Mrs. Shahida Faisal Saleh Hyat)	13	13	40,010		
	1	1	40,069		
	11	11	12,090		
	1	1	120,127	118	118
Faruki Pulp Mills Limited (Chief Executive: Mr. Salim Akbar Faruki)	13	13	1,050,900		
	1	1	1,050,993	6,435	7,020
Choudhry Wire Rope Industries (Chief Executive: Ch. Muhammad Akram)	13	13	217,000		
	1	1	228,902	621	621
Larr Sugar Mills Limited (Chief Executive: Mr. Abdul Rauf)	-	23	476,315		
	-	1	476,320		
	-	23	200,759		
	-	1	200,758		
	-	13	207,774		
	-	1	207,775		
	-	13	601,916		
	-	1	601,918	-	1,798
Sadhuja Textile Mills Limited (Chief Executive: Mr. Ali Asghar)	1	1	137,946		
	3	3	278,924		
	2	2	274,376		
	1	1	2,790,892	916	916
Tanocraft Limited (Chief Executive: Mr. Kanwer Furqan Ali)	15	15	59,500		
	1	1	60,942		
	5	5	69,900		
	1	1	70,385	145	145

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

Name of Company	No. of Units		Paid-up value per Certificate Rupees	Total Cost	
	2009	2008		2009	2008
Rupees in '000					
Khairpur Sugar Mills Limited (Chief Executive: Muhammad Mubeen Jumani)	13 1 5 1	13 1 5 1	55,536 55,538 337,000 337,077	1,248	1,248
Bachani Sugar Mills Limited (Chief Executive: Mr. Najmuddin Ansari)	23 1 14 13 1	23 1 14 13 1	135,227 135,236 1,526,874 655,656 655,657	12,667	12,667
Frontier Ceramics (Chief Executive: Mr. Shamsul Hassan)	15 1 13 1 13 1	15 1 13 1 13 1	117,000 118,846 224,000 217,221 113,000 113,960	2,073	2,479
Bank Al-Habib (Chief Executive: Mr. Abbas D. Habib)	6,000	-	5,000	299,880	-
National Transmission Distribution Company Limited (PPTFC) (Chief Executive: Mr. Tariq Qazi)	2,348,200	-	5,000	11,741,000	-
Power Holding (Pvt.) Limited (Government of Pakistan)	1,271,400	-	5,000	6,357,000	-
Total			30,335,030	12,044,821	

9.10 Detail of Investment in Debentures (Fully Provided)

Name of company	Terms			Cost	
	Principal	Interest	Rate of Interest	2009	2008
Rupees in '000					
Public Sector					
Haripur Cold Storage	Overdue	Overdue	12.50%	500	500
Haripur Cold Storage	Overdue	Overdue	12.50%	459	459
Haripur Cold Storage	Overdue	Overdue	12.50%	56	56
Karachi Development Authority	Overdue	Overdue	12.00%	62,355	62,355
Private Sector					
EFFEF Industries	Overdue	Overdue	14.00%	109	109
				63,479	63,479

9.11 Detail of Investment in Bonds

Name of Bond	Coupon Rate	Date of Issue	Date of Maturity	Coupon Due	Cost	
					2009	2008
Rupees in '000						
Government						
Heavy Mechanical Complex	-	-	-	-	-	11,650
Public Sector Enterprise	-	-	-	-	-	280,117
Public Sector Enterprise	9%	01-Jul-90	01-Jul-10	01-Jul-10	Yearly	118,513
						118,513
Sukuk Bonds						
Dawood Hercules Limited	6MK+1.2%	18-Sep-07	18-Sep-12	18-Mar-10	Half Yearly	1,000,000
Security Leasing Corporation Limited	6 MK+2%	06-Jan-07	31-May-12	31-May-10	Half Yearly	168,750
Century Paper & Board Mills Limited	Last 5 Days 6 Month avg K+1.35%	25-Sep-07	24-Sep-14	25-Mar-10	Half Yearly	1,150,000
K.S. Sulemanji Esmailji & Sons Limited	3 MK+2.4%	30-Jun-08	30-Jun-12	31-Mar-10	Quarterly	142,500
Liberty Power Tech. Limited	3 MK+3%	31-Mar-09	31-Mar-19	31-Mar-10	Half Yearly	1,026,524
Al-Zamin Leasing Modaraba	6 MK+1.9%	12-May-08	12-May-12	12-May-10	Half Yearly	190,938
Quetta Textile Mills Limited	6 MK+1.5%	27-Sep-08	27-Sep-15	27-Mar-10	Half Yearly	50,000
Shahraj Fabrics (Pvt.) Limited	6 MK +2.10%	08-Mar-08	08-Mar-13	08-Mar-10	Half Yearly	200,000
Maple Leaf Cement Factory Limited	6 MK + 1.70%	03-Dec-07	03-Dec-14	03-Jun-10	Half Yearly	3,190,000
						7,118,712
						6,171,250

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

9.12 Detail of Investment in Participation Term Certificates - (fully provided)

Name of the Borrower	No. of Certificates		Value per Certificate	Cost	
	2009	2008		2009	2008
Rupees in '000					
Crystal Chemicals (Chief Executive: Mr. Maqsood A Shaikh)	1 13	1 13	59,000 62,000	1,559	1,559
MAS Dairies Limited. (Chief Executive: Mian Nisar Akhtar)	1 9	1 9	50,000 51,000	1,009	1,009
Pangrio Sugar Mills Limited (Chief Executive: Mr. Sajid Hussain Naqvi)	15 1 1 13	15 1 1 13	236,000 240,000 168,000 169,000	3,068	3,068
				5,636	5,636

9.13 Quality of Available for Sale Securities

Name of Security	2009		2008	
	Market value/Book Value	Rating	Market value/Book Value	Rating
Rupees '000				
Government Securities				
Market Treasury Bills	33,997,603	Un Rated	34,702,083	Un Rated
Pakistan Investment Bonds	244,899	Un Rated	395,018	Un Rated
Government Of Pakistan Ijara Sukuk	101,000	Un Rated	100,000	Un Rated
Listed TFCs				
Askari Bank Limited	97,357	AA-	-	**
AZGARD Nine Limited	4,853	AA-	5,469	AA-
Royal Bank of Scotland/(Formerly ABN Amro Bank Limited)	34,568	AA-	31,519	AA-
Escort Investment Bank Limited	82,547	A+	92,688	A+
Financial Receivable Securitization Company Limited-A	53,395	A+	56,985	AA-
Financial Receivable Securitization Company Limited-B	31,250	A+	25,999	AA-
Pak Arab Fertilizers Limited	394,509	AA	364,703	AA
Searle Pakistan Limited	18,136	BBB+	28,498	A-
Union Bank / Standard Chartered Bank (Pakistan) Limited	49,963	AAA	51,931	AA
United Bank Limited-3	49,312	AA	42,162	AA
United Bank Limited-4	163,025	AA	160,918	AA
ORIX Leasing Pakistan Limited	5,637	AA+	-	-
Unlisted TFCs				
Islamabad Electricity Supply Cooperation	4,000,000	**	4,000,000	**
National Transmission Distribution Company Limited (PPTFC)	11,741,000	**	-	-
Javedan Cement Limited	187,500	**	250,000	**
Grays Leasing	50,000	A-	77,500	**
Bank Al-Habib Limited	299,880	AA	-	-
ORIX Leasing Pakistan Limited	2,035,500	AA+	2,300,000	AA+
Power Holding (Pvt) Limited	6,357,000	**	-	-
Shares Unlisted				
Arabian Sea Country Club Limited*	5,000	**	5,000	**
Attock Textile Mills Limited	506	**	506	**
Atlas Power Limited*	355,000	**	280,856	**
Eastern Capital Limited*	5,000	**	5,000	**
Equity Participation Fund*	-	-	1,500	**
First Women Bank Limited*	21,200	BBB+EA2	21,200	BBB+EA2
Habib Allied International Bank Limited*	214,769	**	214,769	**
Investment Corporation Of Pakistan (Merged With IDBP)*	-	-	9,130	**
KATEX Mills Limited	1,511	**	1,511	**
Khushhali Bank Limited*	200,000	A-EA2	200,000	A-EA1
National Woolen Mills	52	**	52	**
NIFT*	1,527	**	1,527	**
Nishat Chunian Power Limited*	10	AA E A1+	88,107	**
Nishat Power Limited*	-	-	121,250	**
PASSCO*	1,000	**	1,000	**
Ruby Rice & Gen Mills	105	**	105	**
SME Bank Limited*	5,250	BBB&A3	5,250	BBB&A3
SWIFT	1,770	**	1,770	**

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

Name of Security	2009		2008	
	Market value/Book Value	Rating	Market value/Book Value	Rating
	Rupees '000		Rupees '000	
Shares Listed				
Arif Habib Inv. Management Limited	-	-	43,962	AM2
Askari Bank Limited	144,837	AA&A1+	7,285	AA&A1+
Attock Petroleum Limited	57,920	**		**
Bawany Sugar Mills Limited	-	-	18	**
Crescent Steel & Allied Products	23,495	A+&A1	14,340	A+&A1
Dadabhoy Modaraba	5,025	**	5,025	**
Dadabhoy Cement Industries	-	-	3	**
Engro Chemical Pakistan Limited	661,336	AA&A1+	74,187	AA&A1+
Engro Polymers & Chemicals Limited	-	-	45,294	**
Eye Television Network Limited	55,150	A & A1	61,856	**
Fauji Fertilizer Bin Qasim	-	-	85,572	**
Fauji Fertilizer Company Limited*	1,280,963	**	487,347	**
First Credit & Investment Bank Limited	15,567	A-&A2	13,785	A-&A2
Hub Power Company Limited*	968,686	AA+&A1+	439,150	**
Hub Power Company Limited	478,008	AA+&A1+	91,585	**
ICI Pakistan Limited	-	-	47,726	**
IGI Insurance Limited	-	-	13,141	IFS AA
IGI Investment Bank Limited	-	-	1	A&A1
Lucky Cement Limited	274,621	**	25,016	**
MCB Bank Limited	-	-	580,002	AA+&A1+
Meezan Bank Limited	70,792	A+&A1	33,692	A+&A1
My Bank Limited	-	-	9,390	A&A1
National Bank of Pakistan	-	-	64,007	AAA&A1+
Nishat Chunian Power Limited*	309,000	AA&A1+	-	-
Nishat Chunian Power Limited	146,886	AA&A1+	-	-
Nishat Power Limited*	381,900	AA&A1+	-	-
Nishat Power Limited	371,382	AA&A1+	-	-
Oil & Gas Development Company Limited	-	-	417,281	AAA&A1+
Oil & Gas Development Company Limited	-	-	63,987	AAA&A1+
PACE Pakistan Limited	29,862	A&A1	28,201	A+&A1
Packages Limited	-	-	12,463	AA&A1+
Pak Oman Advantage Fund	1,008	FS AA-(F)	722	FS AA-(F)
Pakistan Oilfield Limited	918,548	**	92,278	**
Pakistan Petroleum Limited	520,690	**	143,887	**
Pakistan State Oil	556,213	AA+&A1+	-	**
Pakistan Telecommunications	-	-	104,775	**
PICIC Growth Mutual Fund	135,341	**	18,386	**
PICIC Growth Fund	904	**	354	**
Redco Textile Mills Limited	3	**	3	**
Soneri Bank Limited	-	-	1,760	AA-&A1+
S.G. Fibers Limited	45,908	**	45,908	**
SAFA Textile Mills Limited	8,602	**	8,602	**
TRG Pakistan Limited	-	-	6,932	BBB+&A2
UBL Capital Protected Fund	61,800	AA+(cpf)	75,000	**
United Bank Limited	626,350	AA+&A1+	126,240	AA+&A1+
World Call Telecom Limited	-	-	1	A+&A1
Preference Shares				
Fazal Cloth Mills Limited	75,000	**	75,000	**
Masood Textile Limited	116,667	**	175,000	**
Investment in Mutual Funds				
ABL Income Fund	750,750	A(F)	750,000	FS-A(F)
ABL Stock Fund	130,600	**	-	-
AKD Opportunity Fund	-	-	21,719	**
AMZ Plus Income Fund	100,000	BB(F)	219,188	BBB+(F)
AMZ Plus Stock Fund	-	-	15,493	MFR-3-Star
Atlas Islamic Fund	-	-	2,719	**
BMA Chundrigar Road Saving Fund	-	-	196,455	FS-A(F)
Faysal Saving & Growth Fund	149,927	FS-A(F)	-	**

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

Name of Security	2009		2008	
	Market value/Book Value	Rating	Market value/Book Value	Rating
	Rupees '000		Rupees '000	
HBL Income Fund	-	-	747,611	**
HBL Stock Fund	-	-	12,026	**
JS Aggressive Income Fund	99	4-Star	101	**
JS Income Fund	102,988	AA-(F)	1,200,000	MFR-5-Star
KASB Balanced Fund	-	-	17,930	**
KASB Liquid Fund	444,097	5-Star	715,520	MFR-5-Star
Lakson Money Market Fund	101,422	**		**
MCB Dynamic Cash Fund	528,214	**	2,000,716	**
NAFA Cash Fund	1,065,080	3-Star	2,253,501	FS-A(F)
National Investment Trust	50,650	4-Star	1,728	MFR-5-Star
United Growth & Income Fund	1,065,015	FS-A(F)	4,503,187	FS-A(F)
UBL Principal Protected Fund Plan-II	25,000	**		**
Pre Ipo Investment				
Dawood Takaful family fund	35,000	**	35,000	**
Sukuk Bonds				
Security Leasing Corporation Limited	150,526	BBB-&A3	236,250	**
Century Paper & Board Mills Limited	1,106,016	A+	1,150,000	**
Dawood Hercules limited	972,541	**	1,000,000	**
K.S.Sulemanji Esmailji & Sons	142,500	**	150,000	**
Liberty Power Tech Limited	1,026,524	**	-	-
Quetta Textile Mills Limited	41,386	**	50,000	**

* Strategic Investments of the Bank

** Ratings are not available

9.14 Unrealized loss on revaluation of investments classified as held for trading Ordinary shares of listed companies (Pakistan State Oil Company Limited)

10. ADVANCES

Loans, cash credits, running finances, etc. - in Pakistan

Net investment in finance lease - in Pakistan

Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan

Payable outside Pakistan

Advances - gross

Provision for non-performing advances

General provision for consumer financing

Advances - net of provision

Note December 31, 2009 December 31, 2008
Rupees in '000

	(7,897)	-
	243,166,083	215,733,161
	846,699	768,173
	389,507	1,738,019
	5,484,414	5,400,424
	5,873,921	7,138,443
	249,886,703	223,639,777
	(12,535,255)	(10,657,709)
	(7,410)	(10,060)
	(12,542,665)	(10,667,769)
	237,344,038	212,972,008

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
10.1	Particulars of advances (Gross)		
10.1.1	In local currency	248,499,608	222,088,283
	In foreign currencies	1,387,095	1,551,494
		<u>249,886,703</u>	<u>223,639,777</u>
10.1.2	Short term (for upto one year)	152,487,239	158,648,132
	Long term (for over one year)	97,399,464	64,991,645
		<u>249,886,703</u>	<u>223,639,777</u>

	December 31, 2009				December 31, 2008			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	263,578	366,287	200,381	830,246	339,039	435,861	-	774,900
Residual value	57,695	65,271	38,364	161,330	34,938	110,452	-	145,390
Minimum lease payments	321,273	431,558	238,745	991,576	373,977	546,313	-	920,290
Financial charges for future periods	(45,668)	(61,458)	(37,751)	(144,877)	(67,925)	(84,192)	-	(152,117)
Present value of minimum lease payments	275,605	370,100	200,994	846,699	306,052	462,121	-	768,173

10.3 Advances include Rs. 16,281.178 million (2008: Rs. 13,771.895 million) which have been placed under non-performing status as detailed below:-

Category of Classification	December 31, 2009								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets Especially Mentioned	21,370	-	21,370	-	-	-	-	-	-
Substandard	3,045,384	-	3,045,384	760,816	-	760,816	760,816	-	760,816
Doubtful *	2,713,157	-	2,713,157	1,356,579	-	1,356,579	1,356,579	-	1,356,579
Loss	10,501,267	-	10,501,267	10,417,860	-	10,417,860	10,417,860	-	10,417,860
	<u>16,281,178</u>	<u>-</u>	<u>16,281,178</u>	<u>12,535,255</u>	<u>-</u>	<u>12,535,255</u>	<u>12,535,255</u>	<u>-</u>	<u>12,535,255</u>

Category of Classification	December 31, 2008								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets Especially Mentioned	40,689	-	40,689	-	-	-	-	-	-
Substandard	3,805,228	-	3,805,228	950,134	-	950,134	950,134	-	950,134
Doubtful	722,223	-	722,223	361,111	-	361,111	361,111	-	361,111
Loss	9,203,755	-	9,203,755	9,201,191	-	9,201,191	9,201,191	-	9,201,191
	<u>13,771,895</u>	<u>-</u>	<u>13,771,895</u>	<u>10,512,436</u>	<u>-</u>	<u>10,512,436</u>	<u>10,512,436</u>	<u>-</u>	<u>10,512,436</u>

* This includes net exposure of Rs. 317,785 million against Japan Power Generation Limited, classification of which as loss has been deferred till March 31, 2010 under a permission by the letter BSD/BRP-5/X/1001/2009 of State Bank of Pakistan.

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

10.4 Particulars of provision against non-performing advances

Note	December 31, 2009			December 31, 2008			
	Specific	General	Total	Specific	General	Total	
	Rupees in '000						
Opening balance*	10,657,709	10,060	10,667,769	9,958,681	13,123	9,971,804	
Charge for the year	4,180,963	-	4,180,963	2,246,227	-	2,246,227	
Reversals	(1,015,350)	(2,650)	(1,018,000)	(871,009)	(3,063)	(874,072)	
Charged to profit and loss account	3,165,613	(2,650)	3,162,963	1,375,218	(3,063)	1,372,155	
Amounts written off	(1,288,067)	-	(1,288,067)	(821,463)	-	(821,463)	
Closing balance	<u>12,535,255</u>	<u>7,410</u>	<u>12,542,665</u>	<u>10,512,436</u>	<u>10,060</u>	<u>10,522,496</u>	
10.4.1	In local currency	12,535,255	7,410	12,542,665	10,512,436	10,060	10,522,496
	In foreign currencies	-	-	-	-	-	-
		<u>12,535,255</u>	<u>7,410</u>	<u>12,542,665</u>	<u>10,512,436</u>	<u>10,060</u>	<u>10,522,496</u>

* The opening balance includes provision of Rs. 145.273 million, which was made against JPGL without changing its status to non-performing as per SBP Directive No. BID (Insp)/722/71-02-2007 dated March 14, 2007.

10.5 Particulars of write offs

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
10.5.1	Against provisions	1,288,067	821,463
	Directly charged to Profit and Loss account	-	2,736
		<u>1,288,067</u>	<u>824,199</u>
10.5.2	Write Offs of Rs. 500,000 and above	1,047,845	764,958
	Write Offs of Below Rs 500,000	240,222	59,241
		<u>1,288,067</u>	<u>824,199</u>

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

In terms of sub-section (3) of Section 33 A of the Banking Companies Ordinance, 1962, the Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees and above allowed to a person(s) during the year ended December 31, 2009 is given in Annexure "I". However, these write offs do not affect the Bank's right to recover debts from these customers.

10.7 Particulars of loans and advances to directors, related parties, etc.

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

	December 31, 2009	December 31, 2008
Rupees in '000		
Balance at beginning of the year	4,929,471	4,237,006
Loans granted during the year	1,264,410	1,012,361
Repayments	(848,557)	(319,896)
Balance at end of the year	<u>5,345,324</u>	<u>4,929,471</u>

Details of loans and advances to associates, subsidiary and other related parties are given in note 41.

11. OPERATING FIXED ASSETS

Capital work-in-progress
Property and equipment
Intangible assets

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
11.1	1,686,872	1,544,443
11.2	10,604,335	9,483,087
11.3	155,541	106,906
	<u>12,446,748</u>	<u>11,134,436</u>
11.1 Capital work-in-progress		
Civil works	1,047,556	975,109
Equipment	170,601	213,490
Advances to suppliers and contractors	468,715	355,844
	<u>1,686,872</u>	<u>1,544,443</u>

11.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers and contractors

11.2 Property and equipment

Description	Note	Cost/Revaluation				Accumulated Depreciation				Annual rate of depreciation %		
		At January 1, 2009	Additions/ (deletions)	Revaluation Surplus	Write-off	At December 31, 2009	At January 1, 2009	Charge for the year/ the year/ adjustment/ (depreciation on deletion)	Revaluation Surplus		Write-off	
Rupees in '000												
Land-Freehold	11.4	4,275,975	53,206	-	-	4,329,181	-	-	-	-	4,329,181	-
Land-Leasehold	11.4	1,424,398	182,120	-	-	1,606,518	-	-	-	-	1,606,518	-
Buildings-Freehold	11.4	823,642	287,723	-	-	1,111,365	49,083	46,914	-	-	1,015,368	5
Buildings-Leasehold	11.4	1,625,970	122,827	-	-	1,748,797	-	85,569	-	-	1,663,228	5
Furniture and fixtures		279,013	141,292 (23,805)	-	(132)	396,368	176,179	24,672 (21,238)	-	(127)	216,882	10
Electrical, office and computer equipment		1,920,561	643,606 (41,947)	-	(12,697)	2,509,523	900,720	346,013 (38,104)	-	(3,329)	1,304,223	14.28-50
Vehicles		234,246	14,156 (13,935)	-	-	234,467	92,873	42,882 (4,600)	-	-	103,312	20
Building improvements (rented premises)		153,915	308,411 (1,355)	-	-	460,971	35,778	59,832 (262)	-	-	365,623	20
Total		<u>10,737,720</u>	<u>1,753,341 (81,042)</u>	-	<u>(12,829)</u>	<u>12,397,190</u>	<u>1,254,633</u>	<u>605,882 (64,204)</u>	-	<u>(3,456)</u>	<u>10,604,335</u>	

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
12. DEFERRED TAX (LIABILITY) / ASSETS - NET			
Deferred debits arising in respect of			
Compensated leave absences	12.2	216,646	244,254
Provision against:	12.2		
Investments		79,098	82,293
Other assets		305,418	310,498
Off balance sheet obligations		169,525	169,525
Provision against Advances	4 (ii)	223,560	-
Post retirement medical benefits	12.2	327,168	351,653
Worker's welfare fund		75,258	-
Loss on sale of listed shares		39,863	-
Deficit on revaluation of investments	21.2	-	690,817
		1,436,536	1,849,040
Deferred credits arising due to:			
Surplus on revaluation of fixed assets	21.1	(331,165)	(348,590)
Surplus on revaluation of investments	21.2	(472,787)	-
Accelerated tax depreciation / amortization		(603,564)	(423,791)
Excess of investment in finance lease over written down value of leased assets		(30,891)	(47,436)
		(1,438,407)	(819,817)
		(1,871)	1,029,223

12.1 Reconciliation of deferred tax

	Balance as at January 01, 2008	Recognised in Profit and Loss Account	Recognised in Equity	Balance as at December 31, 2008	Recognised in Profit and Loss Account	Recognised in Equity	Balance as at December 31, 2009
(Rupees in '000)							
Deferred debits arising in respect of							
Compensated leave absences	306,312	(62,058)	-	244,254	(27,608)	-	216,646
Provision against:							
Investments	67,302	14,991	-	82,293	(3,195)	-	79,098
Other assets	246,236	64,262	-	310,498	(5,080)	-	305,418
Off balance sheet obligations	102,736	66,789	-	169,525	-	-	169,525
Advances	-	-	-	-	223,560	-	223,560
Post retirement medical benefits	411,520	(59,867)	-	351,653	(24,485)	-	327,168
Worker's welfare fund	-	-	-	-	75,258	-	75,258
Loss on sale of listed shares	-	-	-	-	39,863	-	39,863
Deficit on revaluation of investments	20,165	-	670,652	690,817	-	(690,817)	-
	1,154,271	24,117	670,652	1,849,040	278,313	(690,817)	1,436,536
Deferred credits arising due to:							
Surplus on revaluation of fixed assets	(189,006)	9,446	(169,030)	(348,590)	17,425	-	(331,165)
Surplus on revaluation of investments	-	-	-	-	-	(472,787)	(472,787)
Accelerated tax depreciation / amortization	(219,275)	(204,515)	-	(423,790)	(179,774)	-	(603,564)
Excess of investment in finance lease over written down value of leased assets	(83,559)	36,123	-	(47,436)	16,545	-	(30,891)
	(491,840)	(158,946)	(169,030)	(819,816)	(145,804)	(472,787)	(1,438,407)
	662,431	(134,829)	501,622	1,029,224	132,509	(1,163,604)	(1,871)

12.2 Through Finance Act 2007, a new section 100A and the 7th Schedule (the Schedule) was inserted in the Income Tax Ordinance, 2001 governing taxation of banking companies. The Schedule seeks to simplify the taxation of banking companies and is applicable from the tax year 2009 (financial year ending on December 31, 2008).

The Schedule does not contain transitory provisions to deal with the disallowances made upto the year ended December 31, 2007. This issue has been taken up with the tax authorities through Pakistan Banks' Association for formulation of transitory provisions to deal with the items which were previously treated differently under the then applicable provisions.

The deferred tax asset on the deductible temporary differences disallowed as a deduction in the past up to December 31, 2007 is being kept as an asset as the Bank is confident that transitory provisions would be introduced to set out the mechanism of claiming where benefit of these allowances can be claimed.

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
13. OTHER ASSETS			
Income/Mark-up accrued on advances, investments and lendings to financial institutions:			
- in local currency		9,619,170	8,139,139
- in foreign currencies		65,454	47,459
Receivable on sale of investment		30,466	-
Advances, deposits, advance rent and other prepayments		916,713	1,413,853
Advance taxation (payments less provisions)		4,672,939	6,214,911
Stationery and stamps on hand		22,293	36,857
Prepaid exchange risk fee		18	-
Due from the employees' retirement benefit schemes	36.4	1,509,879	1,500,476
Excise duty		11	11
Receivable from SBP - customers encashments		203,834	214,858
Non banking assets acquired in satisfaction of claims	13.1	938,496	83,342
Suspense account		588,281	512,096
Others		203,682	93,827
		18,771,236	18,256,829
Less: Provision held against other assets	13.2	(816,191)	(887,138)
Other assets (net of provision)		17,955,045	17,369,691
13.1 Market value of non banking assets acquired in satisfaction of claims		1,077,601	96,523
13.2 Provision against Other Assets:			
Opening balance		887,138	703,530
Charge for the year		77,326	214,284
Reversals		(133,757)	-
Net (reversal) / charge		(56,431)	214,284
Written off		(14,516)	(30,676)
Closing balance		816,191	887,138
14. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at December 31, 2009 and December 31, 2008.			
15. BILLS PAYABLE			
In Pakistan		3,162,429	2,952,490
Outside Pakistan		-	-
		3,162,429	2,952,490

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
16. BORROWINGS			
In Pakistan		39,457,216	27,645,245
Outside Pakistan		361,316	132,906
		<u>39,818,532</u>	<u>27,778,151</u>
16.1 Particulars of borrowings with respect to currencies			
In local currency		39,457,216	27,645,245
In foreign currencies		361,316	132,906
		<u>39,818,532</u>	<u>27,778,151</u>
16.2 Details of borrowings (Secured/Unsecured)			
Secured			
Borrowings from State Bank of Pakistan Under export refinance scheme LTF - EOP	16.3	12,225,858	7,446,616
	16.4	6,023,053	3,800,535
		18,248,911	11,247,151
Repurchase agreement borrowings	16.5	10,558,305	7,798,094
Unsecured			
Call borrowings	16.6	10,650,000	8,600,000
Overdrawn nostro accounts		361,316	132,906
		11,011,316	8,732,906
		<u>39,818,532</u>	<u>27,778,151</u>
16.3			
The Bank has entered into various agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per agreements, the Bank has granted to SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. These carry interest at the rate of 7.0% (2008: 7.5%) per annum. These borrowings are repayable within six months from the deal date.			
16.4			
This represents Long Term Financing against Export Oriented Projects (LTF-EOP) availed by the Bank for further extending the same to its customers for export oriented projects, for a maximum period of 7.5 years. The loan repayments to SBP correspond the respective repayment from customers. The loan carries mark-up at the rate of 7.0% (2008: 7.0%) per annum.			
16.5			
These represent funds borrowed from the local interbank market against government securities, carrying mark-up at rates, ranging between 10.75% and 12.40% (2008: 9% and 14%) per annum maturing on various dates, latest by February 01, 2010.			
16.6			
These represent unsecured borrowings from the local interbank market, carrying mark-up at rates, ranging between 11.45% and 12.90% (2008: 13.50% and 16.50%) per annum maturing on various dates, latest by April 21, 2010.			
		December 31, 2009	December 31, 2008
Rupees in '000			
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		98,425,685	105,939,618
Savings deposits		85,274,893	72,448,664
Current accounts - Remunerative		47,706,475	37,830,504
- Non-remunerative		93,273,720	77,755,031
		324,680,773	293,973,817
Financial Institutions			
Remunerative deposits		4,194,264	3,501,504
		<u>328,875,037</u>	<u>297,475,321</u>
17.1 Particulars of deposits			
In local currency		308,359,491	278,187,770
In foreign currencies		20,515,546	19,287,551
		<u>328,875,037</u>	<u>297,475,321</u>

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

		December 31, 2009	December 31, 2008																											
Rupees in '000																														
18. SUB-ORDINATED LOANS																														
Term Finance Certificates - I		2,497,000	2,498,000																											
Term Finance Certificates - II		3,000,000	-																											
		<u>5,497,000</u>	<u>2,498,000</u>																											
<p>The Bank has issued following unsecured sub-ordinated Term Finance certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other debts of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of the issues are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Term Finance certificate - I</th> <th style="text-align: center;">Term Finance certificate - II</th> </tr> </thead> <tbody> <tr> <td>Outstanding Amount- (Rupees in thousand)</td> <td style="text-align: center;">2,497,000</td> <td style="text-align: center;">3,000,000</td> </tr> <tr> <td>Issue date</td> <td style="text-align: center;">December 06, 2006</td> <td style="text-align: center;">August 28, 2009</td> </tr> <tr> <td>Total issue</td> <td style="text-align: center;">2,500,000</td> <td style="text-align: center;">3,000,000</td> </tr> <tr> <td>Rating</td> <td style="text-align: center;">AA-</td> <td style="text-align: center;">AA-</td> </tr> <tr> <td>Listing</td> <td style="text-align: center;">Karachi Stock Exchange (Guarantee) Limited</td> <td style="text-align: center;">Karachi Stock Exchange (Guarantee) Limited</td> </tr> <tr> <td>Mark-up repayment Rate</td> <td style="text-align: center;">Semi annually - Six months KIBOR plus 1.9%</td> <td style="text-align: center;">Semi annually - Six months KIBOR plus 0.85% for first 5 years - Six months KIBOR plus 1.30% from start of 6th year</td> </tr> <tr> <td>Call Option</td> <td style="text-align: center;">Call option is not available to the issuer, except with prior approval of SBP</td> <td style="text-align: center;">Issuer has the right to seek redemption after the eleventh redemption date of the entire TFC issue, prior to its stated maturity.</td> </tr> <tr> <td>Repayment</td> <td style="text-align: center;">8 Years (2007 - 2014)</td> <td style="text-align: center;">10 Years (2010 - 2019)</td> </tr> </tbody> </table>					Term Finance certificate - I	Term Finance certificate - II	Outstanding Amount- (Rupees in thousand)	2,497,000	3,000,000	Issue date	December 06, 2006	August 28, 2009	Total issue	2,500,000	3,000,000	Rating	AA-	AA-	Listing	Karachi Stock Exchange (Guarantee) Limited	Karachi Stock Exchange (Guarantee) Limited	Mark-up repayment Rate	Semi annually - Six months KIBOR plus 1.9%	Semi annually - Six months KIBOR plus 0.85% for first 5 years - Six months KIBOR plus 1.30% from start of 6th year	Call Option	Call option is not available to the issuer, except with prior approval of SBP	Issuer has the right to seek redemption after the eleventh redemption date of the entire TFC issue, prior to its stated maturity.	Repayment	8 Years (2007 - 2014)	10 Years (2010 - 2019)
	Term Finance certificate - I	Term Finance certificate - II																												
Outstanding Amount- (Rupees in thousand)	2,497,000	3,000,000																												
Issue date	December 06, 2006	August 28, 2009																												
Total issue	2,500,000	3,000,000																												
Rating	AA-	AA-																												
Listing	Karachi Stock Exchange (Guarantee) Limited	Karachi Stock Exchange (Guarantee) Limited																												
Mark-up repayment Rate	Semi annually - Six months KIBOR plus 1.9%	Semi annually - Six months KIBOR plus 0.85% for first 5 years - Six months KIBOR plus 1.30% from start of 6th year																												
Call Option	Call option is not available to the issuer, except with prior approval of SBP	Issuer has the right to seek redemption after the eleventh redemption date of the entire TFC issue, prior to its stated maturity.																												
Repayment	8 Years (2007 - 2014)	10 Years (2010 - 2019)																												
		December 31, 2009	December 31, 2008																											
Rupees in '000																														
19. OTHER LIABILITIES																														
Mark-up/Return/Interest payable in local currency		4,639,847	3,365,189																											
Mark-up/Return/Interest payable in foreign currency		352,215	319,049																											
Accrued expenses		594,704	433,596																											
Branch adjustment account		741,233	1,393,662																											
Payable on account of purchase of investments		-	431,150																											
Unrealized loss on forward foreign exchange contracts		37,933	179,800																											
Provision for:																														
gratuity	36.4	90,841	90,845																											
employees' medical benefits	36.4	1,485,820	1,277,755																											
employees' compensated absences	36.12	838,006	832,215																											
Unclaimed dividends		43,503	49,435																											
Dividend payable		7,086	5,961																											
Provision against off-balance sheet obligations	19.1	459,003	484,356																											
Retention money payable		81,489	63,817																											
Security deposits against lease		161,544	153,910																											
Pre IPO proceeds	19.2	-	3,000,000																											
Sundry deposits		1,012,960	1,189,435																											
Others		513,300	365,918																											
		<u>11,059,484</u>	<u>13,636,093</u>																											
19.1 Provision against off-balance sheet obligations																														
Opening balance		484,356	293,532																											
Charge for the year		25,049	216,776																											
Reversals		(50,402)	(25,952)																											
Net charge		(25,353)	190,824																											
Closing balance		<u>459,003</u>	<u>484,356</u>																											
The above provision has been made against letters of guarantee issued by the Bank.																														
19.2																														
The Bank issued second TFC amounting to Rs. 3 billion during the year, details of which are given in Note 18.																														
19.3																														
In local currency		10,552,633	13,177,493																											
In foreign currencies		506,851	458,600																											
		<u>11,059,484</u>	<u>13,636,093</u>																											

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

20. SHARE CAPITAL

20.1 Authorized capital

December 31, 2009	December 31, 2008		December 31, 2009	December 31, 2008
No. of shares			Rupees in '000	
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10/- each	10,000,000	10,000,000

20.2 Issued, subscribed and paid-up capital

December 31, 2009	December 31, 2008	Ordinary shares	December 31, 2009	December 31, 2008
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
286,672,114	222,035,681	Issued as bonus shares	2,866,721	2,220,357
693,452,208	628,815,775		6,934,522	6,288,158
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004)	91,486	91,486
8,400,000	8,400,000	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
711,000,758	646,364,325		7,110,008	6,463,644

Ibrahim Fibers Limited and Ibrahim Agencies (Private) Limited, related parties of the Bank, held 287,678,696 (40.46%) and 66,247,840 (9.32%) (December 31, 2008: 261,526,088(40.46%) and 58,968,382 (9.12%)) Ordinary shares of Rs. 10 each, respectively, as at December 31, 2009.

21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	December 31, 2009	December 31, 2008
		Rupees in '000	
Surplus/(deficit) arising on revaluation of:			
- fixed assets	21.1	2,801,082	2,833,442
- securities	21.2	1,267,618	(1,282,945)
Surplus on revaluation of assets - net of tax		4,068,700	1,550,497
21.1 Surplus on revaluation of Fixed Assets			
Surplus on revaluation of fixed assets as at January 1		3,182,032	1,696,306
Surplus on revaluation of properties recorded during the year		-	1,512,713
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(32,360)	(17,541)
Related deferred tax liability		(17,425)	(9,446)
	11.6	(49,785)	(26,987)
Surplus on revaluation of fixed assets as at December 31		3,132,247	3,182,032
Less: Related deferred tax liability on :			
Revaluation as at January 1		348,590	189,006
Charge on revaluation during the year		-	169,030
Incremental depreciation charged during the year transferred to profit and loss account		(17,425)	(9,446)
		331,165	348,590
		2,801,082	2,833,442

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

21.2 Surplus/(Deficit) on revaluation of Available-for-sale securities

	Note	December 31, 2009	December 31, 2008
		Rupees in '000	
Federal Government Securities			
Market Treasury Bills		1,127	(7,932)
Pakistan Investment Bonds		(19,305)	(50,562)
Term Finance Certificates		(381,506)	(115,353)
Sukuk Bonds		(97,281)	-
Shares/Certificates - Listed		2,069,929	(1,696,544)
Open end Mutual Funds		167,441	(103,371)
	9.1	1,740,405	(1,973,762)
Less : Related deferred tax (liability) / asset	12	(472,787)	690,817
		1,267,618	(1,282,945)

22. CONTINGENCIES AND COMMITMENTS

		December 31, 2009	December 31, 2008
		Rupees in '000	
22.1 Direct credit substitutes			
Guarantees in favour of:			
Banks and financial institutions		1,035,107	1,455,678
22.2 Transaction-related contingent liabilities			
Guarantees in favour of:			
Government		5,752,873	7,736,845
Others		10,352,695	4,088,278
		16,105,568	11,825,123
22.3 Trade-related contingent liabilities		65,895,610	75,991,804
22.4 Claims against the bank not acknowledged as debt		4,346,919	5,155,293
22.5 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			

22.6 Commitments in respect of forward foreign exchange contracts

		December 31, 2009	December 31, 2008
		Rupees in '000	
Purchase		23,338,782	17,083,600
Sale		8,827,975	4,831,414
22.7 Commitments in respect of:			
Civil works		604,828	929,810
Acquisition of operating fixed assets		327,650	145,987
22.8 Commitments in respect of lease financing		32,630	48,567
22.9 Commitments in respect of purchase of shares		-	450,643
22.10 Commitments in respect of procurement of software		36,523	142,859
22.11 Commitments in respect of purchase of T-Bills		-	8,000,000

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

22.12 Other Contingencies

22.12.1 The income tax assessments of the Bank have been finalized upto and including tax year 2009 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2009, income tax authorities made certain add backs with aggregate tax impact of Rs. 7,448 million. As a result of appeals filed by the Bank before appellate authorities, the add backs amounting to Rs. 2,524 million and Rs. 6,987 million were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,794 million has been determined. Against most of the deleted and set-aside issues, Department is in appeal before higher appellate authorities. Pending finalization of appeals, no provision has been made by the Bank on aggregate sum of Rs. 7,448 million. The management is hopeful that the outcome of these appeals will be in favour of the Bank.

22.12.2 As a result of a compromise decree granted by the Honourable High Court of Sindh in August 2002, Fateh Textile Mills Limited pledged 16,376,106 shares of ABL with the Bank as security consequent to the default by Fateh Textile Mills Limited on the terms of the decree. The Bank published a notice on June 23, 2004 in accordance with the requirements of section 19(3) of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and invited sealed bids from interested parties to purchase the pledged shares. The bidding process was scheduled for July 23, 2004 and the Bank had fixed a reserve price of Rs. 25 per share. On the bid date, the highest offer for these shares was received at a rate of Rs. 25.51 per share. The bid was approved and the successful bidder had deposited an amount of Rs. 417.75 million with the Bank.

Fateh Textile Mills Limited had filed a suit against the Bank in the High Court of Sindh challenging the sale of the above shares. The High Court had not granted a stay order on the process of sale of shares. However, the matter is still pending in the Court.

23. DERIVATIVE INSTRUMENTS

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Bank's Treasury buys and sells derivative instruments such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures

Forward Exchange Contracts (with Importers and Exporters)

Forward Exchange Contract (FEC) is a product which is offered to the obligor who transact internationally. These traders use this product to hedge themselves from unfavorable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favorable movements in that currency.

An FEC is a contract between the Obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement more than two business days after the FEC is entered into (the day on which settlement occurs is called the value date). FEC is entered with those Obligors whose credit worthiness has already been assessed.

If the relevant exchange rate moves un-favourably, the Bank will lose money, and Obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank hedges its exposure by taking forward position in inter-bank FX.

Foreign Exchange Swaps

A Foreign Exchange Swap (FX Swap) is used by the Bank if it has a need to exchange one currency for another currency on one day and then re-exchange those currencies at a later date. Exchange rates and forward margins are determined in the "interbank" market and fluctuate according to supply and demand.

An FX Swap prevents the Bank from gaining any benefit resulting from a favourable exchange rate movement in the relevant currency pair between the time Bank enters into the transaction deal and when settlement occurs. Cancellation of the swap may also result in exposure to market movements. The key advantage of an FX swap is that it provides the Bank with protection against unfavourable currency movements between the time it enters into the transaction and settlement. The term and amounts for FX Swap can also be tailored to suit the Bank's particular needs.

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

Equity Futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Bank uses equity futures as a hedging instrument to hedge its equity portfolio, in both held for trading and available for sale, against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates. Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank.

The accounting policies used to recognize and disclose derivatives are given in note 5.16.2. The risk management framework of derivative instruments is given in note 43.

	December 31, 2009	December 31, 2008
	Rupees in '000	
24. MARK-UP/RETURN/INTEREST EARNED		
On loans and advances	30,142,124	21,942,061
On investments in:		
Available for sale securities	6,862,910	5,176,612
Held to maturity securities	1,761,520	1,442,152
	8,624,430	6,618,764
On deposits with financial institutions	12,875	64,456
On securities purchased under resale agreements	2,152,279	1,526,640
On certificates of investment	70,833	45,362
On letters of placement	44,029	108,600
On call money lending	74,933	264,657
	41,121,503	30,570,540
25. MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	17,946,020	13,978,000
Long term borrowing	259,786	202,962
Securities sold under repurchase agreements	607,703	599,629
Call money borrowing	1,158,272	790,493
Brokerage and commission	156,746	98,575
Markup on Term Finance Certificates	826,025	573,807
Other short term borrowings	1,467,142	1,029,258
	22,421,694	17,272,724
26. FEE, COMMISSION AND BROKERAGE INCOME		
Core fees, commission and brokerage	2,376,488	1,993,615
Account maintenance charges	331,514	313,750
	2,708,002	2,307,365
27. GAIN ON SALE OF SECURITIES		
Shares - Listed	895,378	42,618
Shares - Unlisted	7,393	-
Open End Mutual Funds	182,272	100,513
Term Finance Certificates	-	7,937
	1,085,043	151,068
28. OTHER INCOME		
Gain on sale of operating fixed assets	4,220	9,889
Miscellaneous	31,765	49,265
	35,985	59,154

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
29. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.	29.3	4,879,688	4,870,236
Charge for defined benefit plan	36	616,127	2,701
Contribution to defined contribution plan – provident fund		164,205	136,353
Non-executive directors' fees, allowances and other expenses		2,125	1,750
Rent, taxes, insurance, electricity, etc.		967,756	733,076
Legal and professional charges		105,737	111,181
Communications		290,374	325,706
Repairs and maintenance		160,934	247,748
Stationery and printing		216,829	205,324
Advertisement and publicity		188,195	141,124
Auditors' remuneration	29.1	11,135	9,520
Depreciation/Amortization	11.2 & 11.3	633,056	420,242
Security service charges		361,433	273,423
Travelling, conveyance and fuel expenses		179,745	173,540
Entertainment		97,132	68,420
Computer expenses		236,886	174,832
Subscription		183,408	109,268
Donations	29.2	97,265	81,890
Others		31,473	35,471
		9,423,503	8,121,805

29.1 Auditors' remuneration

	December 31, 2009			December 31, 2008		
	KPMG Taseer Hadi & Co.	M. Yousuf Adil Saleem & Co.	Total	KPMG Taseer Hadi & Co.	M. Yousuf Adil Saleem & Co.	Total
	Rupees in '000					
Audit fee	2,730	2,730	5,460	2,600	2,600	5,200
Special certifications, half yearly reviews and sundry miscellaneous services	2,070	2,375	4,445	1,550	1,980	3,530
Out-of-pocket expenses	538	692	1,230	156	634	790
	5,338	5,797	11,135	4,306	5,214	9,520

29.2 None of the directors, executives and their spouses had any interest in the donations disbursed during the year except for donation to National Management Foundation (LUMS Campus, opposite Sector 'U', D.H.A., Lahore Cantt), where Mr. Aftab Manzoor (Director / CEO of the Bank) is also member of Board of Governors of the organization. Donations paid in excess of Rs. 100,000 to a single party during the year are as follows:

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

	December 31, 2009	December 31, 2008
Rupees in '000		
The Karachi Education Initiative	50,000	40,000
National Management Foundation	20,000	20,000
Abdus Sattar Edhi Foundation	10,000	500
Institute of Business Administration	10,000	-
Capital City Police Force	-	13,990
Book Group and Zindagi Trust	-	2,500
Care Foundation	-	1,000
Liver Foundation Trust	-	1,000
Tamir Welfare Organization	2,500	500
Agha Khan Hospital and Medical College Foundation	1,000	1,000
GC University Lahore	1,000	-
Family Education Service Foundation	1,000	-
Lahore Business Association	500	500
Ms. Mahwish Khan	-	300
Tehzeeb Social Welfare	-	250
Rural Education & Area Development	500	-
SOS Children's Villages of Pakistan	500	-
Khoja Society for People's Education	200	250
	97,200	81,790

29.3 The Bank operates a short term employee benefit scheme which includes cash award / special bonus for all employees. Under this scheme, the bonus for all Executives, including the Chief Executive Officer is determined on the basis of employees' evaluation and the Bank's performance during the year. The aggregate amount determined for the eligible employees in respect of the above scheme relating to all Executives and for the Key Management Personnel of the Bank amounted to Rs. 169.138 million (2008: Rs. 128.042 million) and Rs. 74.216 million (2008: Rs. 34.486 million) respectively.

30. OTHER CHARGES

	December 31, 2009	December 31, 2008
Rupees in '000		
Penalties imposed by SBP	32,095	215,641
Education cess	21,384	7,000
Fixed assets written off	9,373	20,711
Other assets written off	4,525	14,299
Investments written off	-	8,166
	67,377	265,817

31. WORKERS WELFARE FUND

Under the Worker's Welfare Ordinance (WWF), 1971 the Bank is liable to pay WWF @ 2% of profit before tax as per accounts or declared income as per income tax return, whichever is higher.

	December 31, 2009	December 31, 2008
Rupees in '000		
Current - for the year	3,546,462	1,829,425
- for prior years	-	-
	3,546,462	1,829,425
Deferred	(132,509)	134,829
	3,413,953	1,964,254
32.1 Relationship between tax expense and accounting profit		
Accounting profit for the current year	10,536,120	6,120,940
Tax on income @ 35% (2008: 35%)	3,687,642	2,142,329
Effect of permanent differences	110,890	145,474
Adjustments in respect of tax at reduced rates	(343,742)	(387,161)
Others	(40,837)	63,612
Tax charge for the current year	3,413,953	1,964,254

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

33. EARNINGS PER SHARE - BASIC AND DILUTED

	December 31, 2009	December 31, 2008
	Rupees in '000	
Profit after taxation	7,122,167	4,156,686
	Number of Shares	
	Restated	
Weighted average number of ordinary shares outstanding during the year	711,000,758	711,000,758
	Rupees	
	Restated	
Earnings per share - basic and diluted	10.02	5.85

There is no dilution effect on basic earnings per share.

33.1 The corresponding figure of weighted average number of shares outstanding and earning per shares have been restated to include the effect of bonus shares issued by the Bank during the year.

34. CASH AND CASH EQUIVALENTS

	Note	December 31, 2009	December 31, 2008
		Rupees in '000	
Cash and balances with treasury banks	6	26,435,633	23,653,754
Balances with other banks	7	1,280,443	2,096,779
Overdrawn nostro accounts	16	(361,316)	(132,906)
		27,354,760	25,617,627

35. STAFF STRENGTH

		Number	
Permanent		8,713	8,325
Temporary/on contractual basis/trainee		142	102
Bank's own staff strength at the end of the year		8,855	8,427
Outsourced		2,835	2,681
Total staff strength		11,690	11,108

36. DEFINED BENEFIT PLANS

36.1 General description

The Bank operates a funded gratuity scheme for all employees who opted for the new staff retirement benefit scheme introduced by the management with effect from July 1, 2002. For those employees who did not opt for the new scheme, the Bank continues to operate a funded pension scheme.

The Bank also operates a contributory benevolent fund (defined benefit scheme - funded) and provides post retirement medical benefits (unfunded scheme) to eligible retired employees.

36.2 Number of Employees under the schemes

The number of employees covered under the following defined benefit scheme/plans are:

	Number	
- Gratuity fund	8,854	8,427
- Pension fund	3,040	3,226
- Benevolent fund	551	8,215
- Employees' compensated absences	8,713	8,325
- Post retirement medical	8,713	8,325

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

36.3 Principal actuarial assumptions

The actuarial valuations were carried out on December 31, 2009 based on the Projected Unit Credit Method, using the following significant assumptions:

	Sources of estimation	December 31, 2009	December 31, 2008
Discount rate	Yield on investments in Government Bonds	13.00%	14.00%
Expected rate of return on plan assets:			
Pension fund	Yield on investments in Government Bonds	13.00%	14.00%
Gratuity fund	Yield on investments in Government Bonds	13.00%	14.00%
Benevolent fund	Yield on investments in Government Bonds	13.00%	14.00%
Expected rate of salary increase	Rate of salary increase	11.00%	12.00%
Pension indexation rate		7.00%	7.00%
Medical inflation rate		8.00%	10.00%
Exposure inflation rate		3.00%	3.00%

36.4 Reconciliation of (receivable from) / payable to defined benefit plans

Note	December 31, 2009			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	Rupees in '000			
Present value of defined benefit obligations	4,040,811	766,547	60,968	1,681,204
Fair value of plan/scheme's assets	(5,138,070)	(593,567)	(143,594)	-
Net actuarial (losses)/gains not recognized	(389,670)	(82,139)	36,726	(195,384)
	(1,486,929)	90,841	(45,900)	1,485,820
Benefit of the surplus not available to the Bank	-	-	22,950	-
Net (asset)/liability	(1,486,929)	90,841	(22,950)	1,485,820
	December 31, 2008			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	Rupees in '000			
Present value of defined benefit obligations	3,400,000	557,547	474,679	1,521,833
Fair value of plan/scheme's assets	(4,319,903)	(304,031)	(617,643)	-
Net actuarial (losses) not recognized	(438,865)	(162,671)	(140,452)	(244,078)
	(1,358,768)	90,845	(283,416)	1,277,755
Benefit of the surplus not available to the Bank	-	-	141,708	-
Net (asset)/liability	(1,358,768)	90,845	(141,708)	1,277,755

36.4.1 The latest actuarial valuation of Benevolent Fund, carried out as at December 31, 2009 highlighted a surplus amounting to Rs. 22.950 million attributable to the Bank. The Bank has maintained 100% provision against it.

36.4.2 The effect of increase of one percentage point and the effect of decrease of one percentage point in the medical trend rates on the present value of medical obligation as at December 31, 2009 would be Rs. 86.444 million (2008: Rs. 102.309 million) and Rs. 74.285 million (2008: Rs. 79.223 million) respectively.

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

36.5 Movement in (receivable from) /payable to defined benefit plans

December 31, 2009				
Note	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	(1,358,768)	90,845	(141,708)	1,277,755
36.9	(128,161)	151,462	230,131	278,022
Contribution to the fund made during the year - Bank's contribution	-	(151,466)	(111,373)	(69,957)
Benefits paid	-	-	-	-
VRS loss	-	-	-	-
Closing balance	(1,486,929)	90,841	(22,950)	1,485,820

December 31, 2008				
Note	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	(1,169,493)	90,845	(108,707)	1,175,772
36.9	(409,849)	97,259	(9,518)	234,041
Contribution to the fund made during the year - Bank's contribution	-	(109,399)	(34,590)	-
Benefits paid	-	-	-	(171,049)
VRS loss	220,574	12,140	11,107	38,991
Closing balance	(1,358,768)	90,845	(141,708)	1,277,755

36.6 Reconciliation of present value of defined benefit obligations

December 31, 2009				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	3,400,000	557,547	474,679	1,521,833
Opening balance	-	106,250	1,410	56,611
Current service cost	476,000	78,057	13,362	213,057
Interest cost	(327,102)	(36,065)	(673,461)	(69,957)
Benefits paid	-	-	251,675	-
VRS loss	491,913	60,758	(6,697)	(40,340)
Actuarial (gains) / losses				
Closing balance	4,040,811	766,547	60,968	1,681,204

December 31, 2008				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	3,461,993	574,685	557,296	1,624,176
Opening balance	-	95,882	17,597	47,791
Current service cost	346,199	57,469	55,730	162,418
Interest cost	(865,854)	(120,150)	(72,261)	(171,049)
Benefits paid	340,427	10,140	11,107	11,991
VRS loss	117,235	(60,479)	(94,790)	(153,494)
Actuarial (gains) / losses				
Closing balance	3,400,000	557,547	474,679	1,521,833

Notes to the Unconsolidated Financial Statements
for the year ended December 31, 2009

36.7 Reconciliation of fair value of plan assets

December 31, 2009				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	4,319,903	304,031	617,643	-
Opening balance	604,786	42,564	47,123	-
Expected return on plan assets	-	151,466	111,373	-
Bank's contribution	-	-	-	-
Employees' contribution	(327,102)	(36,065)	(673,461)	-
Benefits paid	540,483	131,571	40,916	-
Actuarial gains				
Closing balance	5,138,070	593,567	143,594	-

December 31, 2008				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	5,738,722	475,357	692,158	-
Opening balance	711,602	56,092	82,367	-
Expected return on plan assets	-	109,399	34,590	-
Bank's contribution	-	-	34,590	-
Employees' contribution	(865,854)	(120,150)	(72,261)	-
Benefits paid	(1,264,567)	(216,667)	(153,801)	-
Actuarial (losses)				
Closing balance	4,319,903	304,031	617,643	-

36.8 Composition of fair value of plans assets

December 31, 2009				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	680,122	76,659	-	-
Government securities	562,484	-	-	-
Open end mutual funds	1,251,087	242,100	31,926	-
Listed shares *	2,644,377	274,808	111,668	-
Bank balances *	5,138,070	593,567	143,594	-
* Fair value of Bank's financial instruments included in plan assets				
Shares of ABL	486,987	153,784	10,110	-
Bank balances with ABL	2,644,377	274,808	111,668	-
	3,131,364	428,592	121,778	-

December 31, 2008				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
	1,868,887	14,931	291,113	-
Government securities	404,796	-	-	-
Open end mutual funds	495,167	107,871	73,576	-
Listed shares *	1,551,053	181,229	252,984	-
Bank balances *	4,319,903	304,031	617,673	-
* Fair value of Bank's financial instruments included in plan assets				
Shares of ABL	234,419	74,555	6,577	-
Bank balances with ABL	1,551,053	181,229	252,984	-
	1,785,472	255,784	259,561	-

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

36.9 Charge for defined benefit plan

	December 31, 2009			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	Rupees in '000			
Current service cost	-	106,250	1,410	56,611
Interest cost	476,000	78,057	13,362	213,057
Expected return on plan assets	(604,786)	(42,564)	(47,124)	-
Actuarial (gains)/losses	625	9,719	7,154	8,354
Contributions - employee	-	-	-	-
VSS Loss	-	-	251,675	-
Benefit of the surplus not available to the Bank	-	-	3,654	-
	<u>(128,161)</u>	<u>151,462</u>	<u>230,131</u>	<u>278,022</u>

	December 31, 2008			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	Rupees in '000			
Current service cost	-	95,882	17,597	47,791
Interest cost	346,199	57,469	55,730	162,418
Expected return on plan assets	(711,602)	(56,092)	(82,367)	-
Actuarial (gains)/losses	(44,446)	-	1,111	23,832
Contributions - employee	-	-	(34,590)	-
Benefit of the surplus not available to the Bank	-	-	33,001	-
	<u>(409,849)</u>	<u>97,259</u>	<u>(9,518)</u>	<u>234,041</u>

36.9.1 The effect of increase of one percentage point and the effect of decrease of one percentage point in the medical trend rates on the aggregate of the current service cost and interest cost components of net period post-employment medical costs would be Rs. 11.238 million (2008: Rs. 9.589 million) and Rs. 9.657 million (2008: Rs. 8.099 million) respectively.

