

1) Particulars of Investment held in listed companies and Modarbas

Investee	Number of shares / certificates held	Paid up value per share / certificate	Total paid up value	Cost
		(Rupees)	(Rupees in thousands)	
Available for sale securities				
Investment in ordinary shares				
Trading Portfolio - AFS				
Abbott Laboratories	8,181	10	82	389
Ahmad Spinning Mills	6,350	10	64	66
Al Abbas Cement	23,846	10	238	155
Allied Bank Limited	13,990	10	140	411
Askari Commercial Bank Limited	104,329	10	1,043	9,244
Atlas Fund Of Funds	1,050,000	10	10,500	10,000
Attock Petroleum Limited	84,800	10	848	10,059
Attock Refinery Limited	39,668	10	397	1,210
Azam Textile Mills Limited	292,851	10	2,929	2,929
B.O.C Pakistan	300,552	10	3,006	41,522
Baig Spinning Mills Limited	662,050	10	6,621	792
Baig Spinning Mills Limited	662,050	10	6,621	6,621
Bank Al-Falah Limited	30,666	10	307	1,302
Bank Of Punjab	151,898	10	1,519	12,942
Bata (Pakistan)	48,728	10	487	1,934
Bawany Sugar Mills	40,729	10	407	189
Blessed Textile Mills Limited	51,700	10	517	962
Brother Textile Mills	155,043	10	1,550	388
Chenab Limited (Common Shares)	1,500,000	10	15,000	27,903
Colony Sarhad Textile	8,940	10	89	11
Colony Thul Textile Mills	286,003	10	2,860	954
Crescent Commercial Bank Limited.	12,705	10	127	62
Crescent Knit Wear	37,200	10	372	13
D.M.Textiles	8,445	10	84	105
Dadabhoy Cement Limited	158,925	10	1,589	1,168
Dawood Lawrencepur Limited	20,803	10	208	382
Dera Gazi Khan Cement	1,155,000	10	11,550	91,606
Din Textile Limited	22,080	10	221	191
Elahi Cotton Mills	136,000	10	1,360	527
Engro Chemical Pakistan Limited	98,363	10	984	6,073
Escorts Investment Bank	154,981	10	1,550	2,635
Fatima Enterprises	10,610	10	106	75
Fauji Cement	48,183	10	482	1,021
Fauji Fertilizer Co.	790,469	10	7,905	93,053
Faysal Bank Limited	221,856	10	2,219	13,400
Fecto Sugar Mills	7,932	10	79	75
Feroze Sons Laboratories	6,152	10	62	373
FFC Jordan - Bin Qasim	2,204,316	10	22,043	66,810
First Dawood Mutual Fund	1,161,500	10	11,615	10,000
First Dowood Investment Bank	95,448	10	954	566
First Investec Modarba	25,438	10	254	48
Ghandhara Nissan Limited	28,403	10	284	256
Habib Metro Bank	11,799	10	118	321
Harum Textile Mills Limited	976,300	10	9,763	1,020

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Investee	Number of shares / certificates held	Paid up value	Total paid up value	Cost
		per share / certificate	value	
		(Rupees)	(Rupees in thousands)	
High Noon Laboratories	13,537	10	135	190
I.C.I Pakistan Limited	210,881	10	2,109	23,870
Jahangir Siddiqui & Company	16,549	10	165	959
Karam Ceramics	18,420	10	184	141
Kay Textile Mills Limited.	377,800	10	3,778	3,778
Khurshid Spinning	69,800	10	698	147
Khyber Textile	3,200	10	32	15
Kohat Textile Mills Limited	97,724	10	977	189
Kohat Textile Mills Limited	100,000	10	1,000	1,000
Kohinoor Industries Limited	102,351	10	1,024	1,331
Kohinoor Oil Mills Limited	1,100	10	11	3
Kohinoor Textile Mills	106,280	10	1,063	884
Kot Addu Power Company Limited	92,000	10	920	4,002
Lucky Cement	67,555	10	676	6,435
Mahmood Textile Mills	5,500	10	55	158
Masood Textile Mills (Preference Shares)	24,200	10	242	179
MCB Bank Limited	453,431	10	4,534	119,813
Mehran Modaraba	124,796	10	1,248	750
Mirpurkhas Sugar Mills	9,850	10	99	249
Mirza Sugar Mills	50,554	10	506	144
Mohammad Farooq Textile Mills	47,604	10	476	286
National Bank Of Pakistan	779,196	10	7,792	207,451
National Refinery Limited	15,733	10	157	1,473
Netsol Technologies	100,000	25	2,500	2,500
Nishat Chunnian Limited	20,687	10	207	338
Nishat Mills Limited	165,000	10	1,650	13,912
NIT Units	199,830	10	1,998	8,982
Oil And Gas Development Company Limited	1,127,596	10	11,276	152,278
Packages Limited	9,552	10	96	641
Pak Elektron Limited	39,197	10	392	993
Pak Oilfields	1,099,559	10	10,996	409,299
Pakistan Cables	14,379	10	144	926
Pakistan P.T.A Limited	1,081,248	10	10,812	7,039
Pakistan Petroleum Limited.	1,179,440	10	11,794	284,747
Pakistan Premier Fund Limited	149,700	10	1,497	2,284
Pakistan PVC Limited	18,442	10	184	71
Pakistan Refinery Limited	12,687	10	127	1,120
Pakistan State Oil Company Limited	186,734	10	1,867	56,945
Pakistan State Oil Company Limited	105,000	10	1,050	20,044
Pakistan Strategic Allocation Fund	1,000,000	10	10,000	10,000
Pakistan Synthetics	26,182	10	262	203
Pakistan Telecommunication Company Limited.	4,251,864	10	42,519	227,866
PICIC Commercial Bank Limited	49,507	10	495	1,619
PICIC Growth Fund	291,836	10	2,918	8,974
PICIC Investment Fund	158,662	10	1,587	2,261
PICIC Investment Fund	275,337	10	2,753	4,988
Pioneer Cement Limited	46,795	10	468	621
Premium Textiles	10,000	10	100	169
Prime Commercial Bank Limited.	65,371	10	654	2,474

1) Particulars of Investment held in listed companies and Modarbas

Investee	Number of shares / certificates held	Paid up value	Total paid up value	Cost
		per share / certificate	value	
		(Rupees)	(Rupees in thousands)	
Punjab Oil Mills	44,010	10	440	558
Reliance Cotton Spinning Mills	19,750	10	198	132
Sadoon Textile	84,300	10	843	20
Sahrish Textile Mills	124,295	10	1,243	218
Saitex Spinning Mills	1,000,190	10	10,002	337
Sakrand Sugar Mills	1,547,040	10	15,470	11,720
Sakrand Sugar Mills Limited	109,060	10	1,091	316
Saleem Sugar Mills Limited. (Charsadda)	892	10	9	8
Sarhad Cigarette Industries Limited	72,080	10	721	360
Saritow Spinning Mills	441,362	10	4,414	595
Saritow Spinning Mills Limited	617,110	10	6,171	6,171
Saudi Pak Commercial Bank Limited	23,590	10	236	367
Service Industries Textile	627,370	10	6,274	1,406
Shahzad Textile Mills	11,080	10	111	74
Shell Pakistan Limited	85,937	10	859	18,129
Soneri Bank Limited	36,771	10	368	1,756
Southern Electric	128,460	10	1,285	816
Suraj Cotton Mills Limited	38,630	10	386	521
Taj Textile Mills	51,177	10	512	136
Tariq Glass Industries	242,721	10	2,427	2,101
Thal Limited	6,984	5	35	455
The Resource Group	10,071,500	10	100,715	100,715
Unilever Pakistan Limited	29,000	50	1,450	29,660
United Sugar Mills Limited	400	10	4	32
UTP Growth Fund	260,804	10	2,608	3,417
UTP Growth Fund	127,160	10	1,272	2,250
World Call Telecom	38,845	10	388	383
Yousuf Weaving Mills	25,091	10	251	146
Investments in preference shares				
Chenab Limited	7,990,882	10	79,909	79,909
Masood Textile Mills Limited	11,000,000	10	110,000	110,000
Shakarganj Mills	28,986	10	290	98
Investments in units of mutual funds				
AMZ Plus Stock Fund	500,000	10	5,000	50,000
Atlas Stock Market Fund	13,864	10	139	5,000
Faysal Balanced Growth Funds	208,305	10	2,083	15,000
Pakistan Capital Market Fund	60,867	10	609	711
Pakistan International Islamic Fund	100,000	10	1,000	1,627
United Money Market Fund - Category A	7,352,118	100	735,212	620,000
United Money Market Fund - Category C	2,651,494	100	265,149	280,000
<u>Held for Trading securities</u>				
Investment in ordinary shares				
Bank Of Punjab	500,000	10	5,000	53,719
Engro Chemical Pakistan Limited	200,000	10	2,000	37,287

2) Particulars of Investment held in unlisted companies

Investee	Number of shares / certificates	Cost	Breakup value of investment	Based on audited accounts	Name of Chief Executive
(Rupees in thousands)					
Shareholding more than 10%					
Khushhali Bank	200	200,000	205,186	31-Dec-05	Mr M Ghalib Nishtar
Pakistan Agricultural Storage & Services Corporation	5,500	5,500	29,650	31-Mar-05	Maj. General Fahim Akhtar Khan
World Bridge Connect Inc.	1,979,295	77,606	-	30-Jun-05	Gurojot Singh Khalsa
Shareholding upto 10%					
Equity Participation Fund	27,000	2,700	14,860	30-Jun-06	Mr Shahid Ather
First Women Bank Limited	2,532,000	21,100	62,692	31-Dec-05	Ms Zarine Aziz
National Institute for Facilitation of Technology (Pvt.) Ltd.	591,192	1,527	26,689	30-Jun-06	Mr M M Khan
News - VIS Credit Information Services (Pvt.) Limited	32,500	325	-	30-Jun-06	Tariq Iqbal Khan
Others *		3,005			
SME Bank Limited	3,975,003	26,950	59,188	31-Dec-05	Mr Mansoor Khan Salman Akhtar &
Techlogix International	4,455,829	50,703	8,422	31-Dec-05	Kewan Khawaja (Co Chief Executive)

* Others represents investment in companies having nil break-up value in respect of which full provision has been made in these financial statements

3) Particulars of Bonds

Investee	Terms of Redemption		Rate of Interest	Outstanding Amount (Rupees in thousands)
	Principal	Interest		
Ghee Corporation of Pakistan	Annually	Half Yearly	15.00%	210,579
Heavy Mechanical Complex	At Maturity	Half Yearly	*	28,480
Pakistan Agricultural Storage & Services Corporation	At Maturity	Half Yearly	*	658,769
Pakistan Automobile Corporation	At Maturity	Half Yearly	*	651,011
Punjab Engineering Company Limited	At Maturity	Half Yearly	*	95,184
Rice Corporation of Pakistan	Annually	Half Yearly	15.00%	512,190
Saindak Metals Limited	Half Yearly	Half Yearly	15.00%	254,202
				2,410,415

* Annual weighted average of last year's rate of return on treasury bills.

4) Particulars of Debentures

Investee	Terms of Redemption		Rate of Interest	Outstanding Amount (Rupees in thousands)
	Principal	Interest		
Public Sector				
Cold Storage Haripur - I	Overdue	Overdue	12.50%	1,300
Cold Storage Haripur - II	Overdue	Overdue	12.00%	825
Cold Storage Mardan - I	Overdue	Overdue	12.50%	192
Cold Storage Mardan - II	Overdue	Overdue	12.00%	118
SDA Leather Tannery	Overdue	Overdue	12.00%	1,621
Private Sector				
Ajax Industries Limited	Overdue	Overdue	14.00%	1,660
Alley Hosiery Mills Limited	Overdue	Overdue	14.00%	200
Central Associates Limited	Overdue	Overdue	11.00%	1,015
Consolidated Spinning Mills Limited	Overdue	Overdue	14.00%	56
Effee Industries Limited	Overdue	Overdue	11.00%	1,018
Effee Industries Limited	Overdue	Overdue	14.00%	378
Electric Lamp Manufacturing Limited	Overdue	Overdue	14.00%	55
Electric Lamp Manufacturing Limited	Overdue	Overdue	12.50%	40
Junaid Cotton Mills Limited	Overdue	Overdue	14.00%	289
Khyber Textile Mills Limited	Overdue	Overdue	14.00%	395
Milly Leather Mills Limited	Overdue	Overdue	14.00%	617
Morgah Valley Industries Limited	Overdue	Overdue	11.00%	316
Morgah Valley Industries Limited	Overdue	Overdue	14.00%	160
National Woolen Mills Limited	Overdue	Overdue	14.00%	150
Printing Corporation of Pakistan	Overdue	Overdue	14.00%	79
Ruby Rice & General Mills Limited	Overdue	Overdue	14.00%	250
Tanveer Woolen Mills Limited	Overdue	Overdue	14.00%	96
Tariq Cotton Mills Limited	Overdue	Overdue	14.00%	338
Zulshan Engineering Company Limited	Overdue	Overdue	14.00%	121

5) Particulars of Participation Term Certificates

Investee	No. of Certificates held	Paid up value per certificate	Total Paid up value	Outstanding Amount	Name of Chief Executive
		(Rupees)	(Rupees in thousands)		
Ali Paper Board Industries Limited	12	252,000	3,024	3,393	Mr. Farooq Alam Butt
American Marble Products Limited	12	300,000	3,600	1,250	Mr. Moihammad Hanif Sattar
Baluchistan Clay Products Limited	16	238,500	3,816	2,503	Mr. Jaffar Ali Sagarwalla
Brother Steel Mills	16	617,400	9,878	2,144	Mian Yousuf Aziz
Cotex Mills Limited	14	92,000	1,288	430	Gulzar Ahmad
Crystal Chemicals Limited	14	314,000	4,396	3,897	Mr. Maqsoos A. Shaikh
Delta Tyre & Rubber Company Limited	7	268,571	1,880	1,686	Mr. Iqtedar Ahmed Chaudhry
Frontier Ceramics Limited (NWFP)	20	682,200	13,644	330	Mr. Ansarullah Khan
Gem Industries Limited	12	197,500	2,370	1,517	Mr. Muhammad Wali Imam
Ittehad Industries Limited	1	2,000,000	2,000	446	Hazrat Dayan
Jubilee Paper & Board Mills Limited	28	430,000	12,040	6,761	Shafqat Rasool
Kamal Enterprises Limited	32	80,000	2,560	1,057	Mr. Khuda Buksh Marri
Khalil Jute Mills Limited	16	352,500	5,640	121	Mian Aziz-ul-Haq Qureshi
Leathertie Limited	14	108,000	1,512	889	Mr. Nazar Farid Maneka
Mass Dairies Limited	10	255,000	2,550	2,523	Mian Muhammad Akhtar Paganwala
Morgah Valey Limited	16	29,250	468	436	Air Marshal A. Rahim Khan
National Fructose Company Limited	10	349,700	3,497	5,854	Mr. Shakirullah Durrani
Pakistan Laminates	1	844,000	844	11	Haji Abdul Hamid Khan
Pangrio Sugar Mills Limited	14	778,000	10,892	11,198	Aftab Ahmad
Rainbow Packages Limited	16	75,000	1,200	1,769	Syed Bashir Ahmad
Sampak Paper & Board	10	219,000	2,190	165	Mojhammad Maghfoor
Sethi Industries Limited	20	164,120	3,282	3,261	Mr. Muhammad Saeed Sethi
Waziristan Oil Industries Limited	12	156,200	1,874	904	Mr. Irfan Manoo
Zafar Oil Industries Limited	1	281,000	281	268	Shaukat A. Khan
Zamrock Fibers Glass Limited	12	394,000	4,728	2,358	Mr. S. Zamir Syed

6) Particulars of Investments in Term Finance Certificates

Investee	No. of Certificates held	Paid up value per certificate	Total Paid up value	Outstanding Amount	Name of Chief Executive
		(Rupees)	(Rupees in thousands)		
Listed					
Askari Commercial Bank Limited	40,000	5,000	200,000	217,494	Mr. Kalim-ur-Rehman
Azgard Nine Limited	60,000	5,000	300,000	299,880	Mr. Ahmed Shaikh
Bank Al Falah Limited	10,000	5,000	50,000	53,287	Mr Mohammad Saleem Akhtar
Bank Al Falah Limited	7,560	5,000	37,800	43,124	Mr Mohammad Saleem Akhtar
Bank Al Habib Limited.	5,000	5,000	25,000	24,980	Abbas D. Habib
Crescent Leasing Co II	6,271	5,000	31,355	32,421	Javed A. Callea
Crescent Leasing Corporation Limited.	32,000	5,000	160,000	48,000	Javed A. Callea
Dawood Leasing Corporation Limited	5,000	5,000	25,000	25,000	Ayaz Dawood
First International Investment Bank Limited	31,083	5,000	155,415	155,415	Samir Ahmed
Nishat Mills Limited	20,000	5,000	100,000	79,920	Mrs. Naz Mansha
Paramount Spinning Mills Limited	42,000	5,000	210,000	104,998	Mr. Tanveer Ahmad
Soneri Bank Limited.	999	5,000	4,995	4,992	Mr. Safar Ali
Union Bank Limited	11,422	5,000	57,110	63,450	Mr. Badar Kazmi
Union Bank Limited II	4,000	5,000	20,000	19,980	Mr. Badar Kazmi
World Call Communication	15,060	5,000	75,300	24,726	Mr. Salman Taseer
Unlisted					
Al-Asif Sugar Mills Limited	14	4,915,156	68,812	4,252	Mr. Qazi Afzal Abid Abbasi
Al-Azhar Textile Mills Limited	14	774,670	10,845	5,418	Mirza Muhammad Azhar Baig
Allied Bank Limited	62,397		-	311,985	Mr khalid Sherwani
Apex Fabrics Limited	16	647,159	5,175	2,640	Mr. Iftekhar Ahmed
Aqma Textile Mills Limited	28	1,175,631	9,784	2,936	Mr. Zeshan Ghaffar Khan
Askari Commercial Bank Limited	43,525	5,000	217,625	199,920	Mr. Kalim-ur-Rehman
Azeem Tapes (Private) Limited	36	161,591	5,817	2,288	Mr. Javed Ahmed Kayani
Bachani Sugar Mills Limited	-		-	25,500	Mr. Noorul Amin Bachani
Baluchistan Coaters Limited	22	788,036	5,318	2,746	Mr. Rafiq A Qamar
Bentonite (Pakistan) Limited	30	369,581	4,570	3,417	Mr. Khalid Shakil
Blue Star Spinning Mills Limited	17	497,020	8,449	3,392	Chaudry Ghulam Farid
Cast-N-Link Products Limited	16	369,054	5,905	2,549	Mr. Nisar Ahmed
Chaudhry Wire Rope Limited	14	544	8	1,878	Ch. Muhammad Akram
Chiniot Textile Mills Limited	6	1,500	9	109	Muhammad Usman
Chiragh Sun Engineering Limited	6	716	4	1,867	Rana Mushtaq Ahmed
Crescent Leasing Corporation Limited.	12,000	5,000	60,000	18,000	Javed A. Callea
Crescent Textiles Mills Limited	110,000	5,000	550,000	449,933	Mr Muhammad Anwar
Crescent Leasing Corporation Limited.	73,891	5,000	369,455	189,455	Javed A. Callea
Dewan Farooque Spinning Mills Limited	30,000	5,000	150,000	112,500	Dewan M. Yousuf Farooqui
Dress Leather Limited	17	4,491,133	6,382	3,529	Mr. Masood Ahmed
Faruki Pulp Mills Limited	14	2,627,445	36,784	17,550	Mr. Salim A. Faruqi
Frontier Ceramics Limited	46	370	17	3,113	Mr. Shakirullah Durrani
General Dairies & Foods Limited	6	531	3	1,350	Brig. (R) M.A. Baig

6) Particulars of Investments in Term Finance Certificates

Investee	No. of Certificates held	Paid up value per certificate	Total Paid up value	Outstanding Amount	Name of Chief Executive
		(Rupees)	(Rupees in thousands)		
Glorex Textiles Limited	6	1,664	10	1,139	Mr. M. Akram
Hira Textile Mills Limited.	10,000	5,000	50,000	49,970	Nadeem Aslam Butt
Hospitex Limited	16	64,378	1,030	511	Sheikh Anees
Kashmir Polytex Limited	16	357,917	5,727	938	Mr. Amir Fayaz Shaikh
Khairpur Sugar Mills Limited	28	1,643	46	13,913	M. M. Muneeb Jumani
Kohinoor Weaving Mills Limited.	37,400	5,000	187,000	93,498	Mr. Amir Fayaz Shaikh
Larr Sugar Mills Limited	28	1,012,536	28,351	12,062	Mr. Abdul Rauf Farouk
Malik Food Industries Limited	11	337	4	2,472	Mr. Khalid Aziz Malik
Malik Textile Industries Limited	15	4,218,708	9,256	2,299	Mr. Ghulam Rasool Malik
Minaco Fabrics Limited	28	468,319	13,113	7,350	Assets Sold
Mobilink	20,000	5,000	100,000	80,000	Mr. Zouhair A. Khaliq
Munawar Engineering Limited.	14	80,780	1,131	2,187	Mr. M. Azeem Khan
Munro & Miller (Pakistan) Limited	16	63,104	1,010	368	Mr. Yousuf Shaheen
Novelty Fabrics Processing Mills Limited	38	858	33	13,251	Mr. Zubair Mohsin
Pak Kuwait Investment Company	170,000	5,000	850,000	100,000	Mr. Istaqbal Mehdi
Pak Libya Holding Company (Pvt.) Limited	200,000	5,000	1,000,000	666,661	Mr. Khalid Sherwani
Pak Pattan Dairies Limited	14	452,000	6,328	2,858	Mr. Farooq Ahmed Khan Manke
Pakistan International Airlines Corporation	483,040	5,000	2,415,200	2,234,348	Mr. Tariq Kirmani
Pakistan Kuwait Investment Company	20,000	5,000	100,000	850,000	Mr. Istaqbal Mehdi
Pakistan Mobile Communication (Pvt.) Limi	230,000	5,000	1,150,000	990,000	Mr. Zouhair Khaliq
Pangrio Sugar Mills Limited.	16	321,400	5,142	887	Mr. Aftab Ahmad
Pirjee Weaving Mills Limited	16	124,951	1,999	403	Mr. Zia-ur-Rehman
Prime Commercial Bank Limited	22,000	5,000	110,000	109,934	Mr. Saeed i. Chaudry
Raja Weaving Mills Limited	14	516,891	7,236	3,831	Mr. Munaf Riaz
Regency Textiles Limited	40	664,895	11,511	6,165	Mr. M. Iqtidar Pervaiz
Rehman Sharif Textiles (Pvt) Limited	24	108,974	2,615	703	Mr. Rana Mohd. Sharif
Reliance Exports Limited.	62	10,000,000	620,000	620,000	Mr. Fawad Ahmad Mukhtar
Scan Recycling (Pakistan) Limited	17	43,000	731	774	Mr. Mazharul Haq
Security Leasing Corporation Limited.	25,000	5,000	125,000	93,750	Mr. M. R. Khan
Security Leasing Corporation Limited.	40,000	5,000	200,000	200,000	Mr. M. R. Khan
Sialkot Dairies Limited	12	115,000	1,380	2,320	Ch. Javed Mehdi
Silverland Textile Mills Limited	6	489	3	1,650	Mr. Tanveer Iftikhar
Taj Syringes (Pvt.) Limited	36	220	8	4,181	Mr. A. Hameed Khan Burki
Tandlianwala Sugar Mills Limited.	-	5,000	-	67,500	Mr. Haroon Akhtar
Tanocrafts Limited	22	156	3	948	Dr. Muzzafar Essani
Tharparkar Sugar Mills Limited	5	8,770,219	43,851	26,238	Mr. Irfan Ali Shah
Turbo Tubes Limited	1	247,934	248	9	Liquidated
Ultra Engg. (Pvt.) Limited	16	186,336	2,981	210	Mr. Sultan Ahmed