36.10 Actual return on plan assets

	December 31, 2009	December 31, 2008
	Rupees in '000	
- Pension fund	1,145,269	(552,965)
- Gratuity fund	174,135	160,575
- Benevolent fund	88,039	(71,434)

36.11 Five year data of defined benefit plan and experience adjustments

	Pension fund				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	4,040,811	3,400,000	3,461,993	3,295,249	3,244,547
Fair value of plan assets	(5,138,070)	(4,319,903)	(5,738,722)	(5,155,897)	(5,475,648)
Surplus	(1,097,259)	(919,903)	(2,276,729)	(1,860,648)	(2,231,101)
Experience adjustments on plan obligations/assets					
Actuarial gain / (loss) on obligation	(491,912)	(117,235)	(219,179)	(63,723)	636,805
Actuarial gain / (loss) on assets	540,483	(1,264,567)	449,195	(529,840)	(360,464)

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

	Gratuity fund				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	766,547	557,547	574,685	463,564	376,520
Fair value of plan assets	(593,567)	(304,031)	(475,357)	(393,999)	(286,159)
Deficit	<u>172,980</u>	<u>253,516</u>	<u>99,328</u>	<u>69,565</u>	<u>90,361</u>
Experience adjustments on plan obligations/assets					
Actuarial gain / (loss) on obligation	(60,758)	60,479	(22,810)	1,848	1,362
Actuarial gain / (loss) on assets	131,570	(216,667)	(28,678)	19,193	(1,362)

	Benevolent fund				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	60,968	474,679	557,296	532,218	559,397
Fair value of plan assets	(143,594)	(617,643)	(692,158)	(610,811)	(563,483)
(Surplus) / deficit	<u>(82,626)</u>	<u>(142,964)</u>	<u>(134,862)</u>	<u>(78,593)</u>	<u>(4,086)</u>
Experience adjustments on plan obligations/assets					
Actuarial gain / (loss) on obligation	6,697	94,790	1,424	51,450	(2,126)
Actuarial gain / (loss) on assets	40,916	(153,801)	(6,400)	(27,417)	2,126

	Post retirement medical				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	1,681,204	1,521,833	1,624,176	1,458,865	1,292,221
Fair value of plan assets	-	-	-	-	-
Deficit	<u>1,681,204</u>	<u>1,521,833</u>	<u>1,624,176</u>	<u>1,458,865</u>	<u>1,292,221</u>
Experience adjustments on plan obligations					
Actuarial gain / (loss) on obligation	40,340	153,494	(62,511)	(68,312)	-

36.12 Employees' compensated absences

The liability of the Bank in respect of long-term employees' compensated absences is determined, based on actuarial valuation, carried out using the Projected Unit Credit Method. The liability of the Bank as at December 31, 2009, as per the latest actuarial valuation carried out as at December 31, 2009 which, after considering the estimated liability for the current year, amounted to Rs. 838.006 million (2008: Rs. 832.215 million). A charge of Rs. 84.669 million (2008: Rs. 90.768 million) has been provided during the current year.

36.13 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the gratuity fund as per actuarial's expected charge for the next one year. Contribution to the benevolent fund is made by the Bank as per rates set out in the benevolent scheme. No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. Based on actuarial advice, management estimates that the charge / reversal in respect of defined benefit plans for the year ending December 31, 2010 would be as follows:

	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	Rupees in '000			
Expected (reversal) / charge for the next year	<u>(142,865)</u>	<u>152,529</u>	<u>(12,975)</u>	<u>274,686</u>

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

37. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund scheme for employees who are covered under the new gratuity scheme. The employer and employee both contribute 8.33% of the basic salaries to the funded scheme every month. Number of employees covered under this plan are 7,478 (2008: 6,776) as on December 31, 2009. During the year, employees made a contribution of Rs. 164.205 (2008: Rs. 136.353) million to the fund. The Bank has also made a contribution of equal amount to the fund.

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

Note	President/Chief Executive		Directors		Executives	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	Rupees in '000					
Fees	-	-	2,125	1,750	-	-
Managerial remuneration	16,930	12,581	-	-	568,076	300,628
Charge for defined benefit plans	1,127	647	-	-	129,859	65,874
Contribution to defined contribution plan	1,411	1,048	-	-	47,321	25,042
Rent and house maintenance	7,619	5,661	-	-	255,635	120,067
Utilities	1,781	1,701	-	-	56,808	29,339
Medical	784	640	-	-	67,923	36,779
Conveyance and others	222	880	-	-	69,385	40,883
	29,874	23,158	2,125	1,750	1,195,007	618,612
Number of persons	1	1	9	11	612	332

38.1 This represents remuneration paid to each director including the outgoing director for attending meetings of the Board of Directors, Audit Committee and other committees held during the year. Each director was paid Rs.25,000 during the year for each meeting attended.

38.2 In addition to the above, all executives, including Chief Executive Officer are also entitled to certain short term employee benefits which are disclosed in note 29.3 to these financial statements.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices and have been disclosed in note 9.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.5.

The maturity and repricing profile and effective rates are stated in notes 43.3.1 and 43.2.4 respectively.

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

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	December 31, 2009					
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
	Rupees in '000					
Total Income	610,451	2,347,927	19,869,881	37,921,530	375,825	61,125,614
Total Expenses	(315,757)	(2,336,961)	(17,239,657)	(33,897,888)	(213,185)	(54,003,447)
Net Income	294,694	10,966	2,630,224	4,023,643	162,640	7,122,167
Segment Assets (Gross)	467,199	28,531,518	94,853,781	310,096,743	250,471	434,199,712
Segment Non Performing Loans	-	280,595	4,644,319	11,636,859	-	16,561,773
Segment Provision Required	-	280,595	4,294,069	11,250,717	-	15,825,381
Segment Liabilities	378,254	21,540,856	276,350,228	86,774,744	3,370,272	388,414,353
Segment Return on net Assets (ROA) (%)*	63.08%	0.04%	2.77%	1.30%	64.93%	-
Segment Cost of Funds (%)*	0.00%	10.47%	7.63%	10.72%	0.00%	-

	December 31, 2008					
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
	Rupees in '000					
Total Income	299,034	2,009,934	16,148,132	26,717,331	358,691	45,533,122
Total Expenses	(167,616)	(1,914,129)	(13,964,870)	(25,104,215)	(225,606)	(41,376,436)
Net Income	131,418	95,805	2,183,262	1,613,116	133,085	4,156,686
Segment Assets (Gross)	390,294	16,244,953	98,600,711	264,594,405	376,119	380,206,482
Segment Non Performing Loans	-	-	5,689,068	8,082,827	-	13,771,895
Segment Provision Required	-	-	4,680,643	8,830,170	-	13,510,813
Segment Liabilities	299,451	17,414,760	237,204,188	86,168,353	3,253,303	344,340,055
Segment Return on net Assets (ROA) (%)*	33.67%	0.59%	2.32%	0.63%	35.38%	-
Segment Cost of Funds (%)*	0.00%	9.55%	7.16%	9.98%	0.00%	-

* The cost of funds are based on average segment liabilities for the year.

41. RELATED PARTIES TRANSACTIONS

The Bank has related party relationships with its subsidiary, companies with common directorship, directors, employee benefit plans and key management personnel.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation /terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	December 31, 2009					December 31, 2008				
	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties
	Rupees in '000									
Nature of related party transactions										
Loans										
Loans at the beginning of the year	27,040	-	-	205,884	6,156,764	11,783	-	-	75,922	809,759
Loans given during the year	13,040	-	-	70,322	8,196,479	25,612	-	-	152,113	5,347,005
Loans repaid during the year	(17,619)	-	-	(38,908)	(34,380)	(10,355)	-	-	(22,151)	-
Loans at the end of the year	22,461	-	-	237,298	14,318,863	27,040	-	-	205,884	6,156,764
Deposits										
Deposits at the beginning of the year	4,845	55,423	778	14,275	-	3,763	89,446	502,788	17,697	-
Deposits received during the year	555,123	1,631,336	524,455	268,641	-	1,005,141	2,591,970	3,316,103	196,970	-
Deposits repaid during the year	(550,307)	(1,677,359)	(522,851)	(272,134)	-	(1,004,059)	(2,625,993)	(3,818,113)	(200,392)	-
Deposits at the end of the year	9,661	9,400	2,382	10,782	-	4,845	55,423	778	14,275	-
Nostro balances	-	198,082	-	-	-	-	372,416	-	-	-
Lendings	-	1,097,434	-	-	-	-	-	-	-	-
Borrowings	-	484,267	-	-	-	-	-	-	-	-
Investments in shares	-	240,969	500,000	-	2,805,599	-	235,969	500,000	-	211,884
Non funded exposure	-	-	-	-	4,003,500	-	-	-	-	-
Other receivables	-	-	2,016	-	-	-	-	1,140	-	-
Net receivable from staff retirement benefit funds	-	-	-	-	1,343,345	-	-	-	-	1,393,710
Staff retirement fund deposits	-	-	-	-	4,810,081	-	-	-	-	3,317,336

	December 31, 2009					December 31, 2008				
	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties	Directors	Associated Companies	Subsidiary	Key management personnel	Other related parties
	Rupees in '000									
Mark-up earned	1,049	-	-	14,226	1,316,436	857	-	-	9,535	410,286
Income on placements	-	175	-	-	-	-	1,110	-	-	-
Income on lending	-	22,860	-	-	-	-	10,034	-	-	-
Dividend income	-	-	-	-	9,855	-	-	-	-	9,855
Sales Commission	-	-	6,155	-	-	-	-	1,140	-	-
Mark-up expense on deposits	205	40	476	675	369,511	37	-	10,205	170	312,998
Interest expense on borrowings	-	161	-	-	-	-	468	-	-	-
Directors' meeting fee	2,125	-	-	-	-	1,750	-	-	-	-
Remuneration	-	-	-	166,331	-	-	-	-	127,966	-
NIFT charges	-	-	-	-	64,768	-	-	-	-	60,662
Bank charges levied	-	-	8	-	17	-	-	1	5	-
Charge / (reversal) in respect of staff retirement benefit funds	-	-	-	-	417,641	-	-	-	-	(185,754)

Other balances, held with related parties, outstanding at the end of the current year and transactions made during the year are included in notes 7.1, 9.4, 9.5, 20.2 & 38 to these unconsolidated financial statements.

42. CAPITAL ASSESSMENT AND ADEQUACY

42.1 Scope of Applications

The Basel II Framework is applicable to the Bank both at the consolidated level (comprising of wholly owned subsidiary - ABL Asset Management Company Limited) and also on a stand alone basis.

42.2 Capital Structures

Banks regulatory capital is analyzed into two tiers:

Tier 1 capital, which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits, etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities and deficit on revaluation of available for sale investments.

Tier 2 capital, which includes general provisions for loan losses (up to a maximum of 1.25 % of risk weighted assets), reserves on the revaluation of fixed assets and equity investments (up to a maximum of 45% of the balance in the related revaluation reserves) and subordinated debt (up to a maximum of 50%).

The Bank has issued unsecured subordinated Term Finance Certificates, which contributes towards Tier II capital for minimum capital requirements (MCR) to support the Bank's growth. The regulatory approval for TFC I was obtained in December 2006.

The NOC for TFC II has been granted by State Bank of Pakistan vide their Letter No. BSD/BAI-3/615/532/2009 Dated May 09, 2009 and letter no. BSD/BAI-3/61/659/2009 Dated June 24, 2009. The TFC issue is also regulated by the instruction given by SBP, in their BSD circular no. 12 Dated August 25, 2004 and any further amendments/circulars issued by SBP till date.

Liability to the TFC holders is subordinated to and ranked inferior to all other debts of the bank including deposits and is not redeemable before maturity without prior approval of the SBP.

The salient features of the issue are as follows:

	Term Finance certificate - I	Term Finance certificate - II
Outstanding Amount- (Rupees in thousand)	2,497,000	3,000,000
Issue date	December 06, 2006	August 28, 2009
Total issue	2,500,000	3,000,000
Rating	AA-	AA-
Listing	Karachi Stock Exchange (Guarantee) Limited	Karachi Stock Exchange (Guarantee) Limited
Mark-up repayment Rate	Payable Semi annually - Six months KIBOR plus 1.9%	Payable Semi annually - Six months KIBOR plus 0.85% for first 5 years - Six months KIBOR plus 1.30% from start of 6th year
Call Option	Call option is not available to the issuer, except with prior approval of SBP	Issuer has the right to seek redemption after the eleventh redemption date of the entire TFC issue, prior to its stated maturity.
Repayment	8 Years (2007 - 2014)	10 Years (2010 - 2019)

Tier 3 Capital has also been prescribed by the SBP for managing market risk; however the Bank does not have any Tier 3 capital.

The required capital is achieved by the Bank through:

- (a) enhancement in the risk profile of asset mix at the existing volume level;
- (b) ensuring better recovery management; and
- (c) maintain acceptable profit margins.

Detail of the Bank's eligible capital (on an unconsolidated basis) is as follows:

	December 31, 2009	December 31, 2008
Rupees in '000		
Tier I Capital		
Shareholders' equity /Assigned Capital	7,110,008	6,463,644
Share premium	1,694,958	2,341,322
Reserves	4,887,887	3,463,454
Unappropriated profits (Net of Losses)	12,198,425	8,536,697
	(155,541)	(106,906)
Less: Book value of intangibles		
Shortfall in provisions required against classified assets irrespective of relaxation allowed	(317,785)	(172,512)
Other deductions (represents 50% of investment in subsidiary)	(250,000)	(250,000)
	(723,326)	(529,418)
Total Tier I Capital	25,167,952	20,275,699
Tier II Capital		
Subordinated Debt (upto 50% of total Tier 1 Capital)	4,997,600	2,498,000
General Provisions subject to 1.25% of Total Risk Weighted Assets	7,410	10,060
Revaluation Reserve (upto 45%)	2,192,694	533,706
Less: Investment in a subsidiary company (50%)	(250,000)	(250,000)
Total Tier II Capital	6,947,704	2,791,766
Eligible Tier III Capital		
Total Regulatory Capital Base	32,115,656	23,067,465

42.3 Capital Adequacy

Objectives of Managing Capital

Capital Management aims to ensure that there is sufficient capital to meet the capital requirements of the Bank as determined by the underlying business strategy and the minimum requirements of the SBP. The Capital Management process is governed by the Bank's Asset & Liability Committee (ALCO). ALCO is responsible for managing Bank's capital position vis-à-vis internal as well as regulatory requirements. ALCO also reviews the volume and mix of the Bank's assets, liabilities and funding sources in light of liquidity, capital, risk and profitability considerations.

Bank's capital management seeks:

- to comply with the capital requirements set by the regulators and comparable to the peers;
- to actively manage the supply of capital costs and increase capital velocity;
- to increase strategic and tactical flexibility in the deployment of capital to allow for the timely reallocation of capital;
- to improve the liquidity of the Bank's assets to allow for an optimal deployment of the Bank's resources;
- to protect the Bank against unexpected events and maintain strong ratings;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide adequate return to shareholders;
- availability of adequate capital (including the quantum) at a reasonable cost so as to enable the Bank to expand; and
- to achieve low overall cost of capital with appropriate mix of capital elements.

Externally Imposed Capital Requirements

In order to strengthen the solvency of Banks / Development Financial Institutions (DFI), SBP through its BSD Circular No. 07 of 2009 dated April 15, 2009 has asked the Banks to raise their minimum paid up capital to Rs. 6 billion (free of losses) by the end of financial year 2009.

It was required to raise the capital of Bank from Rs. 5 billion (free of losses) to Rs. 6 billion (free of losses) by the end of financial year 2009. Furthermore the Banks are expected to increase their minimum paid up capital to Rs 10 billion (free of losses) in a phased manner by the end of financial year 2013.

SBP through its BSD Circular No. 09 dated April 15, 2009 has asked Banks to achieve the minimum Capital Adequacy Ratio (CAR) of 10% on standalone as well as on consolidated basis latest by December 31, 2009.

The paid up capital and CAR of the Bank stands at Rs. 7.110 billion (free of losses) and 13.47% of its risk weighted exposure as at December 31, 2009.

The Bank has complied with all externally imposed capital requirements as at year end.

42.4 Risk Weighted Exposures

Credit Risk

Portfolios subject to standardized approach (Simple or Comprehensive)

On- Balance Sheet

	Capital Requirements		Risk Weighted Assets	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Rupees in '000				
(a) Cash and Cash Equivalents	-	-	-	-
(b) Claims on Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR	-	-	-	-
(c) Foreign Currency claims on SBP arising out of statutory obligations of banks in Pakistan	-	-	-	-
(d) Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	11,925	12,777	119,253	141,964
(e) Claims on Bank for International Settlements, International Monetary Fund, European Central Bank, and European Community	-	-	-	-
(f) Claims on Multilateral Development Banks	-	-	-	-
(g) Claims on Public Sector Entities in Pakistan	171,935	435,266	1,719,347	4,836,284
(h) Claims on Banks	72,253	58,532	722,530	650,356
(i) Claims, denominated in foreign currency, on banks with original maturity of 3 months or less	25,768	37,737	257,682	419,299
(j) Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	142,180	61,267	1,421,804	680,741
(k) Claims on Corporates (excluding equity exposures)	11,329,555	8,951,895	113,295,546	99,465,502
(l) Claims categorized as retail portfolio	2,504,596	3,313,370	25,045,963	36,815,220
(m) Claims fully secured by residential property	171,663	146,033	1,716,626	1,622,586
(n) Past Due loans:				
1. The unsecured portion of any claim (other than loans and claims secured against eligible residential mortgages as defined in section 2.1 of circular 8 of 2006) that is past due for more than 90 days and/or impaired:				
1.1 where specific provisions are less than 20 per cent of the outstanding amount of the past due claim.	3,206	5,493	32,055	61,034
1.2 where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim.	364,115	331,444	3,641,146	3,682,715
1.3 where specific provisions are more than 50 per cent of the outstanding amount of the past due claim.	4,170	115	41,703	1,282
2. Loans and claims fully secured against eligible residential mortgages that are past due for more than 90 days and/or impaired	-	-	-	-
3. Loans and claims fully secured against eligible residential mortgage that are past due by 90 days and /or impaired and specific provision held thereagainst is more than 20% of outstanding amount	-	1,070	-	11,894
(o) Listed Equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in the banking book.	469,881	435,423	4,698,807	4,838,034
(p) Unlisted equity investments (other than that deducted from capital) held in banking book	115,128	138,022	1,151,282	1,533,581
(q) Investments in venture capital	-	-	-	-
(r) Investments in premises, plant and equipment and all other fixed assets	1,229,121	992,478	12,291,209	11,027,530
(s) Claims on all fixed assets under operating lease	-	-	-	-
(t) All other assets	550,520	417,457	5,505,203	4,638,410
	17,166,016	15,338,379	171,660,156	170,426,432

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

	Capital Requirements		Risk Weighted Assets	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Rupees in '000				
Off- Balance Sheet - Non Market related Exposures Direct Credit Substitutes/ Lending of securities or posting of securities as collateral Trade Related contingencies/Other Commitments with original maturity of one year or less	1,404,899	881,642	14,048,990	9,796,023
	707,806	788,185	7,078,056	8,757,607
	2,112,705	1,669,827	21,127,046	18,553,630
Equity Exposure Risk in the Banking Book Equity portfolio subject to market-based approaches Under simple risk weight method	24,435	16,247	244,353	180,523
Total Credit Risk (A)	19,303,156	17,024,453	193,031,555	189,160,585
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	-	-	-	-
Equity position risk etc.	1,073,159	-	10,731,588	-
	1,073,159	-	10,731,588	-
Capital Requirement for portfolios subject to Internal Models Approach				
Interest rate risk	-	-	-	-
Foreign exchange risk etc.	7,466	11,705	74,663	130,060
	7,466	11,705	74,663	130,060
Total Market Risk (B)	1,080,625	11,705	10,806,251	130,060
Operational Risk				
Basic Indicator Approach-Total of operational risk (C)	3,459,877	2,016,023	34,598,766	22,400,253
TOTAL of A + B + C	23,843,658	19,052,181	238,436,572	211,690,898
Capital Adequacy Ratio			December 31, 2009	December 31, 2008
Total eligible regulatory capital held (Note 42.2)	(a)		32,115,656	23,067,465
Total Risk Weighted Assets (Note 42.4)	(b)		238,436,572	211,690,898
Capital Adequacy Ratio	(a) / (b)		13.47%	10.90%

43. RISK MANAGEMENT

The Risk Management Framework (the Framework) provides principles for identifying, assessing, and monitoring risk within the Bank. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Categories of Risk The Bank generates most of its revenues by accepting Credit, Country, Liquidity and Market Risk. Effective management of these four risks is the decisive factor in our profitability. In addition, the Bank is subject to certain consequential risks that are common to all business undertakings. These risks are grouped under two headings: Operational and Reputational Risk. The Framework is organized with reference to these five risk categories, as detailed below:

Credit Risk This risk is defined as the possibility of loss due to unexpected default or a deterioration of credit worthiness of a business partner.

Credit Risk includes Country Risk i.e., the risks that counterparty is unable to meet its foreign currency obligations as a result of adverse economic conditions or actions taken by governments in the relevant country.

Market Risk The risk of loss generated by adverse changes in the price of financial assets or contracts currently held by the Bank (this risk is also known as price risk).

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

Liquidity Risk The risk that the Bank is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn; the consequences of which may be the failure to meet obligations to repay depositors and fulfill commitments.

Operational Risk Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The definition excludes reputational risk.

Reputational Risk The risk of failing to meet the standards of performance or behavior required or expected by stakeholders in commercial activities or the way in which business is conducted.

Risk Responsibilities

- The Board of Directors is accountable for overall supervision of the risk management process. This is discharged by distributing responsibilities at Board level for their management and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board shall also seek appointment of senior management personnel capable of managing the risk activities conducted by the Bank.
- The Board Risk Management Committee (BRMC) is responsible for ensuring that the overall risk strategy and appetite of the Bank is appropriately defined in the Strategic Plan and recommend the same to the Board of Directors.
- The BRMC recommends for approval to the Board of Directors the policies proposed by MANCO (Management Committee of the Bank) or ALCO (Assets and liability committee) which discharges various responsibilities assigned to it by the BRMC.
- The CEO and Group Chiefs are accountable for the management of risk collectively through their membership of risk committees, i.e., Management Committee and the Asset & Liability Committee. Independent supervision of risk management activities is provided by the Audit Committee.
- The Risk Management Group is headed by a Group Chief responsible to set-up and implement the Framework of the Bank.

Risk Management Group Organization

Risk management functions have been segregated by business specialization, i.e., Credit Risk, Credit Administration, Risk Architecture, Risk Analytics, Operational Risk and Market Risk. All these functions are operating in tandem to improve and maintain the health of assets and liabilities.

43.1 Credit Risk

Credit risk, the potential default of one or more debtors, is the largest source of risk for the Bank. The Bank is exposed to credit risk through its lending and investment activities. The Bank's credit risk function is divided into Corporate and Financial Institutions Risk, Commercial and Retail Risk, and Consumer Risk. The functions operate within an integrated framework of credit policies, guidelines and processes. The credit risk management activities are governed by the Credit Risk Framework of the Bank that defines the respective roles and responsibilities, the credit risk management principles and the Bank's credit risk strategy. Further Credit Risk Management is supported by a detailed Credit Policy and Procedural Manual.

The Bank manages 3 principal sources of credit risk:

- Sovereign credit risk on its public sector advances
- Non-sovereign credit risk on its private sector advances
- Counterparty credit risk on interbank limits

Sovereign Credit Risk

When the Bank lends to public sector borrowers, it prefers obtaining a full sovereign guarantee or the equivalent from the Government of Pakistan (GOP). However, certain public sector enterprises have a well defined cash flow stream and appropriate business model, based on which the lending is secured through collaterals other than GOP guarantee.

Non-Sovereign Credit Risk

When the Bank lends to private sector borrowers it does not benefit from sovereign guarantees or the equivalent. Consequently, each borrower's credit worthiness is analyzed on the Credit Application Package that incorporates a formalized and structured approach for credit analysis and directs the focus of evaluation towards a balanced assessment of credit risk with identification of proper mitigates. These risks include Industry Risk, Business Risk, Financial Risk, Security Risk and Account Performance Risk. Financial analysis is further strengthened through use of separate financial spreadsheet templates that have been designed for manufacturing/trading concerns, financial institutions and insurance companies.

Counter Party Credit Risk on Interbank Limits

In the normal course of its business, the Bank's Treasury utilizes products such as Reverse REPO and call lending to meet the needs of the borrowers and manage its exposure to fluctuations in market, interest and currency rates and to temporarily invest its liquidity prior to disbursement. All of these financial instruments involve, to varying degrees, the risk that the counterparty in the transaction may be unable to meet its obligation to the Bank.

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

Reflecting a preference for minimizing exposure to counterparty credit risk, the Bank maintains eligibility criteria that link the exposure limits to counterparty credit ratings by external rating agencies. For example, the minimum rating for counterparties to be eligible for a banking relationship with the Bank is BBB.

Country Risk

The Bank has in place a Country Risk Management Policy which has been approved by the Board. This policy focuses on international exposure undertaken by the Bank. The Bank utilizes country risk rating assessment reports published by Dun & Bradstreet Limited (an international credit rating agency) which use political, commercial, macroeconomic and external risk factors in assigning a country risk rating. The country risk limits used by the Bank are linked to the Dun & Bradstreet ratings and FID is responsible for monitoring of country exposure limits.

Credit Administration

Credit Administration is involved in minimizing losses that could arise due to security and documentation deficiencies. The Credit Administration Division constantly monitors the security and documentation risks inherent in the existing credit portfolio through six regional credit administration departments located all over the country.

Risk Analytics

To ensure a prudent distribution of asset portfolio, the Bank manages its lending and investment activities within a framework of Borrower, Group and Sector exposure limits and risk profile benchmarks.

Internal Risk Rating Models

The Bank has developed internal risk rating models to assign credit risk ratings to its Corporate and Institutional borrowers. These models are based on expert judgment, comprising of both quantitative and qualitative factors. The ratings are assigned at Risk Analytic's Level and are given due weightage while extending credit to these asset classes. The Bank intends to comply with the requirements of Foundation Internal Ratings Based approach for credit risk measurement under Basel II, for which services of a consultant have been solicited to assist the Bank in carrying out statistical testing and validation of the rating models.

Stress Testing

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

Early Warning System

In order to ensure that monitoring of the regular lending portfolio focuses on problem recognition, an early warning system in the form of a 'Watch-List' category has been instituted to cover the gap between Regular and Substandard categories. Identification of an account on the said 'Watch-List' influences the lending branch to carry out an assessment of the borrower's ability to rectify the identified problem / weakness within a reasonable time-frame, consider tighter structuring of facilities, confirm that there are no critical deficiencies in the existing security position and, if possible, arrange for strengthening of the same through obtaining additional collateral. It should however, be noted that the Watch-List category of accounts is part of the Bank's Regular portfolio and does not require any provisioning.

In some cases, an account may even be downgraded directly from a Regular to Sub-Standard or worse on subjective basis based on the severity of the trigger involved.

Management of Non Performing Loans

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

For the non-performing loan portfolio, the Bank makes a specific provision based on an assessment of the credit impairment of each loan. At the end of 2009, the average specific provisioning rate was 78.94% of the non-performing loan portfolio.

The accounting policies and methods used to determine specific and general provision are given in the note numbers 5 and 10 to these unconsolidated financial statements. The movement in specific and general provision held is given in note 10.5 to these financial statements.

Portfolio Diversification

During the year 2009, the advances grew by 11.74%, while concomitantly maintaining healthy Advances to Deposit Ratio and Capital Adequacy Ratio.

While expanding the advances portfolio, efficient portfolio diversification has been a key consideration. The diversification takes into account the volatility of various sectors by placing concentration limits on lending to these sectors thereby ensuring a diversified advances portfolio. Composition of the Bank's advance's portfolio is significantly diversified. Textile, Cement, Agriculture and Electric Generation are major contributors to the advances portfolio. These sectors are considered to be the biggest contributors towards country's GDP as well.

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

43.1.1 Segmental Information

43.1.1.1 Segments by class of business

	December 31, 2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, Forestry, and Hunting	449,770	0.18	18,367,158	5.58	261,430	0.22
Fishing	15,696	0.01	-	-	-	-
Beverages	946,935	0.38	24,580	0.01	99,529	0.08
Grains & related	15,782,109	6.32	4,362,586	1.33	8,818	0.01
Sugar	3,314,665	1.33	1,730,651	0.53	78,343	0.06
Spinning	18,350,991	7.34	14,334,032	4.36	264,343	0.22
Weaving	7,993,775	3.20	4,076,211	1.24	1,507,243	1.25
Finishing of Textile	13,194,782	5.28	2,309,883	0.70	290,849	0.24
Manufacture of made up & ready made garments	5,718,887	2.29	1,728,314	0.53	782,252	0.65
Footware & leather garments	801,921	0.32	2,082,597	0.63	87,176	0.07
Paper & paper boards	2,202,583	0.88	17,060	0.01	294,484	0.24
Printing, publishing & allied	71,593	0.03	134,752	0.04	18,316	0.02
Petroleum products	1,813,822	0.73	929,254	0.28	5,633,805	4.67
Chemical & pharmaceutical	13,154,091	5.26	3,428,984	1.04	1,886,871	1.57
Rubber & plastic	782,268	0.31	818,581	0.25	103,707	0.09
Cement/clay & ceramics	15,133,255	6.06	1,595,460	0.49	1,317,787	1.09
Basic metals (iron, steel)	2,296,529	0.92	2,672,236	0.81	1,416,362	1.17
Machinery & equipment	3,206,450	1.28	3,233,964	0.98	1,099,180	0.91
Power, gas, water & sanitary	35,973,458	14.40	3,778,251	1.15	26,683,369	22.13
Manufacture of transport equipment	484,449	0.19	764,722	0.23	631,616	0.52
Tobacco	-	-	30,150	0.01	-	-
Financial	5,543,924	2.22	4,194,264	1.28	36,043,773	29.90
Health & social welfare	764,465	0.31	1,120,377	0.34	15,196	0.01
Education	172,735	0.07	5,055,909	1.54	19,248	0.02
Real estate, renting, and business activities	9,275,673	3.71	36,389,703	11.06	26,931	0.02
Transport, storage & communication	5,273,899	2.11	1,461,072	0.44	4,810,970	3.99
Hotel, restaurant & clubs	186,162	0.07	2,672,941	0.81	4,855	0.00
Construction	4,739,741	1.90	15,578,201	4.74	3,062,388	2.54
Furniture & sports goods	1,594,077	0.64	1,000,064	0.30	135,576	0.11
Wholesale & retail trade	10,911,957	4.37	27,254,171	8.29	872,987	0.72
Individuals	6,122,080	2.45	97,068,968	29.52	2,222,830	1.84
Others	63,613,961	25.46	70,659,941	21.49	30,871,358	25.61
	249,886,703	100.00	328,875,037	100.00	120,551,592	100.00

43.1.1.2 Segments by sector

	December 31, 2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public/Government	50,891,775	20.37	33,806,749	10.28	-	-
Private	198,994,928	79.63	295,068,288	89.72	120,551,592	100.00
	249,886,703	100.00	328,875,037	100.00	120,551,592	100.00

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

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

	December 31, 2009		December 31, 2008	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Agriculture, Forestry, and Hunting	11,136	6,639	5,989	5,839
Beverages	110	110	250	250
Weaving	-	-	2,249,735	1,506,098
Finishing of Textile	3,503,605	2,177,059	-	-
Footware & leather garments	2,698,380	2,266,018	2,323,170	2,312,171
Paper & paper boards	2,559	2,559	62,559	32,559
Printing, publishing & allied	40,089	40,089	43,381	30,778
Petroleum products	7,719	5,202	1,668	1,668
Chemical & pharmaceutical	133,062	133,062	150,857	150,857
Rubber & plastic	2,479	2,479	3,035	3,035
Cement/clay & ceramics	-	-	14	14
Basic metals (iron, steel)	773,682	604,058	571,821	541,146
Machinery & equipment	1,683,723	1,683,723	1,993,129	634,154
Power, gas, water & sanitary	842,186	421,388	35,568	27,152
Manufacture of transport equipment	71,462	71,462	315,393	315,393
Tobacco	-	-	92	92
Financial	649,707	258,925	785,729	211,845
Health & social welfare	68,412	67,063	71,534	69,300
Education	-	-	-	-
Real estate, renting, and business activities	390,889	98,073	420	420
Transport, storage & communication	358,532	358,532	679,071	677,106
Hotel, restaurant & clubs	-	-	-	-
Construction	407,132	384,112	355,084	189,428
Furniture & sports goods	450	450	578	578
Wholesale & retail trade	1,863,000	1,715,075	1,517,864	1,379,625
Individuals	239,539	239,472	288,003	259,071
Others	2,533,325	1,999,705	2,316,951	2,163,857
	<u>16,281,178</u>	<u>12,535,255</u>	<u>13,771,895</u>	<u>10,512,436</u>

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

	December 31, 2009		December 31, 2008	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Public/Government	1,552,237	1,303,417	689,039	276,270
Private	14,728,941	11,231,838	13,082,856	10,236,166
	<u>16,281,178</u>	<u>12,535,255</u>	<u>13,771,895</u>	<u>10,512,436</u>

43.1.1.5 Geographical Segment Analysis

	December 31, 2009			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	10,536,120	418,374,331	29,959,978	120,551,592

Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2009

43.1.2 Credit Risk - General Disclosures

The Bank is following standardized approach for all its Credit Risk Exposures.

43.1.2.1 Credit Risk: Disclosures for portfolio subject to Standardized Approach and supervisory risk weights in IRB approach Basel II specific

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. In this connection, the Bank utilizes the credit ratings assigned by ECAIs and has recognized agencies such as PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company - Vital Information Systems), Fitch, Moody's and Standard & Poors which are also recognized by the SBP. The Bank also utilizes rating scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits"

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Selection of ECAIs

The Bank selects particular ECAI(s) for each type of claim. Amongst the ECAIs that have been recognised as eligible by SBP, the following are being used against each respective claim type.

Sovereigns Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of [Export Credit Agencies \(ECA\) participating in the "Arrangement on Officially Supported Export Credits" available on OECD's website.](#)

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's S&P and Fitch are being used to calculate risk-weighted assets.

Exposures to Public Sector Entities (PSEs): For PSE exposures, rating of PACRA and JCR-VIS are used to arrive at risk weights.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch is being used to arrive at risk weights. However, for local bank (i.e., incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

Corporate Exposures: Ratings assigned by PACRA and JCR-VIS are used for claims on Corporates ([excluding equity exposures](#)).

Use of ECAI Ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited ratings is not available.

Mapping to SBP Rating Grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long – Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
			CC	CC		
			C	C		
			D	D		

Short – Term Rating Grades Mapping

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

Types of exposures and ECAI's used

December 31, 2009					
Exposures	Fitch	Moody's	S & P	PACRA	JCR-VIS
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitized	-	-	-	-	-
Others	-	-	-	Yes	Yes

Credit exposures subject to Standardized Approach

Exposures	Rating Category	December 31, 2009					December 31, 2008	
		Amount Outstanding	Deduction CRM	Net Amount	Amount Outstanding	Deduction CRM	Net Amount	
Corporate	1	49,932,599	-	49,932,599	40,438,519	-	40,438,519	
	2	15,421,338	-	15,421,338	19,084,894	-	19,084,894	
	3, 4	1,500,707	-	1,500,707	1,036,060	-	1,036,060	
	5, 6	3,294,270	-	3,294,270	37,500	-	37,500	
Claims on banks with original maturity of 3 months or less		28,426,234	21,078,346	7,347,888	15,369,450	11,965,747	3,403,703	
Retail		42,830,060	5,112,371	37,717,689	50,301,199	1,214,239	49,086,960	
Public sector entities	1	277,577	-	277,577	9,244,319	-	9,244,319	
Others		130,755,272	-	130,755,272	129,521,256	-	129,521,256	
Unrated		173,666,253	62,809,386	110,856,867	101,050,148	13,810,774	87,239,374	

43.1.2.2 Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

The Bank has adopted the Simple Approach of Credit Risk Mitigation for the Banking Book. Since, the trading book of the Bank only comprises equity investments; and units in open ended mutual funds, therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the Simple Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement i.e. risk weight of the collateral instrument securing the exposure is substituted for the risk weight of the counter party.

The Bank accepts cash, lien on deposits, government securities and eligible guarantees etc. under the simple approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

Since no specific asset is available by way of security in the context of unfunded credit protection, the creditworthiness and reliability of the provider and the validity and enforceability of that party's obligations is of paramount importance. Therefore, unfunded credit protection is only "eligible" if it is provided by an appropriate counterparty which may include National Government, Central Bank etc.

43.2 Equity Position Risk in the Banking Book

The Bank makes investment for variety of purposes. Some of the investment positions of equity holding are made for revenue generation as part of strategic initiatives, while other equity holdings are held to earn capital gain and / or dividend income to support the Bank's business activities.

Classification of investments

Under SBP's directives, equity investment may be classified as "Held For Trading (HFT)", "Available for Sale (AFS)" or "Investment in Subsidiaries and Associates". Some of the equity investments are listed and traded in public through stock exchanges, while other investments are unlisted.

Policies, valuation and accounting of equity investments

In accordance with the requirements of the SBP, quoted securities are carried at market value whereas investments in subsidiaries are accounted for in accordance with the relevant International Accounting Standard as applicable in Pakistan.

The unrealized surplus / (deficit) arising on revaluation of the bank's held for trading investment portfolio is taken to the profit and loss account. The surplus / (deficit) arising on revaluation of quoted securities classified as available for sale is kept in a separate account shown in the balance sheet below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Unquoted equity securities are valued at the lower of cost and break-up value. Subsequent increases or decreases in the carrying value are credited / charged to profit and loss account. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any. Provision for diminution in the value of securities is made after considering impairment, if any, in their value.

Profit and loss on sale of investments is included in income currently.

Composition of equity investments

	Held for Trading	Available for Sale Rupees in '000	Investment in Subsidiary
Equity Investments - Publicly Traded	59,488	8,091,256	-
Equity Investments - Others	-	767,521	500,000
Total Value	59,488	8,858,777	500,000

The cumulative realized gain / (loss) arose of Rs. 1,085.043 million (2008: Rs. 151.068 million) from sale of equity securities/certificates of mutual funds and units of open end mutual funds; however unrealized gain of Rs. 1,740.405 million (2008: unrealized loss of Rs. 1,973.762 million) was recognized in the balance sheet in respect of "AFS" securities.

43.2.1 Market Risk

The Bank is exposed to Foreign Exchange Rate Risk, Interest Rate Risk and Equity Price Risk.

Bank with the assistance of a foreign risk advisory firm has established Market Risk Management Framework and has setup the Market Risk Function with responsibility of performing market risk measurement, monitoring and control functions.

Market Risk Pertaining to the Trading Book

Trading Book

A trading book consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book, financial instruments must be held with the intent of trading and free of any restrictive covenants on their trade-ability. In addition, positions need to be frequently and accurately valued and the portfolio should be actively managed.

The Bank's trading book includes equity securities classified as 'Held for Trading', 'Available for sale - Non Strategic', and units in open end mutual fund "classified as available for sale". These positions are actively managed by the capital market desk. Bank's trading book constitutes capital market equities and units of open end mutual fund, therefore they are exposed to equity price risk.

Risk Pertaining to Banking Book Investment Portfolio

All investments excluding trading book are considered as part of banking book. Banking book includes:

- i) Available for sale securities - Strategic Portfolio
- ii) Held to maturity securities
- iii) Other strategic investments

Treasury investments parked in the banking book include:

- i) Government securities
- ii) Capital market investments
- iii) Strategic investments
- iv) Investments in bonds, debentures, etc

Due to the diversified nature of investments in banking book, it is subject to interest rate and equity price risk.

Interest Rate Risk – Banking Book

Loans and advances, Government securities, TFC's, Sukuk and other money market investments are subject to interest rate risk. To capture the risk associated with these securities extensive modeling is being done with respect to duration analysis. Stress testing and scenario models are also in place to capture the sensitivity of the portfolio to adverse movement in interest rates. For prudent risk management, all money market investments are marked to market to assess changes in the market value of investments due to interest rate movements.

Equity Position Risk – Banking Book

The Bank's portfolio of equity securities categorized under 'Available for Sale - Strategic Portfolio' and 'Other Strategic Investments' are parked in the banking book. These investments expose the Bank to equity price risk.

Stress Testing

The Bank also conducts Stress Testing of the Bank's investment portfolio to ascertain the impact of various scenarios on the capital adequacy and sustainability of the Bank. The exercise assumes various stress conditions, with respect to Market Risk (Rise or Fall in Interest Rates, leading to interest rate risk), Equity Price Risk resulting from Stock Market movements, FX Rate Risk leading from adverse movements in exchange rates and Liquidity Risk (ability to meet short-term obligations if there is a run on deposits).

Duration GAP Analysis

A Duration Gap Analysis is also conducted to ascertain the duration gap between the Bank's assets and liabilities, to ascertain the effect of interest rate shifts on the market value of equity.

43.2.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk of loss arising from fluctuations of exchange rates. Our FX Risk is first controlled through substantially matched funding policy. On the mismatched exposures, the Bank utilizes appropriate derivative instruments such as Forwards and Swaps.

The majority of net foreign currency exposure is in US Dollars. The Bank is carefully monitoring the net foreign currency exposure and the effect of exchange rate fluctuations by conducting sensitivity analysis and stress testing, as well as utilizing the currency forwards and swaps to hedge the related exposure.

	December 31, 2009			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistani Rupee	411,212,277	367,030,641	(14,299,698)	29,881,938
United States Dollar	6,589,864	17,372,733	10,854,270	71,401
Great Britain Pound	270,856	1,914,153	1,644,207	910
Japanese Yen	369	807	-	(438)
Euro	266,329	2,094,517	1,831,086	2,898
Other Currencies	34,636	1,502	(29,865)	3,269
	7,162,054	21,383,712	14,299,698	78,040
	418,374,331	388,414,353	-	29,959,978

	December 31, 2008			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistani Rupee	358,883,573	324,593,408	(12,072,386)	22,217,779
United States Dollar	7,002,496	16,854,494	9,930,518	78,520
Great Britain Pound	175,994	1,356,917	1,185,627	4,704
Japanese Yen	9	861	-	(852)
Euro	574,739	1,530,503	958,568	2,804
Other Currencies	58,858	3,872	(2,327)	52,659
	7,812,096	19,746,647	12,072,386	137,835
	366,695,669	344,340,055	-	22,355,614

43.2.3 Equity Position Risk

The Board with the recommendations of ALCO approves exposure limits applicable to investments in Trading Book. Equity securities are perpetual assets and are classified under either Held for Trading Portfolio or Available for Sale Portfolio.

Concentration Risk

ALCO is responsible for making investment decisions in the capital market and setting limits that are a component of the risk management framework. Portfolio, Sector and Scrip wise limits are assigned by the ALCO to guard against concentration risk and these limits are reviewed and revised periodically. The capital market desk ensures compliance of concentration limits set by ALCO. Limit monitoring is done on a daily basis. Limit breaches if any are promptly reported to ALCO with proper reason and justification.

Price Risk

Trading and investing in equity securities give rise to price risk. ALCO and Treasury's Capital Market Unit both ensure that through prudent trading strategy and use of equity futures, the equity price risk is mitigated, albeit to a certain extent.

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

Effective Yield/Interest rate	December 31, 2009										Not exposed to Yield/Interest Risk
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	26,435,633	3,909,653	-	-	-	-	-	-	-	-	22,525,980
Balances with other banks	1,280,443	-	-	-	-	-	-	-	-	-	1,280,443
Lendings to financial institutions	28,122,932	27,597,346	525,586	-	-	-	-	-	-	-	-
Investments - net	94,789,492	20,069,962	34,932,406	23,820,139	6,564,115	-	-	-	289,880	-	9,102,950
Advances - net	237,344,038	827,38,168	107,91,953	27,306,134	642,372	1,618,041	1,274,431	3,252,041	4,985,775	3,977,788	3,757,335
Other assets - net	14,896,094	-	-	-	-	-	-	-	-	-	14,896,094
Liabilities											
Bills payable	402,868,632	134,315,129	143,249,945	51,126,273	720,6487	1,618,041	1,274,431	3,252,041	5,285,655	3,977,788	51,562,842
Borrowings	3,162,429	-	-	-	-	-	-	-	-	-	3,162,429
Deposits and other accounts	39,816,532	16,494,831	10,002,829	7,728,038	430,218	860,436	860,436	1,720,872	1,720,872	-	-
Sub-ordinated loan	328,875,037	72,230,754	29,247,882	13,351,969	108,560,820	8,547,080	452,715	497,288	1,948,083	764,926	932,73,720
Other liabilities	8,644,817	-	3,000,000	2,497,000	-	-	-	-	-	-	8,644,817
On-balance sheet gap	16,870,817	88,725,585	42,250,511	23,577,007	108,991,038	9,407,516	1,313,151	2,218,160	3,668,955	764,926	105,080,966
OFF-balance sheet financial instruments											
Commitments in respect of forward exchange contracts - purchase	23,338,782	-	-	-	-	-	-	-	-	-	23,338,782
Commitments in respect of forward exchange contracts - sale	(8,827,975)	-	-	-	-	-	-	-	-	-	(8,827,975)
OFF-balance sheet gap	14,510,807	-	-	-	-	-	-	-	-	-	14,510,807
Total yield / interest risk sensitivity gap	31,381,624	45,589,544	100,999,434	27,549,266	(101,784,551)	(7,789,475)	(38,720)	1,033,881	1,616,700	3,212,862	105,080,966
Cumulative yield / interest risk sensitivity gap	31,381,624	45,589,544	146,588,978	174,138,244	72,353,693	64,564,218	64,525,498	65,559,379	67,176,079	70,388,941	148,896,094

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

Effective Yield/Interest rate	December 31, 2008										Not exposed to Yield/Interest Risk
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	23,653,754	2,554,486	-	-	-	-	-	-	-	-	21,099,268
Balances with other banks	2,086,779	-	-	-	-	-	-	-	-	-	2,086,779
Lendings to financial institutions	15,793,183	300,000	13,657,786	15,467,803	3,995,600	509,273	1,813,744	3,754,978	2,469,513	-	4,645,362
Investments - net	82,846,595	36,143,536	37,365,530	20,665,221	1,482,850	1,708,876	58,772	1,513,568	4,117,809	2,711,075	3,104,125
Advances - net	212,972,008	139,715,162	-	-	-	-	-	-	-	-	16,411,293
Other assets - net	16,411,293	-	-	-	-	-	-	-	-	-	16,411,293
Liabilities											
Bills payable	353,573,612	193,906,367	51,522,316	36,133,024	5,478,450	2,218,149	2,401,516	5,268,566	6,577,222	2,711,075	47,356,827
Borrowings	2,952,490	-	-	-	-	-	-	-	-	-	2,952,490
Deposits and other accounts	27,778,151	24,132,603	1,810,346	1,710,590	124,612	-	-	-	-	-	-
Sub-ordinated loan	297,475,321	195,418,674	16,687,651	3,763,965	3,850,000	-	-	-	-	-	777,55,031
Other liabilities	2,498,000	-	-	2,498,000	-	-	-	-	-	-	-
On-balance sheet gap	342,353,763	219,551,277	18,497,997	7,972,555	3,974,612	2,218,149	2,401,516	5,268,566	6,577,222	2,711,075	45,000,495
OFF-balance sheet financial instruments											
Commitments in respect of forward exchange contracts - purchase	17,083,600	-	-	-	-	-	-	-	-	-	17,083,600
Commitments in respect of forward exchange contracts - sale	(4,831,414)	-	-	-	-	-	-	-	-	-	(4,831,414)
OFF-balance sheet gap	12,252,186	-	-	-	-	-	-	-	-	-	12,252,186
Total yield / interest risk sensitivity gap	23,472,035	(25,644,910)	33,024,319	28,160,469	1,503,838	2,218,149	2,401,516	5,268,566	6,577,222	2,711,075	56,220,344
Cumulative yield / interest risk sensitivity gap	23,472,035	(25,644,910)	7,379,409	35,539,878	37,043,716	39,261,865	41,663,381	46,931,947	53,509,269	56,220,344	112,896,094

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

Reconciliation of Assets and Liabilities exposed to Yield/Interest Rate Risk with Total Assets and Liabilities

Reconciliation to total assets	December 31, 2009	December 31, 2008
Total financial assets	385,997,815	342,353,763
Less: Non financial assets	(1,871)	-
Operating fixed assets	2,414,667	1,986,292
Deferred tax asset	2,416,538	1,986,292
Other assets	388,414,353	344,340,055
Balance as per balance sheet	385,997,815	342,353,763

Liquidity risk is the risk that the Bank is unable to fund its current obligations and operations in the most cost efficient manner. ALCO is the forum to oversee liquidity management. The overall Bank's principle is that the ALCO has the responsibility for ensuring that Bank's policy for liquidity management is adhered to on a continual basis.

Other than customer's deposits, the Bank's funding source is the inter-bank money market. Change in the government monetary policy and market expectations of interest rate are all important factors that can adversely affect our key funding source. Efficient and accurate planning plays a critical role in liquidity management. Our MIS provides information on expected cash inflows/out-flows which allow the Bank to take timely decisions based on the future requirements.

Gap analysis, stress testing and scenario analysis is done on periodic basis to capture any adverse effect of market movements on liquidity position. Based on the results produced, ALCO devise the liquidity management strategy to maintain sufficient liquidity to deal with any related catastrophe.

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

December 31, 2009

(Rupees in '000)

	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	26,435,633	-	-	-	-	-	-	-	-	-
Balances with other banks	1,280,443	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	28,122,932	2,759,346	525,586	-	-	-	-	-	-	-
Investments	94,789,492	9,000,182	8,927,492	13,194,584	18,075,604	8,337,517	10,480,059	21,530,978	5,243,076	3,915,107
Advances	237,344,038	37,438,908	74,344,851	19,306,617	18,888,330	21,576,011	16,239,339	25,387,888	20,246,987	8,033,747
Operating fixed assets	12,446,748	57,569	115,134	172,701	345,401	821,447	821,447	877,704	1,201,598	-
Deferred tax assets	17,955,045	-	-	-	1,734,520	1,890,508	-	-	-	1,509,881
Other assets	418,374,331	110,171,221	86,099,202	34,946,759	39,043,855	32,625,483	27,540,845	47,796,570	26,691,661	13,458,735
Liabilities										
Bills payable	3,162,429	3,162,429	-	-	-	-	-	-	-	-
Borrowings	39,818,532	16,494,831	10,002,829	7,728,038	430,218	860,436	860,436	1,720,872	1,720,872	-
Deposits and other accounts	328,875,037	143,060,674	55,154,523	30,551,474	40,485,432	18,012,593	9,918,228	9,962,802	11,413,597	10,315,714
Sub-ordinated loan	5,497,000	-	600	500	1,100	2,200	2,200	2,496,400	2,994,000	-
Deferred tax liabilities	1,871	(24,456)	(10,048)	(16,835)	(89,940)	13,947	(132,231)	(89,873)	194,205	33,102
Other liabilities	11,059,484	4,292,464	3,882,751	193,410	377,917	297,415	282,483	503,959	1,229,085	-
Net assets / (liabilities)	388,414,353	166,985,942	69,030,655	38,456,587	41,204,727	19,310,591	10,931,116	14,594,160	17,551,759	10,348,816
Share capital	29,959,978	(56,814,721)	17,068,547	(3,509,828)	(2,160,872)	13,314,892	16,609,729	33,202,410	9,139,902	3,109,919
Reserves	7,110,008	6,582,845	-	-	-	-	-	-	-	-
Unappropriated profit	12,198,425	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	25,891,278	-	-	-	-	-	-	-	-	-
	4,068,700	-	-	-	-	-	-	-	-	-
	29,959,978	-	-	-	-	-	-	-	-	-

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

December 31, 2009

(Rupees in '000)

	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	23,653,754	-	-	-	-	-	-	-	-	-
Balances with other banks	2,096,779	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	15,793,183	300,000	-	-	-	-	-	-	-	-
Investments	82,646,595	10,583,280	2,764,757	14,121,181	7,322,863	11,359,783	6,683,799	15,694,013	59,539	4,111,701
Advances	212,972,008	46,630,937	43,497,399	24,913,500	17,800,530	1,958,355	3,367,222	5,275,522	6,277,999	7,158,776
Operating fixed assets	11,134,436	43,772	87,544	262,631	1,958,355	11,856,000	125,241	129,351	462,028	-
Deferred tax assets	1,029,223	6,291	44,913	119,486	100,032	100,032	100,032	200,063	500,159	500,159
Other assets - net	17,369,691	6,618,865	1,416,211	4,566,132	4,566,132	27,300,340	18,731,134	27,681,317	23,967,798	11,830,175
	366,695,669	118,046,638	55,929,347	39,225,990	43,982,930	27,300,340	18,731,134	27,681,317	23,967,798	11,830,175
Liabilities										
Bills payable	2,952,490	2,952,490	-	-	-	-	-	-	-	-
Borrowings	27,778,151	12,066,612	4,619,375	8,664,840	592,122	1,132,936	260,004	317,651	124,611	-
Deposits and other accounts	297,475,321	55,160,320	59,306,769	33,657,144	37,491,014	32,255,660	25,496,452	16,779,473	19,656,671	17,671,818
Sub-ordinated loan	2,498,000	-	-	500	500	1,000	1,000	1,248,000	1,247,000	-
Deferred tax liabilities	13,636,093	4,705,780	6,346,226	199,930	218,751	211,357	181,654	305,185	733,605	733,605
Other liabilities	344,340,055	74,885,202	70,272,370	42,522,414	38,302,387	33,600,953	25,939,110	18,650,309	21,761,887	18,405,423
Net assets / (liabilities)	22,355,614	43,161,436	(14,343,023)	(3,296,424)	5,680,543	(6,300,613)	(7,207,976)	9,031,008	2,205,911	(6,575,248)
Share capital	6,463,644	-	-	-	-	-	-	-	-	-
Reserves	5,804,776	-	-	-	-	-	-	-	-	-
Unappropriated profit	8,536,697	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	20,805,117	-	-	-	-	-	-	-	-	-
	1,550,497	-	-	-	-	-	-	-	-	-
	22,355,614	-	-	-	-	-	-	-	-	-

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

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

Assets and liabilities are assumed to mature on their contractual maturities or on the expected date of realization / settlement / replacement as required by the assumptions.

December 31, 2009

	December 31, 2009									
	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Total	26,435,633	-	-	-	-	-	-	-	-	-
Cash and balances with treasury banks	1,280,443	-	-	-	-	-	-	-	-	-
Balances with other banks	27,597,346	525,586	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,000,182	8,927,492	13,194,584	12,889,897	13,523,224	10,480,059	21,530,978	5,243,076	-	-
Investments - net	374,389,908	74,344,851	19,306,617	18,888,330	21,575,011	16,239,339	25,387,888	20,246,987	3,915,107	-
Advances - net	57,567	115,134	172,701	345,401	821,447	821,447	877,704	1,201,598	8,033,749	-
Operating fixed assets	-	-	2,272,857	1,734,520	1,890,508	-	-	-	-	1,509,881
Deferred tax assets	8,361,140	2,186,139	-	-	-	-	-	-	-	-
Other assets - net	110,171,219	86,099,202	34,946,759	33,858,148	37,811,190	27,540,845	47,796,570	26,691,661	13,458,737	-
Liabilities										
Bills payable	3,162,429	-	-	-	-	-	-	-	-	-
Borrowings	39,818,532	10,002,829	7,728,038	430,218	860,436	860,436	1,720,872	1,720,872	-	-
Deposits and other accounts	328,875,037	68,007,954	43,404,545	53,338,503	19,706,372	11,612,007	15,376,345	31,706,196	23,083,151	-
Sub-ordinated loan	5,497,000	600	500	1,100	2,200	2,200	2,496,400	2,994,000	-	-
Deferred tax liabilities	1,871	(10,048)	(16,835)	(89,940)	137,947	(132,231)	(89,873)	194,205	33,102	-
Other liabilities	11,059,484	3,882,751	193,410	377,917	297,415	282,483	503,959	1,229,085	-	-
Net assets	388,414,353	81,884,086	51,309,658	54,057,798	21,004,370	12,624,895	20,007,703	37,844,358	23,116,253	(9,657,516)
Share capital	7,110,008	4,215,116	(16,362,899)	(20,199,650)	16,806,820	14,915,950	27,788,867	(11,152,697)	-	-
Reserves	6,582,845	-	-	-	-	-	-	-	-	-
Unappropriated profit	12,198,425	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	25,891,278	-	-	-	-	-	-	-	-	-
4,068,700	-	-	-	-	-	-	-	-	-	-
29,959,978	-	-	-	-	-	-	-	-	-	-

On-balance sheet financial instruments

(Rupees in '000)

Assets

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments - net
Advances - net
Operating fixed assets
Deferred tax assets
Other assets - net

Liabilities

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loan
Deferred tax liabilities
Other liabilities

Net assets

Share capital

Reserves

Unappropriated profit

Surplus on revaluation of assets - net of tax

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

Assets and liabilities are assumed to mature on their contractual maturities or on the expected date of realization / settlement / replacement as required by the assumptions.

December 31, 2008

	December 31, 2008								
	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Total	23,653,754	-	-	-	-	-	-	-	-
Cash and balances with treasury banks	2,096,779	-	-	-	-	-	-	-	-
Balances with other banks	15,793,183	300,000	-	-	-	-	-	-	-
Lendings to financial institutions	82,646,595	10,583,280	2,764,757	14,121,181	7,322,863	6,248,336	11,359,783	6,683,799	59,539
Investments - net	212,972,008	43,772	32,938,527	24,913,500	17,800,530	11,920,803	15,464,598	15,694,013	4,111,701
Advances - net	11,134,436	43,772	131,315	262,631	1,958,355	336,722	527,522	627,799	71,587,776
Operating fixed assets	1,029,223	6,291	23,353	119,486	118,560	125,241	129,351	462,028	500,159
Deferred tax assets	17,369,691	6,618,865	3,368,038	4,566,132	100,032	100,032	200,063	500,159	-
Other assets - net	366,695,669	118,046,638	39,225,990	43,982,930	27,300,340	18,731,134	27,681,317	23,967,798	11,830,175
Liabilities									
Bills payable	2,952,490	-	-	-	-	-	-	-	-
Borrowings	27,778,151	4,619,375	8,664,840	592,122	1,132,936	260,004	317,651	124,611	-
Deposits and other accounts	297,475,321	59,306,769	33,657,144	37,491,014	32,255,660	25,496,452	16,779,473	19,656,671	17,671,818
Sub-ordinated loan	2,498,000	-	500	500	1,000	1,000	1,248,000	1,247,000	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	13,636,093	4,705,780	199,930	218,751	211,357	181,654	305,185	733,605	733,605
Net assets	344,340,055	74,885,202	42,522,414	38,302,387	33,600,953	25,939,110	18,650,309	21,761,887	18,405,423
6,463,644	43,161,436	(14,343,023)	5,680,543	(6,300,613)	9,031,008	(7,207,976)	2,205,911	(6,575,248)	
5,804,776	-	-	-	-	-	-	-	-	-
8,536,697	-	-	-	-	-	-	-	-	-
20,805,117	-	-	-	-	-	-	-	-	-
1,550,497	-	-	-	-	-	-	-	-	-
22,355,614	-	-	-	-	-	-	-	-	-

Assets

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments - net
Advances - net
Operating fixed assets
Deferred tax assets
Other assets - net

Liabilities

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loan
Deferred tax liabilities
Other liabilities

Net assets

Share capital

Reserves

Unappropriated profit

Surplus on revaluation of assets - net of tax

43.5 Operational Risk

The Bank, like all financial institutions, is exposed to many types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, transaction processing, settlement systems and procedures and the execution of legal, fiduciary and agency responsibilities.

The Bank maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to industry best practice.

The Bank is currently in the process of implementing internationally accepted Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Tread way Commission (COSO), with a view to consolidate and enhance the existing internal control processes

The Bank is also in the process of developing a Business Continuity Plan applicable to all its functional areas, with assistance of a consultant.

Further the Bank has appointed a consultant to assist in implementation of Operational Risk Framework. Various policies and procedures with respect to this framework are under approval process and subsequent implementation in 2010.

Currently the Bank uses the Basic Indicator Approach for assessing its operational risk capital charge. However, migration to Standardised Approach is planned for future. For this purpose the bank is in the process of acquiring and implementing required systems and technology.

44. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison. The significant reclassifications are given below:

From	To	Rupees in '000
Other Charges	Worker's Welfare Fund	218,401
Mark-up/Return/Interest expensed	Administrative expenses	31,892
Income from dealing in foreign currencies	Mark-up/Return/Interest expensed	744,810

45. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on February 17, 2010 has proposed a cash dividend in respect of 2009 of Rs. 2.0 per share (2008: cash dividend Rs. 1.00 per share). In addition, the directors have also announced a bonus issue of 10% (2008: 10%). These appropriations will be approached in the forthcoming Annual General Meeting. The consolidated financial statements of the Bank and its subsidiary for the year ended December 31, 2009 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2010.

46. GENERAL

46.1 These accounts have been prepared in accordance with the revised forms of annual financial statements of the banks issued by the State Bank of Pakistan through its BSD Circular No. 04 dated February 17, 2006.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 17, 2010 by the Board of Directors of the Bank.

Chief Financial Officer	President and Chief Executive	Director
Director	Chairman	

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors	NIC Nos.	Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Amount in Million	
					Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off	Other Financial Relief Provided	Total 9+10+11
1				4	5	6	7	8	9	10	11	12
1	SHAHID WEAVING FACTORY, GAIL, SILKO MILLS, BAGHBAJPURA, HAFIZABAD ROAD, GUJRANWALA.	MUHAMMAD HUSSAIN	NA	NA	0.452	0.000	4.661	5.113	0.452	0.000	4.661	5.113
2	A & R ASSOCIATES 40 DISTRICT COUNCIL BUILDING, DC SHOPPING CENTRE TANDI SARAK, HYDERABAD.	RASOOL BUX BHUTTO ASIF ALI BHUTTO HANI MASHOOD AU BHUTTO MRS. SAHIB KHATOON MRS. NAHEED AWAN	454-86-2372-5 NA 454-36-237303 454-36-237303 421-86-131045	MASHOOD AU BHUTTO, RASOOL BUX BHUTTO, RASOOL BUX BHUTTO AU BHUTTO V/O AWAN	5.665	0.000	7.386	13.051	2.865	0.000	7.386	10.251
3	MUSTANSIR BILLA, 614-A, HORLEY STREET, RAWALPINDI.	MUSTANSIR BILLA ATTIQUUR REHMAN	NA 101-49-467748	NA SH. ABDUL QADER	0.504	0.000	0	0.504	0.504	0.000	0	0.504
4	AFZAL COTTON GINNING & PRESSING FACTORY (PVT) LIMITED, 17 S.P. DEPAL PUR ROAD, PAKPATTAN	MUHAMMAD AFZAL MUHAMMAD AWAIS MUHAMMAD KHUBAID MUHAMMAD TUFAIL SAIDA BEGUM	337-90-103436 337-90-103434 337-86-103439 337-32-103432 333-85-136977	MUHAMMAD TUFAIL MUHAMMAD TUFAIL MUHAMMAD TUFAIL MUHAMMAD AWAIS	1.077	0.000	0.750	1.827	1.077	0.000	0.750	1.827
5	SATOZ AGRY (PVT) LIMITED, 34- CLUB ROAD, VEHARI, 13-B SHARQI COLONY VEHARI.	MUHAMMAD RAMZAN NAEEM ABDUL SATTAR MST. SHEHNAZ QAMAR	300-47-103017 324-97-085417 279-89-400680	ABDUL HAMEED SHER MUHAMMAD ABDUL SATTAR	2.742	0.000	3.561	6.303	2.742	0.000	3.561	6.303
6	RAMZAN COTTON GINNERS, CHAK NO. 87/W.B, ADDA KANDLOOR, VEHARI	MUHAMMAD BUKSH	324-40-121887	BAGH ALI	1.190	0.000	0.718	1.908	1.190	0.000	0.718	1.908
7	AZHAR IQBAL, FLAT NO.5, BLOCK-5, 1 & T CENTRE, G-10, ISLAMABAD	AZHAR IQBAL	228-58-871450	CH MUHAMMAD MALIK	0.412	0.000	0.316	0.728	0.412	0.000	0.316	0.728
8	AMROZIA KIYANI H.NO.DN-1741 MOHALLAH KHAYABAN-E-SIR SYED SECTOR 4-A, RAWALPINDI.	AMROZIA KIYANI	101-77-298730	MUHAMMAD MANZOOR KIYANI	0.352	0.000	0.354	0.706	0.352	0.000	0.354	0.706
9	GUL RUKH MANZOOR HOUSE NO.16, STREET NO.46, F-7/2, ISLAMABAD.	GUL RUKH MANZOOR	NA	V/O MANZOOR ELLAHI SHAIKH	0.202	0.000	0.503	0.705	0.202	0.000	0.503	0.705
10	AU ENTERPRISES, C/O. KHOMER FILLING STATION, GILGIT	HANI QURBAN ALI	750-37-114426	AU MADAD	0.259	0.000	0.520	0.779	0.259	0.000	0.520	0.779
11	MUHAMMAD KASHIF CHAUDHRY H.No:728, STREET No:9, G-9/3, ISLAMABAD.	MUHAMMAD KASHIF CHAUDHRY	101-74-426873	CH MUHAMMAD SHAH	0.307	0.000	0.261	0.568	0.307	0.000	0.261	0.568
12	SARDAR AHMED, DERA GOTRA, VILL DOGRI MUSLIM, P/O, BUDHA GORIA, TEHSIL DASKA, DISTT SIALKOT.	SARDAR AHMED	302-77-068770	CH SULTAN AHMED	0.386	0.000	0.347	0.733	0.386	0.000	0.347	0.733
13	CHAUDHRY MUHAMMAD SHAHFI H.No:728, STREET No:9, SECTOR, G-9/3, ISLAMABAD	CHAUDHRY MUHAMMAD SHAHFI	101-46-428670	CH FATEH MUHAMMAD	0.387	0.000	0.337	0.724	0.387	0.000	0.337	0.724

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors		NIC Nos.	Father's / Husband's Name				Outstanding Liabilities at the Beginning of the year				Amount in Million	
		Name of Directors	NIC Nos.		4	5	6	7	8	9	10	11	12	
														Father's / Husband's Name
14	MOIZ VALI ASSOCIATES B/NO A/12-B, UNIT NO. VIII, LATIFABAD, HYDERABAD.	ABDUL SHAKOOR SYED SAUD ALI SYED MANZAR ILANI RANE KHALID JAMIL MOULLE BUX CHANDIO	3	462-92-210944 449-45-226054 449-51-005208	MANSAL KHAN SYED WAJID ALI MUHAMMAD ILANI KHAN KHANWAR M. ABU BAKAR HAIDER BUX CHANDIO	1116	0.000	1060	2176	1116	0.000	1060	2176	
15	REHAN ZAIDI	REHAN ZAIDI		502-70-432543	SYED ALI ZAIDI	0.400	0.000	0.219	0.619	0.400	0.000	0.219	0.619	
16	MANZOOR AHMED	MANZOOR AHMED		516-64-171039	SULTAN AHMED	0.419	0.000	0.233	0.652	0.419	0.000	0.233	0.652	
17	APNY GARMENTS (PVT) LIMITED OFFICE#235, 2ND FLOOR SUNNY PLAZA, HASRAT MOHANI ROAD, KARACHI.	MUHAMMAD AHMED IRZADA MUKHTAR IZHAN BEGUM NIKHAT BEGUM MRS RUBINA		516-62-104698 NA NA NA	MUHAMMAD AHMED BAIG JAMILUDDIN QURESHI MUHAMMAD IQBAL HUSSAIN RASOOL BUX KWANGI	1068	0.000	1070	2138	1068	0.000	1070	2138	
18	ACE GARMENTS D-7/BLOCK-6, FB, AREA, KARACHI.	FAISAL SARFRAZ		NA	LATE S.B.KHAN	3004	0.000	5135	8139	3004	0.000	5135	8139	
19	RANPUT EXPORTERS & IMPORTERS OFFICE#235, 2ND FLOOR SUNNY PLAZA, HASRAT MOHANI ROAD, KARACHI.	RAJESH KUMAR		621-76-066318	SAADHA MAHAL	1165	0.000	1246	2411	1165	0.000	1246	2411	
20	MOHSIN TRADERS, PLOT NO. 138/J4, FB, AREA, KARACHI	ASIM AHMED SHAIKH		42101-1695289-9	RASHEED AHMED SHAIKH	0.390	0.000	0.677	1.267	0.390	0.000	0.677	1.267	
21	JHOLAY LAL SANJAO TRANSPORT COMPANY. NATIONAL HIGHWAY NEAR HUNDRED BED HOSPITAL, PIPRI BIN QASIM, KARACHI.	SARDAR HUSSAIN		12201-757557-1	PASTA KHAN	6.332	0.000	0	6.332	6.332	0.000	0	6.332	
22	ZEE INTERNATIONAL LOWER GROUND FLOOR, PANAROMA CENTRE, FATIMA JINNAH ROAD, KARACHI.	AHMED IBRAHIM		516-65-226838	HAJI IBRAHIM	9.393	0.000	0	9.393	9.393	0.000	0	9.393	
23	NATIONAL ASSETS LEASING CORPORATION LIMITED	SHAMIM IJNEED RANA M. ABU OBAID DR. KHALID IQBAL AZHAR TARIQ		NA	NA	12000	0.000	0	12000	12000	0.000	0	12000	
24	TECHNO POWERGEN (PVT) LIMITED POWERGEN HOUSE, C-30-D, 26TH STREET, TAUHEED COMM. AREA, DHA, PH-V, KARACHI.	SYED BASIT RASOOL MRS. ATIA QADRI MRS. KALPANA SHRESTHA AZHAR TARIQ KHAN		42301-0741996-3 42301-4401139-0 NA NA	SYED AHMED QADRI BASIT RASOOL QADRI ANIL SHRESTHA NA	21878	0.000	0	21878	21878	0.000	0	21878	
25	GHAHO TEXTILE MILLS (PVT) LTD. HAKIM SONS BUILDING, 2ND FLOOR, WEST WHARF ROAD, KARACHI	ABDUL SHAKOOR KHALID LATEEF ANARI IMTIAZ RASHEED ANSARI COM PNY NAWLUDDIN ANSARI DR. ABDUL GHANI SIKANDARULLAH		41301-3819814-3 NA 41304-5065796-5 NA NA NA	AHMED KHAN ANSARI ABDULL LATEEF ANSARI ABDUL RASHEED ANSARI MUHAMMAD SAIED ANSARI AHMED KHAN ANSARI HIDAYATULLAH	32570	0.000	0	32570	32570	0.000	0	32570	

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors		NIC Nos.	Father's / Husband's Name				Outstanding Liabilities at the Beginning of the year				Amount in Million	
		Name of Directors	NIC Nos.		4	5	6	7	8	9	10	11	12	
														Father's / Husband's Name
26	CALIMATE TELIPS TELECOM LIMITED HEAD OFFICE, 99-CF, IJS, CLIFTON, KARACHI.	SHUJAAT ALI QARNI ASIF SHAHZAD SALEEM SHERZAD SYED USMAN HAROON MADEEM AHMED KHAN AHMED JAMIL ANSARI MUHAMMAD AJMAL ANSARI	3	42201-0772208-1 NA NA NA NA 42301-4085207-5 42000-0677785-3	SHAFIAATULLAH KHAN NA NA NA NA ZILLUR REHMAN ANSARI ZILLUR REHMAN ANSARI	280559	0.000	0	280559	280559	0.000	0	280559	
27	IMRAN CORPORATION HOUSE NO.461, GAU NO. 8, MOHALLA, TARIQABAD, Faisalabad	MUHAMMAD ANSHAD FARHAT BEGUM ZUBEDA BEGUM SH. MUHAMMAD SHAFIQUE SH. MUHAMMAD JAMIL		247-42-201119 312-40-269221 247-43-191932 247-56-281083 NA	MUHAMMAD GULZAR MUHAMMAD ANSHAD MUHAMMAD GULZAR MUHAMMAD SHARIF RAHIM BUX	1794	0.000	1923	3717	1794	0.000	1923	3717	
28	MET INTERNATIONAL 5-FAROOQ CENTER, MECLEDD ROAD, LAHORE.	COL. (R) ANWAR-UL-HAQ		322-48-003985	MUZAFFAR UL-HAQ	3483	0.000	1633	5116	3483	0.000	1633	5116	
29	SPINNING MACHINERY COMPANY OF PAKISTAN PVT LTD, NEAR RACE COURSE, POST OFFICE SMAIL NAGAR, KOT LAKHPAT, P.O. BOX 2126, LAHORE	DR. ABDUL QAYYUM RANA ABDUL WAHEED M. ASLAM KHAN		243-48-212312 272-50-872802 261-40-461152	NA	2584	0.000	5933	8497	2584	0.000	5933	8497	
30	CRESENT KNITWARE LTD. 5TH FLOOR, PAFK BUILDING 7-D, KASHMIR ROAD AND ITS UNIT AR 31-KM FERZEPUR ROAD, LAHORE	HUMAYUN MAZHAR KHURRAM MAZHAR ANJUM M. SALEEM NASIR SHAFI ZAHHEER M. SHAIKH SHAMS RAFI		244-88-101255 244-65-107256 NA NA 244-29-053276 NA	MAZHAR KARIM MAZHAR KARIM	8406	0.000	3516	11922	8406	0.000	3516	11922	
31	GOLDEN ROCK SUIT NO. 6, 2ND FLOOR, NAWAB BUILDING, 48-SHADWAN MARKET, LAHORE.	SYED GHULAM MOHUDDIN		301-87-511269	Syed Fazal Hussain Gillani	8416	0.000	7407	15823	8416	0.000	7407	15823	
32	TARIQUE COTTON GINNERS, MAIN ROAD, UBUARO, SINDH	TARIQUE AZIZ		413-90-036074	MUHAMMAD HANIF	1497	0.000	1043	2540	1497	0.000	1043	2540	
33	SHAN FERTILIZER AGENCY, MAIN ROAD, UBAURO, DIST. GHOTKI	ABDUL QAYOUM		45105-6160189-5	MUHAMMAD SULEMAN ARAIN	1818	0.000	0.985	2403	1818	0.000	0.985	2403	
34	ANWAR TEXTILE (PVT) LTD 18-KM, MULTAN ROAD, LAHORE	KH BELAL AHMED MRS. SAMIBA BELAL		35202-2969902-7 35200-1448294-4	KH. MOHUDDIN W/O KH BELAL	208409	0.000	41156	249565	208409	0.000	41156	201644	
35	AL-ASAO INDUSTRIES (PVT) LTD, 145/2 INDUSTRIAL ESTATE, GADDOON AMAZA, SWABI	MUHAMMAD YAKHEEN MEHMOOZ AHMED MANZOOR AHMED AHCEN JAMAL		3330098170493-5 245-56-170682 146-34-030223	MOHAMMAD BASHIR MOHAMMAD BASHIR MOHAMMAD BASHIR MUHAMMAD ZAQI	1862	0.000	14685	16547	1862	0.000	14685	16547	
36	SAWAN IMPREX, P-9 1ST FLOOR, COTTON PLAZA, YARN MARKET, MONTGOMERY BAZAR, Faisalabad.	MUHAMMAD NAQI TAHR UL HASSAN		35202-29-08298-5	MUHAMMAD HASSAN	1122	0.000	0.921	2043	1122	0.000	0.921	2043	

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors		NIC Nos.	Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Total	Other Financial Relief Provided	Total 9-10-11	
		Name of Directors	Name of Directors			Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off				
1		ANWAR ALI	ANWAR ALI	3	ANWAR ALI	5	6	7	8	9	10	11	12		
38	FARAN MOVERS, J-A, OFFICE # 8, MAZANNINE FLOOR GOOD LUCK CENTER NEAR PEOPLE GROUND, MARIPUR ROAD, KARACHI.	SOHAIL RAFIQUE	ANWAR ALI	272-65-600152	ANWAR ALI	6788	0.000	1692	8460	6768	0.000	1692	8460	13544	8460
39	EEMAN ENTERPRISES, 79-H, GURBERG III, LAHORE	IQBAL SAIGAL SAMIR SAIGAL NADEEM SAIGAL G.A. ZAFAR	MUHAMMAD RAFIQE	514-40-010790 514-64-010791 514-64-010792 514-40-068834	MUHAMMAD RAFIQE	5566	0.000	7978	13544	5566	0.000	7978	13544	40713	13544
40	SAITEX SPINNING MILLS (PVT) LTD, 68-A, ST No.2, CAVALARY GROUND, LAHORE CANTT.	MANSOOR UL HAQ MUHAMMAD SIDDIQUE FARIAT SIDDIQUE	MUHAMMAD RAFIQE	270-37-062973 210-33-459165 244-93-651468	MUHAMMAD RAFIQE	23556	0.000	17157	40713	23556	0.000	17157	40713	40713	40713
41	GHULAM SHABIR KHAN, ST # 4, MOHELLAH ROSHANPURA GARHKI, GUJRANWALA.	GHULAM SHABIR KHAN	MUHAMMAD RAFIQE	286-92-022395	MUHAMMAD RAFIQE	0400	0.000	0.208	0.608	0400	0.000	0.208	0.608	0.608	0.608
42	MUHAMMAD HUSSAIN MAJID, GALI # 1, MOHELLA RASOOL PURA, GUJRANWALA ROAD, SHEIKHUPURA.	MUHAMMAD HUSSAIN MAJID	MUHAMMAD RAFIQE	294-75-659557	MUHAMMAD RAFIQE	1655	0.000	0	1655	1655	0.000	0	1655	1655	1655
43	NATURAL TEXTILE, ROOM # 53, PAKISTAN HANDI CRAFT CHAMBER, ABDULLAH HARCION ROAD, KARACHI.	SYED PARVEZ ZAFAR	MUHAMMAD RAFIQE	NA	MUHAMMAD RAFIQE	0437	0.000	1045	1482	0437	0.000	1045	1482	1482	1482
44	MUHAMMAD TANVEER BUTT, H # 461, ST # 8, MOHELLAH TARIQABAD, FALSALABAD.	MUHAMMAD TANVEER BUTT	MUHAMMAD RAFIQE	269-58-145023	MUHAMMAD RAFIQE	0570	0.000	0.522	1092	0570	0.000	0.522	1092	1092	1092
45	RACHNA OIL (PVT) LTD, 12 - KM MULITAN ROAD, LAHORE.	CH. ZAHID HAMEED SHAHID HAMEED CH. ABDUL HAMEED MRS. BUSHRA ZAHID	MUHAMMAD TANVEER BUTT	356-52-493719 356-54-312638 270-14-105105 358-93-704086	MUHAMMAD TANVEER BUTT	21638	0.000	19262	40900	21638	0.000	19262	40900	40900	40900
46	MYMALIK & CO 69- THE MALL, LAHORE.	M. YOUNAS MALIK MRS. SHAMIM YOUNAS	MUHAMMAD TANVEER BUTT	NA	MUHAMMAD TANVEER BUTT	1300	0.000	3250	4550	1300	0.000	3250	4550	4550	4550
47	INTERNATIONAL CONSTRUCTION, SABIR MANZIL, FEROZPUR ROAD, LAHORE	ZULFIQAR ALI SHAH	MUHAMMAD TANVEER BUTT	N/A	MUHAMMAD TANVEER BUTT	0246	0.000	0.360	0.606	0246	0.000	0.360	0.606	0.606	0.606
48	HASSAN INDUSTRIES P-67, MAQBOOL ROAD, FALSALABAD.	ABDUL RAUF	MUHAMMAD TANVEER BUTT	33100-4128735-5	MUHAMMAD TANVEER BUTT	6315	0.000	1968	8283	6315	0.000	1968	8283	3284	3284
49	NATIONAL AGRO SERVICES 51-B/3, GULBERG III, LAHORE	MAQSOOD MALIK GHULAM AHMED MALIK DUST MUHAMMAD MAQSOOD UL HASSAN MALIK M SAIED	MUHAMMAD TANVEER BUTT	270-40-110339	MUHAMMAD TANVEER BUTT	0562	0.000	1032	1594	0562	0.000	1032	1594	1594	1594
50	TRANSLOG PAKISTAN UMAR SIDDIQUE PLAZA, ADJACENT CALTEX, PETROL PUMP, HOWAISBAY ROAD, KARACHI.	RUSTEM K SIDHWA	MUHAMMAD TANVEER BUTT	42301-4736297-9	MUHAMMAD TANVEER BUTT	8256	0.000	2267	10523	8256	0.000	2267	10523	10523	10523

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors		NIC Nos.	Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Total	Other Financial Relief Provided	Total 9-10-11	
		Name of Directors	Name of Directors			Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off				
1		ANWAR ALI	ANWAR ALI	3	ANWAR ALI	5	6	7	8	9	10	11	12		
51	ASHFAQ & CO 61-GENERAL BUS STAND, BADAMI BAGH, LAHORE.	MUHAMMAD ASHFAQ	MUHAMMAD ASHFAQ	265-41-150059	MUHAMMAD ASHFAQ	0479	0.000	1042	1521	0479	0.000	1042	1521	1521	1521
52	SAMANABAD INDUSTRIAL ENTERPRISES, 603 N. SAMANABAD, LAHORE.	MIAN SAEED AHMED (LATE) M. IQTIDAR PARVEZ MRS. MAZNEEN PARVEZ KHURRAM PARVEZ MIAN PARVEZ ASLAM MIAN JAVED ASLAM SALAHUDDIN MIAN AVAZ KARIM MIAN AFTAB AHMED KHAN	MUHAMMAD ASHFAQ	N/A	MUHAMMAD ASHFAQ	0502	0.000	0758	1260	0502	0.000	0758	1260	1260	1260
53	REGENCY TEXTILE LIMITED, 89/C-II, ARIF JAN ROAD, LAHORE CANTT.	MRS. YASMEEN ZAINAB SYED AHSEN IQBAL MRS. ANNA BANU	MUHAMMAD ASHFAQ	N/A	MUHAMMAD ASHFAQ	4364	0.000	2491	6855	4364	0.000	2491	6855	6855	6855
54	LAB AIDS CORPORATION, 28- SHAH PLAZA, SANDA ROAD, LAHORE.	DR HAMID MAHMOOD	MUHAMMAD ASHFAQ	272-36-556678	MUHAMMAD ASHFAQ	1152	0.000	0953	2105	1152	0.000	0953	2105	2105	2105
55	MUHAMMAD YOUSUF RATTU & SONS MITRAAN WALI BUILDING, GUJRANWALA ROAD, HARTZABAD.	ABDULL QAYYUM RATTU	MUHAMMAD ASHFAQ	289-50-000684	MUHAMMAD ASHFAQ	3989	0.000	2834	6823	3989	0.000	2834	6823	6823	6823
56	EXYS SOLUTIONS (PVT) LIMITED, 113-C, MODEL TOWN, LAHORE.	ABDUL QADEER KHAWAJA ASAD QADEER KHAWAJA MRS. SAADIAH QADEER KHAWAJA MIAN ABDUL QAYYUM	MUHAMMAD ASHFAQ	35201-1341064-1 35201-1341064-9 35201-4458433-6 35202-6047718-3	MUHAMMAD ASHFAQ	13679	0.000	5376	19055	13679	0.000	5376	19055	19055	19055
57	SAJIADATIN (PVT) LTD 201-S, SMALL INDUSTRIAL ESTATE, INDUSTRIAL AREA, KOT LAHPAT, LAHORE.	MRS. YASMEEN ZAINAB SYED AHSEN IQBAL MRS. ANNA BANU	MUHAMMAD ASHFAQ	NA	MUHAMMAD ASHFAQ	0498	0.000	1551	2049	0498	0.000	1551	2049	2049	2049
58	MUHAMMAD TARIQ, 7-E, 1ST FLOOR, ZAWZAMA COMMERCIAL-8, CLIFTON, KARACHI.	Muhammad Tariq	MUHAMMAD ASHFAQ	513-88-105554	MUHAMMAD ASHFAQ	0480	0	0.233	0713	0480	0.000	0.233	0713	0713	0713
59	GHULAM SALIEM 5-KARAWAT MANZIL, HOUSE NO.28/55A, CANTT BAZAR	Ghulam Salim	MUHAMMAD ASHFAQ	42201-0621069-5	MUHAMMAD ASHFAQ	0452	0	0.224	0676	0452	0.000	0.224	0676	0676	0676
60	ABDULL HAQUE FLAT NO. 21, BLOCK-C, AL-SHAMIS COMPLEX, RASHID MINHAS ROAD, KARACHI.	Abdull Haque	MUHAMMAD ASHFAQ	43201-5458672-1	MUHAMMAD ASHFAQ	0467	0.000	0.228	0695	0467	0.000	0.228	0695	0695	0695
61	ZULFIQAR AHMED SHOP NO. 09, NQMAN PLAZA, RASHID MINHAS ROAD, GULSHAN-E IQBAL, KARACHI.	ZULFIQAR AHMED	MUHAMMAD ASHFAQ	42201-0658039-3	MUHAMMAD ASHFAQ	0478	0	0.231	0710	0478	0.000	0.231	0710	0710	0710
62	SALMAN AHMED SHP NO. S-3, SHOP NO.03, NQMAN PLAZA, GULSHAN-E IQBAL, KARACHI.	Salman Ahmed Sheikh	MUHAMMAD ASHFAQ	417-79-118701	MUHAMMAD ASHFAQ	0490	0	0.235	0726	0490	0.000	0.235	0726	0726	0726
63	SHAHZAD ANWAR G-3, KHONOR ELECTRONICS, ABDULLAH HAROON ROAD, KARACHI.	Shahzad Anwar	MUHAMMAD ASHFAQ	42101-3485700-5	MUHAMMAD ASHFAQ	0490	0	0.236	0726	0490	0.000	0.236	0726	0726	0726

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Outstanding Liabilities at the Beginning of the year						Amount in Million			
		Name of Directors	NIC Nos.	3	Father's / Husband's Name	Interest / Mark-up			Principal	Total	Principal Written-off	Interest / Mark-up Written-off	Other Financial Relief Provided	Total 9-10-11
						5	6	7						
64	S. AKRAM IMAM, A-916, BLOCK-12, GULBERG, FB AREA, KARACHI.	S Akram Imam		501-59-194991	SYED ALI IMAM	0.499	0	0.212	0.652	0.439	0.000	0.212	0.651	
65	GHULAM SARWAR SHAIKH, S-53/73, BLOCK-4 - A, AZEEM KHAN GABOL GOTH, GULSHAN - E - IQBAL, KARACHI	Ghulam Sarwar Shaikh		41203-8178987-5	RAZA MUHAMMAD SHAIKH	0.497	0	0.233	0.730	0.497	0.000	0.233	0.730	
66	ZAWAR HUSSAIN, L-5-6- STREET - 5, GULSHAN - E - IQBAL - 6, KARACHI	Zawar Hussain		42201-3700387-1	FAZAL DAD	0.485	0	0.226	0.711	0.485	0.000	0.226	0.711	
67	HASAN MEDICOS, HASSAN MEDICOSE, 24 - A, ISLAMIC ARCADE, OPP SAFARI PARK	AHSAN JAWAL		42501-2515727-5	MUHAMMAD JAWMAL AHMED	0.422	0	0.164	0.586	0.422	0.000	0.164	0.586	
68	ZUBAIR AHMED SALEEMI, S-18, 18A/JA, BLOCK-02, ALLAM IQBAL ROAD, ECH, KARACHI	Zubair Ahmed Saleemi		42201-5795444-5	BASHIR AHMED SALEEMI	0.387	0	0.196	0.584	0.387	0.000	0.196	0.583	
69	SIYAD MEDHI, SHAHZAD ENTERPRISES, C-77 BLOCK - 1, NORTH NAZIMABAD, KARACHI	S. Jawad Medhi		42101-6426894-9	SYED AMJAD HUSSAIN NAQVI	0.436	0	0.209	0.645	0.436	0.000	0.209	0.645	
70	IMDAD ALI, SHAIKH MUHALLA, TEHSEEL SEHWAN SHAREEF, DISTRICT DADU	Imdad Ali		42301-55090322-7	ABDUL LATEEF SHAIKH	0.443	0	0.210	0.652	0.443	0.000	0.210	0.653	
71	S AFTAB, SHOP NO. 09, ASIF ARCADE, UNIVERSITY ROAD, KARACHI	S. Aftab		515-66-080287	SYED MERAJ HUSSAIN	0.495	0	0.223	0.719	0.495	0.000	0.223	0.718	
72	PERVAZ IQBAL, G-20, BLOCK-7, JESON LUXARY CANTONMENT, CLIFTON KARACHI	Iqbal Pervaiz		42301-2778564-7	AHMED KHAN LANGHA	0.454	0	0.210	0.664	0.454	0.000	0.210	0.664	
73	JUNAD ALI MUGHNI, A-12 SHERTON HEIGHTS ABUL HASAN ISPHANI ROAD KARACHI	Junad Ali Mughni		501-93-483837	MUHAMMAD ABDUL MUGHNI	0.469	0	0.229	0.698	0.469	0.000	0.229	0.698	
74	RASHID MINIHAS, HOUSE NO. 265, PLOT 122, RASHID MINIHAS.	Rashid		511-85-056909	IBRAHIM	0.485	0	0.235	0.721	0.485	0.000	0.235	0.720	
75	ABRAR SIDDIQUE, B-447, SECTOR 11 - A, NORTH KARACHI, KARACHI	M. Abrar Siddique		451-68-218576	MUHAMMAD ISMAIL SIDDIQUE	0.495	0	0.238	0.734	0.495	0.000	0.238	0.733	
76	AJAZ ISMAIL, C-20, BLOCK-4, GULSHAN E RAHEEM, KARACHI	Ajaz Ismail		461-59-218573	MUHAMMAD ISMAIL SIDDIQUE	0.495	0	0.238	0.734	0.495	0.000	0.238	0.733	
77	SALEEM, C-30, EVERSINE HOUSING SOCIETY, GARDEN EAST, KARACHI	Saleem		42201-0515222-7	SADDARUDDIN RAJAB ALI	0.398	0	0.210	0.608	0.398	0.000	0.210	0.608	

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Outstanding Liabilities at the Beginning of the year						Amount in Million			
		Name of Directors	NIC Nos.	3	Father's / Husband's Name	Interest / Mark-up			Principal	Total	Principal Written-off	Interest / Mark-up Written-off	Other Financial Relief Provided	Total 9-10-11
						5	6	7						
78	AMEER ALI, SD 21, BLOCK-G ALDOULAT SQUARE, NORTH NAZIMABAD, KARACHI	Ameer Ali		42101-1541129-9	MOHSIN	0.426	0	0.206	0.632	0.426	0.000	0.206	0.632	
79	ALAUDDIN, H NO. 1122, DRIG COLONY NO.3, SHAHRA-E-FAISAL, KARACHI	Alauddin		42201-4484492-5	ISLAMUDDIN	0.453	0	0.226	0.680	0.453	0.000	0.226	0.679	
80	MOHD YASEEN, HOUSE NO.804, BLOCK-B GALI NO.40, SHERSHAH COLONY, KARACHI	Mohd Yaseen		42401-1537946-9	MOHAMMAD YAMIN	0.467	0	0.230	0.697	0.467	0.000	0.230	0.697	
81	GHULAM RASOOL, A-487, BLOCK H, NORTH NAZIMABAD, KARACHI	Ghulam Rasool		42101-6445933-1	MUHAMMAD ISMAIL KHAN	0.486	0	0.235	0.722	0.486	0.000	0.235	0.721	
82	MEHBOOB RANA ALI, FLAT NO. A-2, FIRST FLOOR, FB AREA, KARACHI	Mehtaob Rajab Ali		42101-9737644-5	RAJAB ALI	0.406	0.000	0.204	0.610	0.406	0.000	0.204	0.610	
83	LUBNA ATIQ, A-769, BLOCK NO.12, FB AREA, KARACHI	Lubna Atiq		42101-5366488-8	MUHAMMAD ATIQ KHAN	0.490	0.000	0.235	0.726	0.490	0.000	0.235	0.725	
84	JALAUDDIN SIDDIQUI, B-11, SUPER PALACE, DR ZIAUDDIN AHMED ROAD, CIVIL LINES, KARACHI	Jalauddin Siddiqui		42301-5404630-5	SHANSUDDIN SIDDIQUI	0.431	0.000	0.205	0.636	0.431	0.000	0.205	0.636	
85	MUHAMMAD JAKARIA, 206, BLOCK 7/8, BAHADURABAD, KARACHI	Mohammad Zakeria		42201-7260594-5	MUHAMMAD HAROON	0.424	0.000	0.215	0.639	0.424	0.000	0.215	0.639	
86	M. NADEEM SHEIKH, FLAT NO.8, BURNS ROAD, KHADIJA MANZIL, KARACHI	M. Naadeem Sheikh		502-85-341433	MUHAMMAD UDDIN SHAIKH	0.478	0.000	0.231	0.709	0.478	0.000	0.231	0.709	
87	FIRDUS BEGUM, FLAT NO. E-504, QASIM COMPLEX, GULISTAN-E-IQHER, BLOCK-18, KARACHI	Firdous Begum		42501-1480534-2	SALEEM BAKHO	0.428	0.000	0.217	0.645	0.428	0.000	0.217	0.645	
88	INAM ALI SHAH, 126, JINNAH COLONY, JPMC, KARACHI	Inam Ali Shah		41203-9918465-5	RABINDO SHAH	0.490	0.000	0.236	0.726	0.490	0.000	0.236	0.726	
89	S. MUKTAR AHMED, A-40, MOOSA COLONY, KARIMABAD, KARACHI	Mukhtar Ahmed		42101-2570030-5	SYED MUMTAZ AHMED	0.445	0.000	0.214	0.660	0.445	0.000	0.214	0.659	
90	SHAHIDA PERVEEN, FLAT NO. E-1, SOLEMAN PLAZA, BLOCK-10, GULSHAN-E-IQBAL, KARACHI	Shahida Perveen		42201-5491039-6	MUHAMMAD ABD AWAN	0.490	0.000	0.233	0.723	0.490	0.000	0.233	0.723	
91	ABDUL QUDUS, A-7, BLOCK-11, LUBAID HEIGHTS, GULSHAN-E-IQBAL, KARACHI	Abdul Qudus		42201-0365450-7	MUHAMMAD SABIR AWAN	0.483	0.000	0.231	0.714	0.483	0.000	0.231	0.714	
92	S. ALTAJ UL HAQ, A-55, BLOCK-P, NORTH NAZIMABAD, KARACHI	S Altaj Ul Haq		37405-0324021-1	SYED ANWAR UL HAQ	0.495	0.000	0.234	0.730	0.495	0.000	0.234	0.729	

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

Amount in Million

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Outstanding Liabilities at the Beginning of the year						Other Financial Relief Provided	Total 9-10-11
		Name of Directors	NIC Nos.	Father's / Husband's Name	Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off		
93	SYED MINHAJ UL HAQ, A-55, BLOCK-P HUSSAIN D SILVA TOWN, NORTH NAZIMABAD, KARACHI	Syed Minhaj-Ul-Haq	3	SYED ALI AF-Ul-HAQ	0.495	0.000	0.234	0.730	0.495	0.000	0.234	0.729
94	IMRAN SHAMIMUDDIN, C-5/111, ASIF COLONY, MANGHOPIR ROAD, KARACHI	Imran Shamimuiddin		SHAMIMUDDIN	0.435	0.000	0.212	0.648	0.435	0.000	0.212	0.647
95	JUNAID JAMIL, H.NO. 238/5, WATER COURSE ROAD, KARACHI	Junaid Jamil		JAMIL AHMED KHAN	0.473	0.000	0.224	0.697	0.473	0.000	0.224	0.697
96	ARSHAD FAROOQ SIDDIQUE, A-242, GOATHI IBRAHIM HYDERY, KARACHI	Arshad Farooq Siddique		FAROOQ AHMAD SIDDIQUE	0.447	0.000	0.218	0.665	0.447	0.000	0.218	0.665
97	ALI RAZA SHEIKH, S-20, SECTOR 5, MALIR EXT, KARACHI	Ali Raza Sheikh		ABDULLAH SHAIKH	0.495	0.000	0.231	0.727	0.495	0.000	0.231	0.726
98	M. KHURAM YAR, R-135, SECTOR 15-A/4, BUFFER ZONE, KARACHI	M Khuram Yar		MUHAMMAD FAZALEEN YAR	0.490	0.000	0.228	0.718	0.490	0.000	0.228	0.718
99	AZRA HASHMI, D-8, SREET NO.25, MODEL COLONY, KARACHI	Azra Hashmi		AKHLAQ HASHMI	0.490	0.000	0.227	0.718	0.490	0.000	0.227	0.717
100	MOHD HAYAT KHAN, H.NO. 128, LANE NO.5, NEELAM COLONY, KARACHI	Mohd Hayat Khan		KATCHOOL KHAN	0.458	0.000	0.218	0.676	0.458	0.000	0.218	0.676
101	ARIF ALI, HOUSE NO.G-88, DRIGH ROAD, REHMANABAD SOCIETY, KARACHI	Arif Ali		AKHTAR ALI	0.480	0.000	0.223	0.703	0.480	0.000	0.223	0.703
102	ZANEAB KHATOON, H.NO.R-9, LANE NO.5, BLOCK A, GULSHAN-E-IQBAL, KARACHI	Zaneab Khatoon		MUHAMMAD KHALID	0.478	0.000	0.222	0.701	0.478	0.000	0.222	0.700
103	IRSHAD BANO, FLAT NO. B-208, RUFI LAKE DRIVE, GULISTAN-E-JOHER, KARACHI	Ishad Bano		MUHAMMAD SABIR AWAN	0.483	0.000	0.225	0.709	0.483	0.000	0.225	0.708
104	HAMEEDA FATIMA, FLAT NO.118, RUFI LAKE DRIVE, GULISTAN-E-JOHER, KARACHI	Hameeda Fatima		BASHIR AHMED SALIMI	0.425	0.000	0.208	0.633	0.425	0.000	0.208	0.633
105	RASHEEDA MUMTAZ, D-23, MALIR CANTT, MALIR CANTT, KARACHI	Rasheeda Mumtaz		MUMTAZ HASSAN	0.475	0.000	0.222	0.698	0.475	0.000	0.222	0.697
106	SHEERAZ, G-102, SILVER CENTRE, GULSHAN E JAMIL, KARACHI	Sheeraz		Sardar-ud-Din	0.483	0.000	0.225	0.708	0.483	0.000	0.225	0.708
107	M. ATIQ NAVAZ, B-215, BLOCK-4, GULSHAN E IQBAL, KARACHI	M Atiq Navaz		MUHAMMAD NAWAZ DURRANI	0.490	0.000	0.226	0.716	0.490	0.000	0.226	0.716

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

Amount in Million

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Outstanding Liabilities at the Beginning of the year						Other Financial Relief Provided	Total 9-10-11
		Name of Directors	NIC Nos.	Father's / Husband's Name	Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off		
108	MIRZA ALI BARKI, HOSUE NO.5, MALIR EXT, WALA BOARD, KARACHI	Mirza Ali Barki	3	NEK MUHAMMAD BARKI	0.000	0.212	0.655	0.443	0.000	0.212	0.655	0.700
109	FAMIDA PATOLI, H.NO. 129, MERANI MOHALLA, EIDGAH, IBRAHIM HADERY, KARACHI	Famida Patoli		MUHAMMAD SHAR PATOLI	0.418	0.000	0.212	0.630	0.418	0.000	0.212	0.630
110	MUBSHARA NADEEM, FLAT NO. B, ASKARI APARTMENT NO.1, RACE COURSE ROAD, BLOCK-3, KARACHI	Mubshara Nadeem		MUHAMMAD NADEEM SHAIKH	0.478	0.000	0.222	0.700	0.478	0.000	0.222	0.700
111	NAJUM NISA BEGUM, N-26, METROVILLE-III, BLOCK NO.1, ABUL HASSAN ISPHANI ROAD, KARACHI	Najum Nisa Begum		ABDUL MUGHNI	0.485	0.000	0.223	0.708	0.485	0.000	0.223	0.708
112	SHAMSHAD HUSSAIN, B-20, GALI NO.1, MUJAHID COLONY DALIMA, KARACHI	Shamshad Hussain		SULTAN MUHAMMAD	0.440	0.000	0.210	0.651	0.440	0.000	0.210	0.650
113	DR IQBAL SULTANA, HOUSE NO. A-137, BLOCK NO.11, GULSHAN-E-IQBAL, KARACHI	Driqbal Sultana		FARID-UR-REHMAN	0.410	0.000	0.196	0.606	0.410	0.000	0.196	0.606
114	KASHMALLA ALI, C-59, SAHIVAL LINES, MALIR CANTT, KARACHI	Kashmalla Ali		LIQAQUAT ALI	0.495	0.000	0.227	0.723	0.495	0.000	0.227	0.722
115	AFEF SIDDIQUI, H NO.459, HAROON BANGLOWS, SCHEME-33, SAFORA GOTE, KARACHI	Afeef Siddiqui		ALI AKHTER	0.469	0.000	0.218	0.688	0.469	0.000	0.218	0.688
116	MOHD AMIR, H.NO. 43, LANE NO.2, ZA-Ul-HAQ COLONY, KARACHI	Mohd Amir		MUHAMMAD SALEEM BUTT	0.495	0.000	0.227	0.722	0.495	0.000	0.227	0.722
117	MOHD SHARIF, H.NO. D-186, FIRDOS COLONY, GOLIMAR, KARACHI	Mohd Sharif		ABDUL SATTAR	0.490	0.000	0.224	0.715	0.490	0.000	0.224	0.714
118	SHAMOON BAHADUR, D/2, K.W. S.B. OFFICER COLONY, TR. II, KARACHI	Shamoon Bahadur		CHAUDHRY AHMED HUSSAIN	0.490	0.000	0.224	0.714	0.490	0.000	0.224	0.714
119	MOHAMMAD AFTAB, FLAT NO. J-4, AL-MUSTAFA SQUARE, GULSHAN-E-IQBAL, KARACHI	Mohammad Aftab		MUHAMMAD SIDDIQUE (LATE)	0.472	0.000	0.217	0.690	0.472	0.000	0.217	0.689
120	MUHAMMAD ASLAM, E-139, BLOCK-A, GULSHAN-E-JAMIL, KARACHI	Muhammad Aslam		MUHAMMAD AZAL	0.402	0.000	0.196	0.599	0.402	0.000	0.196	0.598
121	ADNAN AHMED NAQVI, A-25, BLOCK-M, NORTH NAZIMABAD, KARACHI	Adnan Ahmed Naqvi		SYED HASSAN AHMED NAQVI	0.480	0.000	0.220	0.700	0.480	0.000	0.220	0.700
122	S. AMIR AKHTAR, A-510, SOHRNIVALD SCOUT COLONY, GULSHAN-E-IQBAL, KARACHI	S Amir Akhter		S.M. SIDDIQUI	0.471	0.000	0.217	0.689	0.471	0.000	0.217	0.688

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Interest / Mark-up / Written-off	Other Financial Relief Provided	Total 9-10-11		
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal / Written-off	9				10	11
		Name of Directors	NIC Nos.	4												
1																
123	MADEEM ASGHAR H.NO. R-106, BLOCK H, NORTH NAZIMABAD, KARACHI	Nadeem Asghar	253-93-167086		ASGHAR ALI	0.490	0.000	0.222	0.713	0.490	0.000	0.222	0.712	0.712		
124	ERUM IKRAM, H.NO. 38-A, BLOCK NO.4, RAILWAY SOCIETY, GULSHAN-E IQBAL, KARACHI	Erum Ikram	501-32-345216		MUHAMMAD IKRAMUDDIN	0.485	0.000	0.221	0.706	0.485	0.000	0.221	0.706	0.706		
125	MTAQI KAMAL, A-641J, METROVILLE-III, ABUL-HASSAN ISPHANI ROAD, KARACHI	M Taji Kamal	518-92-770312		M.B. KAMAL	0.480	0.000	0.219	0.700	0.480	0.000	0.219	0.699	0.699		
126	S.ASIM ALI, H.NO. 38/A, BLOCK NO.4, GULSHAN-E IQBAL, KARACHI	S.Asim Ali	42201-7035657-5		SYED ANWER ALI	0.475	0.000	0.216	0.692	0.475	0.000	0.216	0.691	0.691		
127	MASEEM AHMED, H.N. 35-C, RAILWAY COLONY, KARACHI	Naseem Ahmed	359-89-455442		MUHAMMAD DIN	0.485	0.000	0.220	0.705	0.485	0.000	0.220	0.705	0.705		
128	BARKAT ALI, FLAT NO.24, CRECENT COMPLEX, BLOCK B, GULSHAN-E IQBAL, KARACHI	Barkat Ali	504-62-140365		MUHAMMAD SALEH	0.490	0.000	0.222	0.712	0.490	0.000	0.222	0.712	0.712		
129	YASMEEN KHAN, H.NO. 3, QASBA COLONY, DRANGI TOWN, KARACHI	Yasmeen Khan	504-93-490111		WASIM MUHAMMAD KHAN	0.476	0.000	0.217	0.693	0.476	0.000	0.217	0.693	0.693		
130	S. HASAN ALI KAZMI, A-641J, METROVILLE-III, ABUL-HASSAN ISPHANI ROAD, KARACHI	S.Hasan Ali Kazmi	42201-6541556-3		SYED IKAZIM RAZA	0.490	0.000	0.222	0.712	0.490	0.000	0.222	0.712	0.712		
131	SABA FATIMA, FLAT NO. A-12, SHERATON HEIGHTS, ABUL HASSAN ISPHANI ROAD, KARACHI	Saba Fatima	501-93-462835		MUHAMMAD ABDUL MUGHNI	0.490	0.000	0.222	0.712	0.490	0.000	0.222	0.712	0.712		
132	MOHD YASIN, A-4, KARIM HOME LAND, FAZABAD MODEL COLONY, KARACHI	Mohd Yasin	519-50-157258		SHARFUDDIN	0.490	0.000	0.221	0.712	0.490	0.000	0.221	0.711	0.711		
133	RUSTAM JOKHIO, VILLAGE AZIM GAROOD, GULSHAN-E IQBAL, BLOCK-4/A, KARACHI	Rustam Jokhio	467-86-030815		ABDULLAH JOKHIO	0.447	0.000	0.209	0.656	0.447	0.000	0.209	0.656	0.656		
134	NOOR MOHAMMAD, FLAT NO. B-9, NODHAN AVENUE, BLOCK-4, GULSHAN-E IQBAL, KARACHI	Noor Mohammad	453-92-159312		ALLAH BACHAO	0.495	0.000	0.223	0.719	0.495	0.000	0.223	0.718	0.718		
135	MOHD SHAHAB, SR-69, GOHARABAD, UNIV ERSITY ROAD, KARACHI	Mohd Shahab	518-77-549519		MIR MUHAMMAD	0.398	0.000	0.168	0.567	0.398	0.000	0.168	0.566	0.566		
136	S. ISHTIAQ HUSSAIN, L-1317, SECTOR 11-E, NORTH KARACHI, KARACHI	S.Ishfaq Hussain	42101-1722116-5		SYED ASHFAQ HUSSAIN	0.401	0.000	0.136	0.537	0.401	0.000	0.136	0.537	0.537		
137	MAQSOOD AHMED, FLAT NO.C-23, CARNOS COMPLEX, BLOCK NO.2, GULSHAN-E IQBAL, KARACHI	Maqsood Ahmed	451-67-040991		MAHMOOD AHMED	0.418	0.000	0.183	0.601	0.418	0.000	0.183	0.601	0.601		

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Interest / Mark-up / Written-off	Other Financial Relief Provided	Total 9-10-11		
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal / Written-off	9				10	11
		Name of Directors	NIC Nos.	4												
1																
138	FAISAL KHAN, 402-B/70, ASHA-ARCADE, BLOCK NO.2, GULSHAN-E IQBAL, KARACHI	Faisal Khan	41303-1201891-5		RAFIQ KHAN	0.495	0.000	0.223	0.718	0.495	0.000	0.223	0.718	0.718		
139	NAYYAR TABIQ, 21D-2-D, WALUR KALA BOARD,	Nayyar Tariq	217-63-310935		MUHAMMAD ASLAM	0.490	0.000	0.220	0.711	0.490	0.000	0.220	0.710	0.710		
140	IFTIKHAR AHMED MALIK, B-113, CANITT BAZAR, WALUR CANITT, KARACHI	Ifkhtar Ahmed Malik	42501-1565560-1		INAM ALI MALIK	0.490	0.000	0.220	0.711	0.490	0.000	0.220	0.710	0.710		
141	DILSHAD ALI DAWOOD POTTA, B-87, BLOCK 13/D, GULSHAN-E IQBAL, KARACHI	Dilshad Ali Dawood Pota	42201-6692603-5		ALI NAVAZ DAWOOD POTTA (LATE)	0.400	0.000	0.180	0.580	0.400	0.000	0.180	0.580	0.580		
142	NOUSHAD AHMED, FLAT NO.C-5, BHAVANI HIEGHTS, ABUL HASSAN ISPHANI ROAD, KARACHI	Noushad Ahmed	501-87-412693		ABU MUHAMMAD MALIK	0.490	0.000	0.220	0.710	0.490	0.000	0.220	0.710	0.710		
143	HABIBULLAH, A-114, BLOCK NO. 4-A, GULSHAN-E IQBAL, KARACHI	Habibullah	42201-3505942-3		UBAIDULLAH	0.447	0.000	0.208	0.655	0.447	0.000	0.208	0.655	0.655		
144	ANIL KUMARI, H.NO. 2234, LANE NO.7, AZAM TOWN, MEHMUDABAD, KARACHI	Anil Kumari	517-93-466209		BASANT LAL WARRMA	0.451	0.000	0.205	0.657	0.451	0.000	0.205	0.656	0.656		
145	SUMAN IDRESS KHAN, H.NO. A-369 BLOCK NO.12, FB, AREA, KARACHI	Suman Idress Khan	42101-2243213-4		MUHAMMAD IDRESS KHAN	0.490	0.000	0.210	0.700	0.490	0.000	0.210	0.700	0.700		
146	MUHAMMAD ADNAN MUBIN, R-157, BLOCK-6, GULSHAN-E IQBAL K, KARACHI	Muhammad Adnan Mubin	42201-3834717-1		MUBIN-UR-REHMAN	0.441	0.000	0.204	0.645	0.441	0.000	0.204	0.645	0.645		
147	FARHEEN AKHTAR MEMON FLAT NO.22, KDA FLAT, BLOCK NO.3, GULSHAN-E IQBAL, KARACHI	Farheen Akhter Memon	42201-4076951-0		GHAUS BAKSH MEMON	0.472	0.000	0.213	0.685	0.472	0.000	0.213	0.685	0.685		
148	SULTAN AHMED, S/10/A, BLOCK-20, FB, AREA, KARACHI	Sultan Ahmed	42201-4954426-3		MUHAMMAD ISHAQUE	0.485	0.000	0.216	0.701	0.485	0.000	0.216	0.701	0.701		
149	BIJAL AHMED, H.NO. B-101, LABOUR SQUARE, POST OFFICE, SITE, AREA, KARACHI	Bijal Ahmed	466-85-167871		MUHAMMAD ISHAQUE	0.496	0.000	0.221	0.717	0.496	0.000	0.221	0.717	0.717		
150	SARWAT ROHI, C-16, OFFICERS COLONY, AIRPORT, KARACHI	Sarwat Roohi	516-87-108920		HAKIM KHAN	0.435	0.000	0.201	0.636	0.435	0.000	0.201	0.636	0.636		
151	MOLVI ABDUL KARIM, GOATH SHERALI KHAN, AQEEL KANDH KOT, JACOBABAD	Molvi Abdul Karim	42201-0378285-7		HUSSAIN BLAKSH	0.400	0.000	0.172	0.572	0.400	0.000	0.172	0.572	0.572		
152	MUHAMMAD HUSSAIN, A-641J, METROVILLE-III, ABUL HASSAN ISPHANI ROAD, KARACHI	Muhammad Hussain	42201-3542289-3		FARMAN ALI	0.395	0.000	0.171	0.566	0.395	0.000	0.171	0.566	0.566		