7) Quality of Investments classified as Available For Sale (AFS)
N / A = Not Available

Investee	Market Value	Credit Rating
	(Rupees)	
Investment in ordinary shares of listed companies		
Trading Portfolio - AFS		
Abbott Laboratories	1,278	N/A
Al Abbas Cement	310	N/A
Allied Bank Limited	1,308	A+
Askari Commercial Bank Limited	10,949	AA+
Attock Petroleum Limited	32,898	N/A
Attock Refinery Limited	3,304	AA-
B.O.C Pakistan	42,426	N/A
Baig Spinning Mills Limited	2,350	N/A
Bank Al-Falah Limited	1,282	AA
Bank Of Punjab	15,380	AA-
Bata (Pakistan)	6,286	N/A
Blessed Textile Mills Limited	3,516	N/A
Brother Textile Mills	388	N/A
Colony Thul Textile Mills Limited	1,702	N/A
Crescent Commercial Bank Limited	192	BBB+
D.M.Textiles	230	N/A
Dadabhoy Cement Limited	954	N/A
Dawood Lawrencepur Limited	1,106	N/A
Dera Gazi Khan Cement	72,707	N/A
Din Textile Limited	508	N/A
Engro Chemicals Pakistan Limited	16,623	AA-
Escorts Investment Bank	2,108	A
Fauji Cement	728	N/A
Fauji Fertilizer Co.	83,434	N/A
Faysal Bank Limited	13,422	AA
Fecto Sugar Mills Limited	214	N/A
Feroze Sons Laboratories	1,058	N/A
FFC Jordan - Bin Qasim	62,823	N/A
First Dowood Investment Bank	1,527	N/A
First Investec Modarba	50	N/A
Ghandhara Nissan Limited	721	N/A
Habib Metro Bank	850	N/A
High Noon Laboratories	697	N/A
I.C.I Pakistan Limited	24,357	N/A
Jahangir Siddiqui & Company	2,616	AA+
Karam Ceramics	313	N/A
Kohat Textile Mills Limited	362	N/A

7) Quality of Investments classified as Available For Sale (AFS)
N / A = Not Available

Investee	Market Value	Credit Rating
	(Rupees)	
Kohinoor Industries Limited	1,111	N/A
Kohinoor Textile Mills Limited	2,423	N/A
Kot Addu Power Company Limited	3,744	N/A
Lucky Cement	4,047	N/A
Mahmood Textile Mills	429	N/A
Masood Textile Mills (Preference Shares)	605	N/A
MCB Bank Limited	111,589	AA+
Mirpurkhas Sugar Mills	699	N/A
Mirza Sugar Mills	144	N/A
Mohammad Farooq Textile Mills	269	N/A
National Bank Of Pakistan	174,735	AAA
National Refinery Limited	4,075	AAA
Nishat Chunnian Limited	789	N/A
Nishat Mills Limited	14,487	A+
NIT Units	8,962	AM 2
Oil And Gas Development Company Limited	129,335	N/A
Packages Limited	2,006	AA
Pak Elektron Limited	2,536	A1
Pak Oilfields	384,571	N/A
Pakistan Cables	3,113	N/A
Pakistan P.T.A Limited	5,298	N/A
Pakistan Petroleum Limited	273,630	N/A
Pakistan Premier Fund Limited	1,946	5 Star
Pakistan Refinery Limited	2,746	N/A
Pakistan State Oil Company Limited	54,900	AAA
Pakistan Synthetics	183	N/A
Pakistan Telecommunication Company Limited	188,358	N/A
PICIC Commercial Bank Limited	1,666	A+
PICIC Growth Fund	8,215	4 star
PICIC Investment Fund	2,301	MFR 4 Star
Pioneer Cement Limited	1,044	N/A
Premium Textiles	454	N/A
Prime Commercial Bank Limited.	3,174	A+
Punjab Oil Mills	1,155	N/A
Reliance Cotton Spinning Mills Limited	296	N/A
Sakrand Sugar Mills Limited	344	N/A
Saritow Spinning Mills Limited	2,560	N/A
Saudi Pak Commercial Bank Limited	400	A-
Shahzad Textile Mills	127	N/A
Soneri Bank Limited	1,752	AA-

7) Quality of Investments classified as Available For Sale (AFS)
N / A = Not Available

Investee	Market Value	Credit Rating
	(Rupees)	
Southern Electric	764	N/A
Suraj Cotton Mills Limited	1,478	N/A
Taj Textile Mills	141	N/A
Thal Limited	1,149	N/A
United Sugar Mills Limited	90	N/A
UTP Growth Fund	3,390	N/A
World Call Telecom	418	A+
Yousuf Weaving Mills	138	N/A
Strategic Portfolio - AFS		
Ahmad Spinning Mills	-	N/A
Atlas Fund Of Funds	8,400	4 star
Azam Textile Mills Limited	-	N/A
Baig Spinning Mills Limited	-	N/A
Bawany Sugar Mills	-	N/A
Chenab Limited (Common Shares)	15,150	N/A
Colony Sarhad Textile	-	N/A
Crescent Knit Wear	-	N/A
Elahi Cotton Mills	626	N/A
Fatima Enterprises	-	N/A
First Dawood Mutual Fund	7,376	N/A
Harum Textile Mills Limited	1,953	N/A
Kay Textile Mills Limited	-	N/A
Khurshid Spinning	-	N/A
Khyber Textile	-	N/A
Kohat Textile Mills Limited	-	N/A
Kohinoor Oil Mills Limited	-	N/A
Mehran Modaraba	218	N/A
Netsol Technologies	2,135	N/A
Pakistan PVC Limited	-	N/A
Pakistan State Oil Company Limited	30,870	N/A
Pakistan Strategic Allocation Fund	8,500	5 star
PICIC Investment Fund	3,992	4 star
Sadoon Textile	-	N/A
Sahrish Textile Mills	-	N/A
Saitex Spinning Mills	-	N/A
Sakrand Sugar Mills	-	N/A
Saleem Sugar Mills Limited. (Charsadda)	-	N/A
Sarhad Cigarette Industries Limited	-	N/A
Saritow Spinning Mills Limited	-	N/A

7) Quality of Investments classified as Available For Sale (AFS)
N / A = Not Available

Investee	Market Value	Credit Rating
	(Rupees)	
Service Industries Textile	3,451	N/A
Shell Pakistan Limited	34,207	N/A
Tariq Glass Industries	7,888	N/A
The Resource Group	88,126	N/A
Unilever Pakistan Limited	58,000	N/A
UTP Growth Fund	1,653	N/A
Investments in preference shares		
Chenab Limited	57,135	N/A
Masood Textile Mills Limited	110,000	N/A
Shakarganj Mills	290	A-
Total	2,258,733	
Investments in units of mutual funds		
AMZ Plus Stock Fund	50,000	N/A
Atlas Stock Market Fund	7,665	N/A
Faysal Balanced Growth Funds	20,991	N/A
Pakistan Capital Market Fund	697	N/A
Pakistan International Islamic Fund	4,858	N/A
United Money Market Fund - CATEGORY A	772,020	A
United Money Market Fund - CATEGORY C	273,117	A
	1,129,348	
Grand Total	3,388,081	

7) Quality of Investments classified as Available For Sale (AFS)

Investee	Cost	Credit Rating
(Rupees in thousands)		
Shareholding more than 10%		
Pakistan Agricultural Storage and Services Corporation	5,500	unrated
Khushhali Bank	200,000	A -
World Bridge Connect Inc.	77,606	unrated
Shareholding upto 10%		
National Institute for Facilitation of Technology (Pvt.) Ltd.	1,527	unrated
SME Bank Limited	26,950	BBB
First Women Bank Limited	21,100	AA
Equity Participation Fund	2,700	unrated
News - VIS Credit Information Services (Pvt.) Limited	325	unrated
Techlogix International	50,703	unrated
Others *	3,005	unrated

* Others represents investment in companies having nil break-up value in respect of which full provision has been made in these financial statements

7) Quality of Investments classified as Available For Sale (AFS)

Particulars	Market Value	Credit Rating
(Rupees in thousands)		
Federal Government Securities		
Market Treasury Bills	3,099,462	Baa2
Pakistan Investment Bonds	32,037,554	Baa2
	<u>35,137,016</u>	
Foreign Investments		
GOP Islamic Bonds	731,171	Ba3
Euro Bonds	1,297,510	BB
Governemnt Of Qatar USD Bonds	596,990	A+
Tabreed Bonds	171,165	BBB-
Government of Indonesia USD Bonds	981,554	BB-
	<u>3,778,390</u>	

7) Quality of Investments classified as Available For Sale (AFS)

Investee	Market Value	Credit Rating
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(Rupees in thousands)

Term Finance Certificates

Pak Kuwait Investment Company	100,000	AAA
Crescent Leasing Corporation Limited II	32,093	AAA
Crescent Leasing Corporation Limited	18,000	AAA
Nishat Mills Limited	79,920	A+
Mobilink	80,000	AA-
Pakistan International Airlines Corporation	9,628	unrated
Union Bank Limited II	19,980	A+
Bank Al Falah Limited	53,287	AA-
Azgard Nine Limited	299,880	A+

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
1	M/s.Ashlars (Pvt.) Limited, 288/E, Johar Town, Lahore & 5-A, 1st Floor, Liberty Plaza, Gulberg - III, Lahore.	1.Mr.Abu Nasar Faizi 2.Mr.Tariq Wasay Khan 3.Mst.Yasmir 4.Mst.Asghari Begum		Mr.Abdul Wasay Khan W/o.Abu Nasar Faizi	908	232		1,140	908 *		853 *	1,761 *
2	M/s.Asad Textile Mills (Pvt.) Limited, 32-B, Model Town, Lahore.	1.Mian Muhammad Aslam 2.Mr.Muhammad Ashraf 3.Mrs.Shahnaz Akhtar			1,828	879		2,707	1,828 *	662 *	217 *	2,707 *
3	M/s.K. J. Vegetable Oil Mills Limited.	1.Sardar M. Aslam Khan (Late) 2.Begum Shams-un-Nisa(Late) 3.Mr.Sultan-e-Romm(Late) 4.Col.® Saadul Malook(Late) 5.Nawabzada Shahryar Khan Hoti 6.Nawabzada Sarbuland Khan Hoti 7.Mrs.Chamman Sarkar			4,248			4,248	4,248 *			4,248 *
4	M/s.Construction Services (Pak), H, Block # 2, P.E.C.H.Society, Karachi.	83 1.Mr.N. A. Sheikh 2.Mr.Noor Muhammad			235	1,246		1,481	235 *	1,064 *	5,693 *	6,992 *
5	M/s.Lyallpur Model Dairies Limited, Mansoorabad, Faisalabad.	1.A. G. K. Mr.Anwar ul Haq 2.Ch.M. Siddeeq 3.Ch.Abdul Hameed 4.Ch.Abdul Ghafoor Siddiq Kasuri 6.Mr.Zafar Ahsan Mehmood 7.Brig.® Rasheed Ahmed	5.Ch.M.		600	516		1,116	600 *	516 *	1,763 *	2,879 *
6	M/s.Al-Abbas Enterprises, Floor, United Plaza, Fazal-e-Haq Road, Blue Area, Islamabad.	4th 1.Mr.Ali Abbas Nasir 2.Mr.Asif Hussain	101-74-593105 135-80-562692		70,000			70,000	70,000 *		5,063 *	75,063 *
7	M/s.Mehnaz Textile Industries Limited.	1.Mian A. Hakim 2.Mrs.Mumtaz Hakim 3.Mr.Asad Hakim 4.Ms.Yasmeen Hakim 5.Ms.Nazneen Hakim			526	655		1,181	526 *	14 *	3,086 *	3,626 *
8	M/s.Progressive Tobacco Company Limited, Kotri, Sindh	S.I.T.E., 1.Mr.Mushtaq Ali Khan 2.Mr.A.Y. Siddiqui 3.Mr.Moosa Raza Syed 4.Mr.Muhammad Ghouse		Mr.Laiq Ali Khan Mr.M. Y. Siddiqui Mr.M. Rehmatullah Sayed Mr.Muhammad Kassim	524	688		1,212	382	374	926	1,682
9	M/s.International Syndicate, 201/202, Second Floor, Qadri Chambers, 87, Mcleod Road, Lahore.	Mr.Gulraiz A. Sheikh			1,001	285		1,286	1,001 *	132 *	3,862 *	4,995 *
10	M/s.Suraj Ghee Industries Limited, Suite No.5, Business Centre, Shadman Road, Lahore.	1.Mr.Muhammad Tufail 2.Mr.Pervaiz Iqbal 3.Mr.Abdul Munaf 4.Mr.Muhammad Aslam Mirza 5.Mr.Muhammad Akram Brar			10,334	2,113		12,447	10,334 *	1,875 *	21,048 *	33,257 *
11	M/s.King Foam Industries, 132 - Ferozepur Road, Lahore	Syed Qaiser Abbas Bokhari		Syed Ghulam Abbas Bokhari	1,852	143		1,995	1,852 *	55 *	88 *	1,995 *
12	M/s.Khan Traders, 1169-A, Noor Gate Street, Saddar Bazar, Sialkot.	Mr.Abdul Sattar			490	669		1,159	490 *	305 *	2,384 *	3,179 *
13	M/s.Chandan Das & Co	Mr.Chandan Das		Mr.Persumal	44	404		448	44 *	260 *	774 *	1,078 *
14	M/s.Ansari Pakistan Limited, 1st Floor, Isphani Building, I.I. Chundrigar Road, Karachi	1.Mr.Habib Ansari (Deceased) 2.Mr.Shoaib Ansari 3.Mr.Zubair Ansari		Mr.Saeed Ansari Mr.Habib Ansari Mr.Habib Ansari	646	1,260		1,906	646 *	480 *	6,539 *	7,665 *

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
15	M/s.Bismillah Oil Mills, Plot # 91, Deh Sanghi, Taluka Pano Aqil Distt.Sukkur	Syed Yawar Abbas		Syed Ali Raza	730	650		1,380	730 *	521 *	3,492 *	4,743 *
16	M/s.Pak Orient Associates, 7/3, Rizvi Chambers, Akhbar Road, Karachi.	Mr.Asad Zaheer Rizvi	517-52-166808	Syed Zaheer Hussain Rizvi	1,038	131		1,169	1,038 *	108 *	2,200 *	3,346 *
17	M/s.Abdul Rasheed	Mr.Abdul Rasheed (Late)		Mr.Abdullah Khar	507	957		1,464	507 *		957 *	1,464 *
18	M/s.Pak Agri. Corporation	Rana Muhammad Saleem			1,205			1,205	1,205 *			1,205 *
19	M/s.Noor Mahal, No.8, Ibrahim Ali Bhai Building, 246, Loboos Street, Garden, Karachi.	Mr.Masood A. Qureshi(Late)			1,000	153		1,153	1,000 *	153 *		1,153 *
20	M/s.Koromal & Brothers	Mr.Koromal			150	283		433	150 *	83 *	898 *	1,131 *
21	M/s.Wadhomal & Company	Mr.Chandandas		Mr.Persumal	150	280		430	150 *	81 *	896 *	1,127 *
22	M/s.Nankana Trading Company	1.Mr.Muhammad Ramzan 2.Mr.Muhammad Hussain	296-36-114721	Mr.Shahab Din	1,205	552		1,757	205	247	305	757
23	M/salaam Steel Re-Rolling Mills, Morin Pure Road, Daroghawala, G. T. Road, Lahore.	1.Mr.Abdul Rashid (expired) 2.Mst.Najam-un-Nisa 3.Mst.Akhtari Begum			1,420	3,888		5,308	1,420 *	2,906 *	10,892 *	15,218 *
24	M/s.Nankana, 109 - Cauchy Chambers, Butchery Road, Karachi	Mst.Sakeena		W/o.Mr.Fakir Muhammad	86	3,184		3,270	86 *	3,184 *		3,270 *
25	M/snider Corporation, 41, Sea Brea Plaza, Shari-e-Faisal, Karachi	Mr. Muhammad Mehta	285-38-444333	Mr.Habib Muhammad	982	207		1,189	982 *		2,980 *	3,962 *
26	M/s.Shaikh Carpets (Pvt.) Limited, 24 - Abbot Road, Lahore & 16 KM Multan Road, Lahore	1.Mr.M. Tariq Gaba 2.Mr.Aqeel Tariq Gaba 3.Mrs.Salma Tariq		Haji Ghulam Rasool	6,277	1,723		8,000	6,277 *	917 *	806 *	8,000 *
27	M/s.Ghani Textile Mills Limited, D - 154, S.I.T.E., Manghopir Road, Karachi & 702 - Muhammad House, I. I. Chundrigar Road, Karachi..	1.Mr.H. Saeed Ahmad Paracha 2.Mr.Akbar M. Paracha 3.Mr. Asghar M. Paracha 4.Mrs.Naseem Anwar 5.Mst.Ishrat Naheed 6.Mst.Umera Bibi	511-61-066034 502-93-488530	Mr.H. Saeed Ahmed Paracha Mr.H. Saeed Ahmed Paracha W/o.Mr.Anwar M. Paracha W/o.Mr.Akbar M. Paracha W/o.Mr.H.Saeed Ahmed Paracha	10,000	3,189		13,189	10,000 *	3,039 *	36,150 *	49,189 *
28	M/s.Cottage Craft, 204 - Abu Bakar Block, New Garden Town, Lahore.	1.Mr.Habib Nawaz Sheikh 2.Mr.Amir Nawaz Sheikh		Sheikh Baghuddin	1,503	983		2,486	1,503 *	983 *		2,486 *
29	M/s.Karachi Development Authority, Karachi.	Governments Nominees (Public Sector Organization)			156,034	128,126		284,160			347,705 *	347,705 *
30	M/s.Pak Iran Textile Mills Limited, 4th Floor, PIDC House, Dr.Ziauddin Ahmad Road, Karachi.	1.Mr.Abdul Azim Ebrahemy 2.Mr.Rasheed H. Hadi 3.Mr.Hassan Mahdyous 4.Mr.Ebrahim Gholamey 5.Mr.M. A. G. M. Akhtar 6.Mst.Salima R. Abad 7.Mr.S.R. Poonegar				20,327		20,327		20,327 *		20,327 *
31	M/s.Pakistan Oil Mills Industries	Mr.Muhammad Ismail			1,498	2,046		3,544	1,498 *	1,216 *	5,814 *	8,528 *
32	M/s.Asiam Textan, 396/1, Sector 7-A, Korangi Industrial Area,Karachi	1.Mr.Mohammad Aslam Sheikh 2.Mr.Muhammad Saleem Sheikh	502-39-566862 502-53-507580	Haji Muhammad Ismail Haji Muhammad Ismail	1,037	5,958		6,995	1,037 *	5,063 *	8,267 *	14,367 *