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Total 12	
		Name of Directors	NIC Nos.	3		Principal			Interest / Mark-up				Total
						5	6	7	8	9	10		
153	MUHAMMAD ALI, A-3/65, BLOCK-A, COMM AREA MKT-1, KARACHI	Muhammad Abid	42201-5853437-5	3	MOHAMMAD SHARIFF	0.446	0.000	0.196	0.643	0.446	0.000	0.196	0.642
154	MUHAMMAD FAROQ, B-41, BLOCK 13-D, GULSHAN-E-QIBAL, KARACHI	Muhammad Farooq	501-90-306394	3	HAFIZ MUHAMMAD HAIDER	0.400	0.000	0.171	0.572	0.400	0.000	0.171	0.571
155	MUHAMMAD AKRAM, 254, GALI NO.4, PUNJAB COLONY, KARACHI	Muhammad Akram	42000-4608740-7	3	SHAWSUDDIN	0.475	0.000	0.202	0.677	0.475	0.000	0.202	0.677
156	AQEL AHMED, 1/2-S, IBRAHIM HDERY	Aqel Ahmed	42101-8196222-9	3	AHMAD BUX	0.500	0.000	0.198	0.699	0.500	0.000	0.198	0.698
157	MUSHTAQ AHMED, D-210, SECTOR F, NORTH KARACHI	Mushtaq Ahmed	516-91-381089	3	GHULAM RASOOL	0.495	0.000	0.197	0.692	0.495	0.000	0.197	0.692
158	SAAD AHSAN, HOUSE NO.73, BLOCK - C, SEA VIEW APPT, CLIFTON - KARACHI	Mr. Saad Ahsan	514-05-406346	3	AHSAN ALI KHAN	0.458	0.000	0.209	0.666	0.458	0.000	0.209	0.667
159	YASMEEN SAAD, HOUSE NO. 73, B - C, SEA VIEW APPT, CLIFTON, KARACHI	Yasmeen Saad	42301-6906487-0	3	SAAD AHSAN	0.479	0.000	0.220	0.700	0.479	0.000	0.220	0.699
160	MASIR & SONS SIROGHAT, HYDERABAD.	FASUDDIN KHAN SABHUDDIN KHAN SALAHUDDIN KHAN	NA NA NA	3	HAFIZ NASEERUDDIN KHAN HAFIZ NASEERUDDIN KHAN HAFIZ NASEERUDDIN KHAN	0.551	0.000	0.378	0.929	0.551	0.000	0.378	0.929
161	OCEAN CENTER, 31-HALL ROAD, LAHORE.	TASEER RAFIQUE ANJUM SHARIF NAVEED RAFIQUE ANEES AKHTAR	275-56-000936 275-60-000932 275-88-000937 275-48-000942	3	MUHAMMAD RAFIQUE MUHAMMAD SHAFI MUHAMMAD RAFIQUE MUHAMMAD SHAFI	0.050	0.000	0.943	0.993	0.050	0.000	0.943	0.993
162	FAZ UIR BEHMAN, GALI HAJI AHMED DIN NEAR DR. KHALLI KHORKE, KARACHI	FAZ UIR BEHMAN DILAWAR MEHMOOD SHEIKH	285-76-780512 34101-8654004-3	3	ABDUL REHMAN ELAHI BUX	0.506	0.000	0.373	0.879	0.506	0.000	0.373	0.879
163	AUTO SERVICES CORPORATION, AL-KHUSH BUILDING, BANK SQUARE, SHAHRH-E-QJAND-E-AZAM, LAHORE	ABDUL QAYYUM BHATTI (LATE)	270-23-092688	3	MUHAMMAD AZZ UDDIN	0.900	0.000	1.081	1.981	0.900	0.000	1.081	1.981
164	DELTA RICE (PVT) LTD, 3-S REHMAN PLAZA, 4-QUEENS ROAD, LAHORE.	ABDUL REHMAN CHAUDHARY	281-62-027905	3	HAJI JAMAL DIN	0.506	0.000	0.051	0.557	0.506	0.000	0.051	0.557
165	AL-RAE TRADERS, SHARQI GHALLA MANDI, NOSHEHRA VIRKAN, GUJRANWALA	MUHAMMAD YAQOOB	287-89-132425	3	GHULAM QADIR	2.312	0.000	2.406	4.718	2.312	0.000	2.406	4.718
166	SUNPAK FIBERS LTD, INDUSTRIAL ESTATE, HATTAR, DISTT. HARIPUR.	TALJEEF KHAWAR SH. MUHAMMAD WARRIS SHAKIEL AMIR NA SH. ABDUL HAMID KHURSHED AHMED KHAN JAVED IQBAL DELAWAR MEHMOOD SH NABEEL ASHRAF	NA NA NA NA NA NA 285-76-780512 34101-8654004-3 270-23-092688	3	SH. WARRIS NA SH. WARRIS SH. ELLAHI BAKSH SH. ELLAHI BAKSH BASHIR AHMED NA SH. ELLAHI BAKSH MUHAMMAD ASHRAF	1.49.005	0.000	105.236	254.241	100.995	0.000	105.236	205.631

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Total 12	
		Name of Directors	NIC Nos.	3		Principal			Interest / Mark-up				Total
						5	6	7	8	9	10		
167	ORIENTAL SEA FOOD PRODUCT, 06, QAWAR MENSION ATTACHED, SUJUAN HOTEL, LEA MARKET KARACHI.	NISAR AHMED KHAN SYED HUSSAIN MUHAMMAD RAFI MRS. FARZANA PARVEEN	NA NA NA NA	3	MUHAMMAD WASIM BAHALDIN MUHAMMAD HANIF MUHAMMAD SALEH MUHAMMAD HANIF	2.489	0.000	6.041	8.540	0.436	0.000	6.041	6.477
168	DYNAMIC INDUSTRIES, HOUSE # 18 STREET # 24, GHAZALI STREET, FATEH GARH, LAHORE.	MUHAMMAD KHALID	267-60-146033	3	NOOR AHMED	0.506	0.000	0.379	0.885	0.506	0.000	0.379	0.885
169	MUMTAZ ICE FACTORY, PLOT # 73 & 74, SITE BADIN, DISTT BADIN	AFTAB AHMED	457-65-204299	3	NOOR AHMED	0.354	0.000	0.431	0.785	0.354	0.000	0.431	0.785
170	QURESHI WOOD INDUSTRIES LTD, 2ND FLOOR, CHINA CENTRE, SHAHALAM MARKET, LAHORE.	IBTISAM UL HAQ IJAZ UL HAQ MIAN SAQIB EJAZ MRS. USMA IBTASAR MRS. TANVEER EJAZ MRS. HUMA KHALID	35202-8305483-3 35202-7331506-1	3	MIAN ILAM DIN MIAN ILAM DIN MIAN MUHAMMAD KHALID	50.554	0.000	37.559	88.113	10.554	0.000	37.559	48.113
171	AFZAL TRADERS, ADDA OKHRA, MULJIAN ROAD, VEHARI.	MUHAMMAD NAQI	324-69-636993	3	MUHAMMAD TAQI KHAN	0.466	0.000	0.202	0.668	0.466	0.000	0.202	0.668
172	SHOAB BIN SHOUKAT, E-65, ZAMAN COLONY, LAHORE.	SHOAB BIN SHOUKAT	337-76-481840	3	CH SHALUKAT TAHAT	0.312	0.000	0.250	0.562	0.312	0.000	0.250	0.562
173	MACHINERY & EQUIPMENT, MEI BUILDING 221, ROAD, LAHORE.	MANZOOR AHMED SHAIKH	NA	3	SHAIKH FAKRUDDIN	2.885	0.000	2.475	5.360	2.885	0.000	2.475	5.360
174	HAMZA INTERNATIONAL, 163 WEST WOOD COLONY, THOKER NAZ BAIG, 11 RAWIND ROAD, LAHORE.	AFTAB AHMED SHEIKH	NA	3	SHAIKH FAKRUDDIN	4.374	0.000	3.726	8.100	4.374	0.000	3.726	8.100
175	IMRAN TRADERS, SCHOOL STOP, SHOP #10 HASSAN CENTRE, SHAHALAM MARKET, LAHORE.	MUHAMMAD RIAZ	276083-311873	3	HAJI HABIBULLAH	1.799	0.000	0.760	2.559	1.799	0.000	0.760	2.559
176	PARVEY ENTERPRISES, 754-C PAKSAL TOWN, LAHORE.	TARIQ HAMEED	249-62-500788	3	M.A.HAMEED	1.900	0.000	0.663	2.563	1.900	0.000	0.663	2.563
177	IMAMA CHEMICAL ENTERPRISES (PVT) LTD, ROOM # 8, 1ST FLOOR, TAJ ARCADE, JAIL ROAD, LAHORE.	SARDAR AZHAR HUSSAIN SARDAR WASEEM AHMED KHAN SARDAR SAIF ULLAH KHAN	NA	3	WASEEM AHMED KHAN SARDAR AMEER M. KHAN	2.005	0.000	3.504	5.509	2.005	0.000	3.504	5.509
178	CHISTY ENTERPRISES, WALLEED STREET, ALLAMA IQBAL TOWN, SIALKOT CITY, WAZIRABAD ROAD, SIALKOT.	AZHAR AHMED MRS. ZEEDA JAMIL MRS. NEELOFAR SAFDAR MUHAMMAD JAMIL	300-5724473 300-49-373580 300-40-137471 300-48-133966	3	DR. FAZAL ELAHI MUHAMMAD JAMIL CHISTY LT COL ARSHAD NAZEER DR. FAZAL ELAHI CHISTY	2.438	0.000	2.571	5.009	2.438	0.000	2.571	5.009
179	PAK ASIA ENTERPRISES (PVT) LTD, CHAK # 42/D, B BHAWALPUR ROAD, TEHSIL YAZMAN, DISTT. BAHAWALPUR.	CH. MUNAWAR HUSSAIN MRS. FAKHRA TABASSUM	335-66-009694 335-76-671902	3	MUHAMMAD SIDDIQUE W/O CH. MUNAWAR HUSSAIN	8.657	0.000	4.160	12.817	8.657	0.000	4.160	12.817

ANNEXURE I

As referred to in notes 10.7 to the unconsolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Other Financial Relief Provided	Total 9-10-11	
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off			Total
180	VULCAN ARMS LTD. 63-THE MALL, LAHORE	SH. SALEEM ALI SH. MURTAZA ALI M. IDREES BUTT	274-40-016932 274-32-016929 270-42-317240	3	SH. GHULAM MURTAZA SH. GHULAM MURTAZA	1,002	0,000	3,067	4,069	1,002	0,000	0,000	3,067	4,069
181	MEHARBANI ENTERPRISES (PVT) LTD. PEARL PLAZA, 174, FERDOSPUR ROAD, LAHORE	MUHAMMAD SHADIQ SAMI MUHAMMAD MUJAHID SAMI MIAN IJAZ AHMED MUHAMMAD ADIL KHAN RANA	NA NA NA 277-86-311638	3	MUHAMMAD SAMI MUHAMMAD SAMI MIAN GULZAR AHMED M. ARSHAD KHAN	1,386	0,000	0,769	2,155	1,386	0,000	0,000	0,769	2,155
182	STYLE ENTERPRISES (PVT) LTD. KAMRAN ROAD, 116 KM, FERDOSPUR ROAD, LAHORE.	JAVED KHURSHID HAMMAD KHURSHID ATPAZAZ KHURSHID	265-89-026787 265-85-026788 265-89-210305	3	MIAN KHURSHID AHMED MIAN KHURSHID AHMED MIAN KHURSHID AHMED	31,809	0,000	30,335	62,144	31,809	0,000	0,000	30,335	62,144
183	KHALID NAZIR SPINNING MILLS LTD. SUIT # 129-130, EDEN CENTRE, JAIL ROAD, LAHORE.	MIAN TARIQ KHALID NAEEM MUHAMMAD AZEEM WASEEM KHALID	285-58-296586 285-49-091048 285-50-091047 285-90-035671	3	NAZIR HUSSAIN NAZIR HUSSAIN NAZIR HUSSAIN KHALID NAEEM	115,815	0,000	306,705	422,520	115,815	0,000	0,000	306,705	422,520
184	AL-FATEH COTTON GINNERS, NAWAZABAD, TEHSIL SADIQABAD, DISTT. RAHIMYAR KHAN.	ABDUL SATTAR TAYYAB NADIEEM MUHAMMAD WASEEM KHATTOOR FAKIER MUHAMMAD ASLAMI SAEED MUSTAFA	413-40-135376 413-93-135378 413-78-135382 414-55-165035 413-65-083170 360-67-0072377	3	ASGHAR ALI ABDUL SATTAR ABDUL SATTAR KHETO ABDULLAH GHULAM MUSTAFA	18,899	0,000	12,812	31,711	18,899	0,000	0,000	12,812	31,711
185	CLASS FABRICS, 22, 10TH FLOOR, R K SQUARE, SHAHRA-E-LAQUAT, KARACHI.	JAVED MASOOD KHAN	514-92-086126	3	LATE MASOOD HUSSAIN	10,300	0,000	76,588	86,888	10,300	0,000	0,000	76,588	86,888
186	M. MOHSIN, 8- HUSSAINI COOPERATIVE HOUSING SOCIETY, BLOCK NO.7 - 8, KARACHI	M. MOHSIN	513-79-127574	3	MUHAMMAD JAVED	0,458	0,000	0,326	0,784	0,458	0,000	0,000	0,326	0,784
187	SHAHID IQBAL, D-87, SAHIVAL LINES, MALIR CANTT, KARACHI.	SHAHID IQBAL	42000-0568172-9	3	MUNAVAR KHAN	0,454	0,000	0,266	0,720	0,454	0,000	0,000	0,266	0,720
188	MUHAMMAD AJAZ, FLAT NO.10, 2ND FLOOR, GREEN VALLEY, MALIR, KARACHI	MUHAMMAD AJAZ	N/A	3	MUHAMMAD AVAZ	0,452	0,000	0,264	0,716	0,452	0,000	0,000	0,264	0,716
189	AJIAZ ALI NAVEED, A - 9, MONA PLAZA BLOCK - 5 GULSHAN-E-IQBAL, KARACHI	AJIAZ ALI NAVEED	42201-0593060-9	3	SYED ARSAHAD	0,476	0,000	0,280	0,756	0,476	0,000	0,000	0,280	0,756
190	AUTAF SIDDIQUE, 19-G, BEHIND CAFE LIBERTY, BL-6, PECHS, TARIQ ROAD, KARACHI	AUTAF SIDDIQUE	42301-6794257-1	3	ABDUL SATTAR	0,445	0,000	0,257	0,702	0,445	0,000	0,000	0,257	0,702
191	SHAHIDA SEHAR, 94-C, BLOCK-2, MECHS, KARACHI	SHAHIDA SEHAR	42201-1566057-0	3	SEHAR ALI AASHI	0,452	0,000	0,261	0,713	0,452	0,000	0,000	0,261	0,713
192	NISAR AHMED, SHAHNAZ ARCADE, 3RD FLOOR, SHAHEED -E- MILLAT ROAD, KARACHI	NISAR AHMED	42301-3341712-3	3	ABDUL SATTAR	0,445	0,000	0,258	0,703	0,445	0,000	0,000	0,258	0,703

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year						Other Financial Relief Provided	Total 9-10-11	
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off			Total
193	QADIR KHAN, 710/16, NEW TOWN, FATIMA JINNAH COLONY, KARACHI	QADIR KHAN	42201-1943777-5	3	SHAMSHER KHAN	0,468	0,000	0,293	0,761	0,468	0,000	0,000	0,293	0,761
194	AVAZ RAFI, B-218, BLOCK-II, FB AREA, KARACHI	AVAZ RAFI	42101-4084851-9	3	PIRZADA RAFI KHAN	0,470	0,000	0,291	0,761	0,470	0,000	0,000	0,291	0,761
195	PIRZADA M. RAFI KHAN, C-45, BLOCK-10, FB, AREA, KARACHI	PIRZADA-M RAFI KHAN	42101-1236861-1	3	PEERGI ACHIAN KHAN	0,473	0,000	0,283	0,756	0,473	0,000	0,000	0,283	0,756
196	NOMAN SAMAD, B-194, BLOCK "N", NORTH NAZIMABAD, KARACHI	NOMAN SAMAD	42101-0470682-1	3	REHMAN ABDUL	0,464	0,000	0,281	0,745	0,464	0,000	0,000	0,281	0,745
197	FARAZ UR REHMAN, F-85, BLOCK-B, NORTH NAZIMABAD, KARACHI	FARAZ-UR-REHMAN	602-76-606717	3	FAZAL REHMAN	0,380	0,000	0,222	0,602	0,380	0,000	0,000	0,222	0,602
198	S. GOUHAR MEHMOOD, B-16, BLOCK-H, NORTH NAZIMABAD, KARACHI	S. GOUHAR MEHMOOD	502-89-011356	3	SYED FARID QASIM	0,428	0,000	0,247	0,675	0,428	0,000	0,000	0,247	0,675
199	WAJID NAWAZ, HOUSE D-87 SAHIVAL LANE, MALIR CANTT, KARACHI.	WAJID NAWAZ	42501-1770316-3	3	MUNAWAR KHAN	0,428	0,000	0,251	0,679	0,428	0,000	0,000	0,251	0,679
200	SHAHABUDDIN, FLAT NO.102/2, SOLARA APARTMENTS, BLOCK13, MAIN (DHAR CHOWRANGI, GULLISTAN-E-JOHAR, KARACHI.	SHAHABUDDIN	42201-5469377-9	3	A.M.MUSLAH DIN	0,281	0,000	0,242	0,523	0,281	0,000	0,000	0,242	0,523
201	ARSHAD KHAN, ST/17/2, GHARBABAD, AZIZABAD, KARACHI	ARSHAD KHAN	42101-9569445-9	3	ARSHAD ALI KHAN	0,278	0,000	0,300	0,578	0,278	0,000	0,000	0,300	0,578
202	MUHAMMAD AZEEM, 8- HUSSAIN COOPERATIVE HOUSING SOCIETY, BL NO. 7B, TIPU SULTAN ROAD, KARACHI	MUHAMMAD AZEEM	513-78-127573	3	MUHAMMAD JAVED	0,454	0,000	0,239	0,783	0,454	0,000	0,000	0,239	0,783
						1,196,066	0,000	811,245	2,007,311	1,047,845	0,000	0,000	811,245	1,859,090

ANNEXURE-II

AS REFERRED TO IN NOTES 11.4 & 11.13 TO THE FINANCIAL STATEMENTS

1. DETAIL OF DISPOSAL OF FIXED ASSETS

Particulars	Rupees in '000					Particulars of purchaser
	Original cost/ revalued amount	Accumulated depreciation	Book value	Sale Proceeds	Mode of Disposal	
Furniture and fixtures						
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000						
- Bank Employees	30	30	-	-	As per Bank policy	Mr. Abdul Malik
	40	40	-	-	As per Bank policy	Mr. Aftab Ali Khan
	53	37	16	6	As per Bank policy	Mr. Anwar Uddin Memon
	69	68	1	1	As per Bank policy	Mr. Danish Shehryar Awan
	40	25	15	13	As per Bank policy	Mr. Khalid Hussain
	40	37	3	2	As per Bank policy	Mr. Khizar Mahmood Bajwa
	30	30	-	-	As per Bank policy	Mr. Muhammad Masud
	40	37	3	3	As per Bank policy	Mr. Muhammad Nawaz
	70	58	12	12	As per Bank policy	Mr. Muhammad Tariq Khan
	53	46	7	4	As per Bank policy	Mr. Qaseem Nawaz Awan
	55	46	9	9	As per Bank policy	Mr. S. Ansar-Ul-Hassan Chishti
	75	38	37	63	As per Bank policy	Mr. S. Ehsan Ahmed
	53	46	7	5	As per Bank policy	Mr. S.M.I. Rizvi
	30	30	-	4	As per Bank policy	Mr. Saeedullah Qureshi
	59	51	8	9	As per Bank policy	Mr. Saleem Ahmed
	40	40	-	-	As per Bank policy	Mr. Sharafat H. Naqvi
	567	392	175	259	As per Bank policy	Mr. Shaukat Ali Kazmi
	38	38	-	-	As per Bank policy	Mr. Syed Muhammad Ashraf
	40	40	-	-	As per Bank policy	Mr. Syed Rashid Roomi
	66	47	19	11	As per Bank policy	Mr. Syed Shabih Hyder
	30	20	10	10	As per Bank policy	Mr. Tanveer Ahmed
	60	50	10	6	As per Bank policy	Mr. Tariq Ahmed Mehmood
- Others	22,227	19,992	2,235	2,200	Various	Various
Total	23,805	21,238	2,567	2,617		
Electrical, office and computer equipment						
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000						
- Bank Employees	17	12	5	17	As per Bank policy	Mr. Aamir Ali Khan
	10	10	-	10	As per Bank policy	Mr. Aamir Raza Zaidi
	88	88	-	-	As per Bank policy	Mr. Abdul Malik
	44	44	-	-	As per Bank policy	Mr. Aftab Ali Khan
	100	97	3	12	As per Bank policy	Mr. Anwar Uddin Memon
	17	17	-	2	As per Bank policy	Mr. Aun Ali
	71	71	-	1	As per Bank policy	Mr. Danish Shehryar Awan
	17	17	-	2	As per Bank policy	Mr. Hamid Jaleel Zubairi
	36	32	4	12	As per Bank policy	Mr. Khalid Hussain
	30	30	-	1	As per Bank policy	Mr. Khizar Mahmood Bajwa
	12	12	-	5	As per Bank policy	Mr. Lutf Muhammad Khan
	17	17	-	2	As per Bank policy	Mr. Mansoor Zaighum
	17	17	-	2	As per Bank policy	Mr. Mirza Hussnain Raza
	35	35	-	1	As per Bank policy	Mr. Muhammad Masud
	26	25	1	2	As per Bank policy	Mr. Muhammad Nawaz
	52	46	6	5	As per Bank policy	Mr. Muhammad Tariq Khan
	17	17	-	2	As per Bank policy	Mr. Owais Shahid
	68	68	-	5	As per Bank policy	Mr. Qaseem Nawaz Awan
	76	69	7	7	As per Bank policy	Mr. S. Ansar-Ul-Hassan Chishti
	90	77	13	75	As per Bank policy	Mr. S. Ehsan Ahmed
	75	72	3	7	As per Bank policy	Mr. S.M.I. Rizvi
	24	18	6	3	As per Bank policy	Mr. Saeedullah Qureshi
	72	72	-	-	As per Bank policy	Mr. Saleem Ahmed
	17	17	-	2	As per Bank policy	Mr. Salimullah Abul Khairi
	12	12	-	1	As per Bank policy	Mr. Shahid Amir
	16	16	-	2	As per Bank policy	Mr. Shahid Sarwar
	35	30	5	5	As per Bank policy	Mr. Sharafat H. Naqvi
	1,092	1,036	56	498	As per Bank policy	Mr. Shaukat Ali Kazmi
	17	15	2	2	As per Bank policy	Mr. Sohail Aziz Awan
	25	25	-	-	As per Bank policy	Mr. Syed Muhammad Ashraf
	26	26	-	-	As per Bank policy	Mr. Syed Rashid Roomi
	77	76	1	13	As per Bank policy	Mr. Syed Shabih Hyder
	40	38	2	3	As per Bank policy	Mr. Tanveer Ahmed
	68	68	-	7	As per Bank policy	Mr. Tariq Ahmed Mehmood
	17	17	-	2	As per Bank policy	Mr. Waheed-ur-Rehman
	17	17	-	2	As per Bank policy	Ms. Nuzhat K. Sherwani
- Others	39,477	35,748	3,729	6,186	Various	Various
Total	41,947	38,104	3,843	6,896		

ANNEXURE-II

AS REFERRED TO IN NOTES 11.4 & 11.13 TO THE FINANCIAL STATEMENTS

1. DETAIL OF DISPOSAL OF FIXED ASSETS

Particulars	Rupees in '000					Particulars of purchaser
	Original cost/ revalued amount	Accumulated depreciation	Book value	Sale Proceeds	Mode of Disposal	
Vehicles						
Toyota Corolla	879	396	483	703	As per Bank policy	Mr. Syed Shabih Hyder
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Abid Anwar
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Javed Ghafoor
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Sarfaraz H. Siddiqui
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. S.Wali Shah
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Sarfaraz Hussain
Toyota Corolla	879	410	469	516	As per Bank policy	Mr. Mehmood Afsar
Toyota Corolla	915	76	839	803	As per Bank policy	Mr. Asif Bashir
Toyota Corolla	915	76	839	797	As per Bank policy	Mr. Jamsheed Ghaswalla
Honda Civic	1,564	156	1,408	1,511	As per Bank policy	Mr. Riaz Hussain
Honda Civic	1,564	261	1,303	1,485	As per Bank policy	Mr. Abbas Sheikh
Toyota Corolla	1,389	-	1,389	1,394	Negotiation	M/s Toyota Central Motors
Toyota Corolla	879	410	469	791	Insurance	EFU Insurance Company
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000	106	70	36	53	Various	Various
Total	13,935	4,600	9,335	10,668		
Leasehold Improvement						
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000	1,355	262	1,093	877	Various	Various
December 31, 2009	81,042	64,204	16,838	21,058		
December 31, 2008	365,440	219,850	145,590	155,480		

Consolidated Financial Statements

Allied Bank Limited

for the year ended December 31, 2009

Directors' Report on Consolidated Financial Statement

For the year ended December 31, 2009

On behalf of the Board, we are pleased to present the consolidated annual report of Allied Bank Limited (holding company) and ABL Asset Management Company Limited (subsidiary company).

The operating results and appropriations, as recommended by the Board are given below:

	Rs. in Million	
	For The Year Ended 2009	2008
Profit After tax	7,149	4,094
Un-appropriated profit brought forward	8,476	6,973
Transfer from surplus on revaluation of fixed assets (net of tax)	32	18
	8,508	6,991
Profit available for appropriation	15,657	11,085
Appropriation		
Interim cash dividend for the year ended December 31, 2009 at Rs. 2 per share (2008: Year ended December 31, 2008 at Rs. 1.5 per share)	(1,422)	(970)
Final cash dividend for the year ended December 31, 2008 at Rs. 1 per share (2008: Year ended December 31, 2007 at Rs. 1.5 per share)	(646)	(808)
Bonus shares for the year December 31, 2008 @ 10% (2008: Year ended December 31, 2007 @ 20%) *	-	-
Transfer to Statutory Reserves	(1,424)	(831)
	(3,492)	(2,609)
Accumulated profits carried forward	12,165	8,476
Earning per Share (EPS) (Rs.)	10.06	5.76

* Appropriation out of Share Premium Account

Pattern of Shareholding

The pattern of shareholding as at December 31, 2009 is included in the Annual Report.

Mohammad Aftab Manzoor
Chief Executive Officer

Mohammad Naeem Mukhtar
Chairman

Dated: February 17, 2010
Place: Lahore

Auditors' Report

to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Allied Bank Limited ("the Bank") as at December 31, 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. These consolidated financial statements include unaudited certified returns from the branches, except for 22 branches, which have been audited by us. The financial statements of subsidiary ABL Asset Management Company Limited were audited by M. Yousuf Adil Saleem & Co.

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

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

In our opinion the consolidated financial statements present fairly the financial position of Allied Bank Limited as at December 31, 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.

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement partner:
Aryn Pirani

Date: February 17, 2010
Place: Karachi

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement partner:
Nadeem Yousuf Adil

Consolidated Balance Sheet

as at December 31, 2009

December 31, 2009	December 31, 2008	Note	December 31, 2009	December 31, 2008
US \$ in '000			Rupees in '000	
Assets				
313,808	280,785	6	26,435,683	23,653,754
15,201	24,900	7	1,280,591	2,097,611
333,837	187,475	8	28,122,932	15,793,183
1,123,828	978,726	9	94,673,100	82,449,475
2,817,878	2,528,681	10	237,382,522	213,020,108
147,903	132,359	11	12,459,586	11,150,129
-	12,239	12	-	1,031,049
213,510	206,414	13	17,986,438	17,388,612
4,965,965	4,351,579		418,340,852	366,583,921
Liabilities				
37,540	35,048	15	3,162,429	2,952,490
472,671	329,744	16	39,818,532	27,778,151
3,903,921	3,531,207	17	328,872,559	297,474,543
65,253	29,653	18	5,497,000	2,498,000
-	-		-	-
40	-	12	3,374	-
131,374	161,973	19	11,067,164	13,644,838
4,610,799	4,087,625		388,421,058	344,348,022
355,166	263,954		29,919,794	22,235,899
Represented by				
84,400	76,727	20	7,110,008	6,463,644
78,142	68,906		6,582,845	5,804,776
144,402	100,613		12,164,662	8,475,791
306,944	246,246		25,857,515	20,744,211
48,222	17,708	21	4,062,279	1,491,688
355,166	263,954		29,919,794	22,235,899
Contingencies and commitments				
		22		

The annexed notes 1 to 47 and annexures I to II form an integral part of these consolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Consolidated Profit and Loss Account

for the year ended December 31, 2009

December 31, 2009	December 31, 2008	Note	December 31, 2009	December 31, 2008
US \$ in '000			Rupees in '000	
488,413	363,170	24	41,144,667	30,594,020
266,154	204,917	25	22,421,218	17,262,519
222,259	158,253		18,723,449	13,331,501
-	16,288			
37,546	-	10.4	3,162,963	1,372,155
12,673	21,845	9.3	1,067,608	1,840,249
3,331	-	8.7	280,595	-
-	32	10.5	-	2,736
53,550	38,165		4,511,166	3,215,140
168,709	120,088		14,212,283	10,116,361
Non mark-up/interest income				
33,241	27,480	26	2,800,306	2,314,930
16,369	16,932		1,378,919	1,426,378
9,045	11,383		761,934	958,964
13,075	1,787	27	1,101,477	150,537
-	-			
(4)	38	9.14	(365)	3,201
427	711	28	35,986	59,934
72,153	58,331		6,078,257	4,913,944
240,862	178,419		20,290,540	15,030,305
Non mark-up/interest expenses				
112,980	97,071	29	9,517,584	8,177,398
(670)	2,544	13.2	(56,431)	214,284
(301)	2,265			
2,561	1,485	19.1	(25,353)	190,824
800	3,155	31	215,741	125,060
115,370	106,520	30	67,377	265,817
-	-		9,718,918	8,973,383
125,492	71,899		-	-
42,158	21,724	32	10,571,622	6,056,922
-	-			
(1,533)	1,579		3,551,493	1,830,073
40,625	23,303		-	-
84,867	48,596		(129,181)	132,988
100,613	82,777		3,422,312	1,963,061
384	208		7,149,310	4,093,861
100,997	82,985		8,475,791	6,973,327
185,864	131,581		32,360	17,541
0.120	0.070		8,508,151	6,990,868
			15,657,461	11,084,729
		33	10.06	5.76

The annexed notes 1 to 47 and annexures I to II form an integral part of these consolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2009

	December 31, 2009	December 31, 2008
	Rupees in '000	
Profit after taxation for the year	7,149,310	4,093,861
Other comprehensive income	-	-
Total comprehensive income for the year	7,149,310	4,093,861

The annexed notes 1 to 47 and annexures I to II form an integral part of these consolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Consolidated Cash Flow Statement

for the year ended December 31, 2009

	December 31, 2009	December 31, 2008	Note	December 31, 2009	December 31, 2008
	US \$ in '000			Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	125,492	71,899		10,571,622	6,056,922
Less: Dividend income	(16,369)	(16,932)		(1,378,919)	(1,426,378)
	109,123	54,967		9,192,703	4,630,544
Adjustments for non-cash charges					
Depreciation / amortization	7,561	5,016		636,943	422,577
Provision against non-performing loans and advances and general provision - net	37,546	16,288		3,162,963	1,372,155
Provision for diminution in the value of investments - net	12,673	21,845		1,067,608	1,840,249
Provision against lendings to financial institutions	3,331	-		280,595	-
Unrealized loss / (gain) on revaluation of held for trading securities	4	(38)		365	(3,201)
(Reversal) / provision against off balance sheet obligations - net	(301)	2,265		(25,353)	190,824
(Reversal) / provision against other assets - net	(670)	2,544		(56,431)	214,284
Operating fixed assets written off	111	246		9,373	20,711
Gain on sale of fixed assets	(50)	(117)		(4,221)	(9,889)
Bad debts written off directly	-	32		-	2,736
	60,205	48,081		5,071,842	4,050,446
	169,328	103,048		14,264,545	8,680,990
(Increase)/decrease in operating assets					
Lendings to financial institutions	(149,693)	31,173		(12,610,344)	2,626,058
Held for trading securities	(2,619)	(760)		(220,634)	(64,019)
Advances - net	(326,743)	(545,903)		(27,525,377)	(45,987,719)
Other assets (excluding advance taxation)	(24,725)	(60,975)		(2,082,869)	(5,136,659)
	(503,780)	(576,465)		(42,439,224)	(48,562,339)
Increase/(decrease) in operating liabilities					
Bills payable	2,492	(6,433)		209,939	(541,894)
Borrowings from financial institutions	140,215	56,589		11,811,971	4,767,184
Deposits	372,714	403,660		31,398,016	34,004,949
Other liabilities	(30,240)	72,236		(2,547,484)	6,085,248
	485,181	526,052		40,872,442	44,315,487
	150,729	52,635		12,697,763	4,434,138
	(23,865)	(42,018)		(2,010,400)	(3,539,659)
	126,864	10,617		10,687,333	894,449
	(132,591)	12,180		(11,169,689)	1,026,087
	22,142	(44,510)		1,865,280	(3,749,608)
	16,373	16,248		1,379,300	1,368,736
	(23,417)	(31,779)		(1,972,661)	(2,677,120)
	251	1,877		21,109	158,154
	(117,242)	(45,984)		(9,876,661)	(3,873,751)
	35,600	(12)		2,999,000	(1,000)
	(24,610)	(20,821)		(2,073,173)	(1,753,971)
	10,990	(20,833)		925,827	(1,754,971)
	20,612	(56,200)		1,736,499	(4,734,273)
	299,026	354,244		25,190,432	29,842,114
	5,082	6,063		428,027	510,618
Cash and cash equivalents at end of the year	324,720	304,107	34	27,354,958	25,618,459

The annexed notes 1 to 47 and annexures I to II form an integral part of these consolidated financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Consolidated Statement of Changes in Equity

for the year ended December 31, 2009

	Share Capital	Share Premium	Statutory Reserve	Bonus Issue Reserve	Special Reserve*	Merger Reserve*	General Reserve	Un-appropriated Profit	Total
	Rupees in '000								
Balance as at January 01, 2008	5,386,370	3,418,596	2,224,258	-	67,995	333,864	6,000	6,973,227	18,410,310
Changes in equity during the year ended December 31, 2008									
Total comprehensive income for the year ended December 31, 2008 - profit for the year	-	-	-	-	-	-	-	4,093,861	4,093,861
Transactions with owners recognised directly in equity									
Bonus issue for the year ended December 31, 2007 declared subsequent to year end @ 20%	-	(1,077,274)	-	1,077,274	-	-	-	-	-
Issue of bonus shares	1,077,274	-	-	(1,077,274)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2007 declared subsequent to year end (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	-	(807,955)	(807,955)
Interim cash dividend for the year ended December 31, 2008 (Rs. 1.5 per ordinary share)	-	-	-	-	-	-	-	(969,546)	(969,546)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	1,077,274	(1,077,274)	-	-	-	-	-	(1,777,501)	(1,777,501)
Transfer to statutory reserve	-	-	831,337	-	-	-	-	(831,337)	-
Balance as at December 31, 2008	6,463,644	2,341,322	3,055,595	-	67,995	333,864	6,000	8,475,791	20,744,211
Changes in equity during the year ended December 31, 2009									
Total comprehensive income for the year ended December 31, 2009 - profit for the year	-	-	-	-	-	-	-	7,149,310	7,149,310
Transactions with owners recognised directly in equity									
Transfer to reserve for issue of bonus shares for the year ended December 31, 2008 @ 10%	-	(646,364)	-	646,364	-	-	-	-	-
Issue of bonus shares	646,364	-	-	(646,364)	-	-	-	-	-
Final cash dividend for the year ended December 31, 2008 (Rs. 1.00 per ordinary share)	-	-	-	-	-	-	-	(646,364)	(646,364)
Interim cash dividend for the year ending December 31, 2009 (Rs. 2.00 per ordinary share)	-	-	-	-	-	-	-	(1,422,002)	(1,422,002)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit - net of tax	646,364	(646,364)	-	-	-	-	-	(2,068,366)	(2,068,366)
Transfer to statutory reserve	-	-	1,424,433	-	-	-	-	(1,424,433)	-
Balance as at December 31, 2009	7,110,008	1,694,958	4,480,028	-	67,995	333,864	6,000	12,164,662	25,857,515

* These were created as a result of merger of Ibrahim Leasing Limited and First Allied Bank Modaraba into Allied Bank Limited.

The annexed notes 1 to 47 and annexures I to II form an integral part of these consolidated financial statements.

Chief Financial Officer	President and Chief Executive	Director
Director	Chairman	

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

1. STATUS AND NATURE OF BUSINESS

Allied Bank Limited (the Bank and holding company), incorporated in Pakistan, is a scheduled Bank, engaged in commercial banking and related services. The Bank is listed on all stock exchanges in Pakistan. The Bank operates a total of 779 (2008: 766) branches in Pakistan including the Karachi Export Processing Zone Branch (overseas business unit). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) is 'AA'. Short term rating of the Bank is 'A1+'. The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated in Lahore whereas the principal office is situated in Khayaban-e-Iqbal, Main Clifton Road, Bath Island, Karachi.

ABL Asset Management Company Limited (the subsidiary company, wholly owned)

ABL Asset Management Company Limited, a wholly owned subsidiary of the Bank, is a public unlisted company incorporated in Pakistan as a limited liability company on October 12, 2007 under the Companies Ordinance, 1984. The subsidiary company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry out Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(I) 2007 (the NBFC Rules, 2003). The subsidiary company received certificate of commencement of business on December 31, 2007. The registered office of the subsidiary company is situated at 11-B Lalazar, M.T. Khan Road, Karachi. The Management quality rating of the company, as assigned by JCR-VIS credit rating company limited, is AM3.

ABL Asset Management company is managing following open ended funds:

-	ABL-Income Fund	Launched on September 20, 2008
-	ABL-Stock Fund	Launched on June 28, 2009

2. (a) BASIS OF PRESENTATION

These consolidated financial statements consist of holding company and its subsidiary company, for the year ended December 31, 2009.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

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

The US Dollar amounts reported in the consolidated balance sheet, consolidated profit and loss account and consolidated cash flow statement are stated as additional information, solely for the convenience of the users of these consolidated financial statements. For the purpose of translation to US Dollar, the rate of Rs. 84.2416 per US Dollar has been used for both 2009 and 2008 financial years, as it was prevalent rate as on December 31, 2009.

(b) BASIS OF CONSOLIDATION

The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis. Material intra-group balances and transactions have been eliminated.

(c) BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts / fair values as disclosed in their respective notes.

3. STATEMENT OF COMPLIANCE

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

3.2 The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan dated April 28, 2008, International Financial Reporting Standard (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. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

3.3 Standards, Interpretations and Amendments to Published Approved Accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2010. These standards are either not relevant to the Bank's and its subsidiary's operations or are not expected to have a significant impact on the Bank's and its subsidiary's financial statements other than increase in disclosures in certain cases:

- Revised IFRS 3 - Business Combinations (applicable for annual periods beginning on or after July 01, 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.
- Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 01, 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss.
- IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after October 01, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete.
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged Items (effective for annual periods beginning on or after July 01, 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.
- IFRIC - 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after July 01, 2009) states that when an entity distribute non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non-cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement.
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Bank's 2010 financial statements.
- Amendment to IFRS 2 - Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after January 01, 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.
- Amendment to IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps.
- IAS 24 - Related Party Disclosures (revised 2009) - effective for annual periods beginning on or after January 01, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 / IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Bank's and its subsidiary's financial statements.
- Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - (effective for annual periods beginning on or after July 01, 2009). The amendments specify that if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in IFRS 5 are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary; and disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have any impact on Bank's and its subsidiary's financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

- i) Classification of investments
 - In classifying investments as "held-for-trading" the Bank and its subsidiary have determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.
 - In classifying investments as "held-to-maturity" the Bank and its subsidiary follow the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank and its subsidiary evaluate their intention and ability to hold such investments to maturity.
 - The investments which are not classified as held for trading or held to maturity are classified as available for sale.
- ii) Provision against non performing loans and advances and debt securities classified as investments

The Bank and its subsidiary review their loan portfolio and debt securities classified as investments to assess amount of non-performing loans and advances and debt securities and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, the forced sale value of the securities and the requirements of the Prudential Regulations are considered. For portfolio impairment provision on consumer advances, the Bank and its subsidiary follow, the general provision requirement set out in Prudential Regulations. These provisions change due to changes in requirements.
- iii) Valuation and impairment of available for sale equity investments

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

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

The Finance Act, 2009, has made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. The deduction for provisions for doubtful and loss categories of advances and off balance sheet items, in case of banks, is allowed upto a maximum of 1% of total advances. The amount of bad debts classified as OAEM (in agriculture) and Substandard under Prudential Regulation issued by State Bank of Pakistan (SBP) would not be allowed as an expense. Provisioning in excess of 1% of total advances would be allowed to be carried over to succeeding years. Therefore, the management of the Bank has carried out an exercise at period end and concluded that they would be able to get deduction of provision in excess of 1% of total advances and have recognised deferred tax asset on such provision amounting to Rs. 223.560 million.
- v) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the balance sheet date and the rates contracted.
- vi) Fixed assets, depreciation and amortization

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank and its subsidiary. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

vii) Defined benefits plan

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method. The actuarial assumptions used to determine the liability and related expense are disclosed in note 36.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Bank and its subsidiary for the year ended December 31, 2008 (except for the change mentioned in note 5.1 below) and are enumerated as follows:

5.1 Change in accounting policy

Starting January 01, 2009, the Bank and its subsidiary have changed its accounting policy in respect of 'Presentation of financial statements'.

IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009) – The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an entity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Bank and its subsidiary have opted to present the components of profit or loss in a separate statement while a statement of comprehensive income is presented separately as permitted under revised IAS 1. As surplus on revaluation of assets does not form part of the equity of the Bank under the local laws and is presented below the equity in the balance sheet, accordingly changes in equity arising from surplus on revaluation of assets have not been considered part of comprehensive income.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

5.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

5.3 Lendings to / borrowings from financial institutions

The Bank and its subsidiary enter into transactions of borrowing (re-purchase) from and lending (reverse re-purchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under re-purchase agreements

Securities sold subject to a re-purchase agreement are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and re-purchase value is accrued on a prorate basis and recorded as interest expense.

(b) Purchase under resale agreements

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

Other borrowings including borrowings from SBP are recorded at the proceeds received. Mark-up on such borrowings is charged to the profit and loss account on a time proportion basis.

5.4 Investments

5.4.1 The Bank and its subsidiary at the time of purchase classify its investment portfolio into the following categories, which are initially recognized at cost, being the fair value of the consideration given including the acquisition cost, except in case of held for trading investments, in which cases, these are charged off to the profit and loss account.

(a) Held for trading

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

(b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Bank and its subsidiary have the positive intent and ability to hold to maturity.

(c) Available for sale

These are investments that do not fall under the held for trading or held to maturity categories.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

5.4.2 In accordance with the requirements of the SBP, quoted securities, other than those classified as held to maturity and investments in subsidiaries, are carried at market value. Investments classified as held to maturity are carried at amortized cost whereas investments in subsidiaries are carried at cost less impairment losses, if any.

Unrealized surplus / (deficit) arising on revaluation of the Bank and its subsidiary's held for trading investment portfolio is taken to the profit and loss account. Surplus / (deficit) arising on revaluation of quoted securities classified as available for sale is kept in a separate account 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 or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. Subsequent increases or decreases in the carrying value are credited/charged to profit and loss account. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Provision for diminution in the value of securities (except for debentures, participation term certificates and term finance certificates) is made after considering impairment, if any, in their value. Provision for diminution in value of debentures, participation term certificates and term finance certificates are made in accordance with the requirements of Prudential Regulations issued by SBP.

Associates as defined under local statutes but not under IAS are accounted for as ordinary investments.

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

5.5 Advances (including net investment in finance lease)

Advances are stated net of general and specific provisions. Specific provision against funded loans is determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. General provision is maintained on consumer portfolio in accordance with the requirements of Prudential Regulations issued by SBP and charged to the profit and loss account.

Leases, where the Bank and its subsidiary transfer substantially all the risks and rewards incidental to the 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 minimum lease payments, including guaranteed residual value, if any. Finance lease receivables are included in advances to the customers.

Advances are written off when there are no realistic prospects of recovery.

5.6 Operating fixed assets and depreciation

Tangible assets

Property and equipment owned by the Bank and its subsidiary, other than land which is not depreciated, are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any. Land is carried at revalued amount.

Depreciation is calculated using the straight line method, except buildings which are depreciated using the reducing balance method, to write down the cost of property and equipment to their residual values over their estimated useful lives. The rates at which the fixed assets are depreciated are disclosed in note 11.2. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date.

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

Surplus arising on revaluation of fixed assets is credited to surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets, is transferred directly to unappropriated profit (net of deferred tax).

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the profit and loss account in the year the asset is derecognized, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

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

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

Intangible assets

Intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. The cost of intangible assets is amortized over their estimated useful lives, using the straight line method. Amortization is charged from the month the assets are available for use at the rate stated in note 11.3. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Capital work-in-progress

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

5.7 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments finalized during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences, at the balance sheet date between the amounts attributed to assets and liabilities for financial reporting purpose and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the difference will reverse, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

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

The Bank and its subsidiary also recognize a deferred tax asset/liability on deficit/surplus on revaluation of fixed assets and securities which is adjusted against the related deficit/surplus in accordance with the requirements of IAS-12 "Income Taxes".

5.8 Staff retirement and other benefits

Allied Bank Limited (the holding company)

5.8.1 Staff retirement schemes

a) For employees who opted for the new scheme introduced by the management:

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary service and age as on June 30, 2002 are payable to all employees whose date of joining the Bank is on or before July 01, 1992, i.e., who have completed 10 years of service as on June 30, 2002; and

An approved gratuity scheme (defined benefit scheme) under which the benefits are payable as under:

i) For members whose date of joining the Bank is on or before July 01, 1992, their services would be calculated starting from July 01, 2002 for gratuity benefit purposes.

ii) For members whose date of joining the Bank is after July 01, 1992 their services would be taken at actual for the purpose of calculating the gratuity benefit.

A Contributory Provident Fund scheme with the Bank making equal contribution to that made by employees (defined contribution scheme).

b) For employees who did not opt for the new scheme:

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary as on June 30, 2002 are payable to all employees opting continuation of the previous scheme and whose date of joining the Bank is on or before July 01, 1992, i.e., who had completed ten years of service as on June 30, 2002; and

A contributory benevolent fund was discontinued during the year for active employees. Existing employees were also given an option to settle their monthly grant with a lump sum payment. Those who have not opted for the lump sum option continue to receive benevolent grant (defined benefit scheme).

c) Post retirement medical benefits

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains/losses arising from experience adjustments and changes in actuarial assumptions are amortized over the future expected remaining working lives of the employees, to the extent of the greater of ten percent of the present value of the defined benefit obligations at that date (before deducting plan assets) and ten percent of the fair value of any plan assets at that date.

5.8.2 Other benefits

Employees' compensated absences

Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for estimated liability for annual leaves as a result of services rendered by the employee against unavailed leaves, as per term of service contract, up to balance sheet date. Based on actuarial valuation using Projected Unit Credit Method.

ABL Asset Management Company Limited (the subsidiary company)

The subsidiary company operates an approved provident fund for its permanent employees. Equal monthly contributions to the fund are made both by the company and its employees at the rate of 10% each of the basic salary per month.

5.9 Assets acquired in satisfaction of claims

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

5.10 Deposits

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

5.11 Sub-ordinated loans

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

5.12 Impairment

At each balance sheet date, the Bank and its subsidiary review the carrying amount of its assets (other than deferred tax assets) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognized as an expense immediately, except to the impairment loss on revalued fixed assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of those assets.

5.13 Provisions

Provisions are recognized when the Bank and its subsidiary have a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognized when intimated and reasonable certainty exists for the Bank and its subsidiary to settle the obligation. The loss is charged to the profit and loss account net of expected recovery and is classified under other liabilities.

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

5.14 Dividend distribution and appropriations

Bonus and cash dividend and other appropriations (except for the appropriations required by law), declared / approved subsequent to balance sheet date are considered as non-adjusting event and are not recorded in consolidated financial statements of the current year. These are recognized in the period in which these are declared / approved.

5.15 Foreign currencies

a) Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date. Foreign bills purchased and forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

c) Commitments

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

5.16 Financial instruments

5.16.1 Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Bank and its subsidiary become 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 the asset. Financial liabilities are de-recognised when obligation specific in the contract 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. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.16.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

5.17 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank and its subsidiary intend to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.18 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and its subsidiary, and the revenue can be reliably measured. These are recognised as follows:

a) Advances and investments

Mark-up/return on regular loans / advances and investments is recognized on a time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account using the effective interest rate method.

Interest or mark-up recoverable on classified loans and advances and investments is recognized on receipt basis. Interest / return / mark-up on classified rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.

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

Gains and losses on sale of investments are recognized in the profit and loss account.

b) Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealised income on classified leases is recognized on receipt basis.

Gains / losses on termination of lease contracts and other lease income are recognized when realized.

c) Fees, brokerage, commission and others

Fees, brokerage, commission and others on letters of credit/guarantee are recognized on an accrual basis. Account maintenance and service charges are recognized when realized. Remuneration from asset management services is recognized when the related services are provided.

5.19 Segment reporting

A segment is a distinguishable component of the Bank and its subsidiary that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's and its subsidiary's functional structure and the guidance of State Bank of Pakistan. The Bank and its subsidiary comprise of the following main business segments:

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

5.19.1 Business segments

a) Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs) and secondary private placements.

b) Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

c) Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and borrowers relating to agriculture sector. It includes loans, deposits and other transactions with retail customers.

d) Commercial banking

This includes loans, deposits and other transactions with corporate customers.

e) Payment and settlement

This includes payments and collections, funds transfer, clearing and settlement with the customers.

f) Asset management

This includes asset management and investment advisory services.

5.19.2 Geographical segments

The Bank and its subsidiary conducts all its operations, including the operations of EPZ Karachi branch, in Pakistan.

5.20 Earnings per share

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

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		5,143,843	5,230,889
Foreign currencies		413,588	530,383
		5,557,431	5,761,272
Remittances in transit		613,685	761,989
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	12,694,476	10,432,813
Foreign currency current account	6.2	5,829	1,792
		12,700,305	10,434,605
Foreign currency deposit accounts			
Non remunerative		977,413	851,495
Remunerative	6.3	2,932,240	2,554,486
		3,909,653	3,405,981
With National Bank of Pakistan in			
Local currency current accounts		3,611,940	3,251,073
National Prize Bonds		42,669	38,834
		26,435,683	23,653,754

- 6.1 Deposits with the SBP are maintained to comply with the statutory requirements issued from time to time.
- 6.2 This represents US Dollar Settlement Account maintained with SBP.
- 6.3 This represents special cash reserve maintained with the SBP. The special cash reserve carries mark-up at 0.0% (2008: 0.90%) per annum.

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
7. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		284	284
On deposit accounts		148	832
Outside Pakistan			
On current accounts	71	1,280,159	2,096,495
		1,280,591	2,097,611

- 71 Included in nostro accounts are balances, aggregating to Rs. 198.082 million (2008: Rs. 372.416 million), representing balances held with a related party outside Pakistan.

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.1	525,000	100,000
Letters of placement	8.2	649,750	736,000
Repurchase agreement lendings (Reverse Repo)	8.3 & 8.6	26,347,932	14,957,183
Certificates of investment	8.4	880,845	-
		28,403,527	15,793,183
Provision against lending to Financial Institution.	8.7	(280,595)	-
		28,122,932	15,793,183

- 8.1 This represents an unsecured lending to Financial Institution, carrying mark-up at the rate, ranging between 12.10% and 12.70% (2008: 15.40%) per annum and will mature on various dates, latest by January 22, 2010.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

- 8.2 These represent clean placements with Non-Banking Finance Companies, carrying mark-up at rates, ranging between 12.60% and 12.70% (2008: 18.90% and 20.00%) per annum on performing placements and will mature on various dates, latest by January 25, 2010.
- 8.3 These are short-term lendings to various financial institutions against the government securities shown in note 8.6 below. These carry mark-up at rates ranging between 11.75 % and 12.40 % (2008: 10.00% and 14.90%) per annum and will mature on various dates, latest by February 03, 2010.
- 8.4 These certificate of investments carry mark-up rates ranging between 13.0% and 14.47% (2008: Nil) per annum on performing investment and will mature on various date latest by April 30, 2012.

	December 31, 2009	December 31, 2008
Rupees in '000		
8.5 Particulars of lending		
In local currency	28,122,932	15,793,183
In foreign currencies	-	-
	28,122,932	15,793,183

- 8.6 Securities held as collateral against lending to financial institutions

	December 31, 2009			December 31, 2008		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Rupees in '000						
Market Treasury Bills	22,527,333	3,820,599	26,347,932	14,957,183	-	14,957,183
	22,527,333	3,820,599	26,347,932	14,957,183	-	14,957,183

- 8.7 Particulars of provision

	December 31, 2009	December 31, 2008
Rupees in '000		
Opening balance	-	-
Charge for the year	280,595	-
Reversal	-	-
Net charge / (reversal)	280,595	-
Closing balance	280,595	-

These represents provision made under the prudential regulations of the State bank of Pakistan against certain clean placements.

9. INVESTMENTS

Note	December 31, 2009			December 31, 2008		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000					
9.1	Investments by types					
	Held-for-trading securities					
Ordinary shares of listed companies	67,385	-	67,385	96,416	-	96,416
Units in open end mutual funds-related parties	252,866	-	252,866	-	-	-
	320,251	-	320,251	96,416	-	96,416
	Available-for-sale securities					
Market Treasury Bills	27,019,901	6,976,575	33,996,476	26,512,476	8,197,541	34,710,017
Pakistan Investment Bonds	246,204	-	246,204	445,580	-	445,580
Ordinary shares of listed companies / certificates of mutual funds	4,882,928	-	4,882,928	6,863,698	-	6,863,698
Preference shares of listed companies	191,667	-	191,667	250,000	-	250,000
Units of open ended mutual funds	3,497,813	-	3,497,813	12,011,149	-	12,011,149
Units of open ended mutual funds-related party	850,000	-	850,000	750,000	-	750,000
Ordinary shares of unlisted companies	215,193	-	215,193	544,822	-	544,822
Ordinary shares of related parties				-		-
- Listed shares	2,449,082	-	2,449,082	-	-	-
- Unlisted shares	597,496	-	597,496	447,853	-	447,853
Pre IPO investments	35,000	-	35,000	-	-	35,000
Sukuk Bonds	3,637,774	-	3,637,774	2,686,250	-	2,686,250
Term Finance Certificates (TFCs)	26,166,567	-	26,166,567	7,748,863	-	7,748,863
	69,789,625	6,976,575	76,766,200	58,295,691	8,197,541	66,493,232
	Held-to-maturity securities					
Pakistan Investment Bonds	7,690,909	-	7,690,909	9,084,116	-	9,084,116
Foreign Currency Bonds (US\$)	73,286	-	73,286	137,767	-	137,767
TFCs, Debentures, Bonds and PTCs	10,274,764	-	10,274,764	10,682,356	-	10,682,356
	18,038,959	-	18,038,959	19,904,239	-	19,904,239
	Investment at cost					
	88,148,835	6,976,575	95,125,410	78,296,346	8,197,541	86,493,887
Provision for diminution in the value of investments	(2,185,929)	-	(2,185,929)	(2,015,042)	-	(2,015,042)
Unrealized loss on revaluation of Held-for-trading securities	(365)	-	(365)	3,201	-	3,201
Surplus / (Deficit) on revaluation of Available-for-sale securities	1,733,940	44	1,733,984	(2,032,608)	37	(2,032,571)
Total investments at market value	87,696,481	6,976,619	94,673,100	74,251,897	8,197,578	82,449,475

9.2. INVESTMENTS BY SEGMENTS:

Federal Government Securities:

	Note	December 31, 2009	December 31, 2008
Market Treasury Bills	9.2.1-9.2.3	33,996,476	34,710,017
Pakistan Investment Bonds	9.2.1	7,937,113	9,529,696
Foreign Currency Bonds (US\$)	9.2.4	73,286	137,767
Ijara Sukuk Bonds	9.2.1	100,000	100,000

Fully paid up ordinary shares of listed companies/certificates of mutual funds 9.4 7,399,395 6,863,698

Fully paid up ordinary shares of unlisted companies 9.5 812,689 992,675

Investment in Units of Open End Mutual Funds 9.6 4,600,679 12,857,565

Pre IPO Investments 9.7 35,000 35,000

Fully paid up Preference Shares 9.8 191,667 250,000

Term Finance Certificates (TFCs), Debentures, Bonds and Participation Term Certificates:

	Note	December 31, 2009	December 31, 2008
Term Finance Certificates	9.9		
- Listed		2,337,735	2,322,003
- Unlisted		30,335,030	12,044,821
Debentures	9.10	63,479	63,479
Bonds - Government	9.11	118,513	410,280
- others(Sukuk)	9.11	7,118,712	6,171,250
Participation Term Certificates	9.12	5,636	5,636

Total investments at cost 95,125,410 86,493,887
Less: Provision for diminution in the value of investment 9.3 (2,185,929) (2,015,042)

Investments (Net of Provisions) 92,939,481 84,478,845
Unrealized loss on revaluation of Held-for-trading securities 9.14 (365) 3,201
Surplus / (Deficit) on revaluation of Available-for-sale securities 21.2 1,733,984 (2,032,571)

Total investments at market value 94,673,100 82,449,475

9.2.1 Principal terms of investments in Federal Government Securities

Name of investment	Maturity	Redemption	Coupon
Market Treasury Bills	January 14, 2010 To December 30, 2010	On maturity	At maturity
Foreign Currency Bonds (US\$)	July 01, 2010	On maturity	Half Yearly
Pakistan Investment Bonds	February 14, 2011 To May 19, 2016	On maturity	Half Yearly
Sukuk Bonds	September 26, 2011	On maturity	Half Yearly

9.2.2 Included herein are Market Treasury Bills having a book value of Rs. 6,639.897 million (2008: Rs.7,866.140 million), given as collateral against repurchase agreement borrowings from financial institutions.