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
33	M/s.Punjab Lamp Works Limited, Abdul Hye Chambers, Dockyard Road, West Wharf, Karachi.	1.Mr.S. A. Rasool 2.Mr.K. M. Asaf 3.Mr.Rafi Muneer 4.Mr.K. M. N. Feroze 5.Mr.K. M. Zaki 6.Mr.K. M. Usman 7.Mrs.Khamar Khanum			2,744	1,959		4,703	2,744 *	1,959 *		4,703 *
34	M/s.Globe Exports, Room # 21-25, 4th Floor, Arkay Square, New Challi, Karachi	1.Mr.Sikandar Umar 2.Mr.Sohail Umar 3.Mr.Tanveer Umar		Mr.Muhammad Umar Mr.Muhammad Umar Mr.Muhammad Umar	1,010	933		1,943	1,010 *	903 *	4,383 *	6,296 *
35	M/s.Zamir Textile Mills Limited, 58 - KM Multan Road, Bhai Pheru, Kasur (Punjab)	New Directors: 1.Mr.Abdul Haleem Piracha 2.Mrs.Shah Gul 3.Mr.Abdul Waheed Piracha 4.Mrs.Nabeela Waheed Piracha 5.Mr.Khushnud Ellahi 6.Ms.Nuzhat Afshan 7.Mrs.Yasmin Shoab Old Directors: 1.Mr.Qamar-uz-Zaman Khan 2.Mr.Allauddin Sheikh 3.Mr.Liaqat H. Malik(Late) 4.Ms.Yasmin Sheikh 5.Mrs.Saleem Rauf 6.Mr.Naveed Ahmed Piracha 7.Shaikh Abdul Rauf			16,305	10,633		26,938			22,554	22,554
36	M/s.Shaikh Trading Limited, D - 154, S. I. T. E., Manghopir Road, Karachi & 702.Muhammadi House, I. I. Chundrigar Road, Karachi	1.Mr.H. Saeed Ahmed Paracha 2.Mr.Akbar M. Paracha 3.Mr.Asgar M. Paracha 4.Mrs.Naheed Tariq 5.Mr.Irfan Ellahi Sheikh	511-61-066034 502-93-488530	Mr.H. Saeed Ahmed Paracha Mr.H. Saeed Ahmed Paracha	10,616	2,626		13,242	10,616 *	2,343 *	35,648 *	48,607 *
37	M/s.Libra Textiles, Plot No.23/2, Sector 6-A, North Karachi Township,Karachi	Shaikh Muhammad Alamagir		Mr.Mohammad Siddiq(Deceased)	5,405	1,065		6,470	1,605	1,065	544	3,214
38	M/s.Pak Motor Company, Abdullah Market, Akbar Road, Karachi	Mr.Ghulam Rasool			1,005	194		1,199	1,005 *	194 *		1,199 *
39	M/s.Birds Establishment	Mr.Shahid Kinare		Mr.Saleem Kinare	845	1,555		2,400	845 *	767 *	3,478 *	5,090 *
40	M/s.Advance Concept (Pvt.) Ltd., 260 - R. A. Lines, M. R. Keyani Road, Karachi	1.Syed Jamshed Akhtar Wasti 2.Syed Sohail Akhtar Wasti 3.Mrs.Rufaida Arrab		W/o.Mr.Ubaidullah	800	694		1,494	800 *	694 *	1,839 *	3,333 *
41	M/s.Pakistan Liquid Storage Co.(Pvt.) Limited.	1.Mr.Hasham S. Gangji 2.Mr.Hassan S. Gangji 3.Mrs.Khatija S. Gangji		Mr.Sadruddin	2,502			2,502	2,502 *		4,389 *	6,891 *
42	M/s.Parwaz Industries, 114/C, Gulberg - III, Lahore	Mr.Tariq Latif			1,504	1,001		2,505	1,504 *	623 *	2,351 *	4,478 *
43	M/s.S.I. Traders, Room # 10, 4th Floor, Arkay Square, New Challi, Karachi	Mr.Zahid Saleem (Deceased)			1,043	2,042		3,085	1,043 *	1,232 *	8,647 *	10,922 *
44	M/s.Mir Fazal Haque Khan & Co.	Mir Fazal Haque			150	1,256		1,406	150 *	865 *	4,469 *	5,484 *
45	M/s.Industrial Invesment Limited	1.Mr.Jimmy H. Fancy(Expired) 2.Mr.Amir Ali H. Fancy(Expired) 3.Mr.M. Ali Meghani 4.Mr.Aziz H. Fancy 5.Mr.Abdul H. Fancy		Mr.Hussein Bhai	3,086	12,607		15,693	3,086 *	626 *	57,440 *	61,152 *
46	M/s.Pakistan Chrome Mines Limited, Quetta.				540	2,261		2,801	540 *	1,563 *	698 *	2,801 *
47	M/s.Muhammad Azam, Quetta.	Mr.Muhammad Azam		Mr.Gul Muhammad	579	950		1,529	579 *		4,264 *	4,843 *

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total	
					Principal	Interest/ mark-up	Others	Total					
48	M/s.Rauf Rice Mills (Pvt.) Limited, Rauf Plaza, 79 - Ferozepur Road, Ichra, Lahore.	1.Mr.Muhammad Maqbool Rauf 2.Mr.Muhammad Iqbal Rauf 3.Mr.Muhammad Masood Rauf 4.Mr.Muhammad Shehzad Rauf 5.Mr.Muhammad Ijaz Rauf 6.Mr.Agha Sultan 7.Mr.Muhammad Akram 8.Mr.Muhammad Saeed Ch.				59,972	532		60,504	59,972 *		15,775 *	75,747 *
49	M/s.Gilani Limited, 39 - Garden Road, Karachi.	1.Syed Hasan Mehmood(Deceased) 2.Mrs.Azra Mehmood(Deceased)		Mr.Ghulam Miran Shah W/o.Syed Hassan Mehmood		672		672	672 *		1,544 *		2,216 *
50	M/s.Textile Accessories (Pvt.) Ltd., 1-2, Hub Chowki Road, Karachi	1.Syed Hasan Mehmood(Deceased) 2.Mrs.Azra Mehmood(Deceased)		Mr.Ghulam Miran Shah W/o.Syed Hassan Mehmood		4,459		4,459	4,459 *		6,576 *		11,035 *
51	M/s.Khyber Bricks Limited.	1.Mr.S.Imtiaz Ali Shah 2.Mrs.Haider Shah 3.Mrs.Sarwar Fatima 4.Mst.Chan Bibi 5.Mrs.Mumtaz Hussain 6.Syed Nawazish Ali Shah 7.Syed Liaqat Hussain				3,949		3,949	3,949 *				3,949 *
52	M/s.Walayati Enterprises, 1st Floor, Euro Building, Sooter Mandi, Montgomery Bazar, Faisalabad.	1.Mr.Riaz Ahmed 2.Mrs.Sameena Riaz	244-49-516710	Mr.Muhammad Gulzar W/o.Mr.Riaz Ahmed		5,742	14,526	20,268	5,742 *	1,570 *	25,789 *		33,101 *
53	M/s.Bela Steel Casting & Rolling (Pvt.) Limited, 19/7, Mile RCD Highway Near Bawany Village Distt. Lasbella, Balochistan	1.Air Commodore@ Aziz Ahmed 2.Mr.Sharif Ahmed 3.Captain @ Askari Hassan 4.Mr.Parvez Akhtar		1.Mr.H. A. Ghani 2.Mr.H. A. Ghani 3.Mr.S. T. Hassan 4.Mr.Rayasat Ali Khan(Late)		800	284	1,084	800	110	2,471		3,381
54	M/s.Bombay Motor Store, D - 114, Hill Street, S.I.T.E., Karachi.	1.Mr.Amin Ahmed 2.Mr.Jouzy Javaid 3.Mr.Junaid Javaid				783	1,746	2,529	783 *	484 *	2,390 *		3,657 *
55	M/s.Emico Industries (Pvt.) Limited, 57/2, Khayaban-e-Mujahid, Phase-V, DHA, Karachi.	1.Mr.Ehsanul Haq Dar 2.Mr.Tariq Nawaz 3.Mrs.Munazza Ahmed		W/o.Ch.Ahmed Pervaiz Cheema		348	985	1,333	348 *	985 *	1,463 *		2,796 *
56	Mst.Maqsooda Begum, House # 106, Block # 5, Sector 2 - A, Township, Lahore.	Mrs.Maqsooda Begum	274-87-352788	Mr.Muhammad Yousuf		248	265	513	248	216	49		513
57	M/s.Al-Nazar Traders, Room # 5, 5th Floor, KDLB Bldg., 58, West Wharf Road, Karachi.	1.Lt. Col. @ Muhammad Shafi 2.Mr.Zahid Rashid 3.Mr.Nazar Hussain 4.Mr.Meera Khan		Ch. Abdul Ghani Mr.Muhammad Rashid Mr.Abdul Rahim Mr.Dost Muhammad		6,605	1,880	8,485	805	688	9,760		11,253
58	M/s.Punjab Paper Board Mills, 5 - K.M. Raja Jhang Road, District Kasur.	1.Malik Afzal Ahmed 2.Malik Shahzad Ahmed		Malik Zafar Ismail Malik Zafar Ismail		6,358	3,230	9,588	6,358 *	3,230 *			9,588 *
59	M/s.Enterprises International, 209, Burhani Chambers, Abdullah Haroon Road, Karachi	Mr.Zia - ur - Rehman		Mr.Abdul Rehman		157	1,685	1,842	157	1,202	780		2,139
60	M/s.Hakim & Company, A-491, Block ' L', North Nazimabad, Karachi.	1.Mr.Anwar Khan Khattak 2.Mr.Mohammad Khan 3.Haji Saheb Subedar Juma Khan		Haji Saheb Subedar Juma Khan Mr.Sultan Mohammad(Deceased)			896	896			1,401		1,401
61	M/s.National Motors Limited (Renamed:M/s.Gandhara Inds. Ltd.), F - 3, Hub Chauki Road, S.I.T.E., Karachi.	1.Mr.Raza Kuli Khan Khattak 2.Mr.Ahmed Kuli Khan Khattak 3.Mr.M. R. Banka				51,438	48,603	100,041		13,802	108,812		122,614

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
62	M/s.Ahmed Zaman Cotton Ginning & Pressing Factory, Mouza Chachran, KLP Road, Channi Goth, Ahmedpur.East, Distt.Bahawalpur.	1.Mr.Khalid Murtaza 2.Mr.Ahmed Zaman 3.Mr.Ghulam Muhammad Shah 4.Malik Bashir Ahmed 5.Mst.Barohia Naheed 6.Syed Rizwan Murtaza 7.Mr.Yaser Salman	347-53-186542 347-53-369745		1,679	857		2,536	1,679 *	58 *	799 *	2,536 *
63	M/s.Dilkhush Hosiery Mills (Pvt.) Limited. Ayub Colony, Off Jhang Road, Faisalabad.	1.Mr.Arshad M. Ellahi 2.Mrs.Sabina Ellahi 3.Mr.Mehboob Ellahi 4.Mst.Asima Ellahi 5.Mr.Maqsood Ellahi 6.Mst.Begum Aisha Fazal Ellah	33100-5555609-5 33100-3643302-8		22,833			22,833			9,456	9,456
64	M/s.Nut Master Industries, 34 - Allama Iqbal Road, Ghari Shahoo, Lahore.	1.Mr.M. Azam Fazal 2.Mr.Imran Ahmed 3.Mr.M. Asad Afzal 4.Mrs.Jamila Begum 5.Mrs.Nasim Afzal 6.Mrs.Saadia Tahir	35202-2356054-9 35202-8985984-1 35202-2912050-1 35202-0585796-6 214-45-098177 35202-9468905-6	Mr.M.Afzal Mr.Muhammad Ahmed Mr.M.Afzal W/o.Mr.Muhammad Ahmed W/o.Mr.Muhammad Afzal W/o.Mr.Tahir Manzoor	2,296	1,065		3,361			4,779	4,779
65	M/s.Eastern Marine Corporation (Pvt.) Limited, 318, Qamar House, M. A. Jinnah Road, Karachi	1.Mrs.Fehmida Akhtar 2.Mr.Adnan Akhtar 3.Mr.Z. H. Akhtar(Late)	501-65-201627	W/o.Mr.Z. H. Akhtar(Late) Mr.Z. H. Akhtar Mr.A. D. Akhtar	100	1,281		1,381	100	743	1,466	2,309
66	M/s.Kraft Electronics (Pvt.) Limited, 207 - Amin Mansion, G. T. Road, Peshawar.	1.Mr.Hafizur Rehman 2.Mrs.Saeeda Hafiz	138-53-155535	Mr.Saeed Rehman W/o.Mr.Hafiz - ur - Rehman	13,148	6,678		19,826	7,673	2,009	13,950	23,632
67	M/s.Bela Engineering Limited, B/41, S.I.T.E., Hub - Chowki Road, Karachi.	1 Mr. Shahid Zubairi 2.Brig. © Hamid Jamil 3.Lt. Col.© M. Kamil 4.Mr. Shahid Hassan 5.Sheikh Anjum 6.Mr.M. A. Iqbal 7.Mr.Ibrahim Dada 8.Mr.A. K. M. Sayeed			40,889	45,314		86,203	18,066	18,050	110,433	146,549
68	M/s.Crescent Sugar Mills & Distillery Limited, Nishatabad, Faisalabad.	1.Mr.Muhammad Arshad 2.Mr.Abid Mehmood 3.Mr.Khalid Bashir 4.Mr.Mazhar Karim 5.Mr.Muhammad Anwar 6.Mr.Muhammad Rafi 7.Mr.Shahid Anwar(NIT Nominee)	33100-5346910-5 33100-1704580-9 35202-2631654-5 33100-7443925-5 33100-2725450-1	Mian Gulzar Mian Gulzar Mr.Muhammad Bashir Mr.Fazal Karim	32,775	9,146		41,921		2,921	10,366	13,287
69	M/s.Al-Siddique Transport Services, 43 - Rachna Block, Allama Iqbal Town, Lahore.	1.Mr.Nasir Siddique 2.Mr.Muhammad Azhar Chughtai 3.Mr.Ali Adil 4.Mr.Raza Aslam Butt 5.Mr.Qaiser Siddique 6.Shams - ut - Toheed 7.Mr.Mahmood Iqbal Najam 8.Mr.Mumtaz Ahmed 9.Mr.Arif Jahangir 10.Mr.Babar Saeed Naqvi 11.Mr.Qaiser Javed 12.Ch. Allah Ditta 13.M	272-86-050029 273-87-029698 266-88-075997 200-89-317933 272-88-050031 272-53-121423 272-57-268391 303-86-121675 275-90-056582 273-50-037667 274-89-097071 274-43-028345 272-66-044241 272-86-073298	Haji Muhammad Siddique Mr.Allah Buksh Chughtai Mr.Abdul Latif Kh. Muhammad Aslam Butt Haji Muhammad Siddique Mr.Ghulam Muhammad Butt Mr.Abdul Ghafoor Mr.Abdul Ghafoor Mr.Ahmed Din Syed Tufail Hussain Mr.Abdul Sattar Haji Noor Muhammad Mr.Ashiq Malik Mr.Sa	5,007	2,546	554	8,107	3,561	2,546		6,107

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
70	M/s. Service Industries Textile Limited. 38 - Empress Road, Lahore.	1.Mr. Ijaz Hameed 2.Mr. Farooq Hameed 3.Mr. Muhammad Hameed 4.Mr. Tariq Hameed 5.Mr. Amir Hameed 6.Miss Marrium Hameed	35200-1510100-1 35201-4452075-5 35202-9692886-9 35202-7957472-3 35200-1510260-9 35202-1202378-0	Ch. Muhammad Saeed Ch. Muhammad Saeed Mr. Ijaz Hameed Mr. Ijaz Hameed Ch. Muhammad Saeed D/o.Mr. Ijaz Hameed	144,708	48,538		193,246	72,208	38,006	18,867	129,081
71	M/s. Malik Khizar Hayat Tiwana, House No.5, Street # 3, Shah Jamal Colony, Lahore & 47 - Tufail Road, Lahore Cantt	Malik Khizer Hayat Tiwana (expired)			1,246	506		1,752	1,246 *		4,877 *	6,123 *
72	M/s. National Rice Mills (Pvt.) Ltd., Near Old Sabzi Mandi, Kamokee, District:Gujranwala.	1.Mr. Muhammad Ali Chishti 2.Mr. Muhammad Afzal Sheikh 3.Mr. Muhammad Sikandar Hayat	34102-0469613-1	Mr. Latif Ahmed Chishti	5,951	2,378		8,329	1,951	2,378	6,653	10,982
73	M/s. Pakistan Telecommunication Company Limited	Governments Nominees (Public Sector Organization)			75,006			75,006	75,006 *		24,520 *	99,526 *
74	M/s. Baba & Bias Limited, Mian Chambers, 3 - Temple Road, Lahore.	1.Mr. Muhammad Asghar Sikandar 2.Mr. Athar Sikandar Malik	35202-9037694-5		365	1,139		1,504			1,681	1,681
75	M/s. Ahu Tanning & Finishing (Pvt.) Limited. 4, Civil Ines, Gujrat	1.Mr. Osman Saeed Hakeem 2.Mrs. Raheela Osman	224-92-146855 224-68-241669	Mr. Saeed Hakeem W/o. Osman Saeed Hakeem	18,811	5,765		24,576	10,210	4,545	25,678	40,433
76	Mr. Qasim Bashir Butt, Qadri House, Bahar Colony No.1, Kot Lakhpat, Lahore.	Mr. Qasim Bashir Butt	276-51-174604		368	370		738	368	340	30	738
77	Mr. Irfan Bhinder, 952 - Nizam Block, Allama Iqbal Town, Lahore	Mr. Irfan Bhinder			427	283		710	427	258	25	710
78	Haji Javed Bhatti, H.No.36/1, St. No.70, Bank Colony, Zubaidda Park, Samanabad, Lahore.	Haji Javed Bhatti			401	211		612	401	211		612
79	M/s. Ayesha Spinning Mills Limited, 45 - 50, Industrial Area, Gulberg - III, Lahore.	1. Mian Mohammad Usman 2. Mian Mohammad Nasir 3. Mian Mohammad Asif 4. Mian Najeeb Usman			6,227	92,537		98,764			12,366	12,366
80	M/s. Fresh Fish Establishment (Pvt.) Limited, Haji Ibrahim Mansion, Shah Waliullah Road, Lyari, Karachi.	1.Haji Muhammad Ibrahim 2.Mr. Abdul Razzak 3.Mr. Abdul Rauf 4.Mr. Shamim Jaffery 5.Mr. Muhammad Hasan Memon		Haji Muhammad Siddiq Haji Muhammad Ibrahim Haji Muhsammad Ibrahim Haji Muhammad Siddiq	3,006	3,270		6,276	750	2,555	6,930	10,235
81	M/s. Farooqi Fisheries, D - 27, S.I.T.E., North Karachi, Super Highway, Karachi	1.Mr. Muhammad Ahmed Farooqi 2.Mr. Hasan Ahmed Farooqi	42201-9748292-3	Mr. Ghulam Rabbani Mr. Ghulam Rabbani	7,596	1,308		8,904	3,596		8,424	12,020
82	M/s. Redco Textiles Limited, 3 KM on Kallar Syadan Road, Rawat, Distt. Rawalpindi & 78-E. REDCO Arcade, Blue Area, Islamabad.	1.Mr. Saifur Rehman Khan 2.Mr. Mujeebur Rehman Khan 3.Mr. Atiqur Rehman 4.Mrs. Taufiqqa Amanullah 5.Mrs. Muneeza Saifur Rehman 6.Mrs. Samina Asad Khan	35200-3449847-9 101-60-582256 272-66-440397 35200-4353265-2 35200-2446847-9	Mr. Amanullah Khan Mr. Amanullah Khan Mr. Amanullah Khan W/o. Mr. Amanullah Khan W/o. Mr. Saifur Rehman Col. © Asad Mehmood	588,737	202,964		791,701	251,804	75,583	789,387	1,116,774

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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
83	M/s. Qayyum Enterprises, 302 - A, Jaffar Bagh, Model Colony, Karachi & P-368, Samundari Road, Faisalabad	Mr.Abdul Qayyum Iqbal	244-93-049585	Ch. M. Iqbal	3,436	295		3,731			2,461	2,461
84	Mr. Ghazanfar Ali Mirza, 328/12, St. -25, Block - " W", Defence Housing, Lahore.	Mr.Ghazanfar Ali Mirza			230	468		698	433	435		868
85	M/s. Alipur Jute Mills Limited, 54 - MB, Jauharabad Road, The. & Distt.Khushab.	1.Mr.Muhammad Afzal Khan 2.Mr.Ghulam Subhani Khan 3.Mr.Ghulam Dastagir Khan 4.Mrs.Rehana Rehmat	35201-0214183-3 517-59-022845		98,199	26,000		124,199	66,842		56,940	123,782
86	M/s.M. N. Steel Re-Rolling Mills (Pvt.) Limited, Industrial Area, Badami Bagh, Abdul Qayum Road, Lahore.	1.Mian Masood Aslam (expired) 2.Mian Naveed Aslam 3.Mst.Hamida Begum 4.Mr.Talat Masood 5.Mrs.Gulnaz Naveed			973	1,216		2,189	973 *	755 *	4,729 *	6,457 s
87	M/s.Saeed Oil Mills & Soap Industries.	1.Mr.Muhammad Nafees 2.Mst.Hamida Begum (Deceased) 3.Mst.Iqbal Begum 4.Mr.Mehboob Alam 5.Mr.Ehsan Ellahi 6.Mr.Saeed Ahmed Qureshi 7.Mr.Ashraf Saeed Quresh	507-48-151245	Mr.Peer Muhammad	7,906			7,906	2,931		12,044	14,975
88	Mr.Zillay Hassnain Jillani, 6 - Officer's Colony, Multan	Syed Zillay Hassnain Jillani	322-60-532438	Makhdoom Syed Sialhuddin Jillani	1,505	274		1,779	770	274	1,801	2,845
89	M/s. S. A. Enterprises (Pvt.) Limited, 72 - J, Gulberg - III, Lahore.	1.Mrs.Samina Attique 2.Mr.Khalid Mujeeb Pervaiz Khan 3.Mrs.Shamim Akhtar 4.Mrs.Shaheen Javed 5.Mr. Attique - ur - Rehman Khan 6.Mr. M Sadiq Pervaiz Khan 7.Mr.Najam Javed Qureshi	35202-4875378-4 35202-2314281-1 35202-2231026-0 35202-2231023-2	W/o.Mr.Attique - ur - Rehman Mr.M. Sadiq Pervaiz Khan W/o.Mr.M.Sadiq Pervaiz Khan W/o.Mr.Najam Javed Qureshi Mr.Fazal - ur - Rehman Khan	14,120			14,120			2,485	2,485
90	M/s.Paramount Aviation (Pvt.) Limited	1.Mr.Fakir S. Ayazuddin 2.Mrs.Sumera Ayazuddin			2,387	1,002		3,389		802	33	835
91	M/s.Foot Mark Corporation, 163 - Abu Bakar Block, New Garden Town, Lahore & 9 - E, Upper Mall, Lahore.	1.Maj@ Hafeezullah Cauchy 2.Maj@ Muhammad Sharif Asif (Expired) 3.Mr.Ibrahim Murtaza	274-42-158687 265-87-337992 101-51-153119	Ch. Atta Muhammad Mr.M. Saeed Akhtar Kh. Muhammad Murtaza	3,257	2,451		5,708	2,257	2,421	3,326	8,004
92	M/s.Ashraf Cable Industries, Mahmood Street # 8, Ahmed Park, Mohani Road, Lahore.	1.Mr.Muhammad Afzal 2.Mr.Muhammad Ashraf 3.Mst.Khursheed Jehan	265-65-193162 35202-2452861-1 265-50-082407	Mr.Noor Ahmed Mr.Noor Ahmed W/o.Mr.Noor Ahmed	1,500	1,143		2,643			938	938
93	M/s.Tahir Bilal Corporation, 1911 - B, Mumtazabad, Multan.	1.Sheikh Abdul Hakeem 2.Sheikh Abdul Hameed 3.Sheikh Abdul Rehman 4.Mr.Khalid Mahmood 5.Mst.Hakeeman 6.Mrs.Bilqis Begum 7.Mrs.Nasira Begum 8.Mr.Abdul Latif		Sheikh Abdul Rehman Sheikh Abdul Rehman Sheikh Abdul Ghani Sheikh Abdul Hakeem W/o.Sheikh Abdul Rehman W/o.Sheikh Abdul Rehman	2,215	1,449		3,664	271	677	4,722	5,670
94	M/s.Rehman Sons (Pvt.) Limited, 2230 - RS - Ward 7, Mumtazabad, Multan.	1.Sheikh Abdul Hakeem 2.Sheikh Abdul Hameed 3.Sheikh Abdul Rehman 4.Mr.Khalid Mahmood 5.Mst.Hakeeman 6.Mrs.Bilqis Begum 7.Mrs.Nasira Begum 8.Mr.Abdul Latif		Sheikh Abdul Rehman Sheikh Abdul Rehman Sheikh Abdul Ghani Sheikh Abdul Hakeem W/o.Sheikh Abdul Rehman W/o.Sheikh Abdul Rehman	2,800	2,090		4,890	1,661	1,108	6,263	9,032

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Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
95	M/s. Khalil Autos, New Bus Stand, Shikarpur Road, Sukkur	Mr. Khalil - ur - Rehman		Mr. Fazal - ur - Rehman	150	59		209	150 *	53 *	501 *	704 *
96	M/s. Inam Corporation, House # A - 1522, Near Tanga Stand, Old Sukkur.	Mr. Naimatullah Khan		Mr. Nusratullah Khan	160	97		257	160 *	57 *	673 *	890 *
97	M/s. Afzal Autos, New Bus Stand, Shikarpur Road, Sukkur.	Mr. Fazal - ur - Rehman (Deceased)		Mr. Kaloo Khan	101	550		651	101 *	155 *	1,135 *	1,391 *
98	M/s. Mehran Poultry Farm, B - 2, Golimar, Sukkur.	Mr. Farhatullah Khan		Mr. Inamullah Khan	180	116		296	180 *	66 *	603 *	849 *
99	M/s. Farm Agro Services, New Sabzi Mandi, Multan.	1. Mr. Ghulam Dastagir Asif 2. Mr. Tanveer Mohyuddin 3. Mr. Ghulam Fareed 4. Mr. Mumtaz Hussain 5. Mr. Muhammad Saleem 6. Mst. Aziz Mai 7. Mst. Safia Arshad 8. Mirza Arshad Baig			1,000	59		1,059	1,000 *	59 *	1059	1,059 *
100	M/s. Ghulam Hussain Brohi (M/s. Itehad Rice Mills)	Mr. Ghulam Hussain Brohi		Mr. Khan Muhamma Brohi	153	760		913	153 *		2,069 *	2,222 *
101	M/s. Zahid Traders, Shop # B - 830 - I, Phool Street, Sukkur.	Mr. Ziaullah Khan		Mr. Nusratullah Khan	180	108		288	180 *	59 *	580 *	819 *
102	M/s. Raza Agro Traders, Sabzi Mandi, Multan.	1. Mirza Arshad Baig 2. Mr. Hasan Raza 3. Mr. Ghulam Murtaza 4. Mst. Sughran Bibi 5. Mr. Ghulam Shabbir 6. Mr. Ghulam Fareed			900	74		974	900 *	74 *		974 *
103	M/s. Ahmed Agro Aid, Sabzi Mandi, Multan.	1. Mirza Arshad Baig 2. Mr. Muhammad Akhtar Tahir 3. Malik Wahid Bux 4. Malik Allah Bux 5. Mr. Muhammad Shahbaz			1,000	71		1,071	1,000 *	71 *		1,071 *
104	M/s. Bhattai Beverages (Pvt.) Limited, B - 15, S. I. T. E., Hyderabad.	1. Mr. Muhammad Noor Zaman 2. Mrs. Suraya Zaman	269-36-270335	Mr. Ahmed Noor Baksh W/o. Mr. Muhammad Noor Zaman	16,159	9,348		25,507	6,159	5,582	11,929	23,670
105	M/s. United Foundry Works, B - 61, S. I. E. T., Golimar, Sukkur	Mr. Muhammad Kamil		Mr. Muhammad Yameen	175	669		844	175 *	669 *	3,176 *	4,020 *
106	M/s. Rehman Fisheries, 201 - 202, Sector - 24, Korangi Industrial Area, Karachi	1. Mr. Aziz - ul - Haq Butt 2. Mrs. Shabina Aziz	512-87-128602 42301-9381801-8	Mr. Muzaffar Din Butt W/o. Mr. Aziz - ul - Haq Butt	761	1,986		2,747			2,427	2,427
107	M/s. Alfa & Alfa Enterprises (Pvt.) Limited, 201, Burhani Chambers, Abdullah Haroon Road, Karachi.	1. Mrs. Begum Amina Aslam 2. Mr. Rashid Aslam 3. Mr. Habib Aslam 4. Mr. Mahmud Aslam 5. Ms. Taslaeem Akhtar 6. Lt. Col. © Aslam Ali (Deceased)		W/o. Lt. Col. © Aslam Ali (Deceased) Lt. Col. © Aslam Ali (Deceased) Lt. Col. © Aslam Ali (Deceased) Lt. Col. © Aslam Ali (Deceased) Lt. Col. © Aslam Ali (Deceased)	7,088	2,117		9,205	7,088 *	2,117 *	7,481 *	16,686 *
108	M/s. Amber Chemical Industries (Pvt.) Limited, Plot # 5, Ph - IV, H.I.E., Hattar Distt. Haripur (NWFP)	1. Mr. Shahbuddin Sheikh 2. Mr. Abid Sheikh 3. Mr. Ziauddin Sheikh 4. Mr. Shams - ur - Rehman	409-65-147230 409-91-147233 409-70-147231 145-64-235020	Mr. Nooruddin Mr. Nooruddin Mr. Nooruddin Mr. Hamidullah	20,044	6,709		26,753	10,044	6,706	7,060	23,810
109	M/s. Fakir Syed Atizazuddin, 43, Rose Street, McNeil Road, Karachi.	Mr. Fakir Syed Atizazuddin		Mr. Fakir Syed Wahiduddin	200	896		1,096	200 *	445 *	1,314 *	1,959 *

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Annexure 'B'
(Rupees in thousand)

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					Principal	Interest/ mark-up	Others	Total				
110	M/s.Gul Silk Mills, Mingora - Swat.	Mr.Idress Ahmed				1,128		1,128		1,128		1,128
111	M/s.Madina Zari Services, New Sabzi Mandi, Multan.	1.Mr.Munawar Ahmed 2.Mr.Muhammad Arshad 3.Mr.Muhammad Akram 4.Mr.Muhammad Shahbaz 5.Mr.Wazir Ahmed 6.Mr.Muhammad Shafi 7.Mirza Arshad Baig 8.Mst.Safia Arshad				1,000	49	1,049	1,000 *	49 *		1,049 *
112	M/s.Karam Investment, 3/14, D' Mullo Road off Burns Road, Karachi.	1.Mirza Murtaza Poya 2.Mrs.Zakia Arif Hakeem 3.Mr.Khusro Perviz Karamat Ally (Deceased)		W/o.Mr.Arif Hakeem		500	762	1,262	500	60	1,495	2,055
113	M/s.Farid Enterprises, 182-183, Sector - 27, Korangi Industrial Area, Karachi	Mr.Shamim Ahmed Siddiqui(Deceased)		Mr.Iftikharuddin		456	1,051	1,507	456	145	2,994	3,595
114	M/s.Shifa Laboratories, 11 - 12, Link McLeod Road, Lahore.	1.Mr.Muhammad Younus Malik 2.Malik Zafar Iqbal 3.Malik Slaman Younus 4.Malik Amanullah Naseem 5.Mrs.Shamin Akhtar 6.Mst.Mukhtar Begum		Malik M. Yaqoob Malik Muhammad Din Mr.M. Younus Malik Malik Ghulam Hussain W/o.M. Younus Malik W/o.Nazir Ahmed Khan		956	1,454	2,410	956 *	722 *	732 *	2,410 *
115	M/s.Anwar Hardware Industries, Malakan Dhair, University Canal Road, Peshawar	1.Mr.Muhammad Azhar Khan 2.Mr.Muhammad Anwar Khan				461	828	1,289	461 *	591 *	2,794 *	3,846 *
116	M/s.Habib Ismail & Company, Plot # 16 - C, K.P.T.Warehouse Area, Queens Road, Karachi	1.Mr.Sadrudin Habib Ismail 2.Mr.Kabiruddin Habib Ismail 3.Mr.Nurullah Habib Ismail 4.Dr.Barkat Ali Charania		Mr.Habib Ismail Mr.Habib Ismail Mr.Habib Ismail		500	535	1,035	500 *	501 *	363 *	1,364 *
117	M/s.K. M. Muneer, 15 - Old Clifton, Karachi	Mr.K. M. Muneer(Deceased)				1,900	1,413	3,313	1,900 *	1,413 *	19,334 *	22,647 *
118	M/s.Premier Steel Mills (Pvt.) Limited, Plot # 15, Sector 12 - A, New Karachi, Karachi.	1.Mr.S. Sohail Akhtar Wasti 2.Miss Farzana Akhtar Wasti 3.Mr.Shakir Akhtar Wasti		Mr.Akhtar Alam Wasti (Late) D/o.Mr.Akhtar Wasti(Late) Mr.Akhtar Wasti(Late)		1,500	352	1,852	1,497 *	352 *	4,379 *	6,228 *
119	M/s.Taufeeq Khan & Company, 76/C - 1, Gulberg - III, Lahore.	1.Mr.Muhammad Taufeeq Khan (Deceased) 2.Mst.Jamila Taufeeq 3.Mr.Muhammad Awais Khan 4.Mr.Muhammad Abrar Khan 5.Mr.Fakhar-ud-din Butt(Deceased) 6.Mst.Iqbal Begum		Mr.M. Taufiq Khan Mr.M. Taufiq Khan Mr.M. Taufiq Khan Mr.Azizuddin Butt Mr.M.Naqi Khan(Late)		355	1,457	1,812	355 *	222 *	4,456 *	5,033 *
120	M/s.Bhittai Builders & Developers, B - 6/A, S.I.T.E., Hyderabad.	1.Syed Shakir Ali Jafery 2.Mrs.Shahida Shah Nawaz 3.Mr.Shahid Hussain 4.Mr.Rab Nawaz 5.Mrs.Tahira Zamin 6.Mrs.Batool Wahid 7.Mrs.Shaheen Mofic		Mr.S. M. Shafi W/o.Mr.Shah Nawaz Mr.S. M. Shafi W/o.Mr.Zamin Ali W/o.Mr.Wahid Hussain		3,068	1,802	4,870			10,743	10,743
121	M/s.Kissan Traders, New Sabzi Mandi, Multan.	1.Mr.Babar Iqbal 2.Mr.Muhammad Hasan Raza 3.Mr.Manzoor Hussain 4.Mr.Talib Hussain 5.Mr.Abdul Ghafoor 6.Mr.Ghulam Fareed 7.Mr.Muhammad Bakhsh 8.Mirza Allah Ditta 9.Rana Muhammad Saleem				1,200	134	1,334	1,200 *	134 *		1,334 *
122	M/s.Pakistan Hockey Federatior	Government's nominees				1,433	1,509	2,942	1,433 *	595 *	4,466 *	6,494 *

AKK 60 KPM, TH

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
123	M/s.Hamraz Industries Limited	1.Mr.Abdul Qadir Tawakkal 2.Mr.Rafiq Tawakkal 3.Mr.Sohail Tawakkal 4.Mr.Farooq Tawakkal 5.Mr.Jawaid Tawakkal 6.Mr.Junaid Tawakkal 7.Mr.Ali Hussain Mooney		Mr.Noor Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Husain Ali	1,732	128		1,860	1,732 *	3,270 *	5,002 *	
124	M/s.Ashraf Ali, 176 - G, Block - 2, P. E. C. H. Society, Karachi.	Mr.Ashraf Ali			600	681		1,281	600 *	529 *	13,340 *	14,469 *
125	M/s.Mian Paper & Board Mills, Fateh Garh Road, Mughalpur, Lahore.	1.Mian Muhammad Jamil 2.Mrs.Asia Jamil 3.Mian Muhammad Mehmood		Mian Allah Ditta W/o.Mian Muhammad Jamil	2,490	1,985		4,475	1,427	2,507		3,934
126	M/s.Crescent Paint Colour & Varnish Works Limited, 10, Baradari Road, Shahdara, Lahore.	1.Mr.S. M. Jamil 2.Mr.S. M. Khalid 3.Mr.S. M. Saeed 4.Mr.S. M. Masood 5.Shaikh Farooq Ahmed 6.Mr.S. K. Habibullah Khar			200	1,182		1,382	200 *	545 *	3,368 *	4,113 *
127	M/s.Sohail Textiles, 21 KM Off Ferozepur Road, Lahore.	Mr.Sohail Hamid Rana	277-51-290591	Rana Hamid Khan	5,004	2,010		7,014	207	3,380		3,587
128	M/s.Pak Aluminum Company, 147 - C, Block II, PECHS, Karachi.	1.Sheikh Ghulam Murtaza 2.Sheikh Ahmed Hasan 3.Mr.Munir Azam Khan		Shaikh M. A. Rahim Shaikh M. A. Rahim Mr.Amir Azam Khan	1,003	229		1,232		2,524	2524	2,524
129	M/s.Banker's Equity Limitec	Liquidated			104,353	5,261		109,614		126,996 *		126,996 *
130	M/s.Sheikh Investment, B - 60, Sector 11 - B, North Karachi, Karachi	Mr.Shahid Qureshi		Mr.Zaheer A. Qureshi	4,366	2,880		7,246		2,022		2,022
131	M/s.M. Yasin & Company, 2nd Floor, Haji Adam Chamber, Altaf Hussain Road, Karachi.	1.Mr.Muhammad Yasin 2.Mr.Niaz Ahmed 3.Mr.Muhammad Akram 4.Mr.Fayyaz Ahmed		Mr.Badruddin Ch.Rafiq Ahmed Mr.Badruddin Ch.Rafiq Ahmed	1,000	1,627		2,627	1,000 *	389 *	46,852 *	48,241 *
132	M/s.Pak Rock Corporation (Pvt.) Limited, 3 - A - 1/1, Sector - 12, Korangi Industrial Area, Karachi.	1.Mr.Allyshah Allana 2.Mr.Karim P. Allana 3.Mr.Imtiaz Chawalwala 4.Mr.Faizi Jafri 5.Mr.Jami Jafri 6.Mr.Urfi Jafri	514-57-092041 514-60-094555 517-85-300308 42301-4599317-5 517-57-251772 517-58-264234	Mr.Pyar Ali Allana Mr.Pyar Ali Allana Syed Muhammad Jafri Syed Muhammad Jafri Syed Muhammad Jafri	6,583	2,779		9,362	2,233	33	11,775	14,041
133	M/s.K. M. Enterprises, 201, Burhani Chambers, Abdullah Haroon Road,Karachi	1.Mr.Muhammad Aslam 2.Mrs.Begum Amina Aslam 3.Mr.Nasim A. Rizvi		W/o.Mr.Muhammad Aslam	5,647	727		6,374	5,647 *	727 *	7,411 *	13,785 *
134	M/s.Crease Enterprises(Pvt.) Limited, 2nd Floor,Shad Market, Street # 2,Montgomery Road, Faisalabad.	1.Mr.Ghulam Mustafa Usmani 2.Mr.Ghulam Murtaza Usmani 3.Mr.Abdul Sattar 4.Mr.Sarishta	244-31-326128	Mr.Sher Muhammad Mr.Sher Muhammad Mr.Sher Muhammad Mr.Nathoo	1,057			1,057	1,057 *	3,284 *		4,341 *
135	M/s.Abdul Oriental Carpets (Pvt.) Limited, Fazal Manzil, Beadon Road,Lahore & 36-C/3, Gulberg-III, Lahore.	1.Mr.Abdul Hafeez Mehta 2.Mst.Shahzadi Hafeez 3.Mrs.Begum Afzal Syed		Mr.Abdul Latif Mehta W/o.Mr.Abdul Hafeez Mehta W/o.Mr.Afzal Asghar	2,337	1,259		3,596	2,337 *	970 *	289 *	3,596 *
136	M/s.Saad Carpets (Pvt.) Limited, 4 - Nicolson Road, Lahore.	1.Mr.Sadaqat Saeed Malik 2.Mr.Liaqat Saeed Malik 3.Mr.Rafaqat Saeed Malik 4.Mr.Azhar Habib		Mr.Saeed Malik Mr.Saeed Malik Mr.Saeed Malik Mr.Muhammad Habib	4,380	896		5,276	4,380 *	814 *	16,341 *	21,535 *
137	M/s.Zeeshan Corporation, House # A-587, Block - L, North Nazimabad, Karachi.	Mr.Naeemuddin Khan		Mr.Noor Muhammad	1,829	85		1,914		6,754		6,754

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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
138	M/s.Hakim Textile Mills Limited, 90, Qasim Road, Multan Cantt.	Old Directors: 1.Mr.Zia-ul-Haq Noon 2.Mrs.Aliya Malik 3.Mrs.Rashida Iqbal 4.Malik Ahmed Khan 5.Mr.Muhammad Abid Khan 6.Mr.Atta Muhammad Noon Existing Directors: 1.Mr.Muhammad Athar Malik 2.Mr.Zahid Mahmood 3.Mr.Fayyaz Hussain 4.Mr.Gulraiz Qaiser 5.Mr.Tariq Aman, 6.Mr.Amir Abdullah 7.Mrs.Sara Nawaz Khan	270-45-146251 277-88-292634	Mr.Atta Muhammad Noon W/o.Mr.Jaffar A. Malik W/o.Mr.M. Iqbal Khan Abdur Rehimuiddin Malik Falak Khan Noon	2,986	4,184		7,170			23,992	23,992
139	M/s.Popular Goods Transport (Pvt.) Limited, 80 - C - I, Gulberg - II, Lahore.	1.Malik Abdul Wahab 2.Malik Shuja-ud-Din(Deceased) 3.Mst.Raiza Begum 4.Mst.Ghazala Wahab(Deceased)	270-52-649778 265-39-226366	Malik Shujauddin W/o.Malik Shujauddin	4,005	2,880		6,885	1,342	1,043		2,385
140	M/s.Mehmood Traders, 518, Qamar House, M. A. Jinnah Road, Karachi	Mr.Mahmood Lakhani		Mr.Wazir Lakhani	1,716	2,092		3,808	1,716 *	199 *	106,404 *	108,319 *
141	M/s.Punjab Cables Limited, 2 - A, Gulber - III, Lahore.	1.Mr.Raza Hussain 2.Mst.Kausar Perveen 3.Miss Tahmina Zawar 4.Mr.Ameer Haider Shah 5.Mr.Riaz Hussain 6.Mr.Nasar Hussain 7.Mrs.Narjees Begum 8.Miss Rubina Begum			9,968	2,545		12,513	6,135 *	2,545 *	3,833 *	12,513 *
142	M/s.Okara Textile Mills Limited, Depalpur Road, Okara.	1.Mr.Javed A.Zia 2.Mrs.Kausar Javed Zia 3.Mr.Salman Javed Zia 4.Mr.Tariq Mehmood		Mr.Ziauddin(Late) W/o.Mr.Javed A. Zia Ch.Nasarullah	25,544	32,983		58,527	25,544 *	6,815 *	26,168 *	58,527 *
143	M/s.Prometals Limited, 28 KM Lahore - Sheikhupura Road, Lahore.	1.Mr.Gohar Yasin Cauchy 2.Mr.Khalid Naeem Cauchy 3.Mr.Shaukat Ali Cauchy 4.Mr.Moueen Yasin Cauchy 5.Chaudhry Muhammad Ismail 6.Mrs.Kalsoom Yasin Cauchy				1,327	1,327			3,588	3,588	
144	M/s.Awami Paints& Varnish Factory, Village & P.O. Kokal, Tehsil & Distt. Abbotabad.	1.Mr.Farooq Ahmed Khan(Deceased) 2.Mst.Shamshad Begum 3.Mst.Nasish Yasmin 4.Mr.Jawed Ahmed	121-85-642588		811	321		1,132	121	1,270		1,391
145	M/s.Metrocom Services, B - 92, Block - 10, Gulshan - e- Iqbal, Karachi	Mr.Aamir Rafat Siddiqui	42201-0801468-7		2,927	610		3,537	317	610		927
146	M/s.Wassan Builders & Contractors, 813 - UniPlaza, I. I. Chundrigar Road, Karachi	1.Mr.Bihari Lal 2.Mr.Thakur Das 3.Mrs.Shehla Kumar	410-55-066343	Mr.Thakur Das	1,715	1,542		3,257	515	614	928	2,057
147	M/s.Moon Star Cotton Ginners, Chak # 153, Tehsil:Hasilpur, Distt.:Bahawalpur.	1.Mr.Muhammad Nawaz Tahir 2.Mr.Muhammad Iqbal 3.Mr.Muhammad Saleem 4.Mr.Muhammad Ali 5.Mrs.Fouzia Parveen	326-51-530980 344-94-119150 344-88-119127 344-91-087682 326-52-530981	Mr.Gul Muhammad Mr.Muhammad Ramzan Mr.Muhammad Ramzan Mr.Ali Muhammad W/o.Mr.Muhammad Nawaz Tahir	1,191	227		1,418			872	872
148	M/s.Sardar Rozi Khan, C/o.Amir Jan, Shopkeeper, Sirkhi Road, Quetta.	Sardar Rozi Khan		Sardar Haji Soorat Khan	300	1,230		1,530	300		3,786	4,086