9.2.3 Included herein are Market Treasury Bills having a face value of Rs. 339.800 million (2008: Rs 339.800 million), held by the SBP and National bank of Pakistan against Demand Loan and TT/DD discounting facilities sanctioned to the Bank.

9.2.4 Investment in Foreign currency Bonds

Name of Bond	Coupon Rate	Date of Issue	Date of Maturity	Coupon Due	Redemption Period	2009	2008	
							Rupees in '000	
US \$ Bonds								
KH 000019 (\$695,880)	3M LIBOR+1%	01-Jul-90	01-Jul-09	01-Jul-09	19-Years	-	55,101	
KH 000020 (\$695,880)	3M LIBOR+1%	01-Jul-90	01-Jul-10	01-Jul-10	20-Years	58,622	55,100	
KH 000039 (\$174,070)	3M LIBOR+1%	01-Jul-90	01-Jul-09	01-Jul-09	19-Years	-	13,783	
KH 000040 (\$174,070)	3M LIBOR+1%	01-Jul-90	01-Jul-10	01-Jul-10	20-Years	14,664	13,783	
						73,286	137,767	

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
9.3. Particulars of Provision			
Opening balance		2,015,042	192,290
Charge for the year	9.3.2	1,070,397	1,842,418
Reversals		(2,789)	(2,169)
Net charge		1,067,608	1,840,249
Reversal as gain on disposal		(894,984)	-
Amounts written off		(1,737)	(17,497)
Closing balance	9.3.1	2,185,929	2,015,042
9.3.1 Particulars of Provision in respect of Type and Segment			
By Type			
Available-for-sale securities			
Ordinary shares / certificates of listed companies		1,310,674	1,805,312
Ordinary shares of unlisted companies		45,176	48,017
Units of open end mutual fund		100,000	-
		1,455,850	1,853,329
Held-to-maturity securities			
TFCs, Debentures, Bonds and PTCs		730,079	161,713
		2,185,929	2,015,042
By Segment			
Fully Paid up Ordinary Shares:			
Listed companies		1,310,674	1,805,312
Unlisted companies		45,176	48,017
Units of open end mutual funds		100,000	-
		1,455,850	1,853,329
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:			
Bonds		590,250	50,000
Term Finance Certificates		70,714	42,598
Debentures		63,479	63,479
Participation Term Certificates		5,636	5,636
		730,079	161,713
		2,185,929	2,015,042

9.3.2 Charge for the year includes impairment aggregating to Rs. 392.952 million recognized in respect of listed equity securities in accordance with SBP BSD circular no. 4 dated Feb 13, 2009.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

9.4 Investments in Listed Shares/certificate of mutual funds

Name of Company / mutual fund	2009		2008	
	Cost per share/ certificates Rupees	No. of shares/ certificates	Cost Rupees '000	No. of shares/ certificates Rupees '000
Arif Habib Inv. Management Limited	-	-	-	690,701
Askari Bank Limited	20.28	5,305,372	107,616	500,000
Attock Petroleum Limited	346.83	166,618	57,788	-
Bawany Sugar Mills Limited	-	-	-	5,400
Crescent Steel & Allied Products Limited	61.03	903,295	55,124	842,050
Dadabhoy Leasing	-	47,300	-	47,300
Dadabhoy Modaraba	8.85	567,500	5,025	567,500
Dadabhoy Cement Industries	-	-	-	1,500
Engro Chemical Pakistan Limited	153.32	3,608,536	553,258	804,098
Engro Polymers & Chemicals Limited	-	-	-	3,106,567
Eye Television Network Limited	47.33	1,894,534	89,677	1,896,000
Fauji Fertilizer Bin Qasim Limited	-	-	-	6,933,500
Fauji Fertilizer Company	80.26	12,444,987	998,879	8,298,100
First Credit & Investment Bank Limited	9.95	4,646,900	46,234	4,610,400
Hub Power Company Limited - related party	30.39	46,547,409	1,414,727	37,988,500
ICI Pakistan Limited	-	-	-	694,600
IGI Insurance Limited	-	-	-	114,000
IGI Investment Bank Limited	-	-	-	190
Kaiser Arts & Craft Limited	-	766,500	-	766,500
Lucky Cement Limited	54.32	4,145,846	225,190	800,000
MCB Bank Limited	-	-	-	4,635,145
Meezan Bank Limited	19.80	4,497,568	89,040	1,720,549
Mohib Export Limited	-	-	-	21,275
My Bank Limited	-	-	-	809,500
Nishat Chunian Power Limited - related party	10.00	44,260,774	442,608	-
Nishat Power Limited - related party	10.00	59,173,739	591,737	-
National Bank of Pakistan	-	-	-	1,272,000
Oil & Gas Development Company Limited	-	-	-	9,677,300
Pace Pakistan Limited	13.59	5,104,658	69,363	3,434,000
Packages Limited	-	-	-	213,500
Pak Oman Advantage Fund	10.00	96,000	960	96,000
Pakistan Oil Field Limited	203.25	3,980,360	809,007	978,360
Pakistan Petroleum Limited	153.36	2,746,400	421,181	1,672,000
Pakistan State Oil	249.44	1,870,000	466,447	-
Pakistan Telecommunications Company Limited	-	-	-	6,503,400
PICIC Growth Mutual Fund	19.97	9,490,938	189,532	3,289,100
PICIC Growth Fund	32.49	63,400	2,060	63,400
Redco Textile Mills Limited	10.00	300	3	300
S.G. Fibers Limited	58.20	788,800	45,908	788,800
SAFA Textile Mills Limited	10.00	860,200	8,602	860,200
Soneri Bank Limited	-	-	-	160,000
TRG Pakistan Limited	-	-	-	3,894,500
UBL Capital Protected Fund	9.71	7,725,000	75,000	7,500,000
United Bank Limited	52.91	10,716,000	567,034	3,505,200
World Call Telecom	-	-	-	469
Nishat Power Limited (underwriting) - related party	100.00	100	10	-
Pakistan State Oil - Held for Trading shares	336.93	200,000	67,385	-
			7,399,395	6,863,698

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

9.5 Investment In Un-Listed shares

Name of Company	Percentage of Holding	No. of shares	Break-up Value per shares Rupees	Paid up Value per share Rupees	Cost Rupees '000	Based on audited value	Name of Chief accounts as at Executive/managing Agent
Al-Amin Textile Mills Limited	-	13,100	N/A	10	-	N/A	Mr. Anis-ur-Rahman
Arabian Sea Country Club Limited - related party	6.45%	500,000	1.43	10	5,000	30-Jun-09	Mr. Arif Khan Abbasi
Atlas Power Limited - related party	10.99%	35,500,000	9.91	10	355,000	30-Jun-09	Mr. Maqsood A. Basra
Attock Textile Mills Limited	-	55,500	N/A	10	505	N/A	Mrs. Fareeda Khanum
Bankers Equity Limited	-	807,699	N/A	10	-	N/A	Under liquidation
Eastern Capital Limited	16.13%	500,000	13.05	10,000	5,000	30-Jun-07	Mr. Munir M. Ladha
Equity Participation Fund	-	1	76.51	100	-	30-Jun-08	Mr. Jamal Nasim
First Women Bank Limited - related party	8.97%	2,544,000	38.89	10,000	21,200	31-Dec-08	Ms. Shafiqat Sultana
Habib Allied International Bank - related party	9.50%	2,375,000	224.63	136	214,769	31-Dec-08	Mr. Zakir Mahmood
KATEX Mills Limited	-	151,100	N/A	10	1,511	N/A	Col. Muhammad Yaqub (Rtd)
Khushhali Bank Limited.	11.73%	200,000,000	10.810	10,000	200,000	31-Dec-08	Mr. M. Ghalib Nishtar
Kohinoor Looms	-	21,000	N/A	10	-	N/A	De-listed
National Woolen Mills	-	6,900	N/A	10	52	N/A	Haji Sher Shah
NIFT - related party	6.57%	985,485	50.77	10	1,526	30-Jun-09	Mr. Muzaqfar M Khan
PASSCO	3.33%	1,000	20,953	1,000	1,000	31-Mar-09	Maj. Gen Ahmed Nawaz Salim Mela
Ruby Rice & Gen Mills	-	14,500	N/A	10	105	N/A	Mr. Mehboob Ali
SME Bank Limited.	0.32%	774,351	8.17	10	5,250	31-Dec-08	Mr. Mansoor Khan
SWIFT	-	10	285,508	10	1,771		
					<u>812,689</u>		

9.6 Detail of Investment in Open Ended Mutual Funds

Name of Company	No. of Units		Paid-up value per Certificate Rupees	Total Cost	
	2009	2008		2009	2008
					Rupees in '000
ABL Income Fund - related party	89,608,873	84,952,953	10	891,571	846,416
ABL Stock Fund - related party	18,820,324	-	10	211,295	-
Atlas Islamic Fund	-	10,483	-	-	5,000
AKD Opportunity Fund	-	736,234	-	-	40,000
AMZ Plus Income Fund	1,016,028	2,367,805	100	100,000	250,000
AMZ Plus Stock Fund	-	265,000	-	-	25,000
BMA Chundrigar Road Saving Fund	-	20,291,772	-	-	193,888
Faysal Saving Growth Fund	1,456,876	-	100	150,000	-
HBL Income Fund	-	7,858,840	-	-	750,000
HBL Stock Fund	-	200,000	-	-	20,000
JS Income Fund	997,077	11,903,581	100	100,000	1,200,000
KASB Balanced Fund	-	500,000	-	-	25,000
KASB Liquid Fund	5,015,216	7,915,045	100	472,813	750,000
LMMF	1,000,904	-	100	100,000	-
MCB Dynamic Cash Fund	5,101,313	20,276,840	100	500,000	2,000,000
NAFA Cash Fund	104,830,739	234,984,491	10	1,000,000	2,250,000
National Investment Trust	5,000,000	73,991	10	50,000	2,261
United Growth & Income Fund	10,518,684	47,069,997	100	1,000,000	4,500,000
UBL Principal Protected Plan-II	250,000	-	100	25,000	-
				<u>4,600,679</u>	<u>12,857,565</u>
Pre IPO Investment				35,000	35,000
Dawood Family Takaful Limited				35,000	35,000

9.7

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

9.8 Detail of investment in preference shares Un-listed

Name of Company	Note	Percentage of Holding	No. of certificates	Paid-up Value per certificate Rupees	Total paid-up value Rupees in '000	Break up Value per certificate Rupees	Total Cost December 31, 2009 Rupees in '000	Based on audited accounts as at	Name of Chief Executive/managing agent	Terms of redemptions
Massod Textile Mills Limited	9.8.1	19%	11,666,670	10	116,667	10	116,667	30 June 09	Mr. Shahid Nazeer	1/3rd of Preference shares along with dividend are convertible into ordinary shares after expiry of 4 years at a discount of 15%.
Fazal Cloth Mills Limited	9.8.2	30%	7,500,000	10	75,000	10	75,000	30 June 09	Sheikh Naseem Ahmed	ABL's stake in the preference shares for Rupees 75 million to be redeemed within 60 days after completion of 5 years from the date of issue.
							<u>191,667</u>			

9.8.1 This represents KIBOR plus 2% cumulative preference shares with call option available to the issuer and Conversion Option available to the Bank, after completion of four years from the date of issue, i.e., June 29, 2005.

9.8.2 This represents KIBOR plus 2.5% Cumulative Preference Shares having redemption terms within 60 days after completion of 5 years from the date of issue, i.e., May 13, 2006.

9.9 Detail of Investment in TFCs

Name of Company	No. of Units		Paid-up value per Certificate Rupees	Total cost	
	2009	2008		2009	2008

Listed

Askari Bank Limited	20,000	-	5,000	100,000	-
Standard Chartered Bank Limited	10,000	10,000	5,000	49,930	49,950
Royal Bank of Scotland (formerly ABN AMRO Bank Limited)	7,000	7,000	5,000	34,936	34,950
United Bank Limited-3rd Issue	10,000	10,000	5,000	49,940	49,960
United Bank Limited-4th Issue	37,000	37,000	5,000	184,889	184,963
Searle Pakistan Limited	10,000	10,000	5,000	18,743	31,238
NIB Bank Limited	81,789	81,789	5,000	408,325	408,488
United Bank Limited-PPTFC	122,558	122,558	5,000	612,422	612,668
Telecard Limited	75,888	75,888	5,000	172,911	219,582
Pak Arab Fertilizers Limited	84,080	84,080	5,000	420,148	420,400
Azgard Nine Limited	1,300	1,300	5,000	4,868	5,952
Escort Investment Bank Limited	20,000	20,000	5,000	83,267	99,940
Financial Receivable Securitization Company Limited	21,000	21,000	5,000	86,722	98,879
Orix Leasing Pakistan Limited	1,500	-	5,000	5,613	-
Engro Chemical Pakistan Limited	6,000	6,000	5,000	30,021	30,033
Pakistan Mobile Communication Limited	15,000	15,000	5,000	75,000	75,000
				<u>2,337,735</u>	<u>2,322,003</u>

Unlisted

Orix Leasing Pakistan Limited (Chief Executive: Mr. Humayun Murad)	23,000	23,000	100,000	2,300,000	2,300,000
Dewan Farooque Spinning Mills Limited (Chief Executive: Mr. Dewan Abdul Baqi Farooqui)	25,000	25,000	5,000	31,250	46,875
Bosicor Pakistan Limited (Chief Executive: Mr. Aamir Abbassi)	-	10,000	5,000	-	14,286
Al-Abbas Sugar Industries (Chief Executive: Mr. Shunaid Qureshi)	25,000	25,000	5,000	99,950	124,950
Javedan Cement Limited (Formerly Al-Abbas Holding (Pvt) Limited) (Chief Executive: Mr. Shunaid Qureshi)	5,750	5,750	100,000	575,000	575,000
Javedan Cement Limited (Formerly Ghani Holding (Pvt) Limited) (Chief Executive: Mr. Shunaid Qureshi)	5,750	5,750	100,000	575,000	575,000
New Allied Electronics Industries (Chief Executive: Mian Pervaiz Akhtar)	10,000	10,000	5,000	27,777	50,000
Islamabad Electric Supply Corporation (Chief Executive: Mr. Raja Abdul Ghafoor)	400	400	10,000,000	4,000,000	4,000,000
Lahore Electric Supply Corporation (Chief Executive: Mr. Sallahuddin)	400	400	10,000,000	4,000,000	4,000,000
Javedan Cement Limited (Chief Executive: Mr. Shunaid Qureshi)	2,500	2,500	100,000	250,000	250,000

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Name of Company	No. of Units		Paid-up value per Certificate	Total cost	
	2009	2008		2009	2008
Rupees in '000					
Grays Leasing Limited (Chief Executive: Mr. Abdul Rashid Mir)	18,000	15,500	5,000	50,000	77,500
Rai Textile Mills Limited (Chief Executive: Mr. Javed Ahmad Kayani)	6	6	391,687	12	139
Aruj Textile Mills Limited (Chief Executive: Sheikh Muhammad Tahir)	5	5	654,970	852	973
Blue Star Spinning Mills Limited (Chief Executive: Ch.Sardar Mohammad)	1	1	165,291		
	1	1	270,681		
	1	1	263,639		
	1	1	251,937		
	1	1	244,584		
	1	1	233,192		
	1	1	225,529		
	1	1	214,966		
	1	1	206,474		
	1	1	195,704		
	1	1	187,419		
	1	1	176,954		
	1	1	168,364		
	1	1	158,215		
	1	1	149,309		
	1	1	139,574		
	1	1	130,254	1,726	1,726
Bentonite Limited (Chief Executive: Mr. Khalid Shakeel)	13	13	107,610		
	1	1	107,619		
	1	1	470,440		
	15	15	20,100		
	1	1	20,680	1,360	1,360
Shah Jewana Textile Mills Limited (Chief Executive: Mrs.Shahida Faisal Saleh Hyat)	13	13	40,010		
	1	1	40,069		
	11	11	12,090		
	1	1	120,127	118	118
Faruki Pulp Mills Limited (Chief Executive: Mr. Salim Akbar Faruki)	13	13	1,050,900		
	1	1	1,050,993	6,435	7,020
Choudhry Wire Rope Industries (Chief Executive: Ch. Muhammad Akram)	13	13	217,000		
	1	1	228,902	621	621
Larr Sugar Mills Limited (Chief Executive: Mr. Abdul Rauf)	-	23	476,315		
	-	1	476,320		
	-	23	200,759		
	-	1	200,758		
	-	13	207,774		
	-	1	207,775		
	-	13	601,916		
	-	1	601,918	-	1,798
Sadhuja Textile Mills Limited (Chief Executive: Mr. Ali Asghar)	1	1	137,946		
	3	3	278,924		
	2	2	274,376		
	1	1	2,790,892	916	916
Tanocraft Limited (Chief Executive: Mr. Kanwer Furqan Ali)	15	15	59,500		
	1	1	60,942		
	5	5	69,900		
	1	1	70,385	145	145

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Amount in Rupees '000

Name of Company	No. of Units		Paid-up value per Certificate	Total Book value December 31, 2009	
	2009	2008		2009	2008
Khairpur Sugar Mills Limited (Chief Executive: Muhammad Mubeen Jumani)	13	13	55,536		
	1	1	55,538		
	5	5	337,000		
	1	1	337,077	1,248	1,248
Bachani Sugar Mills Limited (Chief Executive: Mr. Najmuddin Ansari)	23	23	135,227		
	1	1	135,236		
	14	14	1,526,874		
	13	13	655,656		
	1	1	655,657	12,667	12,667
Frontier Ceramics (Chief Executive: Mr. Shamsul Hassan)	15	15	117,000		
	1	1	118,846		
	13	13	224,000		
	1	1	217,221		
	13	13	113,000		
	1	1	113,960	2,073	2,479
Bank Al-Habib (Chief Executive: Mr. Abbas D. Habib)	6,000	-	5,000	299,880	-
National Transmission Distribution Company Limited (PPTFC) (Chief Executive: Mr. Tariq Qazi)	2,348,200	-	5,000	11,741,000	-
Power Holding (Pvt) limited (Government of Pakistan)	1,271,400	-	5,000	6,357,000	-
Total				30,335,030	12,044,821

9.10 Detail of Investment in Debentures (Fully provided)

Name of company	Terms			Cost	
	Principal	Interest	Rate of Interest	2009	2008
Rupees in '000					
Public Sector					
Haripur Cold Storage	Overdue	Overdue	12.50%	500	500
Haripur Cold Storage	Overdue	Overdue	12.50%	459	459
Haripur Cold Storage	Overdue	Overdue	12.50%	56	56
Karachi Development Authority	Overdue	Overdue	12.00%	62,355	62,355
Private Sector					
EFFEF Industries	Overdue	Overdue	14.00%	109	109
				63,479	63,479

9.11 Detail of Investment in Bonds

Name of Bond	Coupon Rate	Date of Issue	Date of Maturity	Coupon Due	Cost	
					2009	2008
Rupees in '000						
Government						
Heavy Mechanical Complex	-	-	-	-	-	11,650
Public Sector Enterprise	-	-	-	-	-	280,117
Public Sector Enterprise	9%	01-Jul-90	01-Jul-10	01-Jul-10	Yearly	118,513
						118,513
Sukuk Bonds						
Dawood Hercules Limited	6MK+1.2%	18-Sep-07	18-Sep-12	18-Mar-10	Half Yearly	1,000,000
Security Leasing Corporation Limited	6 MK+2%	06-Jan-07	31-May-12	31-May-10	Half Yearly	168,750
Century Paper & Board Mills Limited	Last 5 Days 6 Month avg K+1.35%	25-Sep-07	24-Sep-14	25-Mar-10	Half Yearly	1,150,000
K.S. Sulemanji Esmailji & Sons Limited	3 MK+2.4%	30-Jun-08	30-Jun-12	31-Mar-10	Quarterly	142,500
Liberty Power Tech. Limited	3 MK+3.0%	31-Mar-09	31-Mar-19	31-Mar-10	Half Yearly	1,026,524
Al-Zamin Leasing Modaraba	6 MK+1.9%	12-May-08	12-May-12	12-May-10	Half Yearly	190,938
Quetta Textile Mills Limited	6 MK+1.5%	27-Sep-08	27-Sep-15	27-Mar-10	Half Yearly	50,000
Shahraj Fabrics Pvt. Limited	6 MK +2.10%	08-Mar-08	08-Mar-13	08-Mar-10	Half Yearly	200,000
Maple Leaf Cement Factory Limited	6 MK + 1.70%	03-Dec-07	03-Dec-14	03-Jun-10	Half Yearly	3,190,000
						7,118,712
						6,171,250

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

9.12 Detail of Investment in Participation Term Certificates (fully provided)

Name of the Borrower	No. of Certificates		Value per Certificate	Cost	
	2009	2008		2,009	2,008
			Rupees		Rupees '000
Crystal Chemicals (Chief Executive: Mr. Maqsood A Shaikh)	1	1	59,000		
	13	13	62,000	1,559	1,559
MAS Dairies Limited. (Chief Executive: Mian Nisar Akhtar)	1	1	50,000		
	9	9	51,000	1,009	1,009
Pangrio Sugar Mills Limited (Chief Executive: Mr. Sajid Hussain Naqvi)	15	15	236,000		
	1	1	240,000		
	1	1	168,000		
	13	13	169,000	3,068	3,068
				5,636	5,636

9.13 Quality of Available for Sale Securities

Name of Security	2009		2008	
	Market value/book value	Rating	Market value/book value	Rating
	Rupees '000		Rupees '000	
Government Securities				
Market Treasury Bills	33,997,603	Un Rated	34,702,083	Un Rated
Pakistan Investment Bonds	244,899	Un Rated	395,018	Un Rated
Government of Pakistan Ijara Sukuk	101,000	Un Rated	100,000	Un Rated
Listed TFCs				
Askari Bank Limited	97,357	AA-	-	**
Azgard Nine Limited	4,853	AA-	5,469	AA-
Royal Bank of Scotland/ (Formerly ABN Amro Bank Limited)	34,568	AA-	31,519	AA-
Escort Investment Bank Limited	82,547	A+	92,688	A+
Engro Chemical Pakistan Limited	27,878	AA	29,988	AA
Financial Receivable Securitization Company Limited-A	53,395	A+	56,985	AA-
Financial Receivable Securitization Company Limited-B	31,250	A+	25,999	AA-
NIB Bank Limited	22,931	A	24,995	A+
Pakistan Mobile Communication Limited	72,401	AA-	76,418	AA-
Pak Arab Fertilizers Limited	394,509	AA	364,703	AA
Searle Pakistan Limited	18,136	BBB+	28,498	A-
Union Bank / Standard Chartered Bank (Pakistan) Limited	49,963	AAA	51,931	AA
United Bank Limited-3	49,312	AA	42,162	AA
United Bank Limited-4	163,025	AA	160,918	AA
ORIX Leasing Pakistan Limited	5,637	AA+	-	-
Unlisted TFCs				
Islamabad Electricity Supply Cooperation	4,000,000	**	4,000,000	**
National Transmission Distribution Company Limited (PPTFC)	11,741,000	**	-	-
Javedan Cement Limited	187,500	**	250,000	**
Grays Leasing	50,000	A-	77,500	**
Bank Al-Habib Limited	299,880	AA	-	-
ORIX Leasing Pakistan Limited	2,035,500	AA+	2,300,000	AA+
Power Holding (Pvt) Limited	6,357,000	**	-	-
Shares Unlisted				
Arabian Sea Country Club Limited*	5,000	**	5,000	**
Attock Textile Mills Limited	506	**	506	**
Atlas Power Limited*	355,000	**	280,856	**
Eastern Capital Limited*	5,000	**	5,000	**
Equity Participation Fund*	-	-	1,500	**
First Women Bank Limited*	21,200	BBB+EA2	21,200	BBB+EA2
Habib Allied International Bank Limited*	214,769	**	214,769	**
Investment Corporation Of Pakistan (Merged With IDBP)*	-	-	9,130	**
KATEX Mills Limited	1,511	**	1,511	**
Khushhali Bank Limited*	200,000	A-EA2	200,000	A-EA1
National Woolen Mills	52	**	52	**
NIFT*	1,527	**	1,527	**
Nishat Chunian Power Limited*	10	AA & A1+	88,107	**
Nishat Power Limited*	-	-	121,250	**
PASSCO*	1,000	**	1,000	**
Ruby Rice & Gen Mills	105	**	105	**
SME Bank Limited*	5,250	BBB&A3	5,250	BBB&A3
SWIFT	1,770	**	1,770	**

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Name of Security	2009		2008	
	Market value/book value	Rating	Market value/book value	Rating
	Rupees '000		Rupees '000	
Shares Listed				
Arif Habib Inv. Management Limited	-	-	46,591	AM2
Askari Bank Limited	144,837	AA&A1+	7,285	AA&A1+
Attock Petroleum Limited	57,920	**	-	-
Bawany Sugar Mills Limited	-	-	18	**
Crescent Steel & Allied Products	23,495	A+EA1	14,340	A+EA1
Dadabhoy Modaraba	5,025	**	5,025	**
Dadabhoy Cement Industries	-	-	3	**
Engro Chemical Pakistan Limited	661,336	AA&A1+	77,563	AA&A1+
Engro Polymers & Chemicals Limited	-	-	45,294	**
Eye Television Network Limited	55,150	A & A1	64,939	**
Fauji Fertilizer Bin Qasim	-	-	89,442	**
Fauji Fertilizer Company Limited*	1,280,963	**	487,347	**
First Credit & Investment Bank Limited	15,567	A-EA2	13,785	A-EA2
Hub Power Company Limited*	968,686	AA+EA1+	443,673	**
Hub Power Company Limited	478,008	AA+EA1+	91,585	**
ICI Pakistan Limited	-	-	47,726	**
IGI Insurance Limited	-	-	13,141	IFS AA
IGI Investment Bank Limited	-	-	1	A&A1
Lucky Cement Limited	274,621	**	25,016	**
MCB Bank Limited	-	-	583,147	AA+EA1+
Meezan Bank Limited	70,792	A+EA1	36,958	A+EA1
My Bank Limited	-	-	9,390	A&A1
National Bank of Pakistan	-	-	64,007	AAA&A1+
Nishat Chunian Power Limited*	309,000	AA&A1+	-	-
Nishat Chunian Power Limited	146,886	AA&A1+	-	-
Nishat Power Limited*	381,900	AA&A1+	-	-
Nishat Power Limited	371,382	AA&A1+	-	-
Oil & Gas Development Company Limited	-	-	419,731	AAA&A1+
Oil & Gas Development Company Limited	-	-	65,456	AAA&A1+
PACE Pakistan Limited	29,862	A&A1	28,201	A+EA1
Packages Limited	-	-	17,334	AA&A1+
Pak Oman Advantage Fund	1,008	FS AA-(F)	722	FS AA-(F)
Pakistan Oilfield Limited	918,548	**	100,272	**
Pakistan Petroleum Limited	520,690	**	168,237	**
Pakistan State Oil	556,213	AA+EA1+	-	**
Pakistan Telecommunications	-	-	109,842	**
PICIC Growth Mutual Fund	135,341	**	18,386	**
PICIC Growth Fund	904	**	354	**
Redco Textile Mills Limited	3	**	3	**
Soneri Bank Limited	-	-	1,760	AA-EA1+
S.G. Fibers Limited	45,908	**	45,908	**
SAFA Textile Mills Limited	8,602	**	8,602	**
TRG Pakistan Limited	-	-	6,932	BBB+EA2
UBL Capital Protected Fund	61,800	AA+(cpf)	75,000	**
United Bank Limited	626,350	AA+EA1+	129,377	AA+EA1+
World Call Telecom Limited	-	-	1	A+EA1
Preference Shares				
Fazal Cloth Mills Limited	75,000	**	75,000	**
Masood Textile Limited	116,667	**	175,000	**
Investment in Mutual Funds				
ABL Income Fund	750,750	A(F)	750,000	FS-A(F)
ABL Stock Fund	130,600	**	-	-
AKD Opportunity Fund	-	-	21,719	**
AMZ Plus Income Fund	100,000	BB(F)	219,188	BBB+(F)
AMZ Plus Stock Fund	-	-	15,493	MFR-3-Star
Atlas Islamic Fund	-	-	2,719	**
BMA Chundrigar Road Saving Fund	-	-	196,455	FS-A(F)
Faysal Saving & Growth Fund	149,927	FS-A(F)	-	**

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Name of Security	2009		2008	
	Market value/book value	Rating	Market value/book value	Rating
	Rupees '000		Rupees '000	
HBL Income Fund	-	-	747,611	**
HBL Stock Fund	-	-	12,026	**
JS Aggressive Income Fund	99	4-Star	101	**
JS Income Fund	102,988	AA-(F)	1,200,000	MFR-5-Star
KASB Balanced Fund	-	-	17,930	**
KASB Liquid Fund	444,097	5-Star	715,520	MFR-5-Star
Lakson Money Market Fund	101,422	**	-	-
MCB Dynamic Cash Fund	528,214	**	2,000,716	**
NAFA Cash Fund	1,065,080	3-Star	2,253,501	FS-A(F)
National Investment Trust	50,650	4-Star	1,728	MFR-5-Star
United Growth & Income Fund	1,065,015	FS-A(F)	4,503,187	FS-A(F)
UBL Principal Protected Fund Plan-II	25,000	**	-	-
Pre-IPO Investment				
Dawood Takaful Family Fund	35,000	**	35,000	**
Sukuk Bonds				
Security Leasing Corporation Limited	150,526	BBB-8A3	236,250	**
Century Paper & Board Mills Limited	1,106,016	A+	1,150,000	**
Dawood Hercules Limited	972,541	**	1,000,000	**
K.S.Sulemanji Esmailji & Sons	142,500	**	150,000	**
Liberty Power Tech Limited	1,026,524	**	-	-
Quetta Textile Mills Limited	41,386	**	50,000	**

* Strategic Investments of the Bank
** Ratings are not available

9.14 Unrealized loss on revaluation of investments classified as held for trading

Units of open end mutual funds - related parties
Ordinary shares of listed companies (Pakistan State Oil Company Limited)

	Note	December 31, 2009	December 31, 2008
		Rupees in '000	
		7,532	3,201
		(7,897)	-
		(365)	3,201
10. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		243,204,567	215,781,261
Net investment in finance lease - in Pakistan	10.2	846,699	768,173
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		389,507	1,738,019
Payable outside Pakistan		5,484,414	5,400,424
		5,873,921	7,138,443
Advances - gross		249,925,187	223,687,877
Provision for non-performing advances	10.4	(12,535,255)	(10,657,709)
General provision for consumer financing	10.4	(7,410)	(10,060)
		(12,542,665)	(10,667,769)
Advances - net of provision		237,382,522	213,020,108

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

10.1 Particulars of advances (Gross)

10.1.1 In local currency
In foreign currencies

10.1.2 Short term (for upto one year)
Long term (for over one year)

10.2 Net investment in finance lease

Note December 31, 2009 December 31, 2008
Rupees in '000

248,538,092	222,136,383	
1,387,095	1,551,494	
249,925,187	223,687,877	
152,487,239	158,662,959	
97,437,948	65,024,918	
249,925,187	223,687,877	

	December 31, 2009				December 31, 2008			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	263,578	366,287	200,381	830,246	339,039	435,861	-	774,900
Residual value	57,695	65,271	38,364	161,330	34,938	110,452	-	145,390
Minimum lease payments	321,273	431,558	238,745	991,576	373,977	546,313	-	920,290
Financial charges for future periods	(45,668)	(61,458)	(37,751)	(144,877)	(67,925)	(84,192)	-	(152,117)
Present value of minimum lease payments	275,605	370,100	200,994	846,699	306,052	462,121	-	768,173

10.3 Advances include Rs. 16,281.178 million (2008: Rs. 13,771.895 million) which have been placed under non-performing status as detailed below:-

Category of Classification	December 31, 2009			December 31, 2009			December 31, 2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	21,370	-	21,370	-	-	-	-	-	-
Substandard	3,045,384	-	3,045,384	760,816	-	760,816	760,816	-	760,816
Doubtful *	2,713,157	-	2,713,157	1,356,579	-	1,356,579	1,356,579	-	1,356,579
Loss	10,501,267	-	10,501,267	10,417,860	-	10,417,860	10,417,860	-	10,417,860
	16,281,178	-	16,281,178	12,535,255	-	12,535,255	12,535,255	-	12,535,255
	December 31, 2008								
Category of Classification	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	40,689	-	40,689	-	-	-	-	-	-
Substandard	3,805,228	-	3,805,228	950,134	-	950,134	950,134	-	950,134
Doubtful	722,223	-	722,223	361,111	-	361,111	361,111	-	361,111
Loss	9,203,755	-	9,203,755	9,201,191	-	9,201,191	9,201,191	-	9,201,191
	13,771,895	-	13,771,895	10,512,436	-	10,512,436	10,512,436	-	10,512,436

* This includes net exposure of Rs. 317,785 million against Japan Power Generation Limited, classification of which as loss has been deferred till March 31, 2010 under a permission by the letter BSD/BRP-5/X/1001/2009 of State Bank of Pakistan.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

10.4 Particulars of provision against non-performing advances

Note	December 31, 2009			December 31, 2008		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	10,657,709	10,060	10,667,769	9,958,681	13,123	9,971,804
Charge for the year	4,180,963	-	4,180,963	2,246,227	-	2,246,227
Reversals	(1,015,350)	(2,650)	(1,018,000)	(871,009)	(3,063)	(874,072)
Charged to profit and loss account	3,165,613	(2,650)	3,162,963	1,375,218	(3,063)	1,372,155
Amounts written off	10.5.1 (1,288,067)	-	(1,288,067)	(821,463)	-	(821,463)
Closing balance	12,535,255	7,410	12,542,665	10,512,436	10,060	10,522,496
10.4.1 In local currency	12,535,255	7,410	12,542,665	10,512,436	10,060	10,522,496
In foreign currencies	-	-	-	-	-	-
	12,535,255	7,410	12,542,665	10,512,436	10,060	10,522,496

* The opening balance includes provision of Rs. 145.273 million, which was made against JPGL, without changing its status to non-performing as per SBP Directive number BID (Insp)/722/71-02-2007, dated March 14, 2007.

10.5 Particulars of write offs:

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
10.5.1 Against provisions	1,288,067	821,463
Directly charged to Profit and Loss account	-	2,736
	1,288,067	824,199
10.5.2 Write Offs of Rs. 500,000 and above	1,047,845	764,958
Write Offs of Below Rs 500,000	240,222	59,241
	1,288,067	824,199

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees and above allowed to a person(s) during the year ended December 31, 2009 is given in Annexure "I". However, these write offs do not affect the Bank's right to recover debts from these customers.

10.7 Particulars of loans and advances to directors, related parties, etc.

	December 31, 2009	December 31, 2008
	Rupees in '000	
Debts due by directors, executives or officers of the Bank and its subsidiary or any of them either severally or jointly with any other persons		
Balance at beginning of the year	4,950,762	4,237,006
Loans granted during the year	1,266,167	1,034,135
Repayments	(858,654)	(320,379)
Balance at end of the year	5,358,275	4,950,762

Details of loans and advances to associates and other related parties are given in note 41.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

11. OPERATING FIXED ASSETS

Capital work-in-progress
Property and equipment
Intangible assets

11.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers and contractors

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
11.1	1,686,872	1,544,443
11.2	10,614,274	9,494,420
11.3	158,440	111,266
	12,459,586	11,150,129
11.1	1,047,556	975,109
	170,601	213,490
	468,715	355,844
	1,686,872	1,544,443

Description	Note	Cost/Revaluation			Accumulated Depreciation			Annual rate of depreciation %		
		At January 1, 2009	At December 31, 2009	At January 1, 2009	Charge for the year/ adjustment/ (depreciation on deletion)	Revaluation Surplus	Write-off		At December 31, 2009	Net book value at December 31, 2009
		Rupees in ' 000								
Land-Freehold	11.4	4,275,975	53,206	-	4,329,181	-	-	-	4,329,181	-
Land-Leasehold	11.4	1,424,398	182,120	-	1,606,518	-	-	-	1,606,518	-
Buildings-Freehold	11.4	823,642	287,723	-	1,111,365	49,083	46,914	-	95,997	1,015,368
Buildings-Leasehold	11.4	1,625,970	122,827	-	1,748,797	-	85,569	-	85,569	1,663,228
Furniture and fixtures		281,261	141,412	(23,805)	398,736	176,245	24,901	(21,238)	179,781	218,955
Electrical, office and computer equipment		1,930,017	644,366	(41,947)	2,519,739	901,947	347,812	(38,104)	1,208,326	1,311,413
Vehicles		235,302	14,156	(13,986)	235,472	93,007	43,085	(4,608)	131,484	103,988
Building improvements (rented premises)		153,915	308,411	(1,355)	460,971	35,778	59,832	(262)	95,348	365,623
Total		10,750,480	1,754,221	(81,093)	12,410,779	1,256,060	608,113	(64,212)	1,796,505	10,614,274

Description	Note	Cost/Revaluation			Accumulated Depreciation			Annual rate of depreciation %		
		At January 1, 2008	At December 31, 2008	At January 1, 2008	Charge for the year/ adjustment/ (depreciation on deletion)	Revaluation Surplus	Write-off		At December 31, 2008	Net book value at December 31, 2008
		Rupees in ' 000								
Land-Freehold	11.4	3,128,041	567,671	580,263	-	-	-	-	-	4,275,975
Land-Leasehold	11.4	910,161	64,729	449,508	-	-	-	-	-	1,424,398
Buildings-Freehold	11.4	626,545	197,097	-	823,642	74,143	31,652	(56,712)	49,083	774,559
Buildings-Leasehold	11.4	1,184,099	207,036	234,835	1,625,970	139,889	51,506	(191,395)	-	1,625,970
Furniture and fixtures		386,892	38,826	-	281,261	287,507	20,405	(85,947)	176,245	105,016
Electrical, office and computer equipment		1,500,601	628,075	-	1,930,017	849,181	241,756	(90,466)	901,947	1,028,070
Vehicles		349,060	106,495	-	235,302	137,302	40,688	(10,580)	93,007	142,295
Building improvements (rented premises)		111,070	70,270	(2,720)	153,915	28,133	23,824	(14,565)	35,778	118,137
Total		8,196,469	1,880,199	(368,525)	10,750,480	1,516,155	409,831	(248,107)	1,256,060	9,494,420

Description	Cost	Accumulated Amortization		Net book value at December 31, 2009	Rate of amortization %
		At January 1, 2009	At December 31, 2009		
Computer software	159,644	76,004	235,648	77,208	14.28-33.33
		(Rupees in ' 000)			
		At January 1, 2008	At December 31, 2008	At January 1, 2008	At December 31, 2008
Computer software	73,640	86,004	159,644	35,632	12.746
		(Rupees in ' 000)			
		At January 1, 2008	At December 31, 2008	At January 1, 2008	At December 31, 2008
Computer software	73,640	86,004	159,644	35,632	12.746
		(Rupees in ' 000)			
		At January 1, 2008	At December 31, 2008	At January 1, 2008	At December 31, 2008
Computer software	73,640	86,004	159,644	35,632	12.746
		(Rupees in ' 000)			
		At January 1, 2008	At December 31, 2008	At January 1, 2008	At December 31, 2008
Computer software	73,640	86,004	159,644	35,632	12.746

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

11.4 Bank arranged for valuation of Properties as at December 31, 2008 from five independent valuers (Akbari & Javed Associates, Progressive Architects & Engineers, Jasper & Jasper, Hasib Associates (Pvt.) Ltd. and Consultancy Support & Services). The revalued amounts of properties have been determined on the basis of Fair Value Model. The revaluation resulted in net increase in the carrying values of the properties by Rs. 1,512.713 million. Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	December 31, 2009	December 31, 2008
	Rupees in '000	
- Land	3,515,042	3,515,042
- Building	1,265,689	1,332,304

11.5 Fair value of property and equipment including land and buildings is not expected to be materially different from their carrying amount. Land and Buildings were revalued as at December 31, 2008 and are carried at market value.

	Note	December 31, 2009	December 31, 2008
		Rupees in '000	
11.6 Effect in the current year on profit and loss account of surplus arising on revaluation of buildings carried out in the year 2008 (decrease in profit)	21.1	49,785	26,987
11.7 Restriction/discrepancy in the title of property having a net book value of		119,713	71,975
11.8 Carrying amount of temporarily idle property and equipment		18,446	24,438
11.9 The gross carrying amount of fully depreciated/amortized assets that are still in use:			
Furniture and fixtures		91,713	92,172
Electrical, office and computer equipment		485,217	406,480
Vehicles		19,718	12,989
Intangible assets - software		29,759	17,752
11.10 The carrying amount of property and equipment that have retired from active use and are held for disposal		5,992	-

11.11 Fixed assets include a plot at carrying value of Rs. 31 million, which is acquired with the funds of the Bank and held in the name of Mohammad Waseem Mukhtar, a Director of the Bank.

11.12 The details of disposals of assets whose original cost or book value exceeds rupees one million or two hundred and fifty thousand rupees respectively, whichever is lower, are given in Annexure "II".

11.13 Information relating to sale of fixed assets (otherwise than through a regular auction) made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the Bank or any related party, as required by SBP's BSD circular no. 4 dated February 17, 2006, is given in Annexure "II".

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

12. DEFERRED TAX (LIABILITY) / ASSETS - NET

Deferred debits arising in respect of:

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
Compensated leave absences	216,646	244,254
Provision against:		
Investments	79,098	82,293
Other assets	305,418	310,498
Off balance sheet obligations	169,525	169,525
Provision against Advances	223,560	-
Post retirement medical benefits	327,168	351,653
Worker's welfare fund	75,258	-
Loss on sale of listed shares	39,863	-
Deficit on revaluation of investments	-	690,817
Tax Loss	-	3,534
	1,436,536	1,852,574
Deferred credits arising due to:		
Surplus on revaluation of fixed assets	(331,165)	(348,590)
Surplus on revaluation of investments	(472,787)	-
Accelerated tax depreciation / amortization	(605,066)	(425,499)
Excess of investment in finance lease over written down value of leased assets	(30,892)	(47,436)
	(1,439,910)	(821,525)
	(3,374)	1,031,049

12.1 Reconciliation of deferred tax

	Balance as at January 01, 2008	Recognised in Profit and Loss Account	Recognised in Equity	Balance as at December 31, 2008	Recognised in Profit and Loss Account	Recognised in Equity	Balance as at December 31, 2009
	(Rupees in '000)						
Deferred debits arising in respect of:							
Compensated leave absences	306,312	(62,058)	-	244,254	(27,608)	-	216,646
Provision against:							
Investments	67,302	14,991	-	82,293	(3,195)	-	79,098
Other assets	246,236	64,262	-	310,498	(5,080)	-	305,418
Off balance sheet obligations	102,736	66,789	-	169,525	-	-	169,525
Advances	-	-	-	-	223,560	-	223,560
Post retirement medical benefits	411,520	(59,867)	-	351,653	(24,485)	-	327,168
Worker's welfare fund	-	-	-	-	75,258	-	75,258
Loss on sale of listed shares	-	-	-	-	39,863	-	39,863
Deficit on revaluation of investments	20,165	-	670,652	690,817	-	(690,817)	-
Tax Loss	-	3,534	-	3,534	(3,534)	-	-
	1,154,271	27,651	670,652	1,852,574	274,779	(690,817)	1,436,536
Deferred credits arising due to:							
Surplus on revaluation of fixed assets	(189,006)	9,446	(169,030)	(348,590)	17,425	-	(331,165)
Surplus on revaluation of investments	-	-	-	-	-	(472,787)	(472,787)
Accelerated tax depreciation / amortization	(219,290)	(206,209)	-	(425,499)	(179,567)	-	(605,066)
Excess of investment in finance lease over written down value of leased assets	(83,559)	36,123	-	(47,436)	16,544	-	(30,892)
	(491,855)	(160,640)	(169,030)	(821,525)	(145,598)	(472,787)	(1,439,910)
	662,416	(132,989)	501,622	1,031,049	129,181	(1,163,604)	(3,374)

12.2 Through Finance Act 2007, a new section 100A and the 7th Schedule (the Schedule) were inserted in the Income Tax Ordinance, 2001 governing taxation of banking companies. The Schedule seeks to simplify the taxation of banking companies and is applicable from the tax year 2009 (financial year ending on December 31, 2008).

The Schedule does not contain transitory provisions to deal with the disallowances made upto the year ended December 31, 2007. This issue has been taken up with the tax authorities through Pakistan Banks' Association for formulation of transitory provisions to deal with the items which were previously treated differently under the then applicable provisions.

The deferred tax asset on the deductible temporary differences disallowed as a deduction in the past up to December 31, 2007 is being kept as an asset as the Bank is confident that transitory provisions would be introduced to set out the mechanism of claiming where benefit of these allowances can be claimed.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
13. OTHER ASSETS		
Income/Mark-up accrued on advances, investments and lendings to financial institutions:		
- in local currency	9,620,554	8,144,303
- in foreign currencies	65,454	47,459
Receivable on sale of investment	30,466	-
Advances, deposits, advance rent and other prepayments	929,122	1,424,713
Advance taxation (payments less provisions)	4,676,715	6,217,808
Stationery and stamps on hand	22,293	36,857
Prepaid exchange risk fee	18	-
Due from the employees' retirement benefit schemes	36.4 1,509,879	1,500,476
Excise duty	11	11
Receivable from SBP - customers encashments	203,834	214,858
Non banking assets acquired in satisfaction of claims	13.1 938,496	83,342
Suspense account	588,281	512,096
Others	217,506	93,827
	18,802,629	18,275,750
Less: Provision held against other assets	13.2 (816,191)	(887,138)
Other assets (net of provision)	17,986,438	17,388,612
13.1 Market value of non banking assets acquired in satisfaction of claims	1,077,601	96,523
13.2 Provision against Other Assets:		
Opening balance	887,138	703,530
Charge for the year	77,326	214,284
Reversals	(133,757)	-
Net reversal / charge	(56,431)	214,284
Written off	(14,516)	(30,676)
Closing balance	816,191	887,138
14. CONTINGENT ASSETS		
There were no contingent assets of the Bank as at December 31, 2009 and December 31, 2008.		
15. BILLS PAYABLE		
In Pakistan	3,162,429	2,952,490
Outside Pakistan	-	-
	3,162,429	2,952,490

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
16. BORROWINGS		
In Pakistan	39,457,216	27,645,245
Outside Pakistan	361,316	132,906
	39,818,532	27,778,151
16.1 Particulars of borrowings with respect to currencies		
In local currency	39,457,216	27,645,245
In foreign currencies	361,316	132,906
	39,818,532	27,778,151
16.2 Details of borrowings (Secured/Unsecured)		
Secured		
Borrowings from State Bank of Pakistan Under export refinance scheme LTF - EOP	16.3 12,225,858 16.4 6,023,053	7,446,616 3,800,535
Repurchase agreement borrowings	16.5 18,248,911 10,558,305	11,247,151 7,798,094
Unsecured		
Call borrowings	16.6 10,650,000	8,600,000
Overdrawn nostro accounts	361,316	132,906
	11,011,316	8,732,906
	39,818,532	27,778,151
16.3	The Bank has entered into various agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per agreements, the Bank has granted to SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. These carry interest at the rate of 7.0% (2008: 7.5%) per annum. These borrowings are repayable within six months from the deal date.	
16.4	This represents Long Term Financing against Export Oriented Projects (LTF-EOP) availed by the Bank for further extending the same to its customers for export oriented projects, for a maximum period of 7.5 years. The loan repayments to SBP correspond the respective repayment from customers. The loan carries mark-up at the rate of 7% (2008: 7%) per annum.	
16.5	These represent funds borrowed from the local interbank market against government securities, carrying mark-up at rates, ranging between 10.75% and 12.40% (2008: 9% and 14%) per annum maturing on various dates, latest by February 01, 2010.	
16.6	These represent unsecured borrowings from the local interbank market, carrying mark-up at rates, ranging between 11.45% and 12.90% (2008: 13.50% and 16.50%) per annum maturing on various dates, latest by April 21, 2010.	

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
17. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	98,425,685	105,939,618
Savings deposits	85,274,893	72,448,664
Current accounts - Remunerative	47,704,436	37,829,726
- Non-remunerative	93,273,281	77,755,031
	324,678,295	293,973,039
Financial Institutions		
Remunerative deposits	4,194,264	3,501,504
	328,872,559	297,474,543
17.1 Particulars of deposits		
In local currency	308,357,013	278,186,992
In foreign currencies	20,515,546	19,287,551
	328,872,559	297,474,543

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

18. SUB-ORDINATED LOANS

Customers

Term Finance Certificates - I
Term Finance Certificates - II

December 31,
2009 December 31,
2008
Rupees in '000

	December 31, 2009	December 31, 2008
Term Finance Certificates - I	2,497,000	2,498,000
Term Finance Certificates - II	3,000,000	-
	<u>5,497,000</u>	<u>2,498,000</u>

The Bank has issued following unsecured sub-ordinated Term Finance certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other debts of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of the issues are as follows:

	Term Finance certificate - I	Term Finance certificate - II
Outstanding Amount- (Rupees in thousand)	2,497,000	3,000,000
Issue date	December 06, 2006	August 28, 2009
Total issue	2,500,000	3,000,000
Rating	AA-	AA-
Listing	Karachi Stock Exchange (Guarantee) Limited	Karachi Stock Exchange (Guarantee) Limited
Mark-up repayment Rate	Semi annually - Six months KIBOR plus 1.9%	Semi annually - Six months KIBOR plus 0.85% for first 5 years - Six months KIBOR plus 1.30% from start of 6th year
Call Option	Call option is not available to the issuer, except with prior approval of SBP	Issuer has the right to seek redemption after the eleventh redemption date of the entire TFC issue, prior to its stated maturity.
Repayment	8 Years (2007 - 2014)	10 Years (2010 - 2019)
Note		December 31, 2009 December 31, 2008 Rupees in '000

19. OTHER LIABILITIES

Mark-up/Return/Interest payable in local currency
Mark-up/Return/Interest payable in foreign currency
Accrued expenses
Branch adjustment account
Payable on account of purchase of investments
Unrealized loss on forward foreign exchange contracts
Provision for:
 gratuity
 employees' medical benefits
 employees' compensated absences
Unclaimed dividends
Dividend payable
Provision against off-balance sheet obligations
Retention money payable
Security deposits against lease
Pre IPO proceeds
Sundry deposits
Others

	December 31, 2009	December 31, 2008
Mark-up/Return/Interest payable in local currency	4,639,831	3,670,054
Mark-up/Return/Interest payable in foreign currency	352,215	14,180
Accrued expenses	601,609	441,751
Branch adjustment account	741,233	1,393,662
Payable on account of purchase of investments	-	431,150
Unrealized loss on forward foreign exchange contracts	37,933	179,800
Provision for:		
gratuity	36.4	90,841
employees' medical benefits	36.4	1,485,820
employees' compensated absences	36.12	838,006
Unclaimed dividends		43,503
Dividend payable		7,086
Provision against off-balance sheet obligations	19.1	459,003
Retention money payable		81,489
Security deposits against lease		161,544
Pre IPO proceeds	19.2	-
Sundry deposits		1,012,960
Others		514,091
	<u>11,067,164</u>	<u>13,644,838</u>

19.1 Provision against off-balance sheet obligations

Opening balance
Charge for the year
Reversals
Net charge
Closing balance

Opening balance	484,356	293,532
Charge for the year	25,049	216,776
Reversals	(50,402)	(25,952)
Net charge	(25,353)	190,824
Closing balance	<u>459,003</u>	<u>484,356</u>

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

19.2 The Bank issued second TFC amounting to Rs. 3 billion during the year, details of which are given in Note 18.

19.3 In local currency
In foreign currencies

In local currency	10,560,314	13,186,238
In foreign currencies	506,850	458,600
	<u>11,067,164</u>	<u>13,644,838</u>

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

20. SHARE CAPITAL

20.1 Authorized capital

December 31, 2009	December 31, 2008		December 31, 2009	December 31, 2008
No. of shares			Rupees in '000	
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10/- each	10,000,000	10,000,000

20.2 Issued, subscribed and paid-up capital

December 31, 2009	December 31, 2008	Ordinary shares	December 31, 2009	December 31, 2008
No. of shares			Rupees in '000	
		Fully paid-up Ordinary shares of Rs. 10/- each		
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
286,672,114	222,035,681	Issued as bonus shares	2,866,721	2,220,357
693,452,208	628,815,775		6,934,522	6,288,158
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 Ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004)	91,486	91,486
9,148,550	9,148,550	8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein	84,000	84,000
8,400,000	8,400,000		84,000	84,000
<u>711,000,758</u>	<u>646,364,325</u>		<u>7,110,008</u>	<u>6,463,644</u>

Ibrahim Fibers Limited and Ibrahim Agencies (Private) Limited, related parties of the Bank, held 287,678,696 (40.46%) and 66,247,840 (9.32%) [December 31, 2008: 261,526,088(40.46%) and 58,968,382 (9.12%)] Ordinary shares of Rs. 10 each, respectively, as at December 31, 2009.

21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus/(deficit) arising on revaluation of:
- fixed assets
- securities

Surplus on revaluation of assets - net of tax

21.1 Surplus on revaluation of Fixed Assets

Surplus on revaluation of fixed assets as at January 1
Surplus on revaluation of properties recorded during the year

Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax
Related deferred tax liability

Surplus on revaluation of fixed assets as at December 31
Less: Related deferred tax liability on :

Revaluation as at January 1
Charge on revaluation during the year
Incremental depreciation charged during the year transferred to profit and loss account

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
	2,801,082	2,833,442
	1,261,197	(1,341,754)
	<u>4,062,279</u>	<u>1,491,688</u>
	3,182,032	1,696,306
	-	1,512,713
	(32,360)	(17,541)
	(17,425)	(9,446)
11.6	(49,785)	(26,987)
	<u>3,132,247</u>	<u>3,182,032</u>
	348,590	189,006
	-	169,030
	(17,425)	(9,446)
	<u>331,165</u>	<u>348,590</u>
	<u>2,801,082</u>	<u>2,833,442</u>

	Note	December 31, 2009	December 31, 2008
Rupees in '000			
21.2	Surplus/(Deficit) on revaluation of Available-for-sale securities		
	Federal Government Securities		
	Market Treasury Bills	1,127	(7,932)
	Pakistan Investment Bonds	(19,305)	(50,562)
	Term Finance Certificates	(387,927)	(115,023)
	Sukuk Bonds	(97,281)	-
	Shares/Certificates - Listed	2,069,929	(1,755,683)
	Open end Mutual Funds	167,441	(103,371)
	9.1	1,733,984	(2,032,571)
	Less : Related deferred tax asset/liability	(472,787)	690,817
		1,261,197	(1,341,754)
22.	CONTINGENCIES AND COMMITMENTS		
22.1	Direct credit substitutes		
	Guarantees in favour of:		
	Banks and financial institutions	1,035,107	1,455,678
22.2	Transaction-related contingent liabilities		
	Guarantees in favour of:		
	Government	5,752,873	7,736,845
	Others	10,352,695	4,088,278
		16,105,568	11,825,123
22.3	Trade-related contingent liabilities	65,895,610	75,991,804
22.4	Claims against the bank not acknowledged as debt	4,346,919	5,155,293
22.5	The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
		December 31, 2009	December 31, 2008
Rupees in '000			
22.6	Commitments in respect of forward foreign exchange contracts		
	Purchase	23,338,782	17,083,600
	Sale	8,827,975	4,831,414
22.7	Commitments in respect of:		
	Civil works	604,828	929,810
	Acquisition of operating fixed assets	327,650	145,987
22.8	Commitments in respect of lease financing	32,630	48,567
22.9	Commitments in respect of purchase of shares	-	450,643
22.10	Commitments in respect of procurement of software	36,523	142,859
22.11	Commitments in respect of purchase of T-Bills	-	8,000,000

22.12 Other Contingencies

22.12.1 The income tax assessments of the Bank have been finalized upto and including tax year 2009 for local and Azad Kashmir operations. While finalizing income tax assessments upto tax year 2009, income tax authorities made certain add backs with aggregate tax impact of Rs. 7,448 million. As a result of appeals filed by the Bank before appellate authorities, the add backs amounting to Rs. 2,524 million and Rs. 6,987 million were set-aside and deleted respectively. While giving appeal effects on most of the deleted issues, a refund of Rs. 5,794 million has been determined. Against most of the deleted and set-aside issues, Department is in appeal before higher appellate authorities. Pending finalization of appeals, no provision has been made by the Bank on aggregate sum of Rs. 7,448 million. The management is hopeful that the outcome of these appeals will be in favor of the Bank.

22.12.2 As a result of a compromise decree granted by the Honourable High Court of Sindh in August 2002, Fateh Textile Mills Limited pledged 16,376,106 shares of ABL with the Bank as security consequent to the default by Fateh Textile Mills Limited on the terms of the decree. The Bank published a notice on June 23, 2004 in accordance with the requirements of section 19(3) of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and invited sealed bids from interested parties to purchase the pledged shares. The bidding process was scheduled for July 23, 2004 and the Bank had fixed a reserve price of Rs. 25 per share. On the bid date, the highest offer for these shares was received at a rate of Rs. 25.51 per share. The bid was approved and the successful bidder had deposited an amount of Rs. 417.75 million with the Bank.

Fateh Textile Mills Limited had filed a suit against the Bank in the High Court of Sindh challenging the sale of the above shares. The High Court did not grant a stay order on the process of sale of shares. However, the matter is still pending in the Court.

23. DERIVATIVE INSTRUMENTS

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Bank's Treasury buys and sells derivative instruments such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures

Forward Exchange Contracts (with Importers and Exporters)

Forward Exchange Contract (FEC) is a product which is offered to the obligor who transact internationally. These traders use this product to hedge themselves from unfavorable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favorable movements in that currency.

An FEC is a contract between the Obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement more than two business days after the FEC is entered into (the day on which settlement occurs is called the value date). FEC is entered with those Obligors whose credit worthiness has already been assessed.

If the relevant exchange rate moves un-favourably, the Bank will lose money, and Obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank hedges its exposure by taking forward position in inter-bank FX.

Foreign Exchange Swaps

A Foreign Exchange Swap (FX Swap) is used by the Bank if it has a need to exchange one currency for another currency on one day and then re-exchange those currencies at a later date. Exchange rates and forward margins are determined in the "interbank" market and fluctuate according to supply and demand.

An FX Swap prevents the Bank from gaining any benefit resulting from a favourable exchange rate movement in the relevant currency pair between the time Bank enters into the transaction deal and when settlement occurs. Cancellation of the swap may also result in exposure to market movements. The key advantage of an FX swap is that it provides the Bank with protection against unfavourable currency movements between the time it enters into the transaction and settlement. The term and amounts for FX Swap can also be tailored to suit the Bank's particular needs.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

Equity Futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Bank uses equity futures as a hedging instrument to hedge its equity portfolio, in both held for trading and available for sale, against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates. Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank.

The accounting policies used to recognize and disclose derivatives are given in note 5.16.2. The risk management framework of derivative instruments is given in note 43.

	December 31, 2009	December 31, 2008
	Rupees in '000	
24. MARK-UP/RETURN/INTEREST EARNED		
On loans and advances	30,145,244	21,944,917
On investments in:		
Available for sale securities	6,882,768	5,185,187
Held to maturity securities	1,761,520	1,442,152
On deposits with financial institutions	8,644,288	6,627,339
On securities purchased under resale agreements	13,061	76,505
On certificates of investment	2,152,279	1,526,640
On letters of placement	70,833	45,362
On call money lending	44,029	108,600
	74,933	264,657
	41,144,667	30,594,020
25. MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	17,945,544	13,967,795
Long term borrowing	259,786	202,962
Securities sold under repurchase agreements	607,703	599,629
Call money borrowing	1,158,272	790,493
Brokerage and commission	156,746	98,575
Markup on Term Finance Certificates	826,025	573,807
Other short term borrowings	1,467,142	1,029,258
	22,421,218	17,262,519
26. FEE, COMMISSION AND BROKERAGE INCOME		
Core fees, commission and brokerage	2,468,792	2,001,180
Account maintenance charges	331,514	313,750
	2,800,306	2,314,930
27. GAIN ON SALE OF SECURITIES		
Shares - Listed	896,114	43,043
Shares - Unlisted	7,393	-
Open End Mutual Funds	197,970	99,557
Term Finance Certificates	-	7,937
	1,101,477	150,537
28. OTHER INCOME		
Gain on sale of operating fixed assets	4,221	9,889
Miscellaneous	31,765	50,045
	35,986	59,934

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

	Note	December 31, 2009	December 31, 2008
		Rupees in '000	
29. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.	29.3	4,924,926	4,902,213
Charge for defined benefit plan	36	616,127	2,701
Contribution to defined contribution plan - provident fund		166,159	137,585
Non-executive directors' fees, allowances and other expenses		2,125	1,750
Rent, taxes, insurance, electricity, etc.		978,483	742,083
Legal and professional charges		106,515	111,339
Communications		292,986	326,667
Repairs and maintenance		161,290	247,986
Stationery and printing		217,888	205,892
Advertisement and publicity		192,072	145,887
Auditors' remuneration	29.1	11,396	9,814
Depreciation/Amortization	11.2 & 11.3	636,943	422,577
Security service charges		361,433	273,423
Travelling, conveyance and fuel expenses		181,906	175,452
Entertainment		97,871	68,889
Computer expenses		236,886	174,832
Subscription		203,772	110,601
Donations	29.2	97,265	81,890
Others		31,541	35,817
		9,517,584	8,177,398

29.1 Auditors' remuneration

	December 31, 2009			December 31, 2008		
	KPMG Taseer Hadi & Co.	M. Yousuf Adil Saleem & Co.	Total	KPMG Taseer Hadi & Co.	M. Yousuf Adil Saleem & Co.	Total
	Rupees in '000					
Audit fee	2,730	2,730	5,460	2,600	2,600	5,200
Special certifications, half yearly reviews and sundry miscellaneous services	2,070	2,435	4,505	1,550	2,047	3,597
Out-of-pocket expenses	538	733	1,271	156	636	792
Audit fee - subsidiary company	-	160	160	-	225	225
	5,338	6,058	11,396	4,306	5,508	9,814

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

29.2 None of the directors, executives and their spouses had any interest in the donations disbursed during the year except for donation to National Management Foundation (LUMS Campus, opposite Sector 'U', D.H.A., Lahore Cantt), where Mr. Aftab Manzoor (Director / CEO of the Bank is also member of Board of Governors of the organization. Donations paid in excess of Rs. 100,000 to a single party during the year are as follows:

	December 31, 2009	December 31, 2008
	Rupees in '000	
The Karachi Education Initiative	50,000	40,000
National Management Foundation	20,000	20,000
Abdus Sattar Edhi Foundation	10,000	500
Institute of Business Administration	10,000	-
Capital City Police Force	-	13,990
Book group and Zindagi Trust	-	2,500
Care Foundation	-	1,000
Liver Foundation Trust	-	1,000
Tamir Welfare Organization	2,500	500
Agha Khan Hospital and Medical College Foundation	1,000	1,000
GC University Lahore	1,000	-
Family Education Service Foundation	1,000	-
Lahore Business Association	500	500
Ms. Mahwish Khan	-	300
Tehzeeb Social Welfare	-	250
Rural Education & Area Development	500	-
SOS Children's Villages of Pakistan	500	-
Khoja Society for People's Education	200	250
	<u>97,200</u>	<u>81,790</u>

29.3 The Bank operates a short term employee benefit scheme which includes cash award / special bonus for all employees. Under this scheme, the bonus for all Executives, including the Chief Executive Officer is determined on the basis of employees' evaluation and the Bank's performance during the year. The aggregate amount determined for the eligible employees in respect of the above scheme relating to all Executives and for the Key Management Personnel of the Bank amounted to Rs. 170.988 million (2008: Rs. 129.042 million) and Rs. 76.716 million (2008: Rs. 36.486 million).

30. OTHER CHARGES

	December 31, 2009	December 31, 2008
	Rupees in '000	
Penalties imposed by SBP	32,095	215,641
Education cess	21,384	7,000
Fixed assets written off	9,373	20,711
Other assets written off	4,525	14,299
Investments written off	-	8,166
	<u>67,377</u>	<u>265,817</u>

31. WORKERS WELFARE FUND

Under the Worker's Welfare Ordinance (WWF), 1971 the bank and its subsidiary are liable to pay WWF @ 2% of profit before tax as per accounts or declared income as per income tax return, whichever is higher.

32. TAXATION

	December 31, 2009	December 31, 2008
	Rupees in '000	
Current - for the year	3,551,493	1,830,073
- for prior years	-	-
Deferred	3,551,493 (129,181)	1,830,073 132,988
	<u>3,422,312</u>	<u>1,963,061</u>
Accounting profit for the current year	10,571,622	6,056,922
Tax on income @ 35% (2008 : 35%)	3,700,068	2,119,923
Effect of permanent differences	106,975	145,474
Adjustments in respect of tax at reduced rates	(343,894)	(387,161)
Others	(40,837)	84,825
Tax charge for the current year	<u>3,422,312</u>	<u>1,963,061</u>

32.1 Relationship between tax expense and accounting profit

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

33. EARNINGS PER SHARE - BASIC AND DILUTED

	December 31, 2009	December 31, 2008
	Rupees in '000	
Profit after taxation	7,149,310	4,093,861
	Number of Shares	
Weighted average number of ordinary shares outstanding during the year	711,000,758	711,000,758
	Rupees	
Earnings per share - basic and diluted	10.06	5.76

There is no dilution effect on basic earnings per share.

33.1 The corresponding earning per share figure of weighted average number of shares outstanding has been restated to include the effect of bonus shares issued by the Bank during the year.

34. CASH AND CASH EQUIVALENTS

Note	December 31, 2009	December 31, 2008
	Rupees in '000	
Cash and balances with treasury banks	26,435,683	23,653,754
Balances with other banks	1,280,591	2,097,611
Overdrawn nostro accounts	(361,316)	(132,906)
	<u>27,354,958</u>	<u>25,618,459</u>

35. STAFF STRENGTH

	Numbers	
Permanent	8,748	8,325
Temporary/on contractual basis/trainee	143	102
Bank's own staff strength at the end of the year	8,891	8,427
Outsourced	2,835	2,681
Total staff strength	<u>11,726</u>	<u>11,108</u>

36. DEFINED BENEFIT PLANS

36.1 General description

The Bank operates a funded gratuity scheme for all employees who opted for the new staff retirement benefit scheme introduced by the management with effect from July 1, 2002. For those employees who did not opt for the new scheme, the Bank continues to operate a funded pension scheme.

The Bank also operates a contributory benevolent fund (defined benefit scheme - funded) and provides post retirement medical benefits (unfunded scheme) to eligible retired employees.

36.2 Number of Employees under the schemes

The number of employees covered under the following defined benefit scheme/plans are:

	December 31, 2009	December 31, 2008
	Number	
- Gratuity fund	8,854	8,427
- Pension fund	3,040	3,226
- Benevolent fund	551	8,215
- Employees' compensated absences	8,713	8,325
- Post retirement medical benefits	8,713	8,325

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

36.3 Principal actuarial assumptions

The actuarial valuations were carried out on December 31, 2009 based on the Projected Unit Credit Method, using the following significant assumptions:

Sources of estimation	December 31, 2009	December 31, 2008
Discount rate	Yield on investments in Government Bonds 13.00%	14.00%
Expected rate of return on plan assets:		
Pension fund	Yield on investments in Government Bonds 13.00%	14.00%
Gratuity fund	13.00%	14.00%
Benevolent fund	13.00%	14.00%
Expected rate of salary increase	Rate of salary increase 11.00%	12.00%
Pension indexation rate	7.00%	7.00%
Medical inflation rate	8.00%	10.00%
Exposure inflation rate	3.00%	3.00%

36.4 Reconciliation of (receivable from) / payable to defined benefit plans

December 31, 2009				
Note	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
Present value of defined benefit obligations	36.6	4,040,811	766,547	60,968
Fair value of plan/scheme's assets	36.7	(5,138,070)	(593,567)	(143,594)
Net actuarial (losses)/gains not recognized		(389,670)	(82,139)	36,726
		(1,486,929)	90,841	(45,900)
Benefit of the surplus not available to the Bank		–	–	22,950
Net (asset) / liability		(1,486,929)	90,841	(22,950)
December 31, 2008				
Note	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
Present value of defined benefit obligations	36.6	3,400,000	557,547	474,679
Fair value of plan/scheme's assets	36.7	(4,319,903)	(304,031)	(617,643)
Net actuarial (losses) not recognized		(438,865)	(162,671)	(140,452)
		(1,358,768)	90,845	(283,416)
Benefit of the surplus not available to the Bank		–	–	141,708
Net (asset) / liability		(1,358,768)	90,845	(141,708)

36.4.1 The latest actuarial valuation of Benevolent Fund, carried out as at December 31, 2009 highlighted a surplus amounting to Rs. 22.950 million attributable to the Bank. The Bank has maintained 100% provision against it.

36.4.2 The effect of increase of one percentage point and the effect of decrease of one percentage point in the medical trend rates on the present value of medical obligation as at December 31, 2009 would be Rs. 86.444 million (2008: Rs. 102.309 million) and Rs. 74.285 million (2008: Rs. 79.223 million) respectively.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

36.5 Movement in (receivable from) / payable to defined benefit plans

December 31, 2009				
Note	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
Opening balance	(1,358,768)	90,845	(141,708)	1,277,755
Charge/(reversal) for the year	(128,161)	151,462	230,131	278,022
Contribution to the fund made during the year Bank's contribution	–	(151,466)	(111,373)	(69,957)
Benefits paid	–	–	–	–
VRS loss	–	–	–	–
Closing balance	(1,486,929)	90,841	(22,950)	1,485,820
December 31, 2008				
Note	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
Opening balance	(1,169,493)	90,845	(108,707)	1,175,772
Charge/(reversal) for the year	(409,849)	97,259	(9,518)	234,041
Contribution to the fund made during the year Bank's contribution	–	(109,399)	(34,590)	–
Benefits paid	–	–	–	(171,049)
VRS loss	220,574	12,140	11,107	38,991
Closing balance	(1,358,768)	90,845	(141,708)	1,277,755

36.6 Reconciliation of present value of defined benefit obligations

December 31, 2009				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
Opening balance	3,400,000	557,547	474,679	1,521,833
Current service cost	–	106,250	1,410	56,611
Interest cost	476,000	78,057	13,362	213,057
Benefits paid	(327,102)	(36,065)	(673,461)	(69,957)
VRS loss	–	–	251,675	–
Actuarial (gains) / losses	491,913	60,758	(6,697)	(40,340)
Closing balance	4,040,811	766,547	60,968	1,681,204
December 31, 2008				
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
Rupees in '000				
Opening balance	3,461,993	574,685	557,296	1,624,176
Current service cost	–	95,882	17,597	47,791
Interest cost	346,199	57,469	55,730	162,418
Benefits paid	(865,854)	(120,150)	(72,261)	(171,049)
VRS loss	340,427	10,140	11,107	11,991
Actuarial (gains) / losses	117,235	(60,479)	(94,790)	(153,494)
Closing balance	3,400,000	557,547	474,679	1,521,833

36.7 Reconciliation of fair value of plan assets

December 31, 2009				
Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	
Rupees in '000				
Opening balance	4,319,903	304,031	617,643	—
Expected return on plan assets	604,786	42,564	47,123	—
Bank's contribution	—	151,466	111,373	—
Employees' contribution	—	—	—	—
Benefits paid	(327,102)	(36,065)	(673,461)	—
Actuarial gains	540,483	131,571	40,916	—
Closing balance	5,138,070	593,567	143,594	—

December 31, 2008				
Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	
Rupees in '000				
Opening balance	5,738,722	475,357	692,158	—
Expected return on plan assets	711,602	56,092	82,367	—
Bank's contribution	—	109,399	34,590	—
Employees' contribution	—	—	34,590	—
Benefits paid	(865,854)	(120,150)	(72,261)	—
Actuarial (losses)	(1,264,567)	(216,667)	(153,801)	—
Closing balance	4,319,903	304,031	617,643	—

36.8 Composition of fair value of plans assets

December 31, 2009				
Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	
Rupees in '000				
Government securities	680,122	76,659	—	—
Open end mutual funds	562,484	—	—	—
Listed shares *	1,251,087	242,100	31,926	—
Bank balances *	2,644,377	274,808	111,668	—
	5,138,070	593,567	143,594	—
* Fair value of Bank's financial instruments included in plan assets				
Shares of ABL	486,987	153,784	10,110	—
Bank balances with ABL	2,644,377	274,808	111,668	—
	3,131,364	428,592	121,778	—

December 31, 2008				
Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	
Rupees in '000				
Government securities	1,868,887	14,931	291,113	—
Open end mutual funds	404,796	—	—	—
Listed shares *	495,167	107,871	73,576	—
Bank balances *	1,551,053	181,229	252,984	—
	4,319,903	304,031	617,673	—
* Fair value of Bank's financial instruments included in plan assets				
Shares of ABL	234,419	74,555	6,577	—
Bank balances with ABL	1,551,053	181,229	252,984	—
	1,785,472	255,784	259,561	—

36.9 Charge for defined benefit plan

December 31, 2009				
Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	
Rupees in '000				
Current service cost	—	106,250	1,410	56,611
Interest cost	476,000	78,057	13,362	213,057
Expected return on plan assets	(604,786)	(42,564)	(47,124)	—
Actuarial (gains)/losses	625	9,719	7,154	8,354
Contributions – employee	—	—	—	—
VSS Loss	—	—	251,675	—
Benefit of the surplus not available to the Bank	—	—	3,654	—
	(128,161)	151,462	230,131	278,022

December 31, 2008				
Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	
Rupees in '000				
Current service cost	—	95,882	17,597	47,791
Interest cost	346,199	57,469	55,730	162,418
Expected return on plan assets	(711,602)	(56,092)	(82,367)	—
Actuarial (gains)/losses	(44,446)	—	1,111	23,832
Contributions – employee	—	—	(34,590)	—
Benefit of the surplus not available to the Bank	—	—	33,001	—
	(409,849)	97,259	(9,518)	234,041

36.9.1 The effect of increase of one percentage point and the effect of decrease of one percentage point in the medical trend rates on the aggregate of the current service cost and interest cost components of net period post–employment medical costs would be Rs. 11.238 million (2008: Rs. 9.589 million) and Rs. 9.657 million (2008: Rs. 8.099 million) respectively.

36.10 Actual return on plan assets

	December 31, 2009	December 31, 2008
	Rupees in '000	
– Pension fund	1,145,269	(552,965)
– Gratuity fund	174,135	(160,575)
– Benevolent fund	88,039	(71,434)

36.11 Five year data of defined benefit plan and experience adjustments

	Pension fund				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	4,040,811	3,400,000	3,461,993	3,295,249	3,244,547
Fair value of plan assets	(5,138,070)	(4,319,903)	(5,738,722)	(5,155,897)	(5,475,648)
Surplus	(1,097,259)	(919,903)	(2,276,729)	(1,860,648)	(2,231,101)
Experience adjustments on plan obligations/assets					
Actuarial gain / (loss) on obligation	(491,912)	(117,235)	(219,179)	(63,723)	636,805
Actuarial gain / (loss) on assets	540,483	(1,264,567)	449,195	(529,840)	(360,464)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

	Gratuity fund				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	766,547	557,547	574,685	463,564	376,520
Fair value of plan assets	(593,567)	(304,031)	(475,357)	(393,999)	(286,159)
Deficit	172,980	253,516	99,328	69,565	90,361
Experience adjustments on plan obligations/assets					
Actuarial gain / (loss) on obligation	(60,758)	60,479	(22,810)	1,848	1,362
Actuarial gain / (loss) on assets	131,570	(216,667)	(28,678)	19,193	(1,362)

	Benevolent fund				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	60,968	474,679	557,296	532,218	559,397
Fair value of plan assets	(143,594)	(617,643)	(692,158)	(610,811)	(563,483)
(Surplus) / deficit	(82,626)	(142,964)	(134,862)	(78,593)	(4,086)
Experience adjustments on plan obligations/assets					
Actuarial gain / (loss) on obligation	6,697	94,790	1,424	51,450	(2,126)
Actuarial gain / (loss) on assets	40,916	(153,801)	(6,400)	(27,417)	2,126

	Post retirement medical				
	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	1,681,204	1,521,833	1,624,176	1,458,865	1,292,221
Fair value of plan assets	–	–	–	–	–
Deficit	1,681,204	1,521,833	1,624,176	1,458,865	1,292,221
Experience adjustments on plan obligations					
Actuarial gain / (loss) on obligation	40,340	153,494	(62,511)	(68,312)	–

36.12 Employees' compensated absences

The liability of the Bank in respect of long-term employees' compensated absences is determined, based on actuarial valuation, carried out using the Projected Unit Credit Method. The liability of the Bank as at December 31, 2009, as per the latest actuarial valuation carried out as at December 31, 2009 which, after considering the estimated liability for the current year, amounted to Rs. 838.006 million (2008: Rs. 832.215 million). A charge of Rs. 84.669 million (2008: Rs. 90.768 million) has been provided during the current year.

36.13 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the gratuity fund as per actuarial's expected charge for the next one year. Contribution to the benevolent fund is made by the Bank as per rates set out in the benevolent scheme. No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. Based on actuarial advice, management estimates that the charge / reversal in respect of defined benefit plans for the year ending December 31, 2010 would be as follows:

	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	Rupees in '000			
Expected (reversal) / charge for the next year	(142,865)	152,529	(12,975)	274,686

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

37. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund scheme for employees who are covered under the new gratuity scheme. The employer and employee both contribute 8.33% of the basic salaries to the funded scheme every month. Number of employees covered under this plan are 7,478 (2008: 6,776) as on December 31, 2009. During the year, employees made a contribution of Rs. 164.205 million (2008: Rs. 136.353 million) to the fund. The Bank has also made a contribution of equal amount to the fund.

The subsidiary company operates an approved provident fund for its permanent employees. Equal monthly contributions to the fund are made both by the subsidiary company and its employees at the rate of 10 % each of the basic salary per month. During the year contribution of Rs. 1.953 million (2008: Rs. 1.232 million) each was made to the fund by the subsidiary company and its employees.

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

Note	President/Chief Executive		Directors		Executives	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	Rupees in '000					
Fees	–	–	2,450	1,750	–	–
Managerial remuneration	16,930	12,581	–	–	594,789	323,055
Charge for defined benefit plans	1,127	647	–	–	129,859	65,874
Contribution to defined contribution plan	1,411	1,048	–	–	50,044	26,112
Rent and house maintenance	7,619	5,661	–	–	255,635	120,067
Utilities	1,781	1,701	–	–	56,808	29,339
Medical	784	640	–	–	67,923	36,779
Conveyance and others	222	880	–	–	69,385	40,883
	29,874	23,158	2,450	1,750	1,224,443	642,109
Number of persons	1	1	11	11	620	342

38.1 This represents remuneration paid to each director including the outgoing director for attending meetings of the Board of Directors, Audit Committee and other committees held during the year. Each director was paid Rs.25,000 during the year for each meeting attended.

38.2 In addition to the above, all executives, including Chief Executive Officer are also entitled to certain short term employee benefits which are disclosed in note 29.3 to these financial statements.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 9.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.5.

The maturity and repricing profile and effective rates are stated in notes 43.3.1 and 43.2.4 respectively.

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

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	December 31, 2009						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
	Rupees in '000						
Total Income	610,451	2,347,927	19,869,881	37,921,530	375,825	150,027	61,275,641
Total Expenses	(315,757)	(2,336,961)	(17,239,657)	(33,897,888)	(213,185)	(122,884)	(54,126,332)
Net Income	294,694	10,966	2,630,224	4,023,643	162,640	27,143	7,149,310
Segment Assets (Gross)	467,199	28,531,518	94,853,781	309,596,743	250,471	466,521	434,166,233
Segment Non Performing Loans	—	280,595	4,644,319	11,636,859	—	—	16,561,773
Segment Provision Required	—	280,595	4,294,069	11,250,717	—	—	15,825,381
Segment Liabilities	378,254	21,540,856	276,350,228	86,770,234	3,370,272	11,215	388,421,058
Segment Return on net Assets (ROA) (%)*	63.08%	0.04%	2.77%	1.30%	64.93%	5.82%	—
Segment Cost of Funds (%)*	0.00%	10.47%	7.63%	10.72%	0.00%	0.00%	—

	December 31, 2008						
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Asset Management	Total
	Rupees in '000						
Total Income	299,034	2,009,934	16,148,132	26,717,331	358,691	50,714	45,583,836
Total Expenses	(167,616)	(1,914,129)	(13,964,870)	(25,104,215)	(225,606)	(113,539)	(41,489,975)
Net Income	131,418	95,805	2,183,262	1,613,116	133,085	(62,825)	4,093,861
Segment Assets (Gross)	390,294	16,244,953	98,600,711	264,094,405	376,119	449,313	380,155,795
Segment Non Performing Loans	—	—	5,689,068	8,082,827	—	—	13,771,895
Segment Provision Required	—	—	4,680,643	8,830,170	—	59,139	13,569,952
Segment Liabilities	299,451	17,414,760	237,204,188	86,168,353	3,253,303	9,889	344,349,944
Segment Return on net Assets (ROA) (%)*	33.67%	0.59%	2.32%	0.63%	35.38%	-16.10%	—
Segment Cost of Funds (%)*	0.00%	9.55%	7.16%	9.98%	0.00%	0.00%	—

* The cost of funds are based on average segment liabilities for the year.

41. RELATED PARTY TRANSACTIONS

The Bank and its subsidiary have related party relationships with, companies with common directorship, directors, employee benefit plans and key management personnel.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	December 31, 2009				December 31, 2008			
	Directors	Associated Companies	Key management personnel	Other related parties	Directors	Associated Companies	Key management personnel	Other related parties
	Rupees in '000							
Nature of related party transactions								
Loans								
Loans at the beginning of the year	27,040	—	227,276	6,156,764	11,783	—	75,899	809,759
Loans given during the year	13,040	—	71,710	8,196,479	25,612	—	173,887	5,347,005
Loans repaid during the year	(17,619)	—	(50,019)	(34,380)	(10,355)	—	(22,510)	—
Loans at the end of the year	22,461	—	248,967	14,318,863	27,040	—	227,276	6,156,764
Deposits								
Deposits at the beginning of the year	4,845	55,423	14,275	—	3,763	89,446	19,976	—
Deposits received during the year	555,123	1,631,336	268,641	—	1,005,141	2,591,970	208,653	—
Deposits repaid during the year	(550,307)	(1,677,359)	(272,134)	—	(1,004,059)	(2,625,993)	(216,320)	—
Deposits at the end of the year	9,661	9,400	10,782	—	4,845	55,423	12,309	—
Nostro balances	—	198,082	—	—	—	372,416	—	—
Lendings	—	1,097,434	—	—	—	—	—	—
Borrowings	—	484,267	—	—	—	—	—	—
Investments in shares / mutual funds	—	240,969	—	4,229,537	—	235,969	—	306,884
Rent payable	—	—	—	664	—	—	—	1,328
Non funded exposure	—	—	—	4,003,500	—	—	—	—
Other receivables	—	—	—	—	—	—	—	—
Net receivable from staff retirement benefit funds	—	—	—	1,343,345	—	—	—	1,393,710
Staff retirement fund deposits	—	—	—	4,810,081	—	—	—	3,317,336

	December 31, 2009				December 31, 2008			
	Directors	Associated Companies	Key management personnel	Other related parties	Directors	Associated Companies	Key management personnel	Other related parties
	Rupees in '000							
Mark-up earned	1,049	—	15,256	1,316,436	857	—	9,535	410,286
Income on placements	—	175	—	—	—	1,110	—	—
Income on lendings	—	22,860	—	—	—	10,034	—	—
Dividend income	—	—	—	9,855	—	—	—	9,855
Sales Commission	—	—	—	—	—	—	—	—
Mark-up expense on deposits	205	40	675	369,511	37	—	170	312,998
Interest expense on borrowings	—	161	—	—	—	468	—	—
Directors' meeting fee	2,125	—	—	—	1,750	—	—	—
Remuneration	—	—	175,635	—	—	—	127,966	—
NIFT charges	—	—	—	64,768	—	—	—	60,662
Management fee / commission	—	—	—	101,660	—	—	—	8,123
Rent expense	—	—	—	7,971	—	—	—	7,971
Bank charges levied	—	—	—	17	—	—	5	—
Charge / (reversal) in respect of staff retirement benefit funds	—	—	—	41,764	—	—	—	(185,754)

Other balances, held with related parties, outstanding at the end of the current year and transactions made during the year are included in notes 7.1, 9.4, 9.5, 20.2 and 38 to these consolidated financial statements.

42. CAPITAL ASSESSMENT AND ADEQUACY

42.1 Scope of Applications

The Basel II Framework is applicable to the Bank both at the consolidated level (comprising of wholly owned subsidiary – ABL Asset Management Company Limited) and also on a stand alone basis.

42.2 Capital Structures

Bank and its subsidiary's regulatory capital is analyzed into two tiers:

Tier 1 capital, which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits, etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities and deficit on revaluation of available for sale investments.

Tier 2 capital, which includes general provisions for loan losses (up to a maximum of 1.25 % of risk weighted assets), reserves on the revaluation of fixed assets and equity investments (up to a maximum of 45% of the balance in the related revaluation reserves) and subordinated debt (up to a maximum of 50%).

The Bank has issued unsecured subordinated Term Finance Certificates, which contributes towards Tier II capital for minimum capital requirements (MCR) to support the Bank's growth. The regulatory approval for TFC I was obtained in December 2006.

The NOC for TFC II has been granted by State Bank of Pakistan vide their Letter No. BSD/BAI-3/615/532/2009 Dated May 09, 2009 and letter no. BSD/BAI-3/61/659/2009 Dated June 24,2009. The TFC issue is also regulated by the instruction given by SBP, in their BSD circular no. 12 Dated August 25, 2004 and any further amendments/circulars issued by SBP till date.

Liability to the TFC holders is subordinated to and ranked inferior to all other debts of the bank including deposits and is not redeemable before maturity without prior approval of the SBP.

The salient features of the issue are as follows:

	Term Finance Certificate-I	Term Finance Certificate-II
Outstanding Amount (Rupees in thousand)	2,497,000	3,000,000
Issue date	December 06, 2006	August 28, 2009
Total Issue	2,500,000	3,000,000
Rating	AA-	AA-
Listing	Karachi Stock Exchange (Guarantee) Limited	Karachi Stock Exchange (Guarantee) Limited
Mark up repayment Rate	Payable semi annually - Six months KIBOR plus 1.9%	Payable semi annually - Six months KIBOR plus 0.85% for first 5 years - Six months KIBOR plus 1.30% from start of 6th year
Call Option	Call option is not available to the issuer, except with prior approval of SBP	Issuer has the right to seek redemption after the eleventh redemption date of the entire TFC issue, prior to its stated maturity.
Repayment	8 Years (2007 - 2014)	10 Years (2010 - 2019)

Tier 3 Capital has also been prescribed by the SBP for managing market risk; however the Bank and its subsidiary does not have any Tier 3 capital.

The required capital is achieved by the Bank and its subsidiary through:

- enhancement in the risk profile of asset mix at the existing volume level;
- ensuring better recovery management; and
- maintain acceptable profit margins.

Detail of the Bank's eligible capital (on an consolidated basis) is as follows:

	December 31, 2009	December 31, 2008
Rupees in '000		
Tier I Capital		
Shareholders' equity /Assigned Capital	7,110,008	6,463,644
Share premium	1,694,958	2,341,322
Reserves	4,887,887	3,463,454
Unappropriated profits (Net of Losses)	12,164,662	8,475,791
Less: Book value of intangibles	(158,440)	(111,266)
Shortfall in provisions required against classified assets irrespective of relaxation allowed	(317,785)	(172,512)
	(476,225)	(283,778)
Total Tier I Capital	25,381,290	20,460,433
Tier II Capital		
Subordinated Debt (upto 50% of total Tier 1 Capital)	4,997,600	2,498,000
General Provisions subject to 1.25% of Total Risk Weighted Assets	7,410	10,060
Revaluation Reserve (upto 45%)	2,189,804	507,073
Total Tier II Capital	7,194,814	3,015,133
Eligible Tier III Capital	-	-
Total Regulatory Capital Base	32,576,104	23,475,566

42.3 Capital Adequacy

Objectives of Managing Capital

Capital Management aims to ensure that there is sufficient capital to meet the capital requirements of the Bank and its subsidiary as determined by the underlying business strategy and the minimum requirements of the SBP. The Capital Management process is governed by the Bank's Asset & Liability Committee (ALCO). ALCO is responsible for managing Bank's capital position vis-a-vis internal as well as regulatory requirements. ALCO also reviews the volume and mix of the Bank's assets, liabilities and funding sources in light of liquidity, capital, risk and profitability considerations.

Bank's and its subsidiary capital management seeks:

- to comply with the capital requirements set by the regulators and comparable to the peers;
- to actively manage the supply of capital costs and increase capital velocity;
- to increase strategic and tactical flexibility in the deployment of capital to allow for the timely reallocation of capital;
- to improve the liquidity of the Bank's and its subsidiary's assets to allow for an optimal deployment of the Bank's and its subsidiary resources;
- to protect the Bank and its subsidiary against unexpected events and maintain strong ratings;
- to safeguard the Bank's and its subsidiary ability to continue as a going concern so that it can continue to provide adequate return to shareholders;
- availability of adequate capital (including the quantum) at a reasonable cost so as to enable the Bank and its subsidiary to expand; and to achieve low overall cost of capital with appropriate mix of capital elements.

Externally Imposed Capital Requirements

In order to strengthen the solvency of Banks / Development Financial Institutions (DFI), SBP through its BSD Circular No. 07 of 2009 dated April 15, 2009 has asked the Banks to raise their minimum paid up capital to Rs. 6 billion (free of losses) by the end of financial year 2009.

It was required to raise the capital of Bank from Rs. 5 billion (free of losses) to Rs. 6 billion (free of losses) by the end of financial year 2009. Furthermore the Banks are expected to increase their minimum paid up capital to Rs 10 billion (free of losses) in a phased manner by the end of financial year 2013.

SBP through its BSD Circular No. 09 dated April 15, 2009 has asked Banks to achieve the minimum Capital Adequacy Ratio (CAR) of 10% on standalone as well as on consolidated basis latest by December 31, 2009.

The paid up capital and CAR of the Bank and its subsidiary stands at Rs. 7.110 billion (free of losses) and 13.62% of its risk weighted exposure as at December 31, 2009.

The subsidiary company has to maintain a minimum equity of Rs. 130 million at all times to comply with the requirements of NBFC regulations, 2008. Further, minimum equity requirements of Rs. 180 million and Rs. 230 million is required to be complied by June 30, 2010, and June 30, 2011, respectively.

The bank and its subsidiary have complied with all externally imposed capital requirement as at year end.

42.4 Risk Weighted Exposures

Credit Risk

Portfolios subject to standardized approach (Simple or Comprehensive)

On-Balance Sheet

	Capital Requirements		Risk Weighted Assets	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Rupees in '000				
(a) Cash and Cash Equivalents	-	-	-	-
(b) Claims on Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR	-	-	-	-
(c) Foreign Currency claims on SBP arising out of statutory obligations of banks in Pakistan	-	-	-	-
(d) Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	11,925	12,777	119,253	141,964
(e) Claims on Bank for International Settlements, International Monetary Fund, European Central Bank, and European Community	-	-	-	-
(f) Claims on Multilateral Development Banks	-	-	-	-
(g) Claims on Public Sector Entities in Pakistan	171,935	435,266	1,719,347	4,836,284
(h) Claims on Banks	72,260	58,571	722,604	650,788
(i) Claims, denominated in foreign currency, on banks with original maturity of 3 months or less	25,768	37,737	257,682	419,299
(j) Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	142,180	61,267	1,421,804	680,741
(k) Claims on Corporates (excluding equity exposures)	11,333,633	8,954,505	113,336,333	99,494,500
(l) Claims categorized as retail portfolio	2,504,720	3,313,478	25,047,204	36,816,422
(m) Claims fully secured by residential property	172,952	147,497	1,729,516	1,638,860
(n) Past Due loans:				
1. The unsecured portion of any claim (other than loans and claims secured against eligible residential mortgages as defined in section 2.1 of circular 8 of 2006) that is past due for more than 90 days and/or impaired:	-	-	-	-
1.1 where specific provisions are less than 20 per cent of the outstanding amount of the past due claim.	3,206	5,493	32,055	61,034
1.2 where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim.	364,115	331,444	3,641,146	3,682,715
1.3 where specific provisions are more than 50 per cent of the outstanding amount of the past due claim.	4,170	115	41,703	1,282
2. Loans and claims fully secured against eligible residential mortgages that are past due for more than 90 days and/or impaired	-	-	-	-
3. Loans and claims fully secured against eligible residential mortgage that are past due by 90 days and /or impaired and specific provision held there against is more than 20% of outstanding amount	-	1,070	-	11,894
(o) Listed Equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in the banking book.	472,174	444,334	4,721,738	4,937,044
(p) Unlisted equity investments (other than that deducted from capital) held in banking book	115,128	138,022	1,151,282	1,533,581
(q) Investments in venture capital	-	-	-	-
(r) Investments in premises, plant and equipment and all other fixed assets	1,230,115	993,498	12,301,148	11,038,863
(s) Claims on all fixed assets under operating lease	-	-	-	-
(t) All other assets	551,411	418,052	5,514,106	4,645,024
	17,175,692	15,353,126	171,756,921	170,590,295

Off-Balance Sheet – Non Market related Exposures
Direct Credit Substitutes/ Lending of securities or posting of securities as collateral
Trade Related contingencies/Other Commitments with original maturity of one year or less

Equity Exposure Risk in the Banking Book
Equity portfolio subject to market-based approaches
Under simple risk weight method

Total Credit Risk (A)

Market Risk

Capital Requirement for portfolios subject to Standardized Approach

Interest rate risk
Equity position risk etc.

Capital Requirement for portfolios subject to Internal Models Approach

Interest rate risk
Foreign exchange risk etc.

Total Market Risk (B)

Operational Risk

Basic Indicator Approach–Total of operational risk (C)

Total of A + B + C

Capital Adequacy Ratio

Total eligible regulatory capital held (Note 42.2)

Total Risk Weighted Assets (Note 42.4)

Capital Adequacy Ratio

43. RISK MANAGEMENT

The Risk Management Framework (the Framework) provides principles for identifying, assessing, and monitoring risk within the Bank and its subsidiary. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Categories of Risk The Bank and its subsidiary generates most of its revenues by accepting Credit, Country, Liquidity and Market Risk. Effective management of these four risks is the decisive factor in our profitability. In addition, the Bank and its subsidiary are subject to certain consequential risks that are common to all business undertakings. These risks are grouped under two headings: Operational and Reputational Risk. The Framework is organized with reference to these five risk categories, as detailed below:

Credit Risk This risk is defined as the possibility of loss due to unexpected default or a deterioration of credit worthiness of a business partner.

Credit Risk includes Country Risk i.e., the risks that counterparty is unable to meet its foreign currency obligations as a result of adverse economic conditions or actions taken by governments in the relevant country.

Market Risk The risk of loss generated by adverse changes in the price of financial assets or contracts currently held by the Bank and its subsidiary (this risk is also known as price risk).

Capital Requirements		Risk Weighted Assets	
December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008

Rupees in '000			
1,404,899	881,642	14,048,990	9,796,023
707,806	788,185	7,078,056	8,757,607
2,112,705	1,669,827	21,127,046	18,553,630
24,435	16,247	244,353	180,523
19,312,832	17,039,200	193,128,320	189,324,448
Market Risk			
Capital Requirement for portfolios subject to Standardized Approach			
1,125,239	17,931	11,252,390	199,234
1,125,239	17,931	11,252,390	199,234
Capital Requirement for portfolios subject to Internal Models Approach			
7,466	11,705	74,663	130,060
7,466	11,705	74,663	130,060
1,132,705	29,636	11,327,053	329,294
Operational Risk			
Basic Indicator Approach–Total of operational risk (C)			
3,472,437	2,016,023	34,724,367	22,400,253
23,917,974	19,084,859	239,179,740	212,053,995

	December 31, 2009	December 31, 2008
Rupees in '000		

(a)	32,576,104	23,475,566
(b)	239,179,740	212,053,995
(a) / (b)	13.62%	11.07%

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

Liquidity Risk The risk that the Bank and its subsidiary are unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn; the consequences of which may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Operational Risk Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The definition excludes reputational risk.

Reputational Risk The risk of failing to meet the standards of performance or behavior required or expected by stakeholders in commercial activities or the way in which business is conducted.

Risk Responsibilities

- The Board of Directors is accountable for overall supervision of the risk management process. This is discharged by distributing responsibilities at Board level for their management and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board shall also seek appointment of senior management personnel capable of managing the risk activities conducted by the Bank.
- The Board Risk Management Committee (BRMC) is responsible for ensuring that the overall risk strategy and appetite of the Bank and its subsidiary is appropriately defined in the Strategic Plan and recommend the same to the Board of Directors.
- The BRMC recommends for approval to the Board of Directors the policies proposed by MANCO (Management Committee of the Bank) or ALCO (Assets and Liability Committee) which discharges various responsibilities assigned to it by the BRMC.
- The CEO and Group Chiefs are accountable for the management of risk collectively through their membership of risk committees, i.e., Management Committee and the Asset & Liability Committee. Independent supervision of risk management activities is provided by the Audit Committee.
- The Risk Management Group is headed by a Group Chief responsible to set-up and implement the Framework of the Bank.

Risk Management Group Organization

Risk management functions have been segregated by business specialization, i.e., Credit Risk, Credit Administration, Risk Architecture, Risk Analytics, Operational Risk and Market Risk. All these functions are operating in tandem to improve and maintain the health of assets and liabilities.

43.1 Credit Risk

Credit risk, the potential default of one or more debtors, is the largest source of risk for the Bank and its subsidiary. The Bank and its subsidiary are exposed to credit risk through their lending and investment activities. The Bank's credit risk function is divided into Corporate and Financial Institutions Risk, Commercial and Retail Risk, and Consumer Risk. The functions operate within an integrated framework of credit policies, guidelines and processes. The credit risk management activities are governed by the Credit Risk Framework of the Bank that defines the respective roles and responsibilities, the credit risk management principles and the Bank's credit risk strategy. Further Credit Risk Management is supported by a detailed Credit Policy and Procedural Manual.

The Bank and its subsidiary manage 3 principal sources of credit risk:

- Sovereign credit risk on its public sector advances
- Non-sovereign credit risk on its private sector advances
- Counterparty credit risk on interbank limits

Sovereign Credit Risk

When the Bank lends to public sector borrowers, it prefers obtaining a full sovereign guarantee or the equivalent from the Government of Pakistan (GOP). However, certain public sector enterprises have a well defined cash flow stream and appropriate business model, based on which the lending is secured through collaterals other than GOP guarantee.

Non-Sovereign Credit Risk

When the Bank lends to private sector borrowers it does not benefit from sovereign guarantees or the equivalent. Consequently, each borrower's credit worthiness is analyzed on the Credit Application Package that incorporates a formalized and structured approach for credit analysis and directs the focus of evaluation towards a balanced assessment of credit risk with identification of proper mitigates. These risks include Industry Risk, Business Risk, Financial Risk, Security Risk and Account Performance Risk. Financial analysis is further strengthened through use of separate financial spreadsheet templates that have been designed for manufacturing/trading concerns, financial institutions and insurance companies.

Counter Party Credit Risk on Interbank Limits

In the normal course of its business, the Bank's Treasury utilizes products such as Reverse REPO and call lending to meet the needs of the borrowers and manage its exposure to fluctuations in market, interest and currency rates and to temporarily invest its liquidity prior to disbursement. All of these financial instruments involve, to varying degrees, the risk that the counterparty in the transaction may be unable to meet its obligation to the Bank.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

Reflecting a preference for minimizing exposure to counterparty credit risk, the Bank maintains eligibility criteria that links the exposure limits to counterparty credit ratings by external rating agencies. For example, the minimum rating for counterparties to be eligible for a banking relationship with the Bank is BBB.

Country Risk

The Bank has in place a Country Risk Management Policy which has been approved by the Board. This policy focuses on international exposure undertaken by the Bank. The Bank utilizes country risk rating assessment reports published by Dun & Bradstreet Limited (an international credit rating agency) which use political, commercial, macroeconomic and external risk factors in assigning a country risk rating. The country risk limits used by the Bank are linked to the Dun & Bradstreet ratings and FID is responsible for monitoring of country exposure limits.

Credit Administration

Credit Administration is involved in minimizing losses that could arise due to security and documentation deficiencies. The Credit Administration Division constantly monitors the security and documentation risks inherent in the existing credit portfolio through six regional credit administration departments located all over the country.

Risk Analytics

To ensure a prudent distribution of asset portfolio, the Bank manages its lending and investment activities within a framework of Borrower, Group and Sector exposure limits and risk profile benchmarks.

Internal Risk Rating Models

The Bank has developed internal risk rating models to assign credit risk ratings to its Corporate and Institutional borrowers. These models are based on expert judgment, comprising of both quantitative and qualitative factors. The ratings are assigned at Risk Analytic's Level and are given due weightage while extending credit to these asset classes. The Bank intends to comply with the requirements of Foundation Internal Ratings Based approach for credit risk measurement under Basel II, for which services of a consultant have been solicited to assist the Bank in carrying out statistical testing and validation of the rating models.

Stress Testing

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

Early Warning System

In order to ensure that monitoring of the regular lending portfolio focuses on problem recognition, an early warning system in the form of a 'Watch-List' category has been instituted to cover the gap between Regular and Substandard categories. Identification of an account on the said 'Watch-List' influences the lending branch to carry out an assessment of the borrower's ability to rectify the identified problem / weakness within a reasonable time-frame, consider tighter structuring of facilities, confirm that there are no critical deficiencies in the existing security position and, if possible, arrange for strengthening of the same through obtaining additional collateral. It should however, be noted that the Watch-List category of accounts is part of the Bank's Regular portfolio and does not require any provisioning.

In some cases, an account may even be downgraded directly from a Regular to Sub-Standard or worse on subjective basis based on the severity of the trigger involved.

Management of Non Performing Loans

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

For the non-performing loan portfolio, the Bank makes a specific provision based on an assessment of the credit impairment of each loan. At the end of 2009, the average specific provisioning rate was 78.94% of the non-performing loan portfolio.

The accounting policies and methods used to determine specific and general provision are given in the note numbers 5 and 10 to these consolidated financial statements. The movement in specific and general provision held is given in note 10.4 to these consolidated financial statements.

Portfolio Diversification

During the year 2009, the advances grew by 11.73%, while concomitantly maintaining healthy Advances to Deposit Ratio and Capital Adequacy Ratio.

While expanding the advances portfolio, efficient portfolio diversification has been a key consideration. The diversification takes into account the volatility of various sectors by placing concentration limits on lending to these sectors thereby ensuring a diversified advances portfolio. Composition of the Bank's advances' portfolio is significantly diversified. Textile, Cement, Agriculture and Electric Generation are major contributors to the advances portfolio. These sectors are considered to be the biggest contributors towards country's GDP as well.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

43.1.1 Segmental Information

43.1.1.1 Segments by class of business

	December 31, 2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, Forestry, and Hunting	449,770	0.18	18,367,158	5.58	261,430	0.22
Fishing	15,696	0.01	—	—	—	—
Beverages	946,935	0.38	24,580	0.01	99,529	0.08
Grains & related	15,782,109	6.31	4,362,586	1.33	8,818	0.01
Sugar	3,314,665	1.33	1,730,651	0.53	78,343	0.06
Spinning	18,350,991	7.34	14,334,032	4.36	264,343	0.22
Weaving	7,993,775	3.20	4,076,211	1.24	1,507,243	1.25
Finishing of Textile	13,194,782	5.28	2,309,883	0.70	290,849	0.24
Manufacture of made up & ready made garments	5,718,887	2.29	1,728,314	0.53	782,252	0.65
Footwear & leather garments	801,921	0.32	2,082,597	0.63	87,176	0.07
Paper & paper boards	2,202,583	0.88	17,060	0.01	294,484	0.24
Printing, publishing & allied	71,593	0.03	134,752	0.04	18,316	0.02
Petroleum products	1,813,822	0.73	929,254	0.28	5,633,805	4.67
Chemical & pharmaceutical	13,154,091	5.26	3,428,984	1.04	1,886,871	1.57
Rubber & plastic	782,268	0.31	818,581	0.25	103,707	0.09
Cement/clay & ceramics	15,133,255	6.06	1,595,460	0.49	1,317,787	1.09
Basic metals (iron, steel)	2,296,529	0.92	2,672,236	0.81	1,416,362	1.17
Machinery & equipment	3,206,450	1.28	3,233,964	0.98	1,099,180	0.91
Power, gas, water & sanitary	35,973,458	14.39	3,778,251	1.15	26,683,369	22.13
Manufacture of transport equipment	484,449	0.19	764,722	0.23	631,616	0.52
Tobacco	—	—	30,150	0.01	—	—
Financial	5,543,924	2.22	4,191,786	1.27	36,043,773	29.90
Health & social welfare	764,465	0.31	1,120,377	0.34	15,196	0.01
Education	172,735	0.07	5,055,909	1.54	19,248	0.02
Real estate, renting, and business activities	9,312,503	3.73	36,389,703	11.06	26,931	0.02
Transport, storage & communication	5,273,899	2.11	1,461,072	0.44	4,810,970	3.99
Hotel, restaurant & clubs	186,162	0.07	2,672,941	0.81	4,855	0.00
Construction	4,739,741	1.90	15,578,201	4.74	3,062,388	2.54
Furniture & sports goods	1,594,077	0.64	1,000,064	0.30	135,576	0.11
Wholesale & retail trade	10,911,957	4.37	27,254,171	8.29	872,987	0.72
Individuals	6,122,080	2.45	97,068,968	29.52	2,222,830	1.84
Others	63,615,615	25.45	70,659,941	21.49	30,871,358	25.61
	249,925,187	100.00	328,872,559	100.00	120,551,592	100.00

43.1.1.2 Segments by sector

	December 31, 2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public/Government	50,891,775	20.36	33,806,749	10.27	—	—
Private	199,033,412	79.64	295,065,810	89.73	120,551,592	100.00
	249,925,187	100.00	328,872,559	100.00	120,551,592	100.00

Notes to the Consolidated Financial Statements
for the year ended December 31, 2009

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

	December 31, 2009		December 31, 2008	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Agriculture, Forestry, and Hunting	11,136	6,639	5,989	5,839
Beverages	110	110	250	250
Weaving	—	—	2,249,735	1,506,098
Finishing of Textile	3,503,605	2,177,059	—	—
Footwear & leather garments	2,698,380	2,266,018	2,323,170	2,312,171
Paper & paper boards	2,559	2,559	62,559	32,559
Printing, publishing & allied	40,089	40,089	43,381	30,778
Petroleum products	7,719	5,202	1,668	1,668
Chemical & pharmaceutical	133,062	133,062	150,857	150,857
Rubber & plastic	2,479	2,479	3,035	3,035
Cement/clay & ceramics	—	—	14	14
Basic metals (iron, steel)	773,682	604,058	571,821	541,146
Machinery & equipment	1,683,723	1,683,723	1,993,129	634,154
Power, gas, water & sanitary	842,186	421,388	35,568	27,152
Manufacture of transport equipment	71,462	71,462	315,393	315,393
Tobacco	—	—	92	92
Financial	649,707	258,925	785,729	211,845
Health & social welfare	68,412	67,063	71,534	69,300
Education	—	—	—	—
Real estate, renting, and business activities	390,889	98,073	420	420
Transport, storage & communication	358,532	358,532	679,071	677,106
Hotel, restaurant & clubs	—	—	—	—
Construction	407,132	384,112	355,084	189,428
Furniture & sports goods	450	450	578	578
Wholesale & retail trade	1,863,000	1,715,075	1,517,864	1,379,625
Individuals	239,539	239,472	288,003	259,071
Others	2,533,325	1,999,705	2,316,951	2,163,857
	16,281,178	12,535,255	13,771,895	10,512,436

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

	December 31, 2009		December 31, 2008	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Public/Government	1,552,237	1,303,417	689,039	276,270
Private	14,728,941	11,231,838	13,082,856	10,236,166
	16,281,178	12,535,255	13,771,895	10,512,436

43.1.1.5 Geographical Segment Analysis

	December 31, 2009			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	10,571,622	418,340,852	29,919,794	120,551,592

43.1.2 Credit Risk – General Disclosures

The Bank and its subsidiary is following standardized approach for all its Credit Risk Exposures.

43.1.2.1 Credit Risk: Disclosures for portfolio subject to Standardized Approach and supervisory risk weights in IRB approach Basel II specific

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. In this connection, the Bank utilizes the credit ratings assigned by ECAIs and has recognized agencies such as PACRA (Pakistan Credit Rating Agency), JCR–VIS (Japan Credit Rating Company – Vital Information Systems), Fitch, Moody's and Standard & Poors which are also recognized by the SBP. The Bank also utilizes rating scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits"

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Selection of ECAIs

The Bank selects particular ECAI(s) for each type of claim. Amongst the ECAIs that have been recognised as eligible by SBP, the following are being used against each respective claim type.

Sovereign Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits" available on OECD's website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Exposures to Public Sector Entities (PSEs): For PSE exposures, ratings of PACRA and JCR–VIS are used to arrive at risk weights.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch is being used to arrive at risk weights. However, for local banks (i.e., incorporated in Pakistan) ratings of PACRA and JCR–VIS are used.

Corporate Exposures: Ratings assigned by PACRA and JCR–VIS are used for claims on Corporates (excluding equity exposures).

Use of ECAI Ratings

The Bank and its subsidiary prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long – Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S & P	PACRA	JCR–VIS	ECA Scores
1	AAA AA+ AA AA–	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA–	AAA AA+ AA AA–	AAA AA+ AA AA–	0 1
2	A+ A A–	A1 A2 A3	A+ A A–	A+ A A–	A+ A A–	2
3	BBB+ BBB BBB–	Baa1 Baa2 Baa3	BBB+ BBB BBB–	BBB+ BBB BBB–	BBB+ BBB BBB–	3
4	BB+ BB BB–	Ba1 Ba2 Ba3	BB+ BB BB–	BB+ BB BB–	BB+ BB BB–	4
5	B+ B B–	B1 B2 B3	B+ B B–	B+ B B–	B+ B B–	5 6
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC CC C	CCC CC C D	7

Short – Term Rating Grades Mapping

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

Types of exposures and ECAI's used

December 31, 2009

Exposures	Fitch	Moody's	S & P	PACRA	JCR–VIS
Corporate	–	–	–	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	–	–	–	–	–
SME's	–	–	–	–	–
Securizations	–	–	–	–	–
Others	–	–	–	Yes	Yes

Credit exposures subject to Standardized Approach

Exposures	Rating Category	December 31, 2009		December 31, 2008		Rupees in '000	
		Amount Outstanding	Deduction CRM	Net Amount	Amount Outstanding	Deduction CRM	Net Amount
Corporate	1	50,032,879	–	50,032,879	40,546,594	–	40,546,594
	2	15,421,338	–	15,421,338	19,084,894	–	19,084,894
	3, 4	1,500,707	–	1,500,707	1,036,060	–	1,036,060
	5, 6	3,294,270	–	3,294,270	37,500	–	37,500
Claims on banks with original maturity of 3 months or less		28,426,234	21,078,346	7,347,888	15,369,450	11,965,747	3,403,703
Retail		42,831,714	5,112,371	37,719,343	50,302,802	1,214,239	49,088,563
Public sector entities	1	277,577	–	277,577	9,244,319	–	9,244,319
Others		130,837,699	–	130,837,699	129,687,606	–	129,687,606
Unrated		173,687,132	62,809,386	110,877,746	101,058,396	13,810,774	87,247,622

43.1.2.2 Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

The Bank has adopted the Simple Approach of Credit Risk Mitigation for the Banking Book. Since, the trading book of the Bank only comprises equity investments; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the Simple Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement i.e. risk weight of the collateral instrument securing the exposure is substituted for the risk weight of the counter party.

The Bank accepts cash, lien on deposits, government securities and eligible guarantees etc. under the simple approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

Since no specific asset is available by way of security in the context of unfunded credit protection, the creditworthiness and reliability of the provider and the validity and enforceability of that party's obligations is of paramount importance. Therefore, unfunded credit protection is only "eligible" if it is provided by an appropriate counterparty which may include National Government, Central Bank etc.

43.2 Equity Position Risk in the Banking Book

The Bank makes investment for variety of purposes. Some of the investment positions of equity holding are made for revenue generation as part of strategic initiatives, while other equity holdings are held to earn capital gain and / or dividend income to support the Bank's business activities.

Classification of Investments

Under SBP's directives, equity investment may be classified as "Held For Trading (HFT)", "Available for Sale (AFS)" or "Investment in Subsidiaries and Associates". Some of the equity investments are listed and traded in public through stock exchanges, while other investments are unlisted.