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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total	
					Principal	Interest/ mark-up	Others	Total					
149	M/s.Bahawalpur Board Mills Limited, Sheikhpura, Punjab.	1.Mr.Khurshid Ahmed 2.Mrs.Tufail Nasreen 3.Mrs.Noor Jehan 4.Mr.Irshad Ahmed 5.Shaikh Muhammad Aslam 6.Mr.Muhammad Amjad 7.Mr.Shahbaz Ahmed				1,824			1,824		7,255	7,255	
150	M/s.H. Tex (Pvt.) Limited, Shop # P - 76, Amin Plaza, Muhammad Cloth Market, Rail Bazar, Faisalabad	1.Mr.Muhammad Saleem Sheikh 2.Mr.Abdul Hafeez Sheikh 3.Mr.Muhammad Imran Sheikh	246-61-131317 246-67-131320 246-71-131322			4,751			4,751	4,751 *	1,874 *	6,625 *	
151	M/s.Pak Green Acres (Pvt.) Limited, Sahiwal Road, Okara.	1.Rao Ikram Ali Khan 2.Rao Muhammad Aslam 3.Rao Muhammad Akmal 4.Major Zafar Iqbal 5.Mr.Mukarram Ali Khan		Kanwar Behram Ali Khan Rao M. Ilyas Khan Rao M. Afzal Khan Mr.M. Iqbal Khan Rao Kanwar Behram Ali Khan		750	600		1,350	750 *	3,187 *	3,937 *	
152	M/s.Zulfjee Ice Factory & Cold Storage, Plot # 109 & 110, Sector 12 - C, North Karachi Industrial Area, Karachi.	Mr.Zulfiqar Ali	42301-5201353-3	Mr.Karar Hussain		1,209	594		1,803		1,871	1,871	
153	M/s.Zam Zam Distributors, House # A - 1522, Ner Tanga Stand, Old Sukkur	Mr.Nusratullah Khan		Haji Inamullah Khan		750	385		1,135	205	2,824	3,029	
154	M/s.Mehran Traders, House # a - 1522, Near Tanga Stand, Old Sukkur.	Mr.Faratullah Khan		Haji Inamullah Khan		601	433		1,034		2,799	2,799	
155	M/s.Sukkur Biscuit Factory(Pvt.) Ltd., C - 584/6, Makhdoom Juman Road, Old Sukkur.	1.Mr.Nusratullah Khan 2.Mr.Rehmatullah Khan 3.Mr.Hasmatullah Khan 4.Mr.Samiullah Khar		Haji Inamullah Khan Haji Inamullah Khan Haji Inamullah Khan Haji Inamullah Khan		3,181	2,283		5,464	1,631	1,709	8,059	11,399
156	M/s.Kahloon Brothers (Pvt.) Limited, 45 - A, New Civil Lines, Faisalabad.	1.Mr.Imran Bashir Kahloon 2.Mst.Shabnam Imran 3.Mr.Rehman Bashir Kahloon 4.Mst.Amtul Ghaffar	246-90-416618 246-66-002335 246-42-602332			3,434	70		3,504	3,434 *	7,105 *	10,539 *	
157	M/s.Multimed Marketers, 33 - D, New Muslim Town, Lahore & 12 - B, Wafaqi Colony, Lahore.	1.Mr.Amjad Raza Khan 2.Mrs.Amtul Fatima 3.Mrs.Afshan Muzaffar		Mr.Ghulam Khan W/o.Capt.® Ali Raza Khan W/o.Mr.Amjad Raza Khan		1,040			1,040	1,040 *	276 *	1,316 *	
158	M/s.Kohinoor Industries (Pvt.) Limited	1.Mr.Muhammad Naseem Saigol 2.Mrs.Sharyar Saigol 3.Mr.Muhammad Azam Saigol 4.Mrs.Amber Saigol 5.Mr.Khalil Malik 6.Mr.Shahid Seth	270-86-015865 270-90-049024			20,000	896		20,896		2,233	2,233	
159	M/s.Konya Industries (Pvt.) Limited	1.Kh. Muhammad Abdul Haq 2.Kh. Khuda Bux 3.Kh. Mazhar Hussain 4.Kh. Mohammad Owais	36302-5476472-5 36302-2875484-5 36302-1955367-7 36302-2970484-5	Kh.Khuda Bux Kh.Manzoor Hussain Kh.Khuda Bux Kh.Khuda Bux		18,402	8,273		26,675	6,428	13,143	19,571	
160	M/s.Mian Textile Industries Limited	1.Mian Mohammad Jehangir 2.Mian Waheed Ahmed 3.Mian Khurshid Ahmed 4.Mian Muhammad Nawaz 5.Mian Khurram Jehangi				181,467	61,333		242,800		64,580	64,580	

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Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
161	Haji Abdul Sattar, Flat # 101, 1st floor, SB - 20, Memon Cottage, Block -2, Gulistan - e - Johar, Karachi.	Haji Abdul Sattar	42201-0719787-1	Mr.Qasim	457	64	31	552	536	123		659
162	Mr.M. Hafeez Bhatti, 13/A, Nadarabad, Baadian Road, Baddian Cantt.	Mr.M. Hafeez Bhatti	35201-8577532-5	Mr.Muhammad Hanif	434	43	15	492	485	122	607	607
163	Mr.Nasir Sami, FL # 94/3, Pent House, Garden View, Memon Coop. Housing Society, New Town, Karachi.	Mr.Nasir Sami	42201-3202314-1	Mr.Abdul Karim	450	103	80	633	530	103		633
164	Chaudary Muhammad Maqsood, House # 5 - B, Area 22 - C, Qayyabad, Karachi.	Chaudary Muhammad Maqsood	42201-0492489-1	Ch. Abdul Majeed	383	65	51	499	387	141		528
165	Raja Amir Farhan, Peace Travel, Off. # 163/66, Waqar Centre,Canning Road, Saddar, Rawalpindi.	Raja Amir Farhan	37405-1868960-5	Raja Muhammad Latif	359	67	39	465	379	140		519
166	Mr.Muhammad Shahid, Usama Mobiles : Suit J - 16, Block 'B' . North Nazimabad, Karachi.	Mr.Muhammad Shahid	42101-5015762-3	Mr.Mohammad Rasheed	395	46	31	472	435	121		556
167	Ch. Iftikhar Ali, High Class Travel Services, 66 - G, WAPDA House, Ground Floor, The Mall, Lahore	Ch. Iftikhar Ali	35202-6451664-5	Mr.Muhammad Rafique	418	52	45	515	471	135		606
168	Mr.Rashid Shabbir, Quantum Enterprises, Office # 3, Block # 35, Chughtai Plaza, Fazal - e - Haq Road, Blue Area, Islamabad.	Mr.Rashid Shabbir	37405-0555345-5	Mr.Muhammad Shabbir	310	95	51	456	344	165		509
169	Mr.Adnan Ahmed, Marwan Marble, Shop # 9, Plot # F - 6, ONYX Centre, Pak Colony, Karachi.	Mr.Adnan Ahmed	42101-1845430-3	Mr.Israr Ahmed	346	84	34	464	388	157		545
170	Mr.Sarfaraz Ali, Pak Inter Trade, Glass Tower, Suit # 7, 2nd Floor, Clifton Road, Clifton, Karachi.	Mr.Sarfaraz Ali	42301-0541854-7	Mr.Muhammad Hafeez	494	25	9	528	588	123		711
171	Mr.Kamran Munir, Faizan Enterprises, Shop # 4, Mehdi Plaza, Shamsabad.	Mr.Kamran Munir	37405-0269390-7	Mr.Munir Ahmed	494	12	4	510	593	118		711
172	Mrs.Samia Mazari, Mazari Vreations Basement, 138, Eden Aveneu, Defence Road, Lahore Cantt.	Mrs.Samia Mazari	35201-6914707-4	Sardar Saleem Jan	499	25	8	532	580	80		660
173	Mr.Muhammad Aslam, New Al Hamd Caterers & Party, Shop # 2, Ali Centre, BS-8, Al Noor Society, Samanabad Road, Karachi.	Mr.Muhammad Aslam	42101-1876812-3	Mr.Muhammad Hassan	470	13	2	485	573	86		659
174	Ch. Masood Mahmood, Medicare Plus 104 - B, Ground Floor, Gulberg-B,Faisalabad	Ch. Masood Mahmood	35201-1258437-5	Mr.Mahmood ul Hassan	498	13	1	512	542	106		648

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Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark- up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
175	Mr.Azhar Rasheed, A. R. International, P - 171, Purani Lakkhar Mandi, Montgomery Bazar,Faisalabad	Mr.Azhar Rasheed	33100-6531422-7	Mr.Abdul Rasheed	413	55	17	485	567	73		640
176	Mr.Khurram Ajmal, Khurram Food Suppliers, 15 - B, Model Town, Lahore.	Mr.Khurram Ajmal	35202-2745479-9	Mr.Hamid Malik	390	40	12	442	527	106		633
177	Mr.Muhammad Yamin, Yamin Traders,257, Block # 2 C II, College Road, Gondal Chowk Township,Lahore	Mr.Muhammad Yamin	33301-2125151-9	Mr.Abdul Waheed	435		2	437	504	98		602
178	Mr.Abdul Hafeez, Al - Raqeeb Enterprises, C - S 1, 2nd Floor,Defence View Phase I, Com 1, Korangi Road, Karachi.	Mr.Abdul Hafeez	42301-0998821-7	Haji Muhammad Idrees	414	57	16	487	498	103		601
179	Sheikh Farhan Sajid, Al Bakat Sajid Bhai Garments, Rehman Centre, Rang Mahal, Lahore.	Sheikh Farhan Sajid	35202-2410774-5	Sheikh Abdul Sajid	406	40	13	459	491	99		590
180	Mr.Shahzad Hanif Malik, Pak Royal Developers, Off # 269 - B, St # 53 F 10/4, Islamabad.	Mr.Shahzad Hanif Malik	38401-0185457-5	Mr.M. Sharif	390	36	10	436	470	93		563
181	Mr.Khalid Jamil, Jeans West, Shop # 141, Ali Doulat Square, Block - G, North Nazimabad,Karachi.	Mr.Khalid Jamil	42101-8102348-5	Mr.Jamil ur Rehman	361	11	2	374	437	94		531
182	Mr.Iqbal Ghazi, Sana Textile Corporation, Shop # M - 18 - A, Mezanine Floor, Motiwala Mart, Muljee Street, Karachi.	Mr.Iqbal Ghazi	42301-0951392-9	Mr.Abdul Ghani Ghazi	388	45	8	441	481	43		524
183	Khawaja Khurram, Yasin Sons, D - 55/B, Haroonabad, SITE Area,Karachi.	Khawaja Khurram	35202-2671437-3	Mr.Muhammad Yameen	361	18	11	390	425	89		514
184	Mr.M. Ali Rana, Alif Sani Traders, Basement Rehmat Market, 10, Montgomery Road, Lahore	Mr.M. Ali Rana	35202-1226676-3	Rana Karam Din	361	6	9	376	427	85		512
185	Mr.Ahmed Umar Qureshi, Big Foods, Shop # 4, Ali Apartments, Block 7, F. B.Area, Karachi.	Mr.Ahmed Umar Qureshi	42101-1894241-5	Mr.Muhammad Yamin	354	75	25	454	453	50		503
186	Mr.Niamat Ali, House # 233, Block # J-2, Johar Town, Lahore.	Mr.Niamat Ali	35201-6361946-9	Mr.Muhammad Ismail	445	60	10	515	534	91		625
187	Mr.Abdul Jabbar, House # 9/3, Block 4-G, Nazimabad # 4, Karachi.	Mr.Abdul Jabbar	42101-6062319-9	Mr.Muhammad Younus	476	24	7	507	517	77		594
188	Mr.Tariq Noorani, 105, Block A, People's Colony # 1, Faisalabad.	Mr.Tariq Noorani	33100-7425096-1	Mian Sardar Ali	271	52	2	325	497	91		588
189	Mr.Sabir Dawood, House # E-10, Block -B, Guilistan-e-Zafar, SMHS, Karachi	Mr.Sabir Dawood	42201-7489386-7	Mr.Ahmed Dawood	403	21	19	443	512	39		551
190	M/s Eurogulf Enterprises, P. O. Box # 974, Dubai(UAE)	Mr.Abdul Khaliq Chaglia	N/A		342,176	1,083,165		1,425,341	342,176		5,000,375	5,342,551

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
191	M/s.Solo Industries Limited(SIL), P. O. Box # 6187, Sharjah(UAE)	1.Mr.Madhav Bhagubhai Patel 2.Mr.Mahmoud Al Noubi Hassar	N/A		277,125	4,119		281,244	277,125	2,734	141,449	421,308
192	M/s.Zeeba Metal Company LLC, P. O. Box # 6388, Sharjah(UAE)	1.Mr. Abdul Wahid Mohammad A. Abdul Wahid 2.Mr.Madhav Bhagubhai Pate	N/A		12,261			12,261	12,261		9,404	21,665
193	M/s.Fathaulah Trading Establishment, P. O. Box # 5364, Dubai(UAE)	1.Mr.Yousuf Abdullah Fatehullah Ali 2.Mr.Rajesh Rajwani	N/A		31,997	596		32,593	31,997		25,027	57,024
194	M/s.Middle East Exchange & Trade Company, P. O. Box # 610, Dubai(UAE)	1.Mr.Hamdan Habib Sajwani 2.Mr.Hussain Hamdan Sajwani	N/A			15,196		15,196		15,196	37,735	52,931
195	M/s.Huma Foodstuff & Huma International Company, P. O. Box # 643, Sharjah(UAE).	Mr.Muhammad Tayyeb Khan	N/A		10,214	8,258		18,472	10,214		8,258	18,472
196	M/s.Humaid Zaid Saif, P. O. Box # 23, Umm-Al-Quwain(UAE)	Mr.Humaid Zaid Saif	N/A			5,874		5,874		3,773	15,203	18,976
197	M/s.Qalhat Trading Establishment, P. O. Box # 4467, Abu Dhabi(UAE)	Mr.Ali Hamoud Rashed Al Sheaibi	N/A		2,656	1,461		4,117	2,656	1,461	8,646	12,763
198	M/s.Al Hedaya General Contracting & Maintenance Establishment, P. O. Box # 44717, Abu Dhabi(UAE)	Mr.Abdul Hakim Al Suwaidi	N/A		8,174	3,454		11,628	2,540		7,713	10,253
199	M/s.Khurshid Textile, P. O. Box # 4522, Abu Dhabi(UAE)	Mr.Noor Jalil	N/A	Mr.Abdul Jalil	6,020	116		6,136	3,118	116	7,255	10,489
200	M/s.Iqbal Ahmed Al Zarwani Trading, P. O. Box # 14659, Deira Dubai(UAE)	Mr.Iqbal Ahmed Zarwani	N/A		2,807	1,630		4,437	307		2,260	2,567
201	M/s.Juma Habash Trading LLC, P. O. Box # 19498, Dubai(UAE)	1.Mr.Juma Redha Habash 2.Mr.Saeed Umar	N/A	N/A Mr.Muhammad Talib	21,186	747		21,933	21,186		20,048	41,234
202	M/s.Abdullah Al Mazroui Travels & Tourism, P. O. Box # 27412, Abu Dhabi(UAE)	Mr.Abdullah Hamad Nasar Hamad Al Mazroui	N/A		1,438	230		1,668			1,249	1,249
203	M/s.Direction General Trading, P. O. Box # 3499, Ajman(UAE)	1.Mr.Noor Hussain Abdul Qasim 2.Mr.Mohammad Atzal Memon	N/A		1,140	108		1,248	1,140	56	1,100	2,296
204	M/s.Al Hamra Traders, P. O. Box # 556, Abu Dhabi(UAE)	Mrs.Noorjahan Abdus Salam	N/A		4,898			4,898	4,898		14,876	19,774
205	M/s.Shah's Wearhouse, P. O. Box # 7072, Sharjah(UAE)	1.Mr.Thani Obaid Thani Ali Al Shamsi 2.Mr.Shahid Latif	N/A	Mr.Abdul Rehman Latif	21,207	4,940		26,147	21,207	2,350	47,158	70,715
206	M/s.Bulbul Trading Establishment, P. O. Box # 5122, Dubai(UAE)	Mr.Mohammad Murad Ibrahim	N/A		57,919	5,595		63,514	57,919	2,978	163,399	224,296
207	M/s.Fashion World Garment Indistires, P. O. Box # 3025, Ajman(UAE)	1.Mr.Khalifa Mohammad Khalifa 2.Mr.Mohammad Abdul Haleem Ghouri 3.Mr.Mohammad Abdul Aleem Ghouri 4.Mr.Mohammad Abdul Karim Ghour	N/A		52,122	13,678		65,800	52,122		71,012	123,134
208	M/s.Five Star Foodstuff Establishment, P. O. Box # 5864, Sharjah(UAE)	1.Mr.Mohammad Ibrahim Mohammad 2.Mr.Kulbir Singh Vig	N/A	1.N/A 2.Mr.Bachan Singh	20,107	7,973		28,080	20,107	2,588	30,095	52,790
209	M/s.Modern Technical Company, P. O. Box # 4205, Abu Dhabi(UAE)	Mr.Mallallah Noor Mohammad Khoory	N/A			760		760		760		760
210	M/s.Gaylan Meat & Food Company, P. O. Box # 7450, Dubai (UAE)	1.Mr.Ismail Mohammad Mussabbeh Ahmed 2.Mr.Fahim Bari	N/A	N/A Mr.Saeedul Bari	18,483	4,719		23,202	18,483	4,719	40,850	64,052

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
211	M/s.Ali Abdul Wahab Trading Establishment, P. O. Box # 3265, Dubai (UAE)	1.Mr.Ali Abdul Wahab Salam 2.Mr.Asim Qadri	N/A	Syed Nasir Hussain Qadri	3,966	24		3,990	3,966		5,580	9,546
212	M/s.Ismail Ibrahim Trading Establishment, P. O. Box # 25234, Abu Dhabi(UAE)	1.Mr.Ali Hemoud Rashed Al Sheabi 2.Mr.Mohammad Ismail	N/A	N/A Mr.Muhammad Idris	11,544	652		12,196	11,544	652	24,635	36,831
213	M/s.Valentino Rossetti Moustache Establishment, P. O. Box # 4879, Abu Dhabi(UAE)	Mr.Hussain Ali Sulaiman	N/A		3,701	1,626		5,327	3,701		6,101	9,802
214	M/s.Al Tayyab General Trading Company L.L.C., P. O. Box # 2310, Ajman(UAE)	1.Mr.Mohammad Tayyab Aqeel Abdul 2.Mr.Mohammad Aslam Malik	N/A 272-35-271183	N/A Mr.Fateh Muhammad Malik	6,975	8,609		15,584	6,975		16,089	23,064
215	M/s.Star International Co. LLC, P. O. Box # 1017, Sharjah (UAE)	1.Shaikh Mohd Bin Ali Al Nuaimi 2.Mr.Mirza Shabbir Baig	N/A	N/A Mr.Aziz Baig	9,982	2,866		12,848	9,982	1,171	10,210	21,363
216	M/s.Al Marif Towels, P. O. Box # 22925, Sharjah(UAE)	1.Mr.Mohammad Hassan Abdullah Al Mulla 2.Mr.Mohammad Samadullah Sharif Mohd.	N/A 516-02-132469	N/A Mr.Muhammad Mustafa Sharif	829	461		1,290	829	341	916	2,086
217	M/s.Lintas Trading Establishment, P. O. Box # 19794, Sharjah(UAE)	1.Mr.Mohammad Ahmed Abdualla 2.Mr.Wajid Rasheed	N/A 502-39-546871	N/A Mr.Abdul Rashid Jafri	11,682	3,520		15,202	11,682	3,520	17,836	33,038
218	M/s.Middle East Packaging Limited, P. O. Box # 16861, Duabi(UAE)	1.Mr.Soumitra Avinash Wardekar 2.Mr.Haresh Parbhakar Josh	N/A	N/A Mr.Prabhakar Sitaram Joshi	5,827	6,038		11,865	5,827	5,068	8,473	19,368
219	M/s.Kabul Gulf General Trading LLC, P. O. Box # 12481, Dubai(UAE)	1.Mr.Rashid Mubarak Medawi Al Dosari 2.Mr.Mohan Lal Kapoor 3.Mr.Parvesh Kumar Kakkar	N/A	N/A Mr.Jagganat Kapoor Mr.Hari Ram	27,355	2,612		29,967	27,355		21,292	48,647
220	M/s.International Textile Co. LLC, P. O. Box # 1739, Ajman(UAE)	1.Mr.Mohammad Saeed Bin Humaid Al-Nouimi 2.Mr.Kamal Kishore Chadda	N/A		18,607	5,886		24,493	18,607	2,960	11,703	33,270
221	M/s.Marooof Trading Company LLC, P. O. Box # 60071, Dubai(UAE)	1.Mr.Mohammad Abdullah Abdul Rahim Ahmed 2.Mr.Mohammad Afzal Uddin	N/A		8,044	134		8,178	8,044		6,757	14,801
222	M/s.Sana Auto Spare Parts, P. O. Box # 4226, Sharjah(UAE)	Mr.Misbah Salim Mohammed Masood	N/A		18,989	9,382		28,371	18,989	2,588	30,905	52,482
223	M/s.Al Firdous Garments Company, P. O. Box # 2151, Ajman(UAE)	Mr.Abdul Latif Nana Dawe	N/A	Mr.Nana Ahmed Dawe	39,412	1,076		40,488	39,412		31,518	70,930
224	M/s.Steelex Steel Mould Company, P. O. Box # 1079, Umal Quwain(UAE)	1.Mr.Mubarak Bilaswad Mubarak 2.Mr.Tariq Mehmood Rafique	N/A 267-88-247436	N/A Mr.Mohammad Rafiq	16,935	940		17,875	16,935	940	23,059	40,934
225	M/s.Ruksha Trading Establishment, P. O. Box # 23440, Duabi(UAE)	Mr.Ismail Mohammad Mussabah Ahmed	N/A		8,286	2,053		10,339	8,286		14,872	23,158
226	M/s.Al Andolus Car Auto Accessories, P. O. Box # 5348, Abu Dhabi(UAE)	1.Mr.Nabil Ismail Sulaiman Al Jarjavi 2.Mr.Sameer Yousuf Mustafa Abu Haseera	N/A		392	251		643	392	251	959	1,602
227	M/s.Al Rakha Tents & Tarpaulins, P. O. Box # 5474, Abdu Dhabi(UAE)	1.Mr.Ali Syed Al Mansoori 2.Mr.Rana Sajjad Allah Rakha	N/A	N/A Mr.Allah Rakha	353	907		1,260	353		1,395	1,748
228	M/s.Deira Plastic Trade Establishment & Factory, P. O. Box # 4454, Dubai(UAE)	Mr.Saleh Bin Salim Bin Khatim	N/A		1,200	32		1,232	1,200	32	1,811	3,043
229	M/s.Al Dhaheri Textile Trading, P. O. Box # 760, Al-Ain(UAE)	Mr.Hamza Masood Sulaiman Al Dhaheri	N/A		9,581	3,429		13,010	9,581	3,429	15,027	28,037
230	M/s.Lamos International Estab., P. O. Box # 933, Dubai(UAE)	Mr.Hassan Mekki Hassan Mohammad	N/A		10,294	2,124		12,418	6,148	1,725	12,545	20,418