Policies, valuation and accounting of equity investments

In accordance with the requirements of the SBP, quoted securities are carried at market value whereas investments in subsidiaries are accounted for in accordance with the relevant International Accounting Standard as applicable in Pakistan.

The unrealized surplus / (deficit) arising on revaluation of the bank's held for trading investment portfolio is taken to the profit and loss account. The surplus / (deficit) arising on revaluation of quoted securities classified as available for sale is kept in a separate account shown in the balance sheet below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Unquoted equity securities are valued at the lower of cost and break-up value. Subsequent increases or decreases in the carrying value are credited / charged to profit and loss account. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any. Provision for diminution in the value of securities is made after considering impairment, if any, in their value.

Profit and loss on sale of investments is included in income currently.

Composition of equity investments

	Held for Trading	Available for Sale
	Rupees in '000	
Equity Investments – Publicly Traded	59,488	8,091,256
Equity Investments – Others	–	767,521
Total Value	59,488	8,858,777

The cumulative realized gain / (loss) arose of Rs. 1,107,477 million (2008: Rs. 150,537 million) from sale of equity securities/certificates of mutual funds and units of open end mutual funds; however unrealized loss of Rs. 1,733,984 million (Rs. 2008: unrealized loss of Rs. 2,032,571 million) was recognized in the balance sheet in respect of "AFS" securities.

43.2.1 Market Risk

The Bank and its subsidiary is exposed to Foreign Exchange Rate Risk, Interest Rate Risk and Equity Price Risk.

Bank with the assistance of a foreign risk advisory firm has established Market Risk Management Framework and has setup the Market Risk Function with responsibility of performing market risk measurement, monitoring and control functions.

Market Risk Pertaining to the Trading Book

Trading Book

A trading book consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book, financial instruments must be held with the intent of trading and free of any restrictive covenants on their trade ability. In addition, positions need to be frequently and accurately valued and the portfolio should be actively managed.

The Bank's trading book includes equity securities classified as 'Held for Trading', 'Available for sale – Non Strategic', and units in open end mutual fund. "classified as available for sale". These positions are actively managed by the capital market desk. Bank's trading book constitutes capital market equities and units of open ended mutual funds, therefore they are exposed to equity price risk.

Risk Pertaining to Banking Book Investment Portfolio

All investments excluding trading book are considered as part of banking book. Banking book includes:

- i) Available for sale securities – Strategic Portfolio
- ii) Held to maturity securities
- iii) Other strategic investments

Treasury investments parked in the banking book include:

- i) Government securities
- ii) Capital market investments
- iii) Strategic investments
- iv) Investments in bonds, debentures, etc

Due to the diversified nature of investments in banking book, it is subject to interest rate and equity price risk.

Interest Rate Risk – Banking Book

Loans and advances, Government securities, TFC's, Sukuk and other money market investments are subject to interest rate risk. To capture the risk associated with these securities extensive modeling is being done with respect to duration analysis. Stress testing and scenario models are also in place to capture the sensitivity of the portfolio to adverse movement in interest rates. For prudent risk management, all money market investments are marked to market to assess changes in the market value of investments due to interest rate movements.

Equity Position Risk – Banking Book

The Bank's and its subsidiary's portfolio of equity securities categorized under 'Available for Sale – Strategic Portfolio' and 'Other Strategic Investments' are parked in the banking book. These investments expose the Bank and its subsidiary's to equity price risk.

Stress Testing

The Bank also conducts Stress Testing of the Bank's investment portfolio to ascertain the impact of various scenarios on the capital adequacy and sustainability of the Bank. The exercise assumes various stress conditions, with respect to Market Risk (Rise or Fall in Interest Rates, leading to interest rate risk), Equity Price Risk resulting from Stock Market movements, FX Rate Risk leading from adverse movements in exchange rates and Liquidity Risk (ability to meet short-term obligations if there is a run on deposits).

Duration GAP Analysis

A Duration Gap Analysis is also conducted to ascertain the duration gap between the Bank's assets and liabilities, to ascertain the effect of interest rate shifts on the market value of equity.

43.2.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk of loss arising from fluctuations of exchange rates. Our FX Risk is first controlled through substantially matched funding policy. On the mismatched exposures, the Bank utilizes appropriate derivative instruments such as Forwards and Swaps.

The majority of net foreign currency exposure is in US Dollars. The Bank is carefully monitoring the net foreign currency exposure and the effect of exchange rate fluctuations by conducting sensitivity analysis and stress testing, as well as utilizing the currency forwards and swaps to hedge the related exposure.

	December 31, 2009			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistani Rupee	411,178,798	367,037,346	(14,299,698)	29,841,754
United States Dollar	6,589,864	17,372,733	10,854,270	71,401
Great Britain Pound	270,856	1,914,153	1,644,207	910
Japanese Yen	369	807	-	(438)
Euro	266,329	2,094,517	1,831,086	2,898
Other Currencies	34,636	1,502	(29,865)	3,269
	7,162,054	21,383,712	14,299,698	78,040
	418,340,852	388,421,058	-	29,919,794

	December 31, 2008			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistani Rupee	358,771,825	324,601,375	(12,072,386)	22,098,064
United States Dollar	7,002,496	16,854,494	9,930,518	78,520
Great Britain Pound	175,994	1,356,917	1,185,627	4,704
Japanese Yen	9	861	-	(852)
Euro	574,739	1,530,503	958,568	2,804
Other Currencies	58,858	3,872	(2,327)	52,659
	7,812,096	19,746,647	12,072,386	137,835
	366,583,921	344,348,022	-	22,235,899

43.2.3 Equity Position Risk

The Board with the recommendations of ALCO approves exposure limits applicable to investments in Trading Book. Equity securities are perpetual assets and are classified under either Held for Trading Portfolio or Available for Sale Portfolio.

Concentration Risk

ALCO is responsible for making investment decisions in the capital market and setting limits that are a component of the risk management framework. Portfolio, Sector and Scrip wise limits are assigned by the ALCO to guard against concentration risk and these limits are reviewed and revised periodically. The capital market desk ensures compliance of concentration limits set by ALCO. Limit monitoring is done on a daily basis. Limit breaches if any are promptly reported to ALCO with proper reason and justification.

Price Risk

Trading and investing in equity securities give rise to price risk. ALCO and Treasury's Capital Market Unit both ensure that through prudent trading strategy and use of equity futures, the equity price risk is mitigated, albeit to a certain extent.

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

43.2.4

Effective Yield/Interest rate	Total	December 31, 2009					Not exposed to Yield/Interest Risk				
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years					
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		(Rupees in '000)									
		3,909,653	525,586	23,920,419	6,564,115	1,618,041	1,274,431	3,252,041	5,285,655	3,977,788	22,526,030
		148	35,215,734	27,315,755	661,614	1,618,041	1,274,431	3,252,041	5,285,655	3,977,788	1,280,443
		27,597,246	107,998,367	143,539,687	722,579	1,618,041	1,274,431	3,252,041	5,285,655	3,977,788	8,602,990
		20,069,962	10,002,829	13,351,969	430,218	860,436	860,436	1,720,872	1,720,872	1,720,872	3,757,335
		82,741,375	29,247,682	29,247,682	108,560,820	8,547,080	462,715	497,288	1,948,083	764,926	14,925,685
		14,925,685	3,000,000	2,497,000	-	-	1,313,151	2,218,160	3,688,955	764,926	51,092,483
		134,318,484	42,250,511	23,577,007	108,991,038	9,407,516	1,313,151	2,218,160	3,688,955	764,926	1,162,429
		16,494,631	101,289,176	27,659,167	(101,765,309)	(7,789,475)	(8,720)	1,033,881	1,616,700	3,212,862	31,624,29
		72,230,754	3,000,000	2,497,000	-	-	462,715	497,288	1,948,083	764,926	93,271,242
		-	42,250,511	23,577,007	-	-	1,313,151	2,218,160	3,688,955	764,926	8,652,498
		-	101,289,176	27,659,167	(101,765,309)	(7,789,475)	(8,720)	1,033,881	1,616,700	3,212,862	105,086,169
		88,725,585	45,592,899	27,659,167	174,541,242	64,986,658	64,947,738	65,981,1619	67,598,319	70,811,181	53,993,686
		45,592,899	101,289,176	27,659,167	72,775,933	64,986,658	64,947,738	65,981,1619	67,598,319	70,811,181	23,388,782
		16,817,495	45,592,899	27,659,167	174,541,242	64,986,658	64,947,738	65,981,1619	67,598,319	70,811,181	(8,827,975)
		23,388,782	(8,827,975)	-	-	-	-	-	-	-	14,510,807
		(8,827,975)	-	-	-	-	-	-	-	-	31,328,302
		14,510,807	-	-	-	-	-	-	-	-	31,328,302
		31,328,302	45,592,899	27,659,167	72,775,933	64,986,658	64,947,738	65,981,1619	67,598,319	70,811,181	31,328,302
		31,328,302	45,592,899	27,659,167	72,775,933	64,986,658	64,947,738	65,981,1619	67,598,319	70,811,181	31,328,302

On-balance sheet financial instruments

Assets

Cash and balances with treasury banks
Balances with other banks
Lending to financial institutions
Investments – net
Advances – net
Other assets – net

Liabilities

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loan
Other liabilities

On-balance sheet gap

Off-balance sheet financial instruments

Commitments in respect of forward exchange contracts – purchase
Commitments in respect of forward exchange contracts – sale

Off-balance sheet gap

Total yield / interest risk sensitivity gap

Cumulative yield / interest risk sensitivity gap

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.
December 31, 2008

Effective Yield/Interest rate	Total	Exposed to Yield/Interest risk					Not exposed to Yield/Interest Risk						
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years		Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
0.90%	23,653,754	2,554,486	-	-	-	-	-	-	-	-	-	-	21,099,268
15.57%	2,097,611	15,493,183	300,000	-	-	-	-	-	-	-	-	-	2,097,611
11.99%	82,449,475	36,143,536	13,881,781	15,572,790	493,796	1,613,744	3,754,978	2,469,513	4,333,737	-	-	-	4,333,737
12.53%	213,020,108	139,727,187	37,390,325	20,770,209	1,708,876	58,7772	1,513,588	4,117,809	3,010,217	-	-	-	3,010,217
	16,430,215	-	-	-	-	-	-	-	16,430,215	-	-	-	16,430,215
	353,444,346	193,918,392	51,572,306	36,342,999	5,478,450	2,401,516	5,268,566	6,577,322	46,971,048	-	-	-	46,971,048
	2,952,490	24,132,603	1,810,346	1,710,590	124,612	-	-	-	2,952,490	-	-	-	2,952,490
	277,781,151	195,418,674	16,667,651	3,763,187	3,850,000	-	-	-	777,95,031	-	-	-	777,95,031
	2,498,000	-	-	2,498,000	-	-	-	-	11,658,546	-	-	-	11,658,546
	11,658,546	-	-	7,971,777	3,974,612	-	-	-	92,366,067	-	-	-	92,366,067
	342,361,730	219,551,277	19,497,997	28,371,222	1,503,838	2,401,516	5,268,566	6,577,322	46,395,019	-	-	-	46,395,019
	11,082,616	(25,632,885)	33,074,309	28,371,222	1,503,838	2,401,516	5,268,566	6,577,322	2,711,075	-	-	-	2,711,075
	17,083,600	-	-	-	-	-	-	-	-	-	-	-	17,083,600
	(4,831,414)	-	-	-	-	-	-	-	(4,831,414)	-	-	-	(4,831,414)
	12,252,186	-	-	-	-	-	-	-	12,252,186	-	-	-	12,252,186
	23,334,802	(25,632,885)	33,074,309	28,371,222	1,503,838	2,401,516	5,268,566	6,577,322	2,711,075	-	-	-	2,711,075
	23,334,802	(25,632,885)	744,424	35,812,646	37,316,484	39,519,156	47,189,238	53,766,560	56,477,635	-	-	-	56,477,635

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

43.2.4.1 Reconciliation of Assets and Liabilities exposed to Yield/Interest Rate Risk with Total Assets and Liabilities

	December 31, 2009	December 31, 2008
Reconciliation to total assets	402,820,513	353,444,346
Total financial assets	12,459,586	11,150,129
Less: Non financial assets	-	1,031,049
Operating fixed assets	3,060,753	958,397
Deferred tax asset	15,520,339	13,139,575
Other assets	418,340,852	366,583,921
Balance as per balance sheet		
Reconciliation to total liabilities	386,003,018	342,361,730
Total financial liabilities	3,374	-
Less: Non financial liabilities	2,414,666	1,986,292
Deferred tax liability	2,418,040	1,986,292
Other liability	388,421,058	344,348,022
Balance as per balance sheet		

43.3

Liquidity Risk

Liquidity risk is the risk that the Bank and its subsidiary's are unable to fund its current obligations and operations in the most cost efficient manner. ALCO is the forum to oversee liquidity management. The overall Bank's principle is that the ALCO has the responsibility for ensuring that Bank's policy for liquidity management is adhered to on a continual basis.

Other than customer's deposits, the Bank's funding source is the inter-bank money market. Change in the government monetary policy and market expectations of interest rate are all important factors that can adversely affect our key funding source. Efficient and accurate planning plays a critical role in liquidity management. Our MIS provides information on expected cash inflows/out flows which allow the Bank to take timely decisions based on the future requirements.

Gap analysis, stress testing and scenario analysis is done on periodic basis to capture any adverse effect of market movements on liquidity position. Based on the results produced, ALCO devise the liquidity management strategy to maintain sufficient liquidity to deal with any related catastrophe.

43.3.1 Maturities of Assets and Liabilities – Based on contractual maturity of the assets and liabilities of the Bank

	December 31, 2009									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	26,435,683	-	-	-	-	-	-	-	-	-
Balances with other banks	1,280,591	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	28,122,932	27,597,346	525,586	-	-	-	-	-	-	-
Investments	94,673,100	20,069,962	35,215,734	23,920,419	6,564,115	-	-	-	299,880	8,602,990
Advances	237,382,522	37,440,885	74,348,804	19,312,547	18,900,190	21,576,788	16,240,116	25,389,442	20,250,872	3,922,878
Operating fixed assets	12,459,586	57,779	115,558	173,337	346,673	823,992	823,992	879,999	1,204,509	8,033,747
Deferred tax assets	17,986,438	-	-	-	1,744,912	1,890,508	-	-	3,700	1,516,788
Other assets	418,340,852	121,245,118	112,395,285	45,684,358	27,555,890	24,291,288	17,064,108	26,269,441	21,758,961	22,076,403
Liabilities										
Bills payable	3,162,429	3,162,429	-	-	-	-	-	-	-	-
Borrowings	39,818,532	16,494,831	10,002,829	7,728,038	430,218	860,436	860,436	1,720,872	1,720,872	-
Deposits and other accounts	328,872,559	143,055,718	55,154,523	30,551,474	40,485,432	18,012,593	9,916,228	9,962,802	11,413,597	10,318,192
Sub-ordinated loan	5,497,000	-	600	500	1,100	2,200	2,200	2,496,400	2,994,000	-
Deferred tax liabilities	3,374	(24,456)	(10,048)	(16,835)	(88,438)	137,947	(132,231)	(89,873)	194,205	33,103
Other liabilities	11,067,164	4,300,144	3,882,751	193,410	377,917	297,415	282,483	503,959	1,229,085	-
Net assets / (liabilities)	388,421,058	166,988,666	69,030,655	38,456,587	41,206,229	19,310,591	10,931,116	14,594,160	17,551,759	10,351,295
Share capital	29,919,794	(45,743,548)	43,364,630	7,227,771	(13,650,339)	4,980,697	6,132,992	11,675,281	4,207,202	11,725,108
Reserves	7,110,008	-	-	-	-	-	-	-	-	-
Unappropriated profit	6,562,845	12,164,662	-	-	-	-	-	-	-	-
Surplus on revaluation of assets – net of tax	25,857,515	4,062,279	-	-	-	-	-	-	-	-
	29,919,794	-	-	-	-	-	-	-	-	-

		December 31, 2008										
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
Assets		(Rupees in '000)										
Cash and balances with treasury banks	23,653,754	—	—	—	—	—	—	—	—	—	—	—
Balances with other banks	2,097,611	—	—	—	—	—	—	—	—	—	—	—
Lending to financial institutions	15,793,183	300,000	—	—	—	—	—	—	—	—	—	—
Investments	82,449,475	23,503,057	10,584,842	14,133,383	14,133,383	7,331,791	11,400,259	6,200,092	6,200,092	15,694,013	75,017	4,111,701
Advances	213,020,108	46,634,673	43,500,172	32,941,300	24,919,045	178,11,621	15,475,689	15,694,013	15,694,013	631,042	7,158,777	—
Operating fixed assets	11,150,129	44,047	88,369	132,141	254,282	1,961,658	529,909	129,351	462,058	500,159	—	—
Deferred tax assets	1,031,049	6,291	44,913	23,353	119,486	101,758	100,891	—	—	—	—	—
Other assets	17,388,612	6,625,435	1,417,460	3,371,105	4,568,473	101,758	18,770,670	23,487,334	23,487,334	—	—	—
	366,583,921	118,058,051	55,935,756	39,416,193	44,004,669	27,327,214	277,38,380	—	—	—	—	—
Liabilities												
Bills payable	2,952,490	—	—	—	—	—	—	—	—	—	—	—
Borrowings	27,778,151	12,066,612	4,619,375	8,664,840	592,122	1,132,936	317,651	1,24,611	1,24,611	11,025,863	8,962,476	—
Deposits and other accounts	29,474,543	124,284,543	50,675,961	25,026,336	28,860,206	23,624,851	16,865,643	8,148,664	11,025,863	1,247,000	—	—
Sub-ordinated loan	2,498,000	—	—	500	500	1,000	1,000	—	—	—	—	—
Deferred tax liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Other liabilities	13,644,838	4,707,966	6,348,412	202,116	220,938	195,880	181,654	733,605	733,605	—	—	—
	344,348,022	144,011,611	61,643,748	33,893,792	29,673,766	24,954,667	17,308,301	13,131,079	13,131,079	10,356,255	9,711,558	—
Net assets / (liabilities)	22,235,899	(25,953,560)	(5,707,992)	5,522,401	14,330,903	2,372,547	1,462,369	10,356,255	10,356,255	—	—	—
Share capital	6,463,644	—	—	—	—	—	—	—	—	—	—	—
Reserves	5,804,776	—	—	—	—	—	—	—	—	—	—	—
Unappropriated profit	8,475,791	—	—	—	—	—	—	—	—	—	—	—
Surplus on revaluation of assets – net of tax	20,744,211	—	—	—	—	—	—	—	—	—	—	—
	1,491,688	—	—	—	—	—	—	—	—	—	—	—
	22,235,899	—	—	—	—	—	—	—	—	—	—	—

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

43.3.1.1

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

Assets and liabilities are assumed to mature on their contractual maturities or on the expected date of realization / settlement / replacement as required by the assumptions.

		December 31, 2009										
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
Assets		(Rupees in '000)										
Cash and balances with treasury banks	26,435,683	—	—	—	—	—	—	—	—	—	—	—
Balances with other banks	1,280,591	—	—	—	—	—	—	—	—	—	—	—
Lending to financial institutions	28,122,932	27,597,346	525,586	6,564,115	6,564,115	21,576,788	25,389,442	299,880	299,880	8,602,990	148	—
Investments - net	94,673,100	20,069,962	35,215,734	23,920,419	18,900,190	18,900,190	16,240,116	20,250,872	20,250,872	3,922,878	—	—
Advances - net	237,382,522	37,440,885	74,348,804	19,312,547	18,900,190	21,576,788	823,992	879,999	1,204,509	8,033,747	—	—
Operating fixed assets	12,459,586	57,779	115,558	173,337	346,673	823,992	—	—	—	—	—	—
Deferred tax assets	—	—	—	—	—	—	—	—	—	—	—	—
Other assets - net	17,986,438	8,362,872	2,189,603	2,278,055	1,744,912	1,890,508	—	3,700	3,700	1,516,788	—	—
	418,340,852	121,244,920	112,395,285	45,684,358	27,555,890	24,291,288	17,064,108	26,269,441	21,758,961	22,076,601	—	—
Liabilities												
Bills payable	3,162,429	—	—	—	—	—	—	—	—	—	—	—
Borrowings	39,818,532	16,494,831	10,002,829	7,728,038	430,218	860,436	1,720,872	1,720,872	1,720,872	23,083,511	—	—
Deposits and other accounts	328,872,559	62,637,486	68,007,594	43,404,545	53,338,503	19,706,372	11,612,007	15,376,345	31,706,196	2,994,000	—	—
Sub-ordinated loan	5,497,000	—	600	500	1,100	2,200	2,200	2,496,400	2,994,000	—	—	—
Deferred tax liabilities	3,374	(24,456)	(10,048)	(16,835)	(88,438)	13,7947	(132,231)	(89,873)	194,205	33,103	—	—
Other liabilities	11,067,164	4,300,144	3,882,751	193,410	3,779,17	2,974,15	282,483	503,959	1,229,085	—	—	—
	388,421,058	86,570,434	81,883,726	51,309,658	54,059,300	21,004,370	12,624,895	20,007,703	37,844,358	23,116,614	—	—
Net assets / (liabilities)	29,919,794	34,674,486	30,511,559	(5,625,300)	(26,503,410)	3,286,918	4,439,213	6,261,738	(16,085,397)	(1,040,013)	—	—
Share capital	7,110,008	—	—	—	—	—	—	—	—	—	—	—
Reserves	6,562,845	—	—	—	—	—	—	—	—	—	—	—
Unappropriated profit	12,164,662	—	—	—	—	—	—	—	—	—	—	—
Surplus on revaluation of assets – net of tax	25,857,515	—	—	—	—	—	—	—	—	—	—	—
	4,062,279	—	—	—	—	—	—	—	—	—	—	—
	29,919,794	—	—	—	—	—	—	—	—	—	—	—

Assets and liabilities are assumed to mature on their contractual maturities or on the expected date of realization / settlement / replacement as required by the assumptions.

December 31, 2008

	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	23,653,754	23,653,754	-	-	-	-	-	-	-	-
Balances with other banks	2,097,611	2,097,611	-	-	-	-	-	-	-	-
Lendings to financial institutions	15,793,183	15,493,183	300,000	-	-	-	-	-	-	-
Investments - net	82,449,475	23,503,057	10,584,842	2,948,294	14,133,383	7,331,791	6,272,740	11,400,259	6,200,092	75,017
Advances - net	213,020,108	46,634,673	43,500,172	32,941,300	24,919,045	17,811,621	11,931,894	15,475,688	15,694,013	4,111,701
Operating fixed assets	11,150,129	44,047	86,369	132,141	264,282	1,961,658	339,904	529,909	631,042	7,158,777
Deferred tax assets	1,031,049	6,291	44,913	23,353	119,486	120,386	125,241	129,351	462,028	-
Other assets - net	17,388,612	6,625,435	1,417,460	3,371,105	4,568,473	101,758	100,891	203,172	500,159	500,159
	366,583,921	118,058,051	55,935,756	39,416,193	44,004,669	27,327,214	18,770,670	27,738,380	23,487,334	11,845,654
Liabilities										
Bills payable	2,952,490	2,952,490	-	-	-	-	-	-	-	-
Borrowings	27,778,151	12,066,612	4,619,375	8,664,840	592,122	1,132,936	260,004	317,651	124,611	-
Deposits and other accounts	297,474,543	55,160,320	59,306,769	33,657,144	37,491,014	32,255,660	25,496,452	16,779,473	19,656,671	17,671,818
Sub-ordinated loan	2,498,000	-	-	500	500	1,000	1,000	1,248,000	1,247,000	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,644,838	4,707,966	6,348,412	202,116	220,938	195,880	181,654	305,185	733,605	733,605
	344,348,022	74,887,388	70,274,556	42,524,600	38,304,574	33,585,476	25,939,110	18,650,309	21,761,887	18,405,423
Net assets/(liabilities)	22,235,899	43,170,663	(14,338,800)	(3,108,407)	5,700,095	(6,258,262)	(7,168,440)	9,088,071	1,725,447	(6,559,769)
Share capital	6,463,644									
Reserves	5,804,776									
Unappropriated profit	8,475,791									
Surplus on revaluation of assets - net of tax	20,744,211									
	1,491,688									
	22,235,899									

Notes to the Consolidated Financial Statements

for the year ended December 31, 2009

43.4 Operational Risk

The Bank, like all financial institutions, is exposed to many types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, transaction processing, settlement systems and procedures and the execution of legal, fiduciary and agency responsibilities.

The Bank and its subsidiary maintain a system of internal controls designed to keep operational risk at appropriate levels, in view of the bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to industry best practice.

The Bank is currently in the process of implementing internationally accepted Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Tread Way Commission (COSO), with a view to consolidate and enhance the existing internal control processes.

The Bank is also in the process of developing a Business Continuity Plan applicable to all its functional areas, with assistance of a consultant.

Further, the Bank has appointed a consultant to assist in implementation of Operational Risk Framework. Various policies and procedures with respect to this framework are under approval process and subsequent implementation in 2010.

Currently the Bank uses the Basic Indicator Approach for assessing its operational risk capital charge. However, migration to Standardised Approach is planned for future. For this purpose the bank is in the process of acquiring and implementing required systems and technology.

44. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison. The significant reclassifications are given below:

From	To	Rupees in '000
Other Charges	Worker's Welfare Fund	218,401
Mark-up/Return/Interest expensed	Administrative expenses	31,892
Income from dealing in foreign currencies	Mark-up/Return/Interest expensed	744,810

45. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on February 17, 2010 has proposed a cash dividend in respect of 2009 of Rs. 2.00 per share (2008: cash dividend Rs. 1.00 per share). In addition, the directors have also announced a bonus issue of 10% (2008: 10%). These appropriations will be approached in the forthcoming Annual General Meeting. The consolidated financial statements of the Bank and its subsidiary for the year ended December 31, 2009 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2010.

46. GENERAL

46.1 These financial statements have been prepared in accordance with the revised forms of annual financial statements of the banks issued by the State Bank of Pakistan through its BSD Circular No. 04 dated February 17, 2006.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 17, 2010 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Amount in Million			
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off	Other Financial Relief Provided	Total 9+10+11	
														5
1	SHAHID WEAVING FACTORY, GALI SILKO MILLS, BAGHBAUR, HAFZABAD ROAD, GUJRANWALA.	MUHAMMAD HUSSAIN	NA	NA	NA	0.452	0.000	4.661	5.113	0.452	0.000	0.000	4.661	5.113
2	A & R ASSOCIATES 40 DISTRICT COUNCIL BUILDING, DC SHOPPING CENTRE TANDI SARAK, HYDERABAD.	RASOOL BUX BHUTTO ASIF ALI BHUTTO HAJI MASHOOQ ALI BHUTTO MRS. SAHIB KHATOON MRS. NAHEED ANWAN	454-85-2373-5 NA 454-36-237303 454-36-237303 421-86-131045	NA	MASHOOQ ALI BHUTTO, RASOOL BUX BHUTTO, RASOOL BUX BHUTTO, MASHOOQ ALI BHUTTO, W/O AWAN	5.665	0.000	7.386	13.051	2.865	0.000	0.000	7.386	10.251
3	MUSTANSIR BILLA, 634-A, HORLEY STREET, RAWALPINDI.	MUSTANSIR BILLA ARTIQU UR REHMAN	NA 101-49-467748	NA	NA SH. ABDUL QADER	0.504	0.000	0	0.504	0.504	0.000	0.000	0	0.504
4	AFAZAL COTTON GINNING & PRESSING FACTORY (PVT) LIMITED, 17 SP DEPAL PUR ROAD, PAKPATTAN	MUHAMMAD AFAZAL MUHAMMAD AWAIS MUHAMMAD KHUBAID MUHAMMAD TUFAIL SAJIDA BEGUM	337-90-103436 337-90-103434 337-86-103439 337-32-103432 333-85-136977	NA	MUHAMMAD TUFAIL MUHAMMAD TUFAIL FAZAL MUHAMMAD W/O MUHAMMAD AWAIS	1.077	0.000	0.750	1.827	1.077	0.000	0.000	0.750	1.827
5	SAQDZ AGRY (PVT) LIMITED, 34- CLUB ROAD, VEHARI, 13-B SHARQI COLONY VEHARI.	MUHAMMAD RAMZAN NAEEM ABDUL SATTAR MST. SHEHNAZ QAMAR	300-47-103017 324-97-085417 279-89-400680	NA	ABDUL HAMEED SHER MUHAMMAD ABDUL SATTAR	2.742	0.000	3.561	6.303	2.742	0.000	0.000	3.561	6.303
6	RAMZAN COTTON GINNERS, CHAK NO. 87/VB, ADDA KANDOOK, VEHARI	MUHAMMAD BUSH	324-40-121887	NA	BAGH ALI	1.190	0.000	0.718	1.908	1.190	0.000	0.000	0.718	1.908
7	AZHAR IQBAL, FLAT NO.5, BLOCK-5, 1 & T CENTRE, G-10, ISLAMABAD	AZHAR IQBAL	228-58-871450	NA	CH MUHAMMAD MALIK	0.412	0.000	0.316	0.728	0.412	0.000	0.000	0.316	0.728
8	AMROZIA KIYANI H.NO.DN-174, MOHALLAH KHAYABAN-E-SIR SYED SECTOR 4-A, RAWALPINDI.	AMROZIA KIYANI	101-77-298730	NA	MUHAMMAD MANZOOR KIYANI	0.352	0.000	0.354	0.706	0.352	0.000	0.000	0.354	0.706
9	GUL RUKH MANZOOR HOUSE No16, STREET No46, F-7/2, ISLAMABAD.	GUL RUKH MANZOOR	NA	NA	W/O MANZOOR ELLAHI SHAIKH	0.202	0.000	0.503	0.705	0.202	0.000	0.000	0.503	0.705
10	ALI ENTERPRISES, C/O. KHOMER FILLING STATION, GILGIT.	HAJI QURBAN ALI	750-37-114426	NA	ALI MADAD	0.259	0.000	0.520	0.779	0.259	0.000	0.000	0.520	0.779
11	MUHAMMAD KASHIF CHAUDHRY H.No:728, STREET No:9, G-9/3, ISLAMABAD.	MUHAMMAD KASHIF CHAUDHRY	101-74-426873	NA	CH MUHAMMAD SHAFI	0.307	0.000	0.261	0.568	0.307	0.000	0.000	0.261	0.568
12	SARDAR AHMED, DERA GOTRA, VILL DOGRI MUSLIM P/O, BUDHA GORYA, TEHSIL DASKA, DISTT SIALKOT.	SARDAR AHMED	302-77-068770	NA	CH. SULTAN AHMED	0.386	0.000	0.347	0.733	0.386	0.000	0.000	0.347	0.733
13	CHAUDHRY MUHAMMAD SHAFI H.No:728, STREET No:9, SECTOR G-9/3, ISLAMABAD	CHAUDHRY MUHAMMAD SHAFI	101-46-428670	NA	CH. FATEH MUHAMMAD	0.387	0.000	0.337	0.724	0.387	0.000	0.000	0.337	0.724

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Amount in Million			
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up Written-off	Other Financial Relief Provided	Total 9+10+11	
														5
14	MOIZ WALI ASSOCIATES B.NO. A/2-B, UNIT NO. VIII, LATIFABAD, HYDERABAD.	ABDUL SHAKOOR SYED SAID ALI SYED MANZAR IJANI RANE KHALID JAMIL MOJIB BUX CHANDIO	462-92-210944 449-45-226054 449-51-005208	NA	MANGAL KHAN SYED WAJID ALI MUHAMMAD IJANI KHAN KHANWAR M. ABU BAKAR HAIDER BUX CHANDIO	1.116	0.000	1.060	2.176	1.116	0.000	0.000	1.060	2.176
15	REHAN ZAIDI	REHAN ZAIDI	502-70-42543	NA	SYED ALI ZAIDI	0.400	0.000	0.219	0.619	0.400	0.000	0.000	0.219	0.619
16	MANZOOR AHMED	MANZOOR AHMED	518-64-171039	NA	SULTAN AHMED	0.419	0.000	0.233	0.652	0.419	0.000	0.000	0.233	0.652
17	APAY GARMENTS (PVT) LIMITED B-34, BLOCK-10, FB. AREA, KARACHI	MUHAMMAD AHMED PREZADA MUKHTAR IZHAN BEGUM NIKHAT BEGUM MRS. RUBINA	518-62-104698 NA NA NA	NA	MUHAMMAD AHMED BAG JAMILUDDIN QURESHI MUHAMMAD IQBAL HUSSAIN RASOOL BUX MANGI	1.068	0.000	1.070	2.138	1.068	0.000	0.000	1.070	2.138
18	ACE GARMENTS D-7B LOCK-6, FB. AREA, KARACHI.	FAISAL SARFAZ	NA	NA	LATE S.B.KHAN	3.004	0.000	5.135	8.139	3.004	0.000	0.000	5.135	8.139
19	RAJPUT EXPORTERS & IMPORTERS OFFICE #235, 2ND FLOOR, SUNNY PLAZA, HAGSRAI MOHANI ROAD, KARACHI.	RAJESH KUMAR	621-76-066318	NA	SADHA MAHAL	1.165	0.000	1.246	2.411	1.165	0.000	0.000	1.246	2.411
20	MOHSIN TRADERS, PLOT NO. 1387/4, FB. AREA, KARACHI	ASIM AHMED SHAIKH	42101-1695289-9	NA	RASHEED AHMED SHAIKH	0.390	0.000	0.877	1.267	0.390	0.000	0.000	0.877	1.267
21	JHOLAY LAL SANJAD TRANSPORT COMPANY NATIONAL HIGHWAY NEAR, HUNDRED BED HOSPITAL, PIPRI BIN QASIM, KARACHI.	SARDAR HUSSAIN	12201-757557-1	NA	PASTA KHAN	6.332	0.000	0	6.332	6.332	0.000	0.000	0	6.332
22	ZEE INTERNATIONAL LOWER GROUND FLOOR, PANAROMA CENTRE, FATIMA INNVAH ROAD, KARACHI.	AHMED IBRAHIM	516-65-226838	NA	HAJIB IBRAHIM	9.393	0.000	0	9.393	9.393	0.000	0.000	0	9.393
23	NATIONAL ASSETS LEASING CORPORATION LIMITED	SHAMIM LUNEJO RANA M. ABU OBAID DR. KHALID IQBAL AZHAR TARIQ	NA	NA	NA	12.000	0.000	0	12.000	12.000	0.000	0.000	0	12.000
24	TECHNO POWERGEN (PVT) LIMITED, POWERGEN HOUSE, C-30-D, 26TH STREET, TAUHEED COMM. AREA, DHA, PH-V, KARACHI.	SYED BASIT RASOOL MRS. ATIA QADRI MRS. KALPANA SHRESTHA AZHAR TARIQ KHAN	42301-0741996-3 42301-4401139-0 NA NA	NA	SYED AHMED QADRI BASIT RASOOL QADRI ANIL SHRESTHA NA	21.878	0.000	0	21.878	21.878	0.000	0.000	0	21.878
25	GHAHO TEXTILE MILLS (PVT) LTD. HAKIN SONS BUILDING, 2ND FLOOR, WEST WHARF ROAD, KARACHI	ABDUL SHAKOOR KHALID LATEEF ANARI IMTIAZ RASHEED ANSARI COM PIN NAIMUDDIN ANSARI DR ABUL GHANI SIKANDARULLAH	41301-3819814-3 NA 41304-5065796-5 NA NA	NA	AHMED KHAN ANSARI ABDUL LATEEF ANSARI ABDUL RASHEED ANSARI MUHAMMAD SAEED ANSARI AHMED KHAN ANSARI HIDAYATULLAH	32.570	0.000	0	32.570	32.570	0.000	0.000	0	32.570

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Other Financial Relief Provided 9+10+11	Total 12		
		Name of Directors	NIC Nos.	3		Principal	Interest/ Mark-up	Other	Total	Principal Written-off			Interest/ Mark-up Written-off	
														5
1														
26	CALLMATE TELPS/TELECOM LIMITED HEAD OFFICE, 99-CF-1/5, CLIFTON, KARACHI.	SHUJAT ALI QARNI ASIF SHAHZAD SALEEM SHEHZAD SYED USMAN HAROON NADEEM AHMED KHAN AHMED JAMIL ANSARI MUHAMMAD AIMAL ANSARI	42201-0772208-1 NA NA NA NA 42301-4085207-5 42000-0677785-3	3	SHARAFATULLAH KHAN NA NA NA ZILLUR REHMAN ANSARI ZILLUR REHMAN ANSARI	280,559	0,000	0	280,559	280,559	0,000	0	280,559	
27	IMRAN CORPORATION HOUSE NO.61, GALI NO. 8, MOHALLA, TARIQABAD, FAISALABAD	MUHAMMAD ARSHAD FARHAT BEGUM ZUREDA BEGUM SH. MUHAMMAD SHAFIQE SH. MUHAMMAD JAMIL	247-42-201119 312-40-269221 247-43-191932 247-56-281083 NA	3	MUHAMMAD GULZAR MUHAMMAD ARSHAD MUHAMMAD GULZAR MUHAMMAD SHARIF RAHIM BUX MUZAFFAR UL HAQ	1,794	0,000	1,923	3,717	1,794	0,000	1,923	3,717	
28	MET INTERNATIONAL 5-FAROOQ CENTER, WECLEED ROAD, LAHORE.	COL. (R) ANWAR-UL-HAQ	322-48-003985	3	MUHAMMAD HANIF	3,483	0,000	1,633	5,116	3,483	0,000	1,633	5,116	
29	SPINNING MACHINERY COMPANY OF PAKISTAN PVT LTD, NEAR RACE COURSE, POST OFFICE ISMAIL NAGAR, KOT LAHPAT, P.O. BOX 2136, LAHORE.	DR. ABDUL QAYUM RANA ABDUL WAHEED M. ASLAMI KHAN	243-48-212312 272-50-872802 261-40-461152	3	NA	2,564	0,000	5,933	8,497	2,564	0,000	5,933	8,497	
30	CRESANT KNITWARE LTD, 5TH, FLOOR, PAF BUILDING 7-D, KASHMIR ROAD AND ITS UNIT AR 31-KM FEROZPUR ROAD, LAHORE	HUMAYUN MAZHAR KHURRAM MAZHAR ANJUM M. SALEEM NASIR SHAFI ZAHEER M. SHAIKH SHAMS RAFI	244-88-101255 244-65-101256 NA NA 244-29-053276 NA	3	MAZHAR KARIM MAZHAR KARIM	8,406	0,000	3,516	11,922	8,406	0,000	3,516	11,922	
31	GOLDEN ROCK SUIT NO. 6, 2ND FLOOR, MAWAR BUILDING, 48-SHADMAN MARKET, LAHORE.	SYED GHULAM MOHIUDDIN	301-87-511269	3	Syed Fazal Hussain Gillani	8,416	0,000	7,407	15,823	8,416	0,000	7,407	15,823	
32	TARIQUE COTTON GINNERS MAIN ROAD, UBUARO, SINDH	TARIQ AZIZ	413-90-036074	3	MUHAMMAD HANIF	1,497	0,000	1,043	2,540	0,497	0,000	1,043	1,540	
33	SHAN FERTILIZER AGENCY, MAIN ROAD, UBAURO, DIST: GHOTKI	ABDUL QAYOOM	45105-6160189-5	3	MUHAMMAD SULEMAN ARAIN	1,818	0,000	0,585	2,403	0,818	0,000	0,585	1,403	
34	ANMAR TEXTILE (PVT) LTD, 18-KM, MULTAN ROAD, LAHORE	KH BELAL AHMED MRS. SAMIBA BELAL	35202-2969902-7 35200-148284-4	3	KH. MOHIUDDIN W/O KH. BELAL	208,409	0,000	41,156	249,565	160,488	0,000	41,156	201,644	
35	AL-ASAD INDUSTRIES (PVT) LTD, 145/2 INDUSTRIAL ESTATE, GAOON AMALZI, SWABI	MUHAMMAD YAMEN MEHMOOD AHMED MANZOOR AHMED	3310098170493-5 245-56-170682	3	MOHAMMAD BASHIR MOHAMMAD BASHIR MOHAMMAD BASHIR	1,862	0,000	14,685	16,547	1,862	0,000	14,685	16,547	
36	SAWAN IMPEX P-9 1ST FLOOR, COTTON PLAZA, YARN MARKET, MONTGOMERY BAZAR, FAISALABAD.	AHSEN JAMAL	146-34-030223	3	MUHAMMAD ZAKI	4,086	0,000	1,063	5,149	4,086	0,000	1,063	5,149	
37	AURANGZEB ENGINEERING WORKS, 354 ABU BAKAR STREET, PECCO ROAD, KOT LAHPAT, LAHORE.	MUHAMMAD NAQI TAHIR UL HASSAN	35202-29-08298-5	3	MUHAMMAD HASSAN	1,122	0,000	0,921	2,043	1,122	0,000	0,921	2,043	

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Other Financial Relief Provided 9+10+11	Total 12		
		Name of Directors	NIC Nos.	3		Principal	Interest/ Mark-up	Other	Total	Principal Written-off			Interest/ Mark-up Written-off	
														5
1														
38	FARAN MOVERS, 1-A OFFICE # 8, MAZANNINE FLOOR GOOD LUCK CENTER NEAR PEOPLE GROUND, MARIPUR ROAD, KARACHI.	ANSAR ALI	503-67-002145	3	AMBER ALI	6,768	0,000	1,692	8,460	6,768	0,000	1,692	8,460	
39	EEMAN ENTERPRISES, 79-H, GURBERG III, LAHORE	SOHAIL RAFIQUE	272-65-600152	3	MUHAMMAD RAFIQUE	5,566	0,000	7,978	13,544	5,566	0,000	7,978	13,544	
40	SNATEX SPINNING MILLS (PVT) LTD, 68-A, ST No.2, CAVALARY GROUND, LAHORE CANTT.	IQBAL SAIGAL SAMIR SAIGAL NADEEM SAIGAL G.A. ZAFAR	514-40-010790 514-64-010791 514-64-010792 514-40-068634	3	BASHIR SAIGAL IQBAL SAIGAL IQBAL SAIGAL CH. KHAR DIN ZAFAR UL HAQ	23,556	0,000	17,157	40,713	23,556	0,000	17,157	40,713	
41	GHULAM SHABIR KHAN, ST # 4, MOHELLAH ROSHANPURA GARIKH, GUJRANWALA.	GHULAM SHABIR KHAN	286-92-012395	3	Sheeh Muhammad Khan	0,400	0,000	0,208	0,608	0,400	0,000	0,208	0,608	
42	MUHAMMAD HUSSAIN MAID, GALI # 1, MOHELLA PASOOL PURA, GUJRANWALA ROAD, SHEKHUPURA.	MUHAMMAD HUSSAIN MAJID	294-75-659557	3	FIDA HUSSAIN CHEEMA	1,655	0,000	0	1,655	1,655	0,000	0	1,655	
43	NATURAL TEXTILE, ROOM # 53, PAKISTAN HANDI CRAFT CHAMBER, ABDULLAH HAROON ROAD, KARACHI.	SYED PARVEZ ZAFAR	NA	3	LATE SYED ZAFAR	0,437	0,000	1,045	1,482	0,437	0,000	1,045	1,482	
44	MUHAMMAD TANVEER BUTT, H # 461, ST # 8, MOHALLAH TARIQABAD, FAISALABAD.	MUHAMMAD TANVEER BUTT	269-58-145023	3	ABDUL REHMAN BUTT	0,570	0,000	0,522	1,092	0,570	0,000	0,522	1,092	
45	RACHNA OIL (PVT) LTD, 12 - KM MULTAN ROAD, LAHORE.	CH. ZAHID HAMEED SHAHID HAMEED CH. ABDUL HAMEED MRS. BUSHRA ZAHID	358-52-493719 358-54-312638 270-14-105105 358-93-704086	3	CH. ABDUL HAMEED CH. ABDUL HAMEED KHAN MUHAMMAD W/O CH. ZAHID HAMEED	21,638	0,000	19,262	40,900	21,638	0,000	19,262	40,900	
46	M.Y.MALIK & CO 69-THE WALL, LAHORE.	M. YOUSAF MALIK MRS. SHAMIM YOUSAF	NA	3	MALIK MUHAMMAD YAQOUB W/O M. YOUSAF MALIK	1,300	0,000	3,250	4,550	1,300	0,000	3,250	4,550	
47	INTERNATIONAL CONSTRUCTION, SABIR MANZIL, FEROZPUR ROAD, LAHORE	ZULFIQAR ALI SHAH	N/A	3	KHADIM ALI SHAH	0,246	0,000	0,360	0,606	0,246	0,000	0,360	0,606	
48	HASSAN INDUSTRIES P-67, MAQBUL ROAD, FAISALABAD.	ABDUL RAUF	33100-4128735-5	3	AHMED DIN	6,315	0,000	1,968	8,283	1,316	0,000	1,968	3,284	
49	NATIONAL AGRO SERVICES 51-B/3, GULBERG III, LAHORE.	MAQSOOD MALIK GHULAM AHMED MALIK DOST MUHAMMAD MASOOD UL HASSAN MALIK M SAIED	270-40-110339	3	MALIK NOOR MUHAMMAD KHAN	0,562	0,000	1,032	1,594	0,562	0,000	1,032	1,594	
50	TRANSLOG PAKISTAN LUMAR, SIDDIQUE PLAZA, ADJACENT CALTEX, PETROL PUMP, HOWKSBAY ROAD, KARACHI.	RUSTEM K SIDHWA	42301-4738297-9	3	KHURSHID SIDHWA	8,256	0,000	2,267	10,523	8,256	0,000	2,267	10,523	

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Outstanding Liabilities at the Beginning of the year						Other Financial Relief Provided	Total 9+10+11		
		Name of Directors	NIC Nos.	Father's / Husband's Name	Principal		Interest / Mark-up		Other	Total			Principal Written-off	Interest / Mark-up / Written-off
					5	6	7	8						
1	2	3	4	5	6	7	8	9	10	11	12			
51	ASHFAQ & CO 61-GENERAL BUS STAND, BADAMI BAGH, LAHORE.	MUHAMMAD ASHFAQ	265-41-150059	N/A	0.479	0.000	1.042	1.521	0.000	0.000	1.042	1.521		
52	SAMANABAD INDUSTRIAL ENTERPRISES, 603 N. SAMANABAD, LAHORE.	MIAN SAKEED AHMED (LATE)	N/A	REHMAT ULLAH (LATE)	0.502	0.000	0.758	1.260	0.000	0.000	0.758	1.260		
53	REGENCY TEXTILE LIMITED, 88(C-II, ARF) IAN ROAD, LAHORE CANTT.	M. IQTIDAR PARVEZ MRS. NAZNEEN PARVEZ KHURRAM PARVEZ MIAN PARVEZ ASLAM MIAN JAVED ASLAM SALAHUDDIN MIAN AVAZ KARIM MIAN AFTAB AHMED KHAN	N/A	N/A	4.364	0.000	2.491	6.855	0.000	0.000	2.491	6.855		
54	LAB AIDS CORPORATION, 28-SHAH PLAZA, SANDA ROAD, LAHORE.	DR HAMID MAHMOOD	272-36-358678	N/A	1.152	0.000	0.953	2.105	0.000	0.000	0.953	2.105		
55	MUHAMMAD YOUSUF RATTU & SONS MITRAAN WALI BUILDING, GUJRANWALA ROAD, HARIZABAD.	ABDUL QAYYUM RATTU	289-50-000684	M. YOUSUF	3.989	0.000	2.834	6.823	0.000	0.000	2.834	6.823		
56	EZS SOLUTIONS (PVT) LIMITED, 113-C, MODEL TOWN, LAHORE.	ABDUL QADEER KHAWAJA ASAD QADEER KHAWAJA MRS. SAADIYAH QADEER KHAWAJA MIAN ABDUL QAYYUM	35201-1341064-1 35201-1341064-9 35201-4458433-6 35202-6047718-3	ABDUL AZIZ ABDUL KADEER KHAN ABDUL KADEER KHAWAJA MIAN MUHAMMAD ANWAR	13.679	0.000	5.376	19.055	0.000	0.000	5.376	19.055		
57	SAQADIA TIN (PVT) LTD 201-S, SMALL INDUSTRIAL ESTATE, INDUSTRIAL AREA, KOT LAKHPAT, LAHORE.	MUJTABA SYED MRS. YASMEEN ZAINAB SYED AHSEN IQBAL MRS. AMINA BANO	NA	SYED M. TAQI MUJTABA SYED M. IQBAL SYED AHSEN IQBAL	0.498	0.000	1.551	2.049	0.000	0.000	1.551	2.049		
58	MUHAMMAD TARIQ, 7-E, 1ST FLOOR, ZAMZAMA COMMERCIAL - 8, CLIFTON, KARACHI.	Muhammad Tariq	513-88-105554	MUHAMMAD SAQDAR	0.480	0	0.233	0.713	0.000	0.000	0.233	0.713		
59	GHIULAM SALJAN 5-KARAWAT MANZIL, HOUSE NO.26/554, CANITT BAZAR	Ghiulam Salan	42201-0821069-5	MUHAMMAD SHAREEF	0.452	0	0.224	0.676	0.000	0.000	0.224	0.676		
60	ABDUL HAQUE FLAT NO. 21, BLOCK-C, AL-SHAMS COMPLEX, RASHID MINHAS ROAD, KARACHI.	Abdul Haque	43201-5468672-1	MUHAMMAD SALEH	0.467	0.000	0.228	0.695	0.000	0.000	0.228	0.695		
61	ZULFIQAR AHMED SHOP NO. 09, NOMAN PLAZA, RASHID MINHAS ROAD, GULSHAN-E-IQBAL, KARACHI.	ZULFIQAR AHMED	42201-0658039-3	GULZAR AHMED SHAIKH	0.478	0	0.231	0.710	0.000	0.000	0.231	0.710		
62	SALMAN AHMED SHP NO. S-3, SHOP NO.03, NOMAN PLAZA, GULSHAN-E-IQBAL, KARACHI.	Salman Ahmed Sheikh	417-79-118701	SALEEM AHMED	0.490	0	0.235	0.726	0.000	0.000	0.235	0.726		
63	SHAHZAD ANWAR G-3, KHONDOR ELECTRONICS, ABDULLAH HAROON ROAD, KARACHI.	Shahzad Anwar	42101-3485700-5	USMAN GHANI	0.490	0	0.236	0.726	0.000	0.000	0.236	0.726		

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Outstanding Liabilities at the Beginning of the year						Other Financial Relief Provided	Total 9+10+11		
		Name of Directors	NIC Nos.	Father's / Husband's Name	Principal		Interest / Mark-up		Other	Total			Principal Written-off	Interest / Mark-up / Written-off
					5	6	7	8						
1	2	3	4	5	6	7	8	9	10	11	12			
64	S. AKRAM IMAM, A-916, BLOCK-12, GULBERG, FB. AREA, KARACHI.	S. Akram Imam	501-59-194991	SYED ALI IMAM	0.439	0	0.212	0.652	0.439	0.000	0.212	0.651		
65	GHIJAM SARWAR SHAIKH, S - 53/73, BLOCK - 4 - A, AZEEM KHAN GABOL GOTH, GULSHAN - E - IQBAL, KARACHI	Ghiulam Sarwar Shaikh	41303-8178987-5	RAZA MUHAMMAD SHAIKH	0.497	0	0.233	0.730	0.497	0.000	0.233	0.730		
66	ZAWAR HUSSAIN, L - 5 - 6 - STREET - 5, GULSHAN - E - IQBAL - 6, KARACHI	Zawar Hussain	42201-3700387-1	FAZAL DAO	0.485	0	0.226	0.711	0.485	0.000	0.226	0.711		
67	HASAN MEDICOS, HASSAN MEDICOSE, 24 - A, ISLAMIC ARCADE, OPP SAFARI PARK	AHSAN JAMAL	42501-2515727-5	MUHAMMAD JAMMAL AHMED	0.422	0	0.184	0.586	0.422	0.000	0.184	0.586		
68	ZUBAIR AHMED SALEEMI, S - 18, 18/4A, BLOCK - 02, ALLAM IQBAL ROAD, ECH, KARACHI	Zubair Ahmed Saleemi	42201-5795444-5	BASHIR AHMED SALEEMI	0.387	0	0.196	0.584	0.387	0.000	0.196	0.583		
69	S. JAWAD MEDHI, SHAHZAD ENTERPRISES, C-77, BLOCK - 1, NORTH NAZIMABAD, KARACHI	S. Jawad Medhi	42101-6426894-9	SYED AMJAD HUSSAIN NAQVI	0.436	0	0.209	0.645	0.436	0.000	0.209	0.645		
70	IMDAD ALI, SHAIKH MUHAMMAD TEHSEEL SEHMAN SHAREEF, DISTRICT DADU	Imdad Ali	42301-5509032-7	ABDUL LATEEF SHAIKH	0.443	0	0.210	0.652	0.443	0.000	0.210	0.653		
71	S. AFTAB, SHOP NO. 09, ASIF ARCADE, UNIVERSITY ROAD, KARACHI	S. Aftab	515-66-080287	SYED MEERA HUSSAIN	0.495	0	0.223	0.719	0.495	0.000	0.223	0.718		
72	PERVAZ IQBAL, G-20, BLOCK-7, JESON LUXURY CANTONMENT, CLIFTON KARACHI	Iqbal Pervaiz	42301-2778564-7	AHMED KHAN LANGHA	0.454	0	0.210	0.664	0.454	0.000	0.210	0.664		
73	JUNAID ALI MUGHNI A - 12 SHERTON HEIGHTS ABUL HASAN ISPHANI ROAD KARACHI	Junaid Ali Mughni	501-93-483837	MUHAMMAD ABDUL MUGHNI	0.469	0	0.229	0.698	0.469	0.000	0.229	0.698		
74	RASHID MINHAS HOUSE NO. 265, PLOT 12/2, RASHID MINHAS.	Rashid	511-85-056909	IBRAHIM	0.485	0	0.235	0.721	0.485	0.000	0.235	0.720		
75	ABRAR SIDDIQUE, B - 447, SECTOR 11 - A, NORTH KARACHI, KARACHI	M. Abrar Siddique	451-68-218576	MOHAMMAD ISMAIL SIDDIQUE	0.495	0	0.238	0.734	0.495	0.000	0.238	0.733		
76	AWAL ISMAIL, C-20, BLOCK-4, GULSHAN E RAHEEM, KARACHI	Ajaz Ismail	451-59-218573	MOHAMMAD ISMAIL SIDDIQUE	0.495	0	0.238	0.734	0.495	0.000	0.238	0.733		
77	SALEEM, C-30, EVERSINE HOUSING SOCIETY, GARDEN EAST, KARACHI	Saleem	42201-0515222-7	SADDARUDDIN RAJAB ALI	0.398	0	0.210	0.608	0.398	0.000	0.210	0.608		

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors		NIC Nos.	Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Total 9+10+11		
		Name of Directors	3			Principal	Interest/Mark-up	Other	Total	Principal Written-off		Interest/Mark-up Written-off	Other Financial Relief Provided
78	AMEER ALI, SD 21, BLOCK-G ALI DOULAT SQUARE, NORTH NAZIMABAD, KARACHI	Ameer Ali		42101-1541129-9	MOHSIN	0.426	0	0.206	0.632	0.426	0.000	0.206	0.632
79	ALAUDDIN, H.NO. 1122, DRNG COLONY NO.3, SHAHRA-E-FAISAL, KARACHI	Alauddin		42201-4484492-5	ISMAILUDDIN	0.453	0	0.226	0.680	0.453	0.000	0.226	0.679
80	MOHD YASEEN, HOUSE NO.804, BLOCK-8 GALI NO.40, SHEERSHAH COLONY, KARACHI	Mohd Yaseen		42401-1537946-9	MUHAMMAD YAMIN	0.467	0	0.230	0.697	0.467	0.000	0.230	0.687
81	GHIJLAW RASOOL, A-487, BLOCK H, NORTH NAZIMABAD, KARACHI	Ghiulam Rasool		42101-6445933-1	MUHAMMAD ISMAIL KHAN	0.466	0	0.235	0.722	0.466	0.000	0.235	0.721
82	MEHBOOB RAJA ALI, FLAT NO. A-2, FIRST FLOOR, FIRST FLOOR, FB AREA, KARACHI	Mehboob Rajab Ali		42101-9737644-5	RAJAB ALI	0.406	0.000	0.204	0.610	0.406	0.000	0.204	0.610
83	LUBNA ATIQ, A-769, BLOCK NO.12, FB AREA, KARACHI	Lubna Atiq		42101-5386488-8	MUHAMMAD ATIQ KHAN	0.490	0.000	0.235	0.726	0.490	0.000	0.235	0.725
84	JALAUDDIN SIDDIQUI, B-11, SUPER PALACE, DR ZAUIDIN AHMED ROAD, CIVIL LINES, KARACHI	Jalauddin Siddiqui		42301-5404530-5	SHAMSUDDIN SIDDIQUI	0.431	0.000	0.205	0.636	0.431	0.000	0.205	0.636
85	MUHAMMAD AKARIA, 206, BLOCK 7/8, BHADURABAD, KARACHI	Mohammad Zakaria		42201-7260594-5	MUHAMMAD HAROON	0.424	0.000	0.215	0.639	0.424	0.000	0.215	0.639
86	M. NADEEM SHEIKH, FLAT NO.8, BURNS ROAD, KHADIJA MANZIL, KARACHI	M.Nadeem Sheikh		502-85-341433	MUHAMMAD UDDIN SHAIKH	0.478	0.000	0.231	0.709	0.478	0.000	0.231	0.709
87	FIROOZ BEGUM, FLAT NO. E-504, QASIM COMPLEX, GULISTAN-E-JOHER, BLOCK-18, KARACHI	Firdous Begum		42501-1480534-2	SALEEM BAKHO	0.428	0.000	0.217	0.645	0.428	0.000	0.217	0.645
88	INAM ALI SHAH, 126, JINNAH COLONY, PMC, KARACHI	Inam Ali Shah		41203-9918465-5	RABINDO SHAH	0.490	0.000	0.236	0.726	0.490	0.000	0.236	0.726
89	S. MUKHTAR AHMED, A-40, MOOSA COLONY, KARIMABAD, KARACHI	Mukhtar Ahmed		42101-2570030-5	SYED MUMTAZ AHMED	0.445	0.000	0.214	0.660	0.445	0.000	0.214	0.659
90	SHAHIDA PERVEEN, FLAT NO. E-1, SULEMAN PLAZA, BLOCK-10, GULSHAN-E-IOBAL, KARACHI	Shahida Parveen		42201-5491039-6	MUHAMMAD ABID ANWAN	0.490	0.000	0.233	0.723	0.490	0.000	0.233	0.723
91	ABDUL QUDOUS, A-7, BLOCK-11, UBAD HEIGHTS, GULSHAN-E-IOBAL, KARACHI	Abdul Qudous		42201-0365450-7	MUHAMMAD SABIR ANWAN	0.483	0.000	0.231	0.714	0.483	0.000	0.231	0.714
92	S. ALTAJ UL HAQ, A-55, BLOCK-P, NORTH NAZIMABAD, KARACHI	S.Altaj-Ul-Haq		37405-0324021-1	SYED ANWAR UL HAQ	0.495	0.000	0.234	0.730	0.495	0.000	0.234	0.729

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Directors		NIC Nos.	Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Total 9+10+11		
		Name of Directors	3			Principal	Interest/Mark-up	Other	Total	Principal Written-off		Interest/Mark-up Written-off	Other Financial Relief Provided
93	SYED MINHAJ UL HAQ, A-55, BLOCK-P, HUSSAIN D SILVA TOWN, NORTH NAZIMABAD, KARACHI	Syed Minhaj-Ul-Haq		502-72-065462	SYED ALTAF-UL-HAQ	0.495	0.000	0.234	0.730	0.495	0.000	0.234	0.729
94	IMRAN SHAMIMUDDIN, C-5/111, ASIF COLONY, MANGHOOR ROAD, KARACHI	Imran Shamimuddin		42101-1948228-1	SHAMIMUDDIN	0.435	0.000	0.212	0.648	0.435	0.000	0.212	0.647
95	JUNAID JAMIL, H.NO. 238/5, WATER COURSE ROAD, KARACHI	Junaid Jamil		41303-4573483-9	JAMIL AHMED KHAN	0.473	0.000	0.224	0.697	0.473	0.000	0.224	0.697
96	ARSHAD FAROOQ SIDDIQUE, A-242, GOATH IBRAHIM HYDERY, KARACHI	Arshad Farooq Siddique		501-86-140952	FAROOQ AHMAD SIDDIQUE	0.447	0.000	0.218	0.665	0.447	0.000	0.218	0.665
97	ALI RAZA SHEIKH, S-20, SECTOR 5, MALIR EXT, KARACHI	Ali Raza Sheikh		518-78-445181	ABDULLAH SHAIKH	0.495	0.000	0.231	0.727	0.495	0.000	0.231	0.726
98	M. KHURAM YAR, R-155, SECTOR 15-A/4, BUFFER ZONE, KARACHI	M.Khuram Yar		42101-5579085-5	MUHAMMAD FAZALEEN YAR	0.490	0.000	0.228	0.718	0.490	0.000	0.228	0.718
99	AZRA HASHMI, D-8, SREET NO.25, MODEL COLONY, KARACHI	Azra Hashmi		515-90-274201	AKHLAQ HASHMI	0.490	0.000	0.227	0.718	0.490	0.000	0.227	0.717
100	MOHD HAYAT KHAN, H.NO. 128, LANE NO.5, NEEELAM COLONY, KARACHI	Mohd Hayat Khan		42301-9211515-9	KATCHKOOL KHAN	0.458	0.000	0.218	0.676	0.458	0.000	0.218	0.676
101	ARIF ALI, HOUSE NO.G-88, DRIGH ROAD, REHMANABAD SOCIETY, KARACHI	Arif Ali		455-86-411077	AKHTAR ALI	0.460	0.000	0.223	0.703	0.460	0.000	0.223	0.703
102	ZANEAB KHATOON, H.NO.R-9, LANE NO.5, BLOCK A, GULSHAN-E-IOBAL, KARACHI	Zaneab Khatoon		42201-2634940-0	MUHAMMAD KHALID	0.478	0.000	0.222	0.701	0.478	0.000	0.222	0.700
103	IRSHAD BANO, FLAT NO. B-209, RUFF LAKE DRIVE, GULISTAN-E-JOHER, KARACHI	Irshad Bano		475-50-039205	MUHAMMAD SABIR ANWAN	0.483	0.000	0.225	0.709	0.483	0.000	0.225	0.708
104	HAMEEDA FATIMA, FLAT NO.118, RUFF LAKE DRIVE, GULISTAN-E-JOHER, KARACHI	Hameeda Fatima		42201-3337864-2	BASHIR AHMED SALIMI	0.425	0.000	0.208	0.633	0.425	0.000	0.208	0.633
105	RASHIEDA MUMTAZ, D-23, MALIR CANTT, MALIR CANTT, KARACHI	Rashieda Mumtaz		519-57-513198	MUMTAZ HASSAN	0.475	0.000	0.222	0.698	0.475	0.000	0.222	0.697
106	SHEERAZ, G-102, SILVER CENTRE, GULSHAN E JAMIL, KARACHI	Sheeraz		Not available	Sardar-ur-Din	0.483	0.000	0.225	0.708	0.483	0.000	0.225	0.708
107	M. ATIQ NAWAZ, B-215, BLOCK-4, GULSHAN E IOBAL, KARACHI	M.Atiq Nawaz		322-58-993731	MUHAMMAD NAWAZ DURRANI	0.490	0.000	0.226	0.716	0.490	0.000	0.226	0.716

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors		Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Total 9-10-11		
		Name of Directors	NIC Nos.		Principal	Interest / Mark-up	Other	Total	Principal Written-off		Interest / Mark-up Written-off	Other Financial Relief Provided
1	MIRZA ALI BARKI, HOSUE NO.5, MALUR EXT. KALA BOARD, KARACHI	Mirza Ali Barki	518-54-548239	NEK MUHAMMAD BARKI	0.000	0.212	0.655	0.443	0.000	0.212	0.655	0.630
108	FAMIDA PATOLI, H.NO. 129, MERANI MOHALLA, EDGAH, IBBRAHIM HAIDERY, KARACHI	Famida Patol	449-89-216128	MUHAMMAD SHAFI PATOLI	0.418	0.000	0.212	0.630	0.418	0.000	0.212	0.630
109	MUBSHARA NADEEM, FLAT NO. B, ASKARI APARTMENT NO.1, RACE COURSE ROAD, BLOCK-3, KARACHI	Mubshara Nadeem	42301-9828576-4	MUHAMMAD NADEEM SHAIKH	0.478	0.000	0.222	0.700	0.478	0.000	0.222	0.700
110	NAJMUN NISA BEGUM, N-26, METROVILLE-II, BLOCK NO.1., ABUL HASSAN ISPHANI ROAD, KARACHI	Najmun Nisa Begum	42201-2631240-6	ABDUL MUGHNI	0.465	0.000	0.223	0.708	0.465	0.000	0.223	0.708
111	SHAWSHAD HUSSAIN, B-20, GALI NO.1, MUJAHID COLONY DALWA, KARACHI	Shamshad Hussain	42501-1602686-5	SULTAN MUHAMAD	0.440	0.000	0.210	0.651	0.440	0.000	0.210	0.650
112	DR IQBAL SULTANA, HOUSE NO. A-137, BLOCK NO.II, GULSHAN-E-IQBAL, KARACHI	Dr Iqbal Sultana	42201-9303035-6	FARID UR-REHMAN	0.410	0.000	0.196	0.606	0.410	0.000	0.196	0.606
113	KASHMALA ALI, C-59, SAHIVAL LINES, MALUR CANTT, KARACHI	Kashmala Ali	42501-9987902-8	LIAQUAT ALI	0.495	0.000	0.227	0.723	0.495	0.000	0.227	0.722
114	AFFEEF SIDDIQUI, H NO.459, HAROON BANGLOWS, SCHEME-33, SAFORA GOTE, KARACHI	Affeef Siddiqui	42101-4257690-5	ALI AKHTER	0.469	0.000	0.218	0.688	0.469	0.000	0.218	0.688
115	MOHID AMIR, H.NO. 43, LANE NO.2, ZIA-UL-HAQ COLONY, KARACHI	Mohid Amir	288-75-195667	MUHAMMAD SALEEM BUTT	0.495	0.000	0.227	0.722	0.495	0.000	0.227	0.722
116	MOHID SHARIF, H.NO. D-186, FIRDOS COLONY, GOLIMAR, KARACHI	Mohid Sharif	502-79-960062	ABDUL SATTAR	0.490	0.000	0.224	0.715	0.490	0.000	0.224	0.714
117	SHAMOON BAHADUR, D/2, K.V. S.B. OFFICER COLONY, TR. II, KARACHI	Shamoon Bahadur	42000-0525689-7	CHAUDHRY AHMED HUSSAIN	0.490	0.000	0.224	0.724	0.490	0.000	0.224	0.714
118	MUHAMMAD AFTAB, FLAT NO.1-4, AL-MUSTAFA SQUARE, GULSHAN-E-IQBAL, KARACHI	Mohammad Aftab	516-86-229327	MUHAMMAD SIDDIQUE (LATE)	0.472	0.000	0.217	0.690	0.472	0.000	0.217	0.689
119	MUHAMMAD ASLAM, E-139, BLOCK-A, GULSHAN-E-JAMAL, KARACHI	Muhamamad Aslam	329-90-858867	MUHAMMAD AFZAL	0.402	0.000	0.196	0.599	0.402	0.000	0.196	0.598
120	ADNAN AHMED NAQVI, A-25, BLOCK-M, NORTH NAZIMABAD, KARACHI	Adnan Ahmed Naqvi	42101-1698844-5	SYED HASSAN AHMED NAQVI	0.480	0.000	0.220	0.700	0.480	0.000	0.220	0.700
121	S. AMIR AKHTAR, A-510, SOHNI WALID SCOUT COLONY, GULSHAN-E-IQBAL, KARACHI	S. Amir Akhter	42201-7395620-1	S. M. SIDDIQUI	0.471	0.000	0.217	0.689	0.471	0.000	0.217	0.688

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors		Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Total 9-10-11		
		Name of Directors	NIC Nos.		Principal	Interest / Mark-up	Other	Total	Principal Written-off		Interest / Mark-up Written-off	Other Financial Relief Provided
1	NADEEM ASGHAR, H.NO. R-106, BLOCK H, NORTH NAZIMABAD, KARACHI	Nadeem Asghar	253-93-167086	ASGHAR ALI	0.490	0.000	0.222	0.713	0.490	0.000	0.222	0.712
123	ERUM IKRAM, H.NO. 38-A, BLOCK NO.4, RAILWAY SOCIETY, GULSHAN-E-IQBAL, KARACHI	Erum Ikram	501-32-345216	MUHAMMAD IKRAMUDDIN	0.465	0.000	0.221	0.706	0.465	0.000	0.221	0.706
124	M.TAQI KAMAL, A-64/I, METROVILLE-III, ABUL HASSAN ISPHANI ROAD, KARACHI	M.Taqi Kamal	518-92-770312	M. B. KAMAL	0.480	0.000	0.219	0.700	0.480	0.000	0.219	0.699
125	S.ASIM ALI, H.NO. 38/A, BLOCK NO.4, GULSHAN-E-IQBAL, KARACHI	S.Asim Ali	42201-7035657-5	SYED ANVER ALI	0.475	0.000	0.216	0.692	0.475	0.000	0.216	0.691
126	NAASEEM AHMED, H.N. 35-C, RAILWAY COLONY, KARACHI	Naseem Ahmed	359-89-455442	MUHAMMAD DIN	0.485	0.000	0.220	0.705	0.485	0.000	0.220	0.705
127	BARBAT ALI, FLAT NO.24, CRECENT COMPLEX, BLOCK B, GULSHAN-E-IQBAL, KARACHI	Barbat Ali	504-62-140365	MUHAMMAD SALEH	0.490	0.000	0.222	0.712	0.490	0.000	0.222	0.712
128	YASMEEN KHAN, H.NO. 3, Q/59A COLONY, ORANGI TOWN, KARACHI	Yasmeen Khan	504-93-490111	WASIM MUHAMMAD KHAN	0.476	0.000	0.217	0.693	0.476	0.000	0.217	0.693
129	S. HASAN ALI KAZMI, A-64/I, METROVILLE-III, ABUL HASSAN ISPHANI ROAD, KARACHI	S. Hasan Ali Kazmi	42201-6341556-3	SYED KAZIM RAZA	0.490	0.000	0.222	0.712	0.490	0.000	0.222	0.712
130	SABA FATIMA, FLAT NO. A-12, SHERATON HEIGHTS, ABUL HASSAN ISPHANI ROAD, KARACHI	Saba Fatima	501-93-482835	MUHAMMAD ABDUL MUGHNI	0.490	0.000	0.222	0.712	0.490	0.000	0.222	0.712
131	MOHID YASIN, A-4, KARIM HOME LAND, FAIZABAD MODEL COLONY, KARACHI	Mohid Yasin	519-50-157258	SHARFUDDIN	0.490	0.000	0.221	0.712	0.490	0.000	0.221	0.711
132	RUSTAM JOKHIO, VILLAGE AZIM GABDOL, GULSHAN-E-IQBAL BLOCK-4/A, KARACHI	Rustam Jokhio	467-86-030815	ABDULLAH JOKHIO	0.447	0.000	0.209	0.656	0.447	0.000	0.209	0.656
133	NOOR MUHAMMAD, FLAT NO. B-9, NOORMAN AVENUE, BLOCK-4, GULSHAN-E-IQBAL, KARACHI	Noor Muhammad	453-92-159312	ALLAH BACHAIO	0.495	0.000	0.223	0.719	0.495	0.000	0.223	0.718
134	MOHID SHAHAB, SR-69, GOHARABAD, UNIVERSITY ROAD, KARACHI	Mohid Shahab	518-77-549519	MIR MUHAMMAD	0.398	0.000	0.168	0.567	0.398	0.000	0.168	0.566
135	S. ISHTIAQ HUSSAIN, L-1317, SECTOR 11-E, NORTH KARACHI, KARACHI	S.Ishfaq Hussain	42101-1722116-5	SYED ASHFAQ HUSSAIN	0.401	0.000	0.136	0.537	0.401	0.000	0.136	0.537
136	MAQSOOD AHMED, FLAT NO.C-23, CARNOS COMPLEX, BLOCK NO.2, GULSHAN-E-IQBAL, KARACHI	Maqsood Ahmed	451-67-040991	MAHMOOD AHMED	0.418	0.000	0.183	0.601	0.418	0.000	0.183	0.601

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors		Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Amount in Million															
		Name of Directors			Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up / Written-off	Other Financial Relief Provided	Total 9+10+11													
		Name of Directors	NIC Nos.										5	6	7	8	9	10	11	12					
1																									
138	Faisal Khan, 402-B/30, AISHA ARCADE, BLOCK NO.2, GULSHAN-E-IQBAL, KARACHI	Faisal Khan	41303-1201891-5	RAFIQ KHAN	0.495	0.000	0.223	0.718	0.495	0.000		0.495	0.000		0.495	0.000									0.718
139	Nayer Tariq, 21D-2-D, MALIR KALA BOARD, KARACHI	Nayer Tariq	217-63-310935	MUHAMMAD ASLAM	0.490	0.000	0.220	0.710	0.490	0.000		0.490	0.000		0.490	0.000									0.710
140	Iftekhar Ahmed Malik, B-113, CANTT BAZAR, MALIR CANTT., KARACHI	Iftekhar Ahmed Malik	42501-1565580-1	INAM ALI MALIK	0.490	0.000	0.220	0.710	0.490	0.000		0.490	0.000		0.490	0.000									0.710
141	Dilshad Ali Dawood Pota, B-87, BLOCK 13/D, GULSHAN-E-IQBAL, KARACHI	Dilshad Ali Dawood Pota	42201-6692603-5	AU NAWAZ DAWOOD POTA (LATE)	0.400	0.000	0.180	0.580	0.400	0.000		0.400	0.000		0.400	0.000									0.580
142	Noushad Ahmed, FLAT NO.C-5, BHAYANI HEIGHTS, ABUL HASSAN ISPHANI ROAD, KARACHI	Noushad Ahmed	501-87-412693	ABU MUHAMMAD MALIK	0.490	0.000	0.220	0.710	0.490	0.000		0.490	0.000		0.490	0.000									0.710
143	Habibullah, A-114, BLOCK NO. 4-A, GULSHAN-E-IQBAL, KARACHI	Habibullah	42201-3509422-3	UBADULLAH	0.447	0.000	0.208	0.655	0.447	0.000		0.447	0.000		0.447	0.000									0.655
144	Anil Kumari, H.NO. 2234, LANE NO.7, AZAM TOWN, MEHWOODABAD, KARACHI	Anil Kumari	517-93-466209	BASANT LAL VARMA	0.451	0.000	0.205	0.657	0.451	0.000		0.451	0.000		0.451	0.000									0.657
145	Suman Idress Khan, H.NO. A-369 BLOCK NO.12, FB. AREA, KARACHI	Suman Idress Khan	42101-2243213-4	MUHAMMAD IDRESS KHAN	0.490	0.000	0.210	0.700	0.490	0.000		0.490	0.000		0.490	0.000									0.700
146	Muhammad Adnan Mubin, R-157, BLOCK-6, GULSHAN-E-IQBAL, KARACHI	Muhammad Adnan Mubin	42201-3834717-1	MUBIN-JUR-REHMAN	0.441	0.000	0.204	0.645	0.441	0.000		0.441	0.000		0.441	0.000									0.645
147	Fariheen Akhtar Memon, FLAT NO.22, KOJA FLAT, BLOCK NO.3, GULSHAN-E-IQBAL, KARACHI	Fariheen Akhtar Memon	42201-4076951-0	GHAUS BAKSH MEMON	0.472	0.000	0.213	0.685	0.472	0.000		0.472	0.000		0.472	0.000									0.685
148	Sultana Ahmed, 5/10/A, BLOCK-20, FB. AREA, KARACHI	Sultana Ahmed	42201-4954426-3	MUHAMMAD ISHAQUE	0.485	0.000	0.216	0.701	0.485	0.000		0.485	0.000		0.485	0.000									0.701
149	Bilal Ahmed, H.NO. B-101, LABOUR SQUARE, POST OFFICE, S.I.T.E. AREA, KARACHI	Bilal Ahmed	466-85-167871	MUHAMMAD ISHAQUE	0.496	0.000	0.221	0.717	0.496	0.000		0.496	0.000		0.496	0.000									0.717
150	Sarwat Roohi, C-16, OFFICERS COLONY, AIRPORT, KARACHI	Sarwat Roohi	516-87-108920	HAKIM KHAN	0.435	0.000	0.201	0.636	0.435	0.000		0.435	0.000		0.435	0.000									0.636
151	Molvi Abdul Karim, GOATH SHERALI KHAN, AQEEL KANDH NOT, JACOBABAD	Molvi Abdul Karim	42201-0378285-7	HUSSAIN BAKSH	0.400	0.000	0.172	0.572	0.400	0.000		0.400	0.000		0.400	0.000									0.572
152	Muhammad Hussain, A-64/1, METROVILLE-III, ABUL HASSAN ISPHANI ROAD, KARACHI	Muhammad Hussain	42201-3542189-3	FARMAN ALI	0.395	0.000	0.171	0.566	0.395	0.000		0.395	0.000		0.395	0.000									0.566

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors		Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Amount in Million																
		Name of Directors			Principal	Interest / Mark-up	Other	Total	Principal Written-off	Interest / Mark-up / Written-off	Other Financial Relief Provided	Total 9+10+11														
		Name of Directors	NIC Nos.										5	6	7	8	9	10	11	12						
1																										
153	MUHAMMAD ALI, A-2/65, BLOCK-A, COMM AREA WKT-1, KARACHI	Muhammad Abid	42201-5853437-5	MOHAMMAD SHARIF	0.446	0.000	0.196	0.643	0.446	0.000		0.446	0.000		0.446	0.000									0.643	
154	MUHAMMAD FAROOQ, B-41, BLOCK 13-D, GULSHAN-E-IQBAL, KARACHI	Muhammad Farooq	501-90-306394	HARIZ MUHAMMAD HAIDER	0.400	0.000	0.171	0.572	0.400	0.000		0.400	0.000		0.400	0.000									0.572	
155	MUHAMMAD AKRAM, 254, GALLINA 4, PUNJAB COLONY, KARACHI	Muhammad Akram	42000-4608740-7	SHAMSUDDIN	0.475	0.000	0.202	0.677	0.475	0.000		0.475	0.000		0.475	0.000									0.677	
156	Aqeel Ahmed, 1/2-S, IBRAHIM HYDERY	Aqeel Ahmed	42101-8196222-9	AHMAD BUX	0.500	0.000	0.198	0.699	0.500	0.000		0.500	0.000		0.500	0.000									0.699	
157	Mushtaq Ahmed, D-210, SECTOR F, NORTH KARACHI	Mushtaq Ahmed	516-91-381089	GHIJAM RASOOL	0.495	0.000	0.197	0.692	0.495	0.000		0.495	0.000		0.495	0.000									0.692	
158	Saad Ahsan, HOUSE NO.73, BLOCK - C, SEA VIEW APPT, CLIFTON - KARACHI	Mr. Saad Ahsan	514-05-406346	AHSAN ALI KHAN	0.458	0.000	0.209	0.666	0.458	0.000		0.458	0.000		0.458	0.000									0.667	
159	Yasmeen Saad, HOUSE NO.73, B - C, SEA VIEW APPT, CLIFTON, KARACHI	Yasmeen Saad	42201-6906487-0	SAAD AHSAN	0.479	0.000	0.220	0.700	0.479	0.000		0.479	0.000		0.479	0.000									0.699	
160	Nasir & Sons, Siroghat, Hyderabad	FASUDDIN KHAN, SABIHUDDIN KHAN, SALAHUDDIN KHAN	NA, NA, NA	HARIZ NASEERUDDIN KHAN, HARIZ NASEERUDDIN KHAN, HARIZ NASEERUDDIN KHAN	0.551	0.000	0.378	0.929	0.551	0.000		0.551	0.000		0.551	0.000									0.929	
161	Ocean Center, 31-HALL ROAD, LAHORE.	TASER RAFIQUE, ANJUM SHARIF, NAVEED RAFIQUE, ANEES AKHTAR	275-56-000936, 275-60-000932, 275-88-000937, 275-48-000942	MUHAMMAD RAFIQUE, MUHAMMAD SHAFI, MUHAMMAD RAFIQUE, MUHAMMAD SHAFI	0.050	0.000	0.943	0.993	0.050	0.000		0.050	0.000		0.050	0.000									0.993	
162	Faiz Ur Rehman, Gali Haji Ahmed Din Near Dr. Khalil Khokherke, LAHORE.	FAIZ UR REHMAN, DILAWAR MEHMOOD SHEKH	285-75-780532, 34101-8854004-3	ABDUL REHMAN ELAHI BUX	0.506	0.000	0.373	0.879	0.506	0.000		0.506	0.000		0.506	0.000									0.879	
163	Auto Services Corporation, Al-Khush Building, Bank Square, Shahrah-E-Qand-E-Azami, Lahore	ABDUL QAYYUM BHATTI (LATE)	270-23-092698	MUHAMMAD AZIZ UDDIN	0.900	0.000	1.081	1.981	0.900	0.000		0.900	0.000		0.900	0.000									1.981	
164	Delta Rice (Pvt) Ltd, 3-S REHMAN PLAZA, 4-QUEENS ROAD, LAHORE.	ABDUL REHMAN CHAUDHARY	281-62-027905	HAJI JAMAL DIN	0.506	0.000	0.051	0.557	0.506	0.000		0.506	0.000		0.506	0.000									0.557	
165	Al-Rae Traders, Sharq Ghalla Mandi, Noshehra Virkan, Gujranwala	MUHAMMAD YAQOOB	287-89-132425	GHIJAM QADIR	2.312	0.000	2.406	4.718	2.312	0.000		2.312	0.000		2.312	0.000									4.718	
166	Sunpak Fibers Ltd, Industrial Estate, Hattar, Distt Haripur	TALISEF KHAWAR, SH MUHAMMAD WARIS, SHAKEEL AMIR, MUHAMMAD ASHRAF SH, SH ABDUL HAMID, KHURSHED AHMED KHAN, JAVED IQBAL, DELAWAR MEHMOOD SH, NABEEL ASHRAF	NA, NA, NA, NA, NA	SH. WARIS NA, SH. WARIS SH. ELLAHI BAKSH SH. ELLAHI BAKSH BASHIR AHMED NA, SH. ELLAHI BAKSH MUHAMMAD ASHRAF	149.005	0.000	105.236	254.241	149.005	0.000		149.005	0.000		149.005	0.000										205.831

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Other Financial Relief Provided	Total 9+10+11	
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal Written-off			Interest / Mark-up Written-off
167	ORIENTAL SEA FOOD PRODUCT 06 QAMAR MENSION ATTACHED, SULTAN HOTEL, LEA MARKET KARACHI.	NISAR AHMED KHAN SYED HUSSAIN MUHAMMAD RAFI MRS. FARZANA PARVEEN	NA NA NA NA	NA NA NA NA	MUHAMMAD KASIM BAHAUDIN MUHAMMAD HANIF MUHAMMAD SALEH	2499	0.000	6.041	8.540	0.436	0.000	6.041	6477
168	DYNAMIC INDUSTRIES HOUSE # JB STREET# 24, GHAZALI STREET, FATEH GARH, LAHORE.	MUHAMMAD KHALID AFIAB AHMED	267-60-146033 457-65-204299		MUHAMMAD HANIF NOOR AHMED	0.506	0.000	0.379	0.885	0.506	0.000	0.379	0.885
169	MUMTAZ ICE FACTORY, PLOT # 73 & 74, SITE BADIN, DISTT.BADIN					0.354	0.000	0.431	0.785	0.354	0.000	0.431	0.785
170	QURESHI WOOL INDUSTRIES LTD 2ND FLOOR, CHINA CENTRE, SHAHALAM MARKET, LAHORE.	IBTASAR UL HAQ IAJZ UL HAQ MIAN SAQIB EJAZ MRS. USWA IBTASAR MRS. TANVEER EJAZ MR.S. HUMA KHALID	35202-8305483-3 35202-7331506-1	MIAN ILAM DIN MIAN ILAM DIN MIAN MUHAMMAD KHALID	50.554	0.000	37.559	88.113	10.554	0.000	0.000	37.559	48.113
171	AFZAL TRADERS, ADDA CHAHRA, MULLAN ROAD, VEHARI.	MUHAMMAD NAQI	324-69-636893	MUHAMMAD NAQI KHAN	0.466	0.000	0.202	0.668	0.466	0.000	0.000	0.202	0.668
172	SHOAB BIN SHOUKAT, E-65, ZAMAN COLONY, LAHORE.	SHOAB BIN SHOUKAT	337-76-481840	CH SHAUKAT YAHAT	0.312	0.000	0.250	0.562	0.312	0.000	0.000	0.250	0.562
173	MACHINERY & EQUIPMENT MEI BUILDING 221, ROAD, LAHORE.	MANZOOR AHMED SHAIKH	NA	SHAIKH FARUDDIN	2.885	0.000	2.475	5.360	2.885	0.000	0.000	2.475	5.360
174	HANZA INTERNATIONAL 163 WEST WOOD COLONY, THOKER NAZ BANG, 11 RAINWIND ROAD, LAHORE.	AFIAB AHMED SHEIKH	NA	SHAIKH FARUDDIN	4.374	0.000	3.726	8.100	4.374	0.000	0.000	3.726	8.100
175	IMRAN TRADERS, SCHOOL STOP, SHOP # 10 HASSAN CENTRE, SHAHALAM MARKET, LAHORE.	MUHAMMAD RIAZ	276093-311873	HAIJ HABIBULLAH	1.799	0.000	0.760	2.559	1.799	0.000	0.000	0.760	2.559
176	PAREY ENTERPRISES, 754-C FAISAL TOWN, LAHORE.	TARIQ HAMEED	249-62-500788	M.A.HAMEED	1.900	0.000	0.663	2.563	1.900	0.000	0.000	0.663	2.563
177	IMAMIA CHEMICAL ENTERPRISES (PVT) LTD, ROOM # 8, 1ST FLOOR, TAJ ARCADE, JAIL ROAD, LAHORE.	SARDAR AZHAR HUSSAIN SARDAR WASEEM AHMED KHAN SARDAR SAIF ULLAH KHAN	NA	WASEEM AHMED KHAN SARDAR AMEER M. KHAN	2.005	0.000	3.504	5.509	2.005	0.000	0.000	3.504	5.509
178	CHISTY ENTERPRISES WALEED STREET, ALLAMA IQBAL TOWN, SIALKOT CITY, WAZIRABAD ROAD, SIALKOT.	AZHAR AHMED MRS ZAHIDA JAMIL MRS NEELOPAR SAFDAR MUHAMMAD JAMIL	300-5722473 300-49-373580 300-40-137471 300-48-133966	DR. FAZAL ELAHI MUHAMMAD JAMIL CHISTY LT COL ARSHAD NAZEER DR. FAZAL ELAHI CHISTY	2.438	0.000	2.571	5.009	2.438	0.000	0.000	2.571	5.009
179	PAK ASIA ENTERPRISES (PVT) LTD, CHAK # 42/D, B BHAWALPUR ROAD, TEHSIL YAZMAN, DISTT. BAHAWALPUR.	CH. MUNAVAR HUSSAIN MRS. FAKHRA TABASSUM	335-66-009694 335-76-671902	MUHAMMAD SIDDIQUE W/O CH. MUNAVAR HUSSAIN	8.657	0.000	4.180	12.817	8.657	0.000	0.000	4.180	12.817

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Father's / Husband's Name	Outstanding Liabilities at the Beginning of the year					Other Financial Relief Provided	Total 9+10+11	
		Name of Directors	NIC Nos.	3		Principal	Interest / Mark-up	Other	Total	Principal Written-off			Interest / Mark-up Written-off
180	VULCAN ARMS LTD, 63-THE WALL, LAHORE	SH. SALEEM ALI SH. MURTAZA ALI M. IDREES BUTT	274-40-016932 274-32-016929 270-42-317240	SH. GHULAM MURTAZA SH. GHULAM MURTAZA	1.002	0.000	3.067	4.069	1.002	0.000	0.000	3.067	4.069
181	MEHARBAN ENTERPRISES (PVT) LTD, PEARL PLAZA, 174, FERDZPUR ROAD, LAHORE	MUHAMMAD SADIQ SAMI MUHAMMAD MUJAHID SAMI MIAN IJAZ AHMED MUHAMMAD ADIL KHAN RANA	NA NA NA 277-86-311638	MUHAMMAD SAMI MUHAMMAD SAMI MIAN GULZAR AHMED M. ARSHAD KHAN	1.386	0.000	0.769	2.155	1.386	0.000	0.000	0.769	2.155
182	STYLE ENTERPRISES (PVT) LTD KAMRAN ROAD, 16 KM, FERDZPUR ROAD, LAHORE	JAVED KHURSHID HAMMAD KHURSHID AITAZ KHURSHID	265-89-026787 265-85-026788 265-89-210305	MIAN KHURSHID AHMED MIAN KHURSHID AHMED MIAN KHURSHID AHMED	31.809	0.000	30.335	62.144	31.809	0.000	0.000	30.335	62.144
183	KHALID NAZIR SPINNING MILLS LTD, SUIT # 129-130, EDEN CENTRE, JAIL ROAD, LAHORE.	MIAN TARIQ KHALID NAEEM MUHAMMAD AZEEM WASEEM KHALID	285-58-296586 285-49-091048 285-50-091047 285-90-035671	NAZIR HUSSAIN NAZIR HUSSAIN NAZIR HUSSAIN KHALID NAEEM	115.815	0.000	306.705	422.520	115.815	0.000	0.000	306.705	422.520
184	AL-FATEH COTTON GINNERS, NAWAZABAD, TEHSIL SADIQABAD, DISTT. BAHIMYAR KHAN.	ABDUL SATTAAR TAYYAB NADEEM MUHAMMAD WASEEM KHADIR FAKKER MUHAMMAD ASLAM SAEED MUSTAFA	413-40-135376 413-93-135378 413-78-135382 414-55-165035 413-65-083170 360-67-0072377	ASSGAR ALI ABDUL SATTAAR ABDUL SATTAAR KHETO ABDULLAH GHULAM MUSTAFA	18.899	0.000	12.812	31.711	18.899	0.000	0.000	12.812	31.711
185	CLASS FABRICS, 22, 10TH FLOOR, R K SQUARE, SHAHRA-E-LIAQUAT, KARACHI.	JAVED MASOOD KHAN	514-92-086126	LATE. MASOOD HUSSAIN	10.300	0.000	76.588	86.888	10.300	0.000	0.000	76.588	86.888
186	M. MOHSIN, 8- HUSSAINI COOPRATIVE HOUSING SOCIETY, BLOCK NO. 7 - 8, KARACHI	M. MOHSIN	513-79-127574	MUHAMMAD JAVED	0.458	0.000	0.326	0.784	0.458	0.000	0.000	0.326	0.784
187	SHAHID IQBAL, D-87, SAHWAL LINES, MAJUR CANTT, KARACHI.	SHAHID IQBAL	42000-0566172-9	MUNAVAR KHAN	0.454	0.000	0.266	0.720	0.454	0.000	0.000	0.266	0.720
188	MUHAMMAD AJAZ FLAT NO.10, 2ND FLOOR, GREEN VALLEY, MAJUR, KARACHI	MUHAMMAD AJAZ	NA	MUHAMMAD AJAZ	0.452	0.000	0.264	0.716	0.452	0.000	0.000	0.264	0.716
189	AJAZ ALI NAVEED, A - 9, MONVA PLAZA BLOCK - 5 GULSHAN-E IQBAL KARACHI	AJAZ ALI NAVEED	42201-0593060-9	SYED ARSAHAD	0.476	0.000	0.280	0.756	0.476	0.000	0.000	0.280	0.756
190	AUFAF SIDDIQUE, 19-G, BEHIND CAFE LIBERTY, BL-6, PECHS, TARIQ ROAD, KARACHI	AUFAF SIDDIQUE	42301-6794257-1	ABDUL SATTAAR	0.445	0.000	0.257	0.702	0.445	0.000	0.000	0.257	0.702
191	SHAHIDA SEHAR, 94-C, BLOCK-2 KECHEKS KARACHI	SHAHIDA SEHAR	42201-1586057-0	SEHAR ALI MASHI	0.452	0.000	0.261	0.713	0.452	0.000	0.000	0.261	0.713
192	NISAR AHMED, SHAHNAZ ARCADE, 3RD FLOOR, SHAHEED - E- MILLAT ROAD, KARACHI	NISAR AHMED	42301-3341712-3	ABDUL SATTAAR	0.445	0.000	0.258	0.703	0.445	0.000	0.000	0.258	0.703

ANNEXURE I

As referred to in notes 10.7 to the consolidated financial statements

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 01, 2009 TO DECEMBER 31, 2009)

S. No.	Name and address of the Borrower	Name of Individuals / Partners/Directors			Outstanding Liabilities at the Beginning of the year		Principal Written-off			Interest / Mark-up / Written-off	Other Financial Relief Provided	Total 9-10-11 12
		Name of Directors	NIC Nos.	Father's / Husband's Name	Principal	Interest / Mark-up	Other	8	9			
1			3									
193	QADIR KHAN, 71016, NEW TOWN, FATIMA JINNAH COLONY, KARACHI	QADIR KHAN	42201-1943777-5	SHAWSHER KHAN	0.468	0.000	0.293	0.468	0.000	0.293	0.761	
194	AYAZ RAFI, B-218, BLOCK-II, F.B AREA, KARACHI	AYAZ RAFI	42101-4084651-9	PIRZADA RAFI KHAN	0.470	0.000	0.291	0.470	0.000	0.291	0.761	
195	PIRZADA M. RAFI KHAN, C-45, BLOCK-10, F.B. AREA, KARACHI	PIRZADA M. RAFI KHAN	42101-1236861-1	PEERGI ACHAN KHAN	0.473	0.000	0.283	0.473	0.000	0.283	0.756	
196	NOMAN SAMAD, B-194, BLOCK "N", NORTH NAZIMABAD, KARACHI	NOMAN SAMAD	42101-0470682-1	REHMAN ABDUL	0.464	0.000	0.281	0.464	0.000	0.281	0.745	
197	FARAZ UR REHMAN, F-85, BLOCK-B, NORTH NAZIMABAD, KARACHI	FARAZ UR REHMAN	602-76-606717	FAZAL REHMAN	0.380	0.000	0.222	0.380	0.000	0.222	0.602	
198	S. GOUHAR MEHMOOD, B-16, BLOCK-H, NORTH NAZIMABAD, KARACHI	S. GOUHAR MEHMOOD	502-89-011356	SYED FARID QASIM	0.428	0.000	0.247	0.428	0.000	0.247	0.675	
199	WAJID NAWAZ, HOUSE D -47, SAHIV LANE, MAJID CANTT, KARACHI.	WAJID NAWAZ	42501-1770316-3	MUNAWAR KHAN	0.428	0.000	0.251	0.428	0.000	0.251	0.679	
200	SHAHABUDDIN, FLAT NO.102/2, SOLAIRA APARTMENTS, BLOCKK3, MAIN JOHAR CHOWFRANGI, GULISTAN-E- JOHAR, KARACHI.	SHAHABUDDIN	42201-5469177-9	A.M.MUSLIMAH DIN	0.281	0.000	0.242	0.281	0.000	0.242	0.523	
201	ARSHAD KHAN, 5717/72, GHARBABAD, AZIZABAD, KARACHI	ARSHAD KHAN	42101-9589445-9	ARSHAD ALI KHAN	0.278	0.000	0.300	0.278	0.000	0.300	0.578	
202	MUHAMMAD AZEEM, B-HUSSAIN COOPRATIVE HOUSING SOCIETY, BL NO. 78, TIPU SULTAN ROAD, KARACHI	MUHAMMAD AZEEM	513-78-127573	MUHAMMAD JAVED	0.454	0.000	0.329	0.454	0.000	0.329	0.783	
					1,196,066	0,000	811,245	2,007,311		811,245	1,859,090	

ANNEXURE-II

AS REFERRED TO IN NOTES 11.4 & 11.13 TO THE FINANCIAL STATEMENTS

1. DISPOSAL OF FIXED ASSETS		Rupees in '000				
Particulars	Original cost/ revalued amount	Accumulated depreciation	Book value	Sale Proceeds	Mode of Disposal	Particulars of purchaser
Furniture and fixtures						
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000						
– Bank Employees	30	30	–	–	As per Bank policy	Mr. Abdul Malik
	40	40	–	–	As per Bank policy	Mr. Aftab Ali Khan
	53	37	16	6	As per Bank policy	Mr. Anwar Uddin Memon
	69	68	1	1	As per Bank policy	Mr. Danish Shehryar Awan
	40	25	15	13	As per Bank policy	Mr. Khalid Hussain
	40	37	3	2	As per Bank policy	Mr. Khizar Mahmood Bajwa
	30	30	–	–	As per Bank policy	Mr. Muhammad Masud
	40	37	3	3	As per Bank policy	Mr. Muhammad Nawaz
	70	58	12	12	As per Bank policy	Mr. Muhammad Tariq Khan
	53	46	7	4	As per Bank policy	Mr. Qaseem Nawaz Awan
	55	46	9	9	As per Bank policy	Mr. S. Ansar-Ul-Hassan Chishti
	75	38	37	63	As per Bank policy	Mr. S. Ehsan Ahmed
	53	46	7	5	As per Bank policy	Mr. S.M.I. Rizvi
	30	30	–	4	As per Bank policy	Mr. Saeedullah Qureshi
	59	51	8	9	As per Bank policy	Mr. Saleem Ahmed
	40	40	–	–	As per Bank policy	Mr. Sharafat H. Naqvi
	567	392	175	259	As per Bank policy	Mr. Shaukat Ali Kazmi
	38	38	–	–	As per Bank policy	Mr. Syed Muhammad Ashraf
	40	40	–	–	As per Bank policy	Mr. Syed Rashid Roomi
	66	47	19	11	As per Bank policy	Mr. Syed Shabih Hyder
	30	20	10	10	As per Bank policy	Mr. Tanveer Ahmed
	60	50	10	6	As per Bank policy	Mr. Tariq Ahmed Mehmood
– Others	22,227	19,992	2,235	2,200	Various	Various
Total	23,805	21,238	2,567	2,617		
Electrical, office and computer equipment						
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000						
– Bank Employees	17	12	5	17	As per Bank policy	Mr. Aamir Ali Khan
	10	10	–	10	As per Bank policy	Mr. Aamir Raza Zaidi
	88	88	–	–	As per Bank policy	Mr. Abdul Malik
	44	44	–	–	As per Bank policy	Mr. Aftab Ali Khan
	100	97	3	12	As per Bank policy	Mr. Anwar Uddin Memon
	17	17	–	2	As per Bank policy	Mr. Aun Ali
	71	71	–	1	As per Bank policy	Mr. Danish Shehryar Awan
	17	17	–	2	As per Bank policy	Mr. Hamid Jaleel Zubairi
	36	32	4	12	As per Bank policy	Mr. Khalid Hussain
	30	30	–	1	As per Bank policy	Mr. Khizar Mahmood Bajwa
	12	12	–	5	As per Bank policy	Mr. Lutf Muhammad Khan
	17	17	–	2	As per Bank policy	Mr. Mansoor Zaighum
	17	17	–	2	As per Bank policy	Mr. Mirza Hussnain Raza
	35	35	–	1	As per Bank policy	Mr. Muhammad Masud
	26	25	1	2	As per Bank policy	Mr. Muhammad Nawaz
	52	46	6	5	As per Bank policy	Mr. Muhammad Tariq Khan
	17	17	–	2	As per Bank policy	Mr. Owais Shahid
	68	68	–	5	As per Bank policy	Mr. Qaseem Nawaz Awan
	76	69	7	7	As per Bank policy	Mr. S. Ansar-Ul-Hassan Chishti
	90	77	13	75	As per Bank policy	Mr. S. Ehsan Ahmed
	75	72	3	7	As per Bank policy	Mr. S.M.I. Rizvi
	24	18	6	3	As per Bank policy	Mr. Saeedullah Qureshi
	72	72	–	–	As per Bank policy	Mr. Saleem Ahmed
	17	17	–	2	As per Bank policy	Mr. Salimullah Abul Khairi
	12	12	–	1	As per Bank policy	Mr. Shahid Amir
	16	16	–	2	As per Bank policy	Mr. Shahid Sarwar
	35	30	5	5	As per Bank policy	Mr. Sharafat H. Naqvi
	1,092	1,036	56	498	As per Bank policy	Mr. Shaukat Ali Kazmi
	17	15	2	2	As per Bank policy	Mr. Sohail Aziz Awan
	25	25	–	–	As per Bank policy	Mr. Syed Muhammad Ashraf
	26	26	–	–	As per Bank policy	Mr. Syed Rashid Roomi
	77	76	1	13	As per Bank policy	Mr. Syed Shabih Hyder
	40	38	2	3	As per Bank policy	Mr. Tanveer Ahmed
	68	68	–	7	As per Bank policy	Mr. Tariq Ahmed Mehmood
	17	17	–	2	As per Bank policy	Mr. Waheed-ur-Rehman
	17	17	–	2	As per Bank policy	Ms. Nuzhat K. Sherwani
– Others	39,477	35,748	3,729	6,186	Various	Various
Total	41,947	38,104	3,843	6,896		

ANNEXURE-II

AS REFERRED TO IN NOTES 11.4 & 11.13 TO THE FINANCIAL STATEMENTS

1. DISPOSAL OF FIXED ASSETS

Rupees in '000

Particulars	Original cost/ revalued amount	Accumulated depreciation	Book value	Sale Proceeds	Mode of Disposal	Particulars of purchaser
Vehicles						
Toyota Corolla	879	396	483	703	As per Bank policy	Mr. Syed Shabih Hyder
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Abid Anwar
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Javed Ghafoor
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Sarfaraz H. Siddiqui
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. S.Wali Shah
Toyota Corolla	969	549	420	523	As per Bank policy	Mr. Sarfaraz Hussain
Toyota Corolla	879	410	469	516	As per Bank policy	Mr. Mehmood Afsar
Toyota Corolla	915	76	839	803	As per Bank policy	Mr. Asif Bashir
Toyota Corolla	915	76	839	797	As per Bank policy	Mr. Jamsheed Ghaswalla
Honda Civic	1,564	156	1,408	1,511	As per Bank policy	Mr. Riaz Hussain
Honda Civic	1,564	261	1,303	1,485	As per Bank policy	Mr. Abbas Sheikh
Toyota Corolla	1,389	-	1,389	1,394	Negotiation	M/s Toyota Central Motors
Toyota Corolla	879	410	469	791	Insurance	EFU Insurance Company
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000	106	70	36	53	Various	Various
	13,935	4,600	9,335	10,668		
Leasehold Improvement						
Items having book value of less than Rs.250,000 or cost of less than Rs.1,000,000	1,355	262	1,093	877	Various	Various
December 31, 2009	81,042	64,204	16,838	21,058		
December 31, 2008	365,440	219,850	145,590	155,480		

Pattern of Shareholding

Allied Bank Limited

Information for annual financial statement as on December 31, 2009.

1 Issued subscribed and Paid-up Capital:

S.No.	ORDINARY SHARES	As on December 31, 2009		As on December 31, 2008	
		No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
	Fully paid in Cash	406,780,094	4,067,800,940	406,780,094	4,067,800,940
	Increase in Share Capital	-	-	-	-
	Issued as Bonus Shares	286,672,114	2,866,721,140	222,035,681	2,220,356,810
	Issued for consideration other than cash	17,548,550	175,485,500	17,548,550	175,485,500
	TOTAL:	711,000,758	7,110,007,580	646,364,325	6,463,643,250

2 Major shareholding

Holding more than 5% of the total paid-up capital.

S.No.	Name of Shareholder	No. shares held	% age held
1	Mohammad Naeem Mukhtar	95,064,351	13.37
2	Mohammad Waseem Mukhtar	95,369,782	13.41
3	Ibrahim Fibres Ltd.	287,678,696	40.46
4	Ibrahim Agencies (Pvt.) Ltd.	66,247,840	9.32
5	State Bank of Pakistan	71,573,565	10.07

Pattern of Shareholding

Allied Bank Limited

No. of Shareholders	Shareholdings From	To	Total Shares Held
7,564	1	100	305,653
9,001	101	500	1,988,443
1,618	501	1,000	1,184,295
1,846	1,001	5,000	4,030,515
386	5,001	10,000	2,705,045
148	10,001	15,000	1,853,409
71	15,001	20,000	1,237,790
38	20,001	25,000	865,871
24	25,001	30,000	654,319
15	30,001	35,000	488,421
13	35,001	40,000	489,056
5	40,001	45,000	216,431
7	45,001	50,000	340,197
5	50,001	55,000	263,764
5	55,001	60,000	287,215
2	60,001	65,000	124,851
4	65,001	70,000	266,861
4	70,001	75,000	293,318
4	75,001	80,000	316,900
1	90,001	95,000	94,979
2	95,001	100,000	200,000
2	105,001	110,000	218,892
2	110,001	115,000	222,619
2	115,001	120,000	236,258
2	120,001	125,000	244,600
1	140,001	145,000	144,826
2	145,001	150,000	297,927
1	170,001	175,000	173,465
1	175,001	180,000	178,500
2	190,001	195,000	389,150
1	200,001	205,000	204,623
2	210,001	215,000	429,809
1	225,001	230,000	228,536
1	255,001	260,000	256,931
1	320,001	325,000	324,212
1	345,001	350,000	350,000
1	365,001	370,000	365,733
1	370,001	375,000	372,934
1	475,001	480,000	478,698
1	495,001	500,000	495,990
1	510,001	515,000	510,800
1	515,001	520,000	515,623
1	540,001	545,000	543,969
1	760,001	765,000	760,672
1	870,001	875,000	873,400
1	985,001	990,000	987,821
1	1,005,001	1,010,000	1,008,700
1	1,645,001	1,650,000	1,649,875
1	1,650,001	1,655,000	1,654,113
1	2,780,001	2,785,000	2,781,225
1	2,840,001	2,845,000	2,844,292
1	6,440,001	6,445,000	6,441,709
1	8,980,001	8,985,000	8,984,283
1	9,935,001	9,940,000	9,937,930
1	14,690,001	14,695,000	14,692,012
1	26,040,001	26,045,000	26,043,347
1	62,585,001	62,590,000	62,589,282
1	66,245,001	66,250,000	66,247,840
1	95,060,001	95,065,000	95,064,351
1	95,365,001	95,370,000	95,369,782
1	287,675,001	287,680,000	287,678,696
20,810			711,000,758

Pattern of Shareholding

Allied Bank Limited

Categories of Shareholders	No. of Shares	%age
1. Associated Companies, undertaking and related parties.		
M/s Ibrahim Agencies (Pvt) Limited	Sponsors 1	66,247,840 9.32
Ibrahim Fibres Limited.	Sponsors 1	287,678,696 40.46
	2	353,926,536 49.78
Directors, Chief Executive Officer, and their spouses		
Sponsors Group		
Mohammad Naeem Mukhtar	1	95,064,351 13.37
Mrs.Ghazala Naeem	1	372,934 0.05
Mohammad Waseem Mukhtar	1	95,369,782 13.41
Mrs. Bina Sheikh	1	56,599 0.01
Sheikh Mukhtar Ahmad	1	26,043,347 3.66
Mrs. Iqbal Begum	1	478,698 0.07
Abdul Aziz Khan	1	14,000 0.00
Jalees Ahmed	1	8,633 0.00
Mubashir A.Akhtar	1	3,960 0.00
Mohammad Aftab Manzoor	1	3,300 0.00
Pervaiz Iqbal Butt	1	3,300 0.00
	11	217,418,904 30.58
Banks, DFIs, Financial Institutions, NBFIs.		
State Bank of Pakistan	1	71,573,565 10.07
STANDARD CHARTERED BANK (PAKISTAN) LIMITED	1	1,978 0.00
ASKARI BANK LIMITED	1	75,000 0.01
ESCORTS INVESTMENT BANK LIMITED	1	1,456 0.00
FIRST CREDIT & INVESTMENT BANK LIMITED	1	1,534 0.00
NATIONAL BANK OF PAKISTAN	1	161,092 0.02
PAK-OMAN INVESTMENT COMPANY LTD.	1	760,672 0.11
MCB BANK LIMITED - TREASURY	1	2,844,292 0.40
INVEST CAPITAL INVESTMENT BANK LIMITED	1	7,517 0.00
ORIX LEASING PAKISTAN LIMITED	1	36,828 0.01
SAUDI PAK LEASING COMPANY LIMITED	1	55,000 0.01
BANK ALFALAH LIMITED	1	75,000 0.01
M/S. AL-FAYSAL INVESTMENT BANK	1	36 0.00
TRUST LEASING CORPORATION LTD	1	126 0.00
Silkbank Limited	1	40,000 0.01
	15	75,634,096 10.64
NIT and ICP		
National Bank of Pakistan, Trustee Dept.	1	1,649,875 0.23
IDBP (ICP Unit)	1	9,989 0.00
NBP Trustee - NI(U) T (LOC) FUND	1	1,654,113 0.23
	3	3,313,977 0.47
Insurance Companies		
NEW JUBILEE INSURANCE COMPANY LIMITED	1	178,500 0.03
EFU LIFE ASSURANCE LTD	1	63,104 0.01
ADAMJEE INSURANCE COMPANY LIMITED	1	1,008,700 0.14
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	214,809 0.03
ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	1	39,300 0.01
NEW JUBILEE LIFE INSURANCE CO.LTD	1	121,000 0.02
CENTURY INSURANCE COMPANY LTD.	1	19,800 0.00
THE CRESCENT STAR INSURANCE CO.LTD.	1	668 0.00
M/S. ORIENT INSURANCE CO.LTD	1	253 0.00
GULF INSURANCE COMPANY LIMITED	1	451 0.00
	10	1,646,585 0.23

Pattern of Shareholding

Allied Bank Limited

Categories of Shareholders	No. of Shares	%age	
Modarabas and Mutual Funds			
AL NOOR MODARABA MANAGEMENT (PVT) LTD.	1	7,700	0.00
NAFA Stock Fund	1	110,690	0.02
NAFA MULTI ASSET FUND	1	195,000	0.03
FIRST EQUITY MODARABA	1	1,980	0.00
AKD INDEX TRACKER FUND	1	46,387	0.01
FIRST ALNOOR MODARABA	1	13,200	0.00
CDC-TRUSTEE PAK STRATEGIC ALLOC. FUND	1	324,212	0.05
United Stock Advantage Fun	1	495,990	0.07
CDC TRUSTEE-PAKISTAN STOCK MARKET FUND	1	543,969	0.08
FIRST NATIONAL BANK MODARABA	1	3,000	0.00
AMZ Plus Stock Fund	1	25,000	0.00
MCB Dynamic Stock Fund	1	256,931	0.04
KASB Stock Market Fund	1	94,979	0.01
KASB Balanced Fund	1	66,157	0.01
FIRST CAPITAL MUTUAL FUND	1	19,000	0.00
ABL STOCK FUND	1	510,800	0.07
First Prudential Modaraba	1	3,300	0.00
LAKSON EQUITY FUND	1	9,350	0.00
PPF EQUITY (SUB-FUND)	1	27,050	0.00
HBL MULTI - ASSET FUND	1	9,780	0.00
PAKISTAN PREMIER FUND LIMITED	1	365,733	0.05
HBL - STOCK FUND	1	72,986	0.01
First Fidelity Leasing Modaraba (Pvt.) Ltd.	1	383	0.00
M/S. MODARABA AL MALI	1	74	0.00
M/S. FIRST TAWAKKAL MODARABA	1	218	0.00
	25	3,203,869	0.45
Shares held by the Executives of the Bank			
	138	463,118	0.07
Public Sector Companies and Corporations (other than those covered in Insurance Companies and Banks)			
Shareholders holding 10% (and above)	Nil	Nil	Nil
(Excluding Directors and associated companies)	Nil	Nil	Nil
Foreign Investors.			
State Street Bank and Trust Co.	1	117,524	0.02
The Bank of New York Mellon	1	175,039	0.02
Habib Bank AG Zurich, London	1	54,000	0.01
Mohammad Tahir Butt	1	2,376	0.00
The Northern Trust Company	1	30,228	0.00
BNP Paribas Arbitrage (Hong Kong) Ltd	1	57,970	0.01
Ashiq Ali Kanji	1	12,390	0.00
	7	449,527	0.06
General Public - Individuals			
	20,413	23,988,979	3.37
Others			
a) Federal Government of Pakistan	183	21,017,214	2.96
b) Security & Exchange Commission of Pakistan	1	9,937,930	1.40
	1	23	0.00
	185	30,955,167	4.35
Total			
	20,810	711,000,758	100.00

All the trades in the shares carried out by directors, CEO, CFO, Secretary, their spouses and minor children is reported as under:

Name	Purchase/ transfers	Sales/ transfers
Sheikh Mukhtar Ahmad	25,477,567	-
Abdul Aziz Khan	900	163

Apart from these, there have been no trades in the shares of the Bank, carried out by its other directors, CEO, CFO, Company Secretary, their spouses and minor children.

Notes

AGM

On March 26, 2010 at 11:00 am

Pearl Continental Hotel (Crystal 'A' Hall),

The Mall, Lahore.

AFFIX
CORRECT
POSTAGE

Allied Bank Limited

Head Office / Registered Office
8 - Kashmir / Egerton Road, Lahore.
Phone: +92 42 111 110 110
Website: www.abl.com.pk