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Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
231	M/s.Popular Trading Establishment, P. O. Box # 5379, Dubai(UAE)	1.Mr.Ibrahim Mohammad Saeed 2.Mr.Abdul Sami Paracha	N/A		10,139			10,139	10,139		26,159	36,298
232	M/s.Asian Star Trading Estab., P. O. Box # 5379, Dubai(UAE)	Mr.Abdul Sami Paracha	N/A		11,403	5,571		16,974	11,403		50,384	61,787
233	M/s.Marble & Granite Factory, P. O. Box # 10851, Dubai(UAE)	Mr.Hanna Boutros Daoud	N/A		1,182	581		1,763	1,182		3,454	4,636
234	M/s.Al Asalah Goldsmith Workshop, P. O. Box # 22925, Sharjah(UAE)	1.Mr.Saeed Rashid Saif Al Siaah 2.Mr.Mohammad Saleem	N/A 322-65-432596	N/A Mr.Imam Bux	1,324	170		1,494	1,324		1,444	2,768
235	M/s.Yousuf Ahmed Sharif, P.O.Box # 684,Ras Al Khaimah(UAE)	Mr.Yousuf Ahmed Sharif	N/A		27,994	1,136		29,130	27,994		1,136	29,130
236	M/s.Kwality Perfumes Factory, P. O. Box # 5864, Sharjah(UAE)	1.Mr.Mohammad Ibrahim Zarooni 2.Mr.Kulbir Sing Vig	N/A	N/A Mr.Bachan Singh	54,201	19,008		73,209	54,201	5,065	90,377	149,643
237	M/s.Sarwar Khan Mohammad Shah Traders, P. O. Box # 1401, Dubai(UAE)	Mr.Sarwar Khan Mohammad Shah	N/A		1,958	793		2,751			3,265	3,265
238	M/s.Golden Needle Enterprises LLC, P. O. Box # 1138, Ajman (UAE)	1.Mr.Ahmed Misbah Khalfan 2.Mr.Khurshid Khar	N/A	N/A Mr.Mukhtar Ahmed Khan	17,637	7,631		25,268	17,637	5,284	19,539	42,460
239	M/s.Three Star Textiles and Garments Industry, P.O.Box # 1767,Ras Al Khaimah(UAE)	Mr.Israr Zafar	N/A	Mr.Muzaffar Hussain	15,784	13,486		29,270	15,784		27,243	43,027
240	M/s.Unique Textiles and Garment Industry, P.O.Box # 1125, Fujairah(UAE)	Mr.Israr Zafar	N/A	Mr.Muzaffar Hussain	58,621	43,364		101,985	58,621	590	93,814	153,025
241	M/s.Euro Wear, P. O. Box # 50812,Dubai(UAE)	1.Mr.Ahmed Juma Hussain 2.Mr. N. A. Malik	N/A		5,543	535		6,078	5,543	535	10,690	16,768
242	M/s.Highway General Trading Co. LLC, P. O. Box # 56250, Dubai(UAE)	1.Mr.Abdul Majeed Ahmed Bolooki 2.Mr.Mehmood Trunkwala 3.Mr.Shakeel Ahmed 4.Mr.Shahzab Mahmood	N/A	N/A Haji Abdul Rahim Haji Abdul Rahim Mr.Mehmood Trunkwala	13,033	9,122		22,155	13,033	197	21,057	34,287
243	M/s.Al-Ain National Juice & Refreshment Company, P. O. Box # 15937, Al-Ain(UAE)	1.Sheikh Suroor Bin Sultan Al-Dhahery 2.Mr.Abdul Jabbar Al-Sayegh 3.Mr.Juma Khalfan Al-Hamly 4.Mr.Nasir Dain Al-Shamsy	N/A		4,101	9,326		13,427	4,101		12,146	16,247
244	M/s.Kamal Traders, P. O. Box # 6991, Abu Dhabi(UAE)	1.Mr.Manjnani Mohadev Kishanchand 2.Mr.Manjnani Kishan Tahliram 3.Mr.Mohammed Amanullah Hussain Khoory	N/A		664	1,360		2,024	664	1,360	3,345	5,369
245	M/s.United Textile & Towel Industry, P. O. Box # 40355, Sharjah(UAE)	1.Mr.Farrukh Riaz 2.Sheikh Humaid Abdul Aziz Al Qasimi	N/A	Mr.Riaz Yousuf N/A	65,779	4,854		70,633	65,779		108,962	174,741
246	M/s.Muhammad Murad Ebrahim, P. O. Box # 284, Manama, Bahrair	Mr.Muhammad Murad Ebrahim	N/A		234,191	7,150		241,341	234,191		513,963	748,154
247	M/s.Al Jamea & Al Qaisi Trading Est., P. O. Box # 284, Manama, Bahrair	1.Mr.Ali Mubarak Al Qaisi 2.Mr.Mohammad Abdulla Al Jamea	N/A		139,087	2,837		141,924	139,087		323,578	462,665
248	M/s.SNS Textiles WLL, P. O. Box # 38606, Bahrain	1.Syed Nasim Ahmed Rehmani 2.Syed Ahmed Rehmani 3.Mr.Masood Sikander Razzak	N/A		25,999	5,195		31,194	25,999		16,893	42,892
249	M/s.A. A. Zayani & Sons, P. O. Box # 32, Manama, Bahrain	1.Mr.Rashid A. R. Zayani 2.Mr.Ahmed A. R. Zayani 3.Mr.Jassim A. R. Zayan	N/A		4,264			4,264	4,264		3,944	8,208
250	M/s.Jalal M. Yousuf Halwachi, P. O. Box # 22075, Manama, Bahrair	Mr.Jalal M. Yousuf Halwachi	N/A		3,662	251		3,913	3,662		8,861	12,523

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Annexure 'B'
(Rupees in thousand)

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					Principal	Interest/ mark-up	Others	Total				
251	M/s.Adiya Cold Storage, P. O. Box # 5393, Manama, Bahrair	Mr.Essa Abdulla Al Sabt	N/A		2,375	670		3,045	2,375		3,791	6,166
252	Mr.Jaffer Ali Muhammad Eid, P. O. # 1066, Manama,Bahrain	Mr.Jaffer Ali Muhammad Eid	N/A		769	132		901	769		1,286	2,055
253	M/s.Falcon Knitwear Factory WLL, P. O. Box # 32298, Bahrain	1.Mr.Ishaq Ahmed Razzak Al-Kooheji 2.Mr.Muhammad Munir Ahmed 3.Mr.Arif Munir	N/A		31,259	4,086		35,345	31,259		35,307	66,566
254	Mr.Mohammad Sadiq Ismail Payan, P. O. Box # 677, Manama, Bahrair	Mr.Mohammad Sadiq Ismail Payan	N/A		2,508			2,508	2,508		7,757	10,265
255	M/s.Smart Studios, P. O. Box # 634, Bahrain	Mr.Mohd. Rashid Jehangir	N/A		763	42		805	763		957	1,720
256	M/s.City Trading & Contracting Establishment, Doha - Qatar	1.Sheikh Abdul Rehman Bin Nasir Bin Jassim Al - Thani 2.Sheikh Saud Bin Nasir Bin Jassim Al - Thani 3.Mr.Sarfraz Rizvi 4.Mr.Qaim Raza Kazmi	N/A		68,362	59,947		128,309			44,655	44,655
257	M/s.Al Nasr Trading Organization, P. O. Box # 28, Doha - Qatar.	1.Mr.Sultan Saif Al Essa(Late) 2.Mr.Mohammad Sultan Saif Al Esse	N/A		111,249	139,449		250,698	111,249		139,449	250,698
258	Mr.Markaz Al - Akarat, Sana'a (Yemen)	Mr.Markaz Al - Akarat	N/A		301	897		1,198	301	382	515	1,198
259	Mr.Percy Stephen, Sana'a (Yemen)	Mr.Percy Stephen	N/A		975	51		1,026	975		51	1,026
260	Mr.Muhammad Shehzad, P. O. Box # 1123, Duabi(UAE)	Mr.Muhammad Shehzad	KB - 104984		408	15		423	408	15	98	521
261	Mr.Moosa Mohammad	Mr.Moosa Mohammad	A - 4312304		491	30		521	491	30 26	26	547
262	Mr.Sun Bahadur Ranabhai	Mr.Sun Bahadur Ranabhai	1537295		592	46		638	592	46	39 677	677
263	Mr.Khalifa Ahmed Abdullah Sultan, P. O. Box # 155532, Abu Dhabi(UAE)	Mr.Khalifa Ahmed Abdullah Sultan	A - 0559985		329	35		364	329	35	248	612
264	Mr.Muhammad Khalid Ahmed Freij, P. O. Box # 55117, Dubai(UAE)	Mr.Muhammad Khalid Ahmed Freij			672	14		686	672	14	604	1,290
265	Mr.Hamraz Muhammad, P. O. Box # 1123, Dubai(UAE)	Mr.Hamraz Muhammad	H - 624281		816	34		850	816	34	164	1,014
266	Mr.Ramesh Gurung, P. O. Box # 52673, Abu Dhabi(UAE)	Mr.Ramesh Gurung	2465160		658	24		682	658	24	18	700
267	Mr.Abdul Jabbar, P. O. Box # 1001, Al Ain(UAE)	Mr.Abdul Jabbar	H - 331456		739	86		825	739	86	78	903
268	Mr.Adil Al Amin	Mr.Adil Al Amin			1,005	206		1,211	1,005	206		1,211
269	Mr.Usman Ali Haji	Mr.Usman Ali Haji			887	209		1,096	887	209		1,096
270	Mr.Ali Ahmed Ali	Mr.Ali Ahmed Ali			375	565		940	375	565		940
271	Mr.Ahmed Mohammd Sulaima	Mr.Ahmed Mohammd Sulaima			1,305	63		1,368	1,305		2,116	3,421
272	Mr.Bayat Khalfan Al - Mazroo	Mr.Bayat Khalfan Al - Mazroo			917			917	917		779	1,696
273	Mr.Hermogenese V. Pinda	Mr.Hermogenese V. Pinda			343	249		592	343	249	414	1,006
274	Mrs.Aysha Andh	Mrs.Aysha Andh			49	325		374	49	325	505	879
275	Mr.Javed Kalim	Mr.Javed Kalim			902	204		1,106	902	204	902	2,008
276	Mr.Imad Mohammad Yousaf	Mr.Imad Mohammad Yousaf			1,041			1,041	1,041		1,326	2,367

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					Principal	Interest/ mark-up	Others	Total				
277	Mr.Muhammad Usman Fahiye	Mr.Muhammad Usman Fahiye			1,628	65		1,693	1,628		1,391	3,019
278	Mr.Abdo Ali Abdullah	Mr.Abdo Ali Abdullah			1,710			1,710	1,710		2,566	4,276
279	Mr.Mana Ahmed Zain	Mr.Mana Ahmed Zain			1,302			1,302	1,302		1,822	3,124
280	Mr.Muhammad Ismail Farah	Mr.Muhammad Ismail Farah			1,246	56		1,302	1,246		2,009	3,255
281	Mr.P. Jeevan	Mr.P. Jeevan			599	24		623	599		897	1,496
282	Mr.Abdul Hakeem	Mr.Abdul Hakeem			1,771	71		1,842	1,771		2,834	4,605
283	Mrs.Anisa Awaal Hars	Mrs.Anisa Awaal Hars			1,097	44		1,141	1,097		1,641	2,738
284	Mr.Ibrahim Mohammad Yousuf	Mr.Ibrahim Mohammad Yousuf			427	102		529	427	82	612	1,121
285	Mr.Muhammad Sulaiman Farah	Mr.Muhammad Sulaiman Farah			1,136	241		1,377	1,136	188	2,311	3,635
286	Mr.Hassan Ali Musae	Mr.Hassan Ali Musae			1,190	47		1,237	1,190		3,200	4,390
287	Mr.P. K. Akbar Ali	Mr.P. K. Akbar Ali			1,429	20		1,449	1,429		2,048	3,477
288	Mr.V. Mayan Moosa	Mr.V. Mayan Moosa			821	44		865	821		1,255	2,076
289	Mr.Muhammad Haji Ibrahim	Mr.Muhammad Haji Ibrahim			1,160	68		1,228	1,160		1,788	2,948
290	Mr.Aden Taher Baree	Mr.Aden Taher Baree			801	346		1,147	801	346	1,974	3,121
291	Mr.Abdullah Diyab	Mr.Abdullah Diyab			112	432		544	112	432	734	1,278
292	Mr.Mehmood Suleman Yousaf	Mr.Mehmood Suleman Yousaf			592	149		741	592	149	1,001	1,742
293	Mr.Zahid Khurshid But	Mr.Zahid Khurshid But			582	107		689	582	107	964	1,653
294	Mr.Mohammad Juma	Mr.Mohammad Juma			445			445	445		534	979
295	Mr.Jama Ismail Mohammad	Mr.Jama Ismail Mohammad			1,805			1,805	1,805		2,346	4,151
296	Mr.Hassan Ahmed Faza	Mr.Hassan Ahmed Faza			663	128		791	663	128	1,188	1,979
297	Mr.Jama Mohammad Wais	Mr.Jama Mohammad Wais			1,319			1,319	1,319		2,045	3,364
298	Mr.Gharib Ibrahim	Mr.Gharib Ibrahim			392			392	392		353	745
299	Mr.Tariq Ghulam	Mr.Tariq Ghulam			830			830	830		748	1,578
300	Mr.Abdul Rehman Ali Usmar	Mr.Abdul Rehman Ali Usmar			1,151			1,151	1,151		1,612	2,763
301	Mr.Abdul Ahmed Mohammad Hash	Mr.Abdul Ahmed Mohammad Hash			547	803		1,350	547	803	1,755	3,105
302	Mr.Rashid Sultan Saif Sultar	Mr.Rashid Sultan Saif Sultar			1,369			1,369	1,369		2,054	3,423
303	Mr.Rehman Khan	Mr.Rehman Khan			176	184		360	176	125	472	773
304	Mr.Khalid Aziz	Mr.Khalid Aziz			364	631		995	364	527	950	1,841
305	Mr.Ghazi Abdullah Nasir	Mr.Ghazi Abdullah Nasir			256	1,092		1,348	256	1,092	1,146	2,494
306	Mr.Abdul Hameed Mohammad	Mr.Abdul Hameed Mohammad			489	404		893	489	404	1,072	1,965
307	Mr.Abdullah Khamis H.A. Al-Muhairt	Mr.Abdullah Khamis H.A. Al-Muhairt			826			826	826		1,073	1,899
308	Mr.Iftikhar Ali Khan	Mr.Iftikhar Ali Khan			132	404		536	132	337	523	992
309	Mr.Barkat Hussein	Mr.Barkat Hussein			238	323		561	238	260	540	1,038
310	Mr.Abdulla Ismail Dirie	Mr.Abdulla Ismail Dirie			232	317		549	232	255	529	1,016
311	Mr.Mohammad Hassan	Mr.Mohammad Hassan			448	128		576	448	128	791 791	1,367
312	Mr.Mohammad Mibah Hussair	Mr.Mohammad Mibah Hussair			1,003			1,003	1,003		1,455	2,458
313	Mr.Gul Marjan	Mr.Gul Marjan			295	119		414	295	101	370	766

AKK 60 KPM, TH

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
314	Mr.Saad Ilyas Jamoua	Mr.Saad Ilyas Jamoua			445	136		581	445		834	1,279
315	Mr.Ibrahim Yousuf Ibrahirr	Mr.Ibrahim Yousuf Ibrahirr			75	213		288	75	177	281	533
316	Mr.M. Abbas Ismail Khoory	Mr.M. Abbas Ismail Khoory			155	594		749	155	499	732	1,386
317	Mr.Kamal Esmail	Mr.Kamal Esmail			377	233		610	377	233	823	1,433
318	Mr.Annamooto David Sathianath	Mr.Annamooto David Sathianath			142	1,425		1,567	142	606	2,544	3,292
319	Mr.Lal Bux Mohammad Usmar	Mr.Lal Bux Mohammad Usmar			614	358		972	614	358	1,335	2,307
320	Mr.Basheer Ahmed Yousul	Mr.Basheer Ahmed Yousul			689	431		1,120	689	431	1,541	2,661
321	Syed Zafar Abbas	Syed Zafar Abbas				442		442		442	620	1,062
322	Mr.Imam Hossain	Mr.Imam Hossain	QO-524653		519	35		554	519	35	62	616
323	Mr.Mohammad Abdul Rasheed Muthu Mo, P. O. Box # 17713, Dubai(UAE)	Mr.Mohammad Abdul Rasheed Muthu Mo	AO-407160		746	17		763	746	17	86	849
324	Mr.Kalady Abdulrahiman, P. O. Box # 219, Abu Dhabi(UAE);	Mr.Kalady Abdulrahiman	E-7909339		444	51		495	444	51	56	551
325	Mr.Nawazish Ali Shah, P. O. Box # 219, Abu Dhabi(UAE);	Mr.Nawazish Ali Shah	KE-812640		1,096	79		1,175	1,096	79	132	1,307
326	Mr.Sajid Mehmood, P. O. Box # 263, Abu Dhabi(UAE);	Mr.Sajid Mehmood	KC-258471		872	46		918	872	46	103	1,021
327	Mr.Mohammad Moosa Al-Dalahi, P. O. Box # 303, Abu Dhabi(UAE);	Mr.Mohammad Moosa Al-Dalahi			2,680			2,680	2,680		3,752	6,432
328	Mr.Abdul Kader Saleh Ahmed, P. O. Box # 303, Abu Dhabi(UAE);	Mr.Abdul Kader Saleh Ahmed			2,194			2,194	2,194		3,071	5,265
329	Mr.Abdul Salam Hashim, P. O. Box # 838, Abu Dhabi(UAE);	Mr.Abdul Salam Hashim	KD-207880		572	27		599	572	27	67	666
330	Mr.Ghulam Muhammad Memon, P. O. Box # 1038, Dubai(UAE)	Mr.Ghulam Muhammad Memon	F-920369		381	49		430	381	49	376	806
331	Mr.Muhammad Aziz-ur Rehman, P. O. Box # 159, Dubai(UAE);	Mr.Muhammad Aziz-ur Rehman	K-112443		387	61		448	387	61	78	526
332	Mr.Juma Saeed Fael	Mr.Juma Saeed Fael			2,614			2,614	2,614		2,965	5,579
333	Mr.Ibrahim Mahmood Saeed	Mr.Ibrahim Mahmood Saeed			2,225			2,225	2,225		2,774	4,999
334	Mr.Ebrahim Kutty Sulaimar	Mr.Ebrahim Kutty Sulaimar	B-245203		178	353		531	178	72	304	554
335	Mr.Wickramasiri Kombuge, P. O. Box # 3014, Dubai(UAE)	Mr.Wickramasiri Kombuge	M-1724210		846	16		862	846	16	161	1,023
336	Mr.Nasar Haji Ibrahim, P. O. Box # 1001, Al Ain(UAE)	Mr.Nasar Haji Ibrahim	KE-608781		817	127		944	817	127		944
337	Mr.Tahir Mehmood, P. O. Box # 67, Dubai(UAE);	Mr.Tahir Mehmood	J-812440		438	18		456	438	18	80	536
338	Mr.Abdul Ghani, P. O. Box # 71134, Abu Dhabi(UAE);	Mr.Abdul Ghani	J-852261		624	54		678	624	54	25	703
339	Mr.Ashraf Khassim, P. O. Box # 263, Abu Dhabi(UAE);	Mr.Ashraf Khassim	KB-882481		1,581	134		1,715	1,581	134	64	1,779
340	Mr.Riyaz Khan Sulthan Khan, P. O. Box # 253, Abu Dhabi(UAE);	Mr.Riyaz Khan Sulthan Khan	A-9572918		526	57		583	526	57	66	649
341	Mr.Lal Prasad Gurung, P. O. Box # 71084, Abu Dhabi(UAE);	Mr.Lal Prasad Gurung	2142200		562	57		619	562	57	70	689

AKK 60 KPM, TH

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
342	Mr.Resham Bahadur Pun Magar, P. O. Box # 253, Abu Dhabi(UAE);	Mr.Resham Bahadur Pun Magar	1242734		714	94		808	714	94	33	841
343	Mr.Mohammad Riazuddin, P. O. Box # 4069, Abu Dhabi(UAE);	Mr.Mohammad Riazuddin	Z-1067257		619	3		622	619	3	70	692
344	Mian Ghafoor Shah, P. O. Box # 50002, Abu Dhabi(UAE);	Mian Ghafoor Shah	KB-377061		629	110		739	629	110	28	767
345	Mr.Kafait Hussain Shah, P. O. Box # 45885, Abu Dhabi(UAE);	Mr.Kafait Hussain Shah	KP-040308		512	7		519	512	7	58	577
346	Mr.Soji Thomas, P. O. Box # 24842, Dubai(UAE);	Mr.Soji Thomas	A-7885280		683	27		710	683	27	35	745
347	Mr.Abdul Azad, P. O. Box # 18626, Al Ain(UAE);	Mr.Abdul Azad	V-0549208		518	59		577	518	59	7	584
348	Mr.Azeez Poothakandy, P. O. Box # 17444, Al Ain(UAE);	Mr.Azeez Poothakandy	F-3861142		616	38		654	616	38	33	687
349	Mr.Abdul Ghaffar Khan, P. O. Box # 15778, Al Ain(UAE);	Mr.Abdul Ghaffar Khan	KB-566185		550	56		606	550	56	8	614
350	Mr.Imran Talib, P. O. Box # 846, Abu Dhabi(UAE);	Mr.Imran Talib	K-777777		756	81		837	756	81	10	847
351	Mr.Amber Bahadur Ale Magar, P. O. Box # 41179, Abu Dhabi(UAE);	Mr.Amber Bahadur Ale Magar	1338775		586	76		662	586	76	8	670
352	Mr.Dharma Bahadur Kunwar, P. O. Box # 253, Abu Dhabi(UAE);	Mr.Dharma Bahadur Kunwar	1878320		702	94		796	702	94	10	806
353	Mr.Mohammad Akkara Veettil, P. O. Box # 253, Abu Dhabi(UAE);	Mr.Mohammad Akkara Veettil	U-780502		688	82		770	688	82	9	779
354	Mr.Cholamugath Mohammad Ali, P. O. Box # 50604, Abu Dhabi(UAE);	Mr.Cholamugath Mohammad Ali	A-3181760		616	140		756	616	140	94	850
355	Mr.Manzoor Ahmed, P. O. Box # 263, Abu Dhabi(UAE);	Mr.Manzoor Ahmed	KC-328775		1,001	147		1,148	1,001	147	14	1,162
356	Mr.Mohammed Kassim Hizuddin, P. O. Box # 263, Abu Dhabi(UAE);	Mr.Mohammed Kassim Hizuddin	E-7541051		561	120		681	561	120	9	690
357	Mr.Kinattinga Parambil Ayamutty, P. O. Box # 253, Abu Dhabi(UAE);	Mr.Kinattinga Parambil Ayamutty	A-4499395		793	42		835	793	42	41	876
358	Mr.Hari Krishna Shrestha Lacoul, P. O. Box # 25675, Abu Dhabi(UAE);	Mr.Hari Krishna Shrestha Lacoul	2530671		725	90		815	725	90	102	917
359	Mr.Fasiuddin Ahmed, P. O. Box # 46622, Abu Dhabi(UAE);	Mr.Fasiuddin Ahmed	A-8369124		576	86		662	576	86	83	745
360	Mr.Sanjaya Shah, P. O. Box # 253, Abu Dhabi(UAE);	Mr.Sanjaya Shah	2531801		651	80		731	651	80	9	740
361	Mr.Bhim Bahadur Basnet, P. O. Box # 71704, Abu Dhabi(UAE);	Mr.Bhim Bahadur Basnet	1482828		642	87		729	642	87	8	737
362	Mr.Navas Aidru Kottarampattayil, P. O. Box # 263, Abu Dhabi(UAE);	Mr.Navas Aidru Kottarampattayil	V-241813		797	158		955	797	158	12	967
363	Mr.Basem Abdel Mohsen Abdel Hamid M., P. O. Box # 25209, Abu Dhabi(UAE);	Mr.Basem Abdel Mohsen Abdel Hamid M. 1342779			738	89		827	738	89	42	869
364	Mr.Ramzi Zinnekeh	Mr.Ramzi Zinnekeh			535	55		590	535	55		590
365	Mr.Ashok Maharajan	Mr.Ashok Maharajan			651	111		762	651	111	18	780
366	Mr.Karunakaran N. S. Nair	Mr.Karunakaran N. S. Nair			690	93		783	690	93	37	820

AKK 60 KPM, TH

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'
(Rupees in thousand)

S.No.	Name & address of the borrower	Name of individuals/ partners/ directors	Nic number	Father's/ husband's name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total
					Principal	Interest/ mark-up	Others	Total				
367	Mr.Akber Ali Khaddar Moideer	Mr.Akber Ali Khaddar Moideer			629	68		697	629	68	28	725
368	Mr.Aftab Zahoor, Bahrain	Mr.Aftab Zahoor	N/A		1,474	275	48	1,797	1,522	275	168	1,965
369	Mr.Ahmed Ebrahim S. Ahmed Saeed, Bahrain	Mr.Ahmed Ebrahim S.Ahmed Saeed	N/A		2,095	565	17	2,677	2,112	215	882	3,209
370	Mr.Qasim Mohammad, Bahrain	Mr.Qasim Mohammad	N/A		369	124	20	513	389	124	82	595
371	Mr.Nazar Mohammad Peer, Bahrain	Mr.Nazar Mohammad Peer	N/A		616	389	46	1,051	662	219	475	1,356
372	Mr.Abdul Hadi Qasim, Bahrain	Mr.Abdul Hadi Qasim	N/A		71	408	42	521	113	408	110	631
373	Mr.Muhammad Atiq Ullah, Bahrain	Mr.Muhammad Atiq Ullah	N/A		443	140	39	622	482	18	258	758
374	Mr.Ali Awad Hasan Al Qutub, Manama, Bahrain	Mr.Ali Awad Hasan Al Qutub	N/A		1,494	447	14	1,955	1,508	447	13	1,968
375	Mr.Ayman Ali Sulaiman, Bahrain	Mr.Ayman Ali Sulaiman	N/A		1,395	271	8	1,674	1,403	271	11	1,685
376	Mr.Farhan Hameed Aloulush, Bahrain	Mr.Farhan Hameed Aloulush	N/A		577	685	67	1,329	644	362	598	1,604
377	Mr.Hamed Abbood Al Shahatha, Bahrain	Mr.Hamed Abbood Al Shahatha	N/A		631	164	54	849	685	53	507	1,245
378	Mr.Ahmed Saleh Mahal, Bahrain	Mr.Ahmed Saleh Mahal	N/A		546	344	11	901	557	344	6	907
379	Ch. Muhammad Afzal, Bahrain	Ch. Muhammad Afzal	N/A		872	250	10	1,132	882	250	7	1,139
380	Mr.Asif Pullan, Bahrain	Mr.Asif Pullan	N/A		557	183	6	746	563	84	104	751
381	Mr.Fida Hussain Mohammad, Bahrain	Mr.Fida Hussain Mohammad	N/A		445	170	5	620	450	170	4	624
382	Mr.Moosa Mohammad Ali Moosa, Bahrain	Mr.Moosa Mohammad Ali Moosa	N/A		1,160	221	7	1,388	1,167	221	41	1,429
383	Mr.Mohammad Yousif Mehboob, Bahrain	Mr.Mohammad Yousif Mehboob	N/A		633	189	6	828	639	189		828
384	Mr.Saju Thomas, Qatar	Mr.Saju Thomas	N/A		632	49		681	632	49	76	757
385	Mr.Ravi Mohan Rao, Qatar	Mr.Ravi Mohan Rao	N/A		973	153		1,126	973	153	110	1,236
386	Mr.Atta ur Rehman, House # 405/16, Pakki Gali, Mohallah Qasimpura,Gujrat	Mr.Atta ur Rehman	224-89-124358	Mr.Abdul Latif	416	76		492			547	547
Total					4,200,934	2,516,104	1,518	6,718,556	2,906,736	377,482	10,150,487	13,434,705

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**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
1	M/s.Ashlars (Pvt.) Limited, 288/E, Johar Town, Lahore & 5-A, 1st Floor, Liberty Plaza, Gulberg - III, Lahore.	1.Mr.Abu Nasar Faizi 2.Mr.Tariq Wasay Khan 3.Mst.Yasmin Faizi 4.Mst.Ashgari Begum		Mr.Abdul Wasay Khan W/o.Abu Nasar Faizi	908	232		1,140	908 *		853 *	1,761 *
2	M/s.Asad Textile Mills (Pvt.) Limited, 32-B, Model Town, Lahore.	1.Mian Muhammad Aslam 2.Mr.Muhammad Ashraf 3.Mrs.Shahnaz Akhtar			1,828	879		2,707	1,828 *	662 *	217 *	2,707 *
3	M/s.K. J. Vegetable Oil Mills Limited.	1.Sardar M. Aslam Khan (Late) 2.Begum Shams-un-Nisa(Late) 3.Mr.Sultan-e-Romm(Late) 4.Col.@ Saadul Malook(Late) 5.Nawabzada Shahryar Khan Hoti 6.Nawabzada Sarbuland Khan Hoti 7.Mrs.Chamman Sarkar			4,248			4,248	4,248 *			4,248 *
4	M/s.Construction Services (Pak), 83-H, Block # 2, P.E.C.H.Society, Karachi.	1.Mr.N. A. Sheikh 2.Mr.Noor Muhammad			235	1,246		1,481	235 *	1,064 *	5,693 *	6,992 *
5	M/s.Lyallpur Model Dairies Limited, Mansoorabad, Faisalabad.	1.A. G. K. Mr.Anwar ul Haq 2.Ch.M. Siddeeq 3.Ch.Abdul Hameed 4.Ch.Abdul Ghafoor 5.Ch.M. Siddiq Kasuri 6.Mr.Zafar Ahsan Mehmood 7.Brig.@ Rasheed Ahmed			600	516		1,116	600 *	516 *	1,763 *	2,879 *
6	M/s.Al-Abbas Enterprises, 4th Floor, United Plaza, Fazal-e-Haq Road, Blue Area, Islamabad.	1.Mr.Ali Abbas Nasir 2.Mr.Asif Hussain	101-74-593105 135-80-562692		70,000			70,000	70,000 *		5,063 *	75,063 *
7	M/s.Mehnaz Textile Industries Limited.	1.Mian A. Hakim 2.Mrs.Mumtaz Hakim 3.Mr.Asad Hakim 4.Ms.Yasmeen Hakim 5.Ms.Nazneen Hakim			526	655		1,181	526 *	14 *	3,086 *	3,626 *
8	M/s.Progressive Tobacco Company Limited, S.I.T.E., Kotri, Sindh	1.Mr.Mushtaq Ali Khan 2.Mr.A.Y. Siddiqui 3.Mr.Moosa Raza Syed 4.Mr.Muhammad Ghouse		Mr.Laiq Ali Khan Mr.M. Y. Siddiqui Mr.M. Rehatullah Sayed Mr.Muhammad Kassim	524	688		1,212	382	374	926	1,682
9	M/s.International Syndicate, 201/202, Second Floor, Qadri Chambers, 87, Mcleod Road, Lahore.	Mr.Gulraiz A. Sheikh			1,001	285		1,286	1,001 *	132 *	3,862 *	4,995 *
10	M/s.Suraj Ghee Industries Limited, Suite No.5, Business Centre, Shadman Road, Lahore.	1.Mr.Muhammad Tufail 2.Mr.Pervaiz Iqbal 3.Mr.Abdul Munaf 4.Mr.Muhammad Aslam Mirza 5.Mr.Muhammad Akram Brar			10,334	2,113		12,447	10,334 *	1,875 *	21,048 *	33,257 *
11	M/s.King Foam Industries, 132 - Ferozepur Road, Lahore.	Syed Qaiser Abbas Bokhari		Syed Ghulam Abbas Bokhari	1,852	143		1,995	1,852 *	55 *	88 *	1,995 *
12	M/s.Khan Traders, 1169-A, Noor Gate Street, Saddar Bazar, Sialkot.	Mr.Abdul Sattar			490	669		1,159	490 *	305 *	2,384 *	3,179 *
13	M/s.Chandan Das & Co	Mr.Chandan Das		Mr.Persumal	44	404		448	44 *	260 *	774 *	1,078 *

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
14	M/s.Ansari Pakistan Limited, 1st Floor, Isphani Building, I.I. Chundrigar Road, Karachi.	1.Mr.Habib Ansari (Deceased) 2.Mr.Shoaib Ansari 3.Mr.Zubair Ansari		Mr.Saeed Ansari Mr.Habib Ansari Mr.Habib Ansari	646	1,260		1,906	646 *	480 *	6,539 *	7,665 *
15	M/s.Bismillah Oil Mills, Plot # 91, Deh Sanghi, Taluka Pano Aqil Distt.Sukkur.	Syed Yawar Abbas		Syed Ali Raza	730	650		1,380	730 *	521 *	3,492 *	4,743 *
16	M/s.Pak Orient Associates, 7/3, Rizvi Chambers, Akhbar Road, Karachi.	Mr.Asad Zaheer Rizvi	517-52-166808	Syed Zaheer Hussain Rizvi	1,038	131		1,169	1,038 *	108 *	2,200 *	3,346 *
17	M/s.Abdul Rasheed	Mr.Abdul Rasheed (Late)		Mr.Abdullah Khan	507	957		1,464	507 *		957 *	1,464 *
18	M/s.Pak Agri. Corporation	Rana Muhammad Saleem			1,205			1,205	1,205 *			1,205 *
19	M/s.Noor Mahal, No.8, Ibrahim Ali Bhai Building, 246, Loboo Street, Garden, Karachi.	Mr.Masood A. Qureshi(Late)			1,000	153		1,153	1,000 *	153 *		1,153 *
20	M/s.Koromal & Brothers	Mr.Koromal			150	283		433	150 *	83 *	898 *	1,131 *
21	M/s.Wadhomal & Company	Mr.Chandandas		Mr.Persumal	150	280		430	150 *	81 *	896 *	1,127 *
22	M/s.Nankana Trading Company	1.Mr.Muhammad Ramzan 2.Mr.Muhammad Hussain	296-36-114721	Mr.Shahab Din	1,205	552		1,757	205	247	305	757
23	M/s.Azam Steel Re-Rolling Mills, Momin Pura Road, Daroghawala, G. T. Road, Lahore.	1.Mr.Abdul Rashid (expired) 2.Mst.Najam-un-Nisa 3.Mst.Akhtari Begum			1,420	3,888		5,308	1,420 *	2,906 *	10,892 *	15,218 *
24	M/s.Sakeena, 109 - Chaudhry Chambers, Kutchery Road, Karachi.	Mst.Sakeena		W/o.Mr.Fakir Muhammad	86	3,184		3,270	86 *	3,184 *		3,270 *
25	M/s.Nadeem Corporation, 41, Sea Breaz Plaza, Shahra-e-Faisal, Karachi.	Mr.Muhammad Mushtaq	285-38-444333	Mr.Shafi Muhammad	982	207		1,189	982 *		2,980 *	3,962 *
26	M/s.Shaikh Carpets (Pvt.) Limited, 24 - Abbot Road, Lahore & 16 KM Multan Road, Lahore.	1.Mr.M. Tariq Gaba 2.Mr.Aqeel Tariq Gaba 3.Mrs.Salma Tariq		Haji Ghulam Rasool	6,277	1,723		8,000	6,277 *	917 *	806 *	8,000 *
27	M/s.Ghani Textile Mills Limited, D - 154, S.I.T.E., Manghopir Road, Karachi & 702 - Muhammad House, I. I. Chundrigar Road, Karachi..	1.Mr.H. Saeed Ahmad Paracha 2.Mr.Akbar M. Paracha 3.Mr.Asghar M. Paracha 4.Mrs.Naseem Anwar 5.Mst.Ishrat Naheed 6.Mst.Umera Bibi	511-61-066034 502-93-488530	Mr.H. Saeed Ahmed Paracha Mr.H. Saeed Ahmed Paracha W/o.Mr.Anwar M. Paracha W/o.Mr.Akbar M. Paracha W/o.Mr.H.Saeed Ahmed Paracha	10,000	3,189		13,189	10,000 *	3,039 *	36,150 *	49,189 *
28	M/s.Cottage Craft, 204 - Abu Bakar Block, New Garden Town, Lahore.	1.Mr.Habib Nawaz Sheikh 2.Mr.Amir Nawaz Sheikh		Sheikh Baghuddin	1,503	983		2,486	1,503 *	983 *		2,486 *
29	M/s.Karachi Development Authority, Karachi.	Governments Nominees (Public Sector Organization)			156,034	128,126		284,160			347,705 *	347,705 *
30	M/s.Pak Iran Textile Mills Limited, 4th Floor, PIDC House, Dr.Ziauddin Ahmad Road, Karachi.	1.Mr.Abdul Azim Ebrahemy 2.Mr.Rasheed H. Hadi 3.Mr.Hassan Mahdyous 4.Mr.Ebrahim Gholamey 5.Mr.M. A. G. M. Akhtar 6.Mst.Salima R. Abad 7.Mr.S.R. Poonegar				20,327		20,327		20,327 *		20,327 *

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
31	M/s.Pakistan Oil Mills Industries	Mr.Muhammad Ismail			1,498	2,046		3,544	1,498 *	1,216 *	5,814 *	8,528 *
32	M/s.Asiam Textan, 396/1, Sector 7-A, Korangi Industrial Area,Karachi.	1.Mr.Mohammad Aslam Sheikh 2.Mr.Muhammad Saleem Sheikh	502-39-566862 502-53-507580	Haji Muhammad Ismail Haji Muhammad Ismail	1,037	5,958		6,995	1,037 *	5,063 *	8,267 *	14,367 *
33	M/s.Punjab Lamp Works Limited, Abdul Hye Chambers, Dockyard Road, West Wharf, Karachi.	1.Mr.S. A. Rasool 2.Mr.K. M. Asaf 3.Mr.Rafi Muneer 4.Mr.K. M. N. Feroze 5.Mr.K. M. Zaki 6.Mr.K. M. Usman 7.Mrs.Khamar Khanum			2,744	1,959		4,703	2,744 *	1,959 *		4,703 *
34	M/s.Globe Exports, Room # 21-25, 4th Floor, Arkay Square, New Challi, Karachi.	1.Mr.Sikandar Umar 2.Mr.Sohail Umar 3.Mr.Tanveer Umar		Mr.Muhammad Umar Mr.Muhammad Umar Mr.Muhammad Umar	1,010	933		1,943	1,010 *	903 *	4,383 *	6,296 *
35	M/s.Zamir Textile Mills Limited, 58 - KM Multan Road, Bhai Pheru, Kasur (Punjab)	1.Mr.Abdul Haleem Piracha 2.Mrs.Shah Gul 3.Mr.Abdul Waheed Piracha 4.Mrs.Nabeela Waheed Piracha 5.Mr.Khushnud Ellahi 6.Ms.Nuzhat Afshan 7.Mrs.Yasmin Shoab	35202-2976977-1 270-44-568388 270-54-568389 246-56-135478	Mr Abdul Rasheed Piracha Mr Abdul Rasheed Piracha Mr Abdul Waheela Piracha Mr Masood Ellahi	16,305	10,633		26,938			22,554	22,554
36	M/s.Shaikh Trading Limited, D - 154, S. I. T. E., Manghopir Road, Karachi & 702,Muhammadi House, I. I. Chundrigar Road, Karachi.	1.Mr.H. Saeed Ahmad Paracha 2.Mr.Akbar M. Paracha 3.Mr.Asgar M. Paracha 4.Mrs.Naheed Tariq 5.Mr.Irfan Ellahi Sheikh	511-61-066034 502-93-488530	Mr.H. Saeed Ahmed Paracha Mr.H. Saeed Ahmed Paracha	10,616	2,626		13,242	10,616 *	2,343 *	35,648 *	48,607 *
37	M/s.Libra Textiles, Plot No.23/2, Sector 6-A, North Karachi Township,Karachi.	Shaikh Muhammad Alamagir		Mr.Mohammad Siddiq(Deceased)	5,405	1,065		6,470	1,605	1,065	544	3,214
38	M/s.Pak Motor Company, Abdullah Market, Akbar Road, Karachi.	Mr.Ghulam Rasool			1,005	194		1,199	1,005 *	194 *		1,199 *
39	M/s.Birds Establishment	Mr.Shahid Kinare		Mr.Saleem Kinare	845	1,555		2,400	845 *	767 *	3,478 *	5,090 *
40	M/s.Advance Concept (Pvt.) Ltd., 260 - R. A. Lines, M. R. Keyani Road, Karachi.	1.Syed Jamshed Akhtar Wasti 2.Syed Sohail Akhtar Wasti 3.Mrs.Rufaia Arrab		W/o.Mr.Ubaidullah	800	694		1,494	800 *	694 *	1,839 *	3,333 *
41	M/s.Pakistan Liquid Storage Co.(Pvt.) Limited.	1.Mr.Hasham S. Gangji 2.Mr.Hassan S. Gangji 3.Mrs.Khatija S. Gangji		Mr.Sadrudin	2,502			2,502	2,502 *		4,389 *	6,891 *
42	M/s.Parwaz Industries, 114/C, Gulberg - III, Lahore.	Mr.Tariq Latif			1,504	1,001		2,505	1,504 *	623 *	2,351 *	4,478 *
43	M/s.S.I. Traders, Room # 10, 4th Floor, Arkay Square, New Challi, Karachi.	Mr.Zahid Saleem (Deceased)			1,043	2,042		3,085	1,043 *	1,232 *	8,647 *	10,922 *
44	M/s.Mir Fazal Haque Khan & Co.	Mir Fazal Haque			150	1,256		1,406	150 *	865 *	4,469 *	5,484 *
45	M/s.Industrial Invesment Limited	1.Mr.Jimmy H. Fancy(Expired) 2.Mr.Amir Ali H. Fancy(Expired) 3.Mr.M. Ali Meghani 4.Mr.Aziz H. Fancy 5.Mr.Abdul H. Fancy		Mr.Hussein Bhai	3,086	12,607		15,693	3,086 *	626 *	57,440 *	61,152 *

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
46	M/s.Pakistan Chrome Mines Limited, Quetta.				540	2,261		2,801	540 *	1,563 *	698 *	2,801 *
47	M/s.Muhammad Azam, Quetta.	Mr.Muhammad Azam		Mr.Gul Muhammad	579	950		1,529	579 *		4,264 *	4,843 *
48	M/s.Rauf Rice Mills (Pvt.) Limited, Rauf Plaza, 79 - Ferozepur Road, Ichra, Lahore.	1.Mr.Muhammad Maqbool Rauf 2.Mr.Muhammad Iqbal Rauf 3.Mr.Muhammad Masood Rauf 4.Mr.Muhammad Shehzad Rauf 5.Mr.Muhammad Ijaz Rauf 6.Mr.Agha Sultan 7.Mr.Muhammad Akram 8.Mr.Muhammad Saeed Ch.	272-85-435572 272-85-435571 272-87-435573 272-93-435575 272-77-435576 267-66-425613	Mr Abdul Rauf Mr Abdul Rauf Mr Abdul Rauf Mr Abdul Rauf Mr Abdul Rauf Mr Agha Riaz-ur-Rehman	59,972	532		60,504	59,972 *		15,775 *	75,747 *
49	M/s.Gilani Limited, 39 - Garden Road, Karachi.	1.Syed Hasan Mehmood(Deceased) 2.Mrs.Azra Mehmood(Deceased)		Mr.Ghulam Miran Shah W/o.Syed Hassan Mehmood	672			672	672 *		1,544 *	2,216 *
50	M/s.Textile Accessories (Pvt.) Ltd., 1-2, Hub Chowki Road, Karachi.	1.Syed Hasan Mehmood(Deceased) 2.Mrs.Azra Mehmood(Deceased)		Mr.Ghulam Miran Shah W/o.Syed Hassan Mehmood	4,459			4,459	4,459 *		6,576 *	11,035 *
51	M/s.Khyber Bricks Limited.	1.Mr.S.Imtiaz Ali Shah 2.Mrs.Haider Shah 3.Mrs.Sarwar Fatima 4.Mst.Chan Bibi 5.Mrs.Mumtaz Hussain 6.Syed Nawazish Ali Shah 7.Syed Liaqat Hussain			3,949			3,949	3,949 *			3,949 *
52	M/s.Walayt Enterprises, 1st Floor, Euro Building, Sooter Mandi, Montgomery Bazar, Faisalabad.	1.Mr.Riaz Ahmed 2.Mrs.Sameena Riaz	244-49-516710	Mr.Muhammad Gulzar W/o.Mr.Riaz Ahmed	5,742	14,526		20,268	5,742 *	1,570 *	25,789 *	33,101 *
53	M/s.Bela Steel Casting & Rolling (Pvt.) Limited, 19/7, Mile RCD Highway Near Bawany Village Distt. Lasbella, Balochistan.	1.Air Commodore® Aziz Ahmed 2.Mr.Sharif Ahmed 3.Captain @ Askari Hassan 4.Mr.Parvez Akhtar		1.Mr.H. A. Ghani 2.Mr.H. A. Ghani 3.Mr.S. T. Hassan 4.Mr.Rayasat Ali Khan(Late)	800	284		1,084	800	110	2,471	3,381
54	M/s.Bombay Motor Store, D - 114, Hill Street, S.I.T.E., Karachi.	1.Mr.Amin Ahmed 2.Mr.Jouzy Javaid 3.Mr.Junaid Javaid			783	1,746		2,529	783 *	484 *	2,390 *	3,657 *
55	M/s.Emico Industries (Pvt.) Limited, 57/2, Khayaban-e-Mujahid, Phase-V, DHA, Karachi.	1.Mr.Ehsanul Haq Dar 2.Mr.Tariq Nawaz 3.Mrs.Munazza Ahmed		W/o.Ch.Ahmed Pervaiz Cheema	348	985		1,333	348 *	985 *	1,463 *	2,796 *
56	Mst.Maqsooda Begum, House # 106, Block # 5, Sector 2 - A, Township, Lahore.	Mrs.Maqsooda Begum	274-87-352788	Mr.Muhammad Yousuf	248	265		513	248	216	49	513
57	M/s.Al-Nazar Traders, Room # 5, 5th Floor, KDLB Bldg., 58, West Wharf Road, Karachi.	1.Lt. Col. @ Muhammad Shafi 2.Mr.Zahid Rashid 3.Mr.Nazar Hussain 4.Mr.Meera Khan		Ch. Abdul Ghani Mr.Muhammad Rashid Mr.Abdul Rahim Mr.Dost Muhammad	6,605	1,880		8,485	805	688	9,760	11,253
58	M/s.Punjab Paper Board Mills, 5 - K.M. Raja Jhang Road, District Kasur.	1.Malik Afzal Ahmed 2.Malik Shahzad Ahmed		Malik Zafar Ismail Malik Zafar Ismail	6,358	3,230		9,588	6,358 *	3,230 *		9,588 *

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
59	M/s.Enterprises International, 209, Burhani Chambers, Abdullah Haroon Road, Karachi.	Mr.Zia - ur - Rehman		Mr.Abdul Rehman	157	1,685		1,842	157	1,202	780	2,139
60	M/s.Hakim & Company, A-491, Block ' L ' , North Nazimabad, Karachi.	1.Mr.Anwar Khan Khattak 2.Mr.Mohammad Khan 3.Haji Saheb Subedar Juma Khan		Haji Saheb Subedar Juma Khan Mr.Sultan Mohammad(Deceased)		896		896			1,401	1,401
61	M/s.National Motors Limited (Renamed:M/s.Gandhara Inds. Ltd.), F - 3, Hub Chauki Road, S.I.T.E., Karachi.	1.Mr.Raza Kuli Khan Khattak 2.Mr.Ahmed Kuli Khan Khattak 3.Mr.M. R. Banka			51,438	48,603		100,041		13,802	108,812	122,614
62	M/s.Ahmed Zaman Cotton Ginning & Pressing Factory, Mouza Chachran, KLP Road, Channi Goth, Ahmedpur.East, Distt.Bahawalpur.	1.Mr.Khalid Murtaza 2.Mr.Ahmed Zaman 3.Mr.Ghulam Muhammad Shah 4.Malik Bashir Ahmed 5.Mst.Barohia Naheed 6.Syed Rizwan Murtaza 7.Mr.Yaser Salman	347-53-186542 347-53-369745		1,679	857		2,536	1,679 *	58 *	799 *	2,536 *
63	M/s.Dilkhush Hosiery Mills (Pvt.) Limited. Ayub Colony, Off Jhang Road, Faisalabad.	1.Mr.Arshad M. Ellahi 2.Mrs.Sabina Ellahi 3.Mr.Mehboob Ellahi 4.Mst.Asima Ellahi 5.Mr.Maqsood Ellahi 6.Mst.Begum Aisha Fazal Ellahi	33100-5555609-5 33100-3643302-8		22,833			22,833			9,456	9,456
64	M/s.Nut Master Industries, 34 - Allama Iqbal Road, Ghari Shahoo, Lahore.	1.Mr.M. Azam Fazal 2.Mr.Imran Ahmed 3.Mr.M. Asad Afzal 4.Mrs.Jamila Begum 5.Mrs.Nasim Afzal 6.Mrs.Saadia Tahir	35202-2356054-9 35202-8985984-1 35202-2912050-1 35202-0585796-6 214-45-098177 35202-9468905-6	Mr.M.Afzal Mr.Muhammad Ahmed Mr.M.Afzal W/o.Mr.Muhammad Ahmed W/o.Mr.Muhammad Afzal W/o.Mr.Tahir Manzoor	2,296	1,065		3,361			4,779	4,779
65	M/s.Eastern Marine Corporation (Pvt.) Limited, 318, Qamar House, M. A. Jinnah Road, Karachi.	1.Mrs.Fehmida Akhtar 2.Mr.Adnan Akhtar 3.Mr.Z. H. Akhtar(Late)	501-65-201627	W/o.Mr.Z. H. Akhtar(Late) Mr.Z. H. Akhtar Mr.A. D. Akhtar	100	1,281		1,381	100	743	1,466	2,309
66	M/s.Kraft Electronics (Pvt.) Limited, 207 - Amin Mansion, G. T. Road, Peshawar.	1.Mr.Hafizur Rehman 2.Mrs.Saeeda Hafiz	138-53-155535	Mr.Saeed Rehman W/o.Mr.Hafiz - ur - Rehman	13,148	6,678		19,826	7,673	2,009	13,950	23,632
67	M/s.Bela Engineering Limited, B/41, S.I.T.E., Hub - Chowki Road, Karachi.	1 Mr.Shahid Zubairi 2.Brig. © Hamid Jamil 3.Lt. Col.© M. Kamil 4.Mr. Shahid Hassan 5.Sheikh Anjum 6.Mr.M. A. Iqbal 7.Mr.Ibrahim Dada 8.Mr.A. K. M. Sayeed			40,889	45,314		86,203	18,066	18,050	110,433	146,549
68	M/s.Crescent Sugar Mills & Distillery Limited, Nishatabad, Faisalabad.	1.Mr.Muhammad Arshad 2.Mr.Abid Mehmood 3.Mr.Khalid Bashir 4.Mr.Mazhar Karim 5.Mr.Muhammad Anwar 6.Mr.Muhammad Rafi 7.Mr.Shahid Anwar(NIT Nominee)	33100-5346910-5 33100-1704580-9 35202-2631654-5 33100-7443925-5 33100-2725450-1	Mian Gulzar Mian Gulzar Mr.Muhammad Bashir Mr.Fazal Karim	32,775	9,146		41,921		2,921	10,366	13,287

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
69	M/s.Al-Siddique Transport Services, 43 - Rachna Block, Allama Iqbal Town, Lahore.	1.Mr.Nasir Siddique 2.Mr.Muhammad Azhar Chughtai 3.Mr.Ali Adil 4.Mr.Raza Aslam Butt 5.Mr.Qaiser Siddique 6.Shams - ut - Toheed 7.Mr.Mahmood Iqbal Najam 8.Mr.Mumtaz Ahmed 9.Mr.Arif Jahangir 10.Mr.Babar Saeed Naqvi 11.Mr.Qaiser Javed 12.Ch. Allah Ditta 13.M	272-86-050029 273-87-029698 266-88-075997 200-89-317933 272-88-050031 272-53-121423 272-57-268391 303-86-121675 275-90-056582 273-50-037667 274-89-097071 274-43-028345 272-66-044241 272-86-073298	Haji Muhammad Siddique Mr.Allah Buksh Chughtai Mr.Abdul Latif Kh. Muhammad Aslam Butt Haji Muhammad Siddique Mr.Ghulam Muhammad Butt Mr.Abdul Ghafoor Mr.Abdul Ghafoor Mr.Ahmed Din Syed Tufail Hussain Mr.Abdul Sattar Haji Noor Muhammad Mr.Ashiq Malik Mr.Sa	5,007	2,546	554	8,107	3,561	2,546		6,107
70	M/s.Service Industries Textile Limited. 38 - Empress Road, Lahore.	1.Mr.Ijaz Hameed 2.Mr.Farooq Hameed 3.Mr.Muhammad Hameed 4.Mr.Tariq Hameed 5.Mr.Amir Hameed 6.Miss Marrium Hameed	35200-1510100--1 35201-4452075-5 35202-9692886-9 35202-7957472-3 35200-1510260-9 35202-1202378-0	Ch. Muhammad Saeed Ch. Muhammad Saeed Mr.Ijaz Hameed Mr.Ijaz Hameed Ch. Muhammad Saeed D/o.Mr.Ijaz Hameed	144,708	48,538		193,246	72,208	38,006	18,867	129,081
71	M/s.Malik Khizar Hayat Tiwana, House No.5, Street # 3, Shah Jamal Colony, Lahore & 47 - Tufail Road, Lahore Cantt.	Malik Khizer Hayat Tiwana (expired)			1,246	506		1,752	1,246 *		4,877 *	6,123 *
72	M/s.National Rice Mills (Pvt.) Ltd., Near Old Sabzi Mandi, Kamokee, District:Gujranwala.	1.Mr.Muhammad Ali Chishti 2.Mr.Muhammad Afzal Sheikh 3.Mr.Muhammad Sikandar Hayat	34102-0469613-1	Mr.Latif Ahmed Chishti	5,951	2,378		8,329	1,951	2,378	6,653	10,982
73	M/s.Pakistan Telecommunication Company Limited	Governments Nominees (Public Sector Organization)			75,006			75,006	75,006 *		24,520 *	99,526 *
74	M/s.Baba & Bias Limited, Mian Chambers, 3 - Temple Road, Lahore.	1.Mr.Muhammad Asghar Sikandar 2.Mr.Athar Sikandar Malik	35202-9037694-5		365	1,139		1,504			1,681	1,681
75	M/s.Ahu Tanning & Finishing (Pvt.) Limited. 4, Civil Ines, Gujrat.	1.Mr.Osman Saeed Hakeem 2.Mrs.Raheela Osman	224-92-146855 224-68-241669	Mr.Saeed Hakeem W/o.Osman Saeed Hakeem	18,811	5,765		24,576	10,210	4,545	25,678	40,433
76	Mr.Qasim Bashir Butt, Qadri House, Bahar Colony No.1, Kot Lakhpat, Lahore.	Mr.Qasim Bashir Butt	276-51-174604	Mr Bashir Ahmed Butt	368	370		738	368	340	30	738
77	Mr.Irfan Bhinder, 952 - Nizam Block, Allama Iqbal Town, Lahore.	Mr.Irfan Bhinder	285-92-502315	Mr Shahid Saleem	427	283		710	427	258	25	710
78	Haji Javed Bhatti, H.No.36/1, St. No.70, Bank Colony, Zubaida Park, Samanabad, Lahore.	Haji Javed Bhatti	272-46-436548	Haji Allah Ditta	401	211		612	401	211		612
79	M/s.Ayesha Spinning Mills Limited, 45 - 50, Industrial Area, Gulberg - III, Lahore.	1. Mian Mohammad Usman 2. Mian Mohammad Nasir 3. Mian Mohammad Asif 4. Mian Najeeb Usman	270-28-602505 35202-6540272-1 35201-3503843-5 35202-9801611-5	Mr Mohammad Shafi Mr Mohammad Shafi Mr Mohammad Shafi Mr Mohammad Usman	6,227	92,537		98,764			12,366	12,366

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
80	M/s.Fresh Fish Establishment (Pvt.) Limited, Haji Ibrahim Mansion, Shah Waliullah Road, Lyari, Karachi.	1.Haji Muhammad Ibrahim 2.Mr.Abdul Razzak 3.Mr.Abdul Rauf 4.Mr.Shamim Jaffery 5.Mr.Muhammad Hasan Memon		Haji Muhammad Siddiq Haji Muhammad Ibrahim Haji Muhbammad Ibrahim	3,006	3,270		6,276	750	2,555	6,930	10,235
81	M/s.Farooqi Fisheries, D - 27, S.I.T.E., North Karachi, Super Highway,Karachi.	1.Mr.Muhammad Ahmed Farooqi 2.Mr.Hasan Ahmed Farooqi	42201-9748292-3	Haji Muhammad Siddiq Mr.Ghulam Rabbani Mr.Ghulam Rabbani	7,596	1,308		8,904	3,596		8,424	12,020
82	M/s.Redco Textiles Limited, 3 KM on Kallar Syadan Road, Rawat, Distt. Rawalpindi & 78-E, REDCO Arcade, Blue Area, Islamabad.	1.Mr.Saifur Rehman Khan 2.Mr.Mujeeb Rehman Khan 3.Mr.Atiqur Rehman 4.Mrs. Taufiq Amanullah 5.Mrs.Muneeza Saifur Rehman 6.Mrs.Samina Asad Khan	35200-3449847-9 101-60-582256 272-66-440397 35200-4353265-2 35200-2446847-9	Mr.Amanullah Khan Mr.Amanullah Khan Mr.Amanullah Khan W/o.Mr.Amanullah Khan W/o.Mr.Saifur Rehman Col.® Asad Mehmood	588,737	202,964		791,701	251,804	75,583	789,387	1,116,774
83	M/s.Qayyum Enterprises, 302 - A, Jaffar Bagh, Model Colony, Karachi & P-368, Samundari Road, Faisalabad.	Mr.Abdul Qayyum Iqbal	244-93-049585	Ch. M. Iqbal	3,436	295		3,731			2,461	2,461
84	Mr.Ghazanfar Ali Mirza, 328/12, St. - 25, Block - " W", Defence Housing,Lahore.	Mr.Ghazanfar Ali Mirza	35201-5323567-5	Mr Yousaf Ali Mirza	230	468		698		433	435	868
85	M/s.Alipur Jute Mills Limited, 54 - MB, Jauharabad Road, The. & Distt.Khushab.	1.Mr.Muhammad Afzal Khan 2.Mr.Ghulam Subhani Khan 3.Mr.Ghulam Dastagir Khan 4.Mrs.Rehana Rehmat	517-40-228453 35201-0214183-3 42201-4851463-7 35201-0951909-4	Mr Rehmat Khan Mr Mohammad Afzal Khan Mr Mohammad Afzal Khan W/o Mr Rehmat Khan	98,199	26,000		124,199	66,842		56,940	123,782
86	M/s.M. N. Steel Re-Rolling Mills (Pvt.) Limited, Industrial Area, Badami Bagh, Abdul Qayum Road, Lahore.	1.Mian Masood Aslam (expired) 2.Mian Naveed Aslam 3.Mst.Hamida Begum 4.Mr.Talat Masood 5.Mrs.Gulnaz Naveed			973	1,216		2,189	973 *	755 *	4,729 *	6,457 s
87	M/s.Saeed Oil Mills & Soap Industries.	1.Mr.Muhammad Nafees 2.Mst.Hamida Begum (Deceased) 3.Mst.Iqbal Begum 4.Mr.Mehboob Alam 5.Mr.Ehsan Ellahi 6.Mr.Saeed Ahmed Qureshi 7.Mr.Ashraf Saeed Qureshi	507-48-151245	Mr.Peer Muhammad	7,906			7,906	2,931		12,044	14,975
88	Mr.Zillay Hassnain Jillani, 6 - Officer's Colony, Multan.	Syed Zillay Hassnain Jillani	322-60-532438	Makhdoom Syed Sialhuddin Jillani	1,505	274		1,779	770	274	1,801	2,845
89	M/s.S. A. Enterprises (Pvt.) Limited, 72 - J, Gulberg - III, Lahore.	1.Mrs.Samina Attique 2.Mr.Khalid Mujeeb Pervaiz Khan 3.Mrs.Shamim Akhtar 4.Mrs.Shaheen Javed 5.Mr.Attique - ur - Rehman Khan 6.Mr.M Sadiq Pervaiz Khan 7.Mr.Najam Javed Qureshi	35202-4875378-4 35202-2314281-1 35202-2231026-0 35202-2231023-2	W/o.Mr.Attique - ur - Rehman Mr.M. Sadiq Pervaiz Khan W/o.Mr.M.Sadiq Pervaiz Khan W/o.Mr.Najam Javed Qureshi Mr.Fazal - ur - Rehman Khan	14,120			14,120			2,485	2,485
90	M/s.Paramount Aviation (Pvt.) Limited 237 Staff Lines, Fatima Jinnah Road, Karachi.	1.Mr.Fakir S. Ayazuddin 2.Mrs.Sumera Ayazuddin	42000-0368933-9 42301-5124690-2	Syed Waheeduddin W/o Mr Fakir Syed Ayazuddin	2,387	1,002		3,389		802	33	835

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
91	M/s.Foot Mark Corporation, 163 - Abu Bakar Block, New Garden Town, Lahore & 9 - E, Upper Mall, Lahore.	1.Maj® Hafeezullah Chaudhry 2.Maj® Muhammad Sharif Asif (Expired) 3.Mr.Ibrahim Murtaza	274-42-158687 265-87-337992 101-51-153119	Ch. Atta Muhammad Mr.M. Saeed Akhtar Kh. Muhammad Murtaza	3,257	2,451		5,708	2,257	2,421	3,326	8,004
92	M/s.Ashraf Cable Industries, Mahmood Street # 8, Ahmed Park, Mohani Road, Lahore.	1.Mr.Muhammad Afzal 2.Mr.Muhammad Ashraf 3.Mst.Khursheed Jehan	265-65-193162 35202-2452861-1 265-50-082407	Mr.Noor Ahmed Mr.Noor Ahmed W/o.Mr.Noor Ahmed	1,500	1,143		2,643			938	938
93	M/s. Tahir Bilal Corporation, 1911 - B, Mumtazabad, Multan.	1.Sheikh Abdul Hakeem 2.Sheikh Abdul Hameed 3.Sheikh Abdul Rehman 4.Mr.Khalid Mahmood 5.Mst.Hakeeman 6.Mrs.Bilqis Begum 7.Mrs.Nasira Begum 8.Mr.Abdul Latif		Sheikh Abdul Rehman Sheikh Abdul Rehman Sheikh Abdul Ghani Sheikh Abdul Hakeem W/o.Sheikh Abdul Rehman W/o.Sheikh Abdul Rehman	2,215	1,449		3,664	271	677	4,722	5,670
94	M/s.Rehman Sons (Pvt.) Limited, 2230 - RS - Ward 7, Mumtazabad, Multan.	1.Sheikh Abdul Hakeem 2.Sheikh Abdul Hameed 3.Sheikh Abdul Rehman 4.Mr.Khalid Mahmood 5.Mst.Hakeeman 6.Mrs.Bilqis Begum 7.Mrs.Nasira Begum 8.Mr.Abdul Latif		Sheikh Abdul Rehman Sheikh Abdul Rehman Sheikh Abdul Ghani Sheikh Abdul Hakeem W/o.Sheikh Abdul Rehman W/o.Sheikh Abdul Rehman	2,800	2,090		4,890	1,661	1,108	6,263	9,032
95	M/s. Khalil Autos , New Bus Stand, Shikarpur Road,Sukkur.	Mr.Khalil - ur - Rehman		Mr.Fazal - ur - Rehman	150	59		209	150 *	53 *	501 *	704 *
96	M/s.Inam Corporation, House # A - 1522, Near Tanga Stand, Old Sukkur.	Mr.Naimatullah Khan		Mr.Nusratullah Khan	160	97		257	160 *	57 *	673 *	890 *
97	M/s.Afzal Autos, New Bus Stand, Shikarpur Road, Sukkur.	Mr.Fazal - ur -Rehman(Deceased)		Mr.Kaloo Khan	101	550		651	101 *	155 *	1,135 *	1,391 *
98	M/s.Mehran Poultry Farm, B - 2, Golimar, Sukkur.	Mr.Farhatullah Khan		Mr.Inamullah Khan	180	116		296	180 *	66 *	603 *	849 *
99	M/s.Farm Agro Services, New Sabzi Mandi, Multan.	1.Mr.Ghulam Dastagir Asif 2.Mr.Tanveer Mohyuddin 3.Mr.Ghulam Fareed 4.Mr.Mumtaz Hussain 5.Mr.Muhammad Saleem 6.Mst.Aziz Mai 7.Mst.Safia Arshad 8.Mirza Arshad Baig			1,000	59		1,059	1,000 *	59 *		1,059 *
100	M/s.Ghulam Hussain Brohi (M/s.Itehad Rice Mills)	Mr.Ghulam Hussain Brohi		Mr.Khan Muhamma Brohi	153	760		913	153 *		2,069 *	2,222 *
101	M/s.Zahid Traders, Shop # B - 830 - I, Phool Street,Sukkur.	Mr.Ziaullah Khan		Mr.Nusratullah Khan	180	108		288	180 *	59 *	580 *	819 *

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
102	M/s.Raza Agro Traders, Sabzi Mandi, Multan.	1.Mirza Arshad Baig 2.Mr.Hasan Raza 3.Mr.Ghulam Murtaza 4.Mst.Sughran Bibi 5.Mr.Ghulam Shabbir 6.Mr.Ghulam Fareed			900	74		974	900 *	74 *		974 *
103	M/s.Ahmed Agro Aid, Sabzi Mandi, Multan.	1.Mirza Arshad Baig 2.Mr.Muhammad Akhtar Tahir 3.Malik Wahid Bux 4.Malik Allah Bux 5.Mr.Muhammad Shahbaz			1,000	71		1,071	1,000 *	71 *		1,071 *
104	M/s.Bhittai Beverages(Pvt.)Limited, B - 15, S. I. T. E., Hyderabad.	1.Mr.Muhammad Noor Zaman 2.Mrs.Suraya Zaman	269-36-270335	Mr.Ahmed Noor Baksh W/o.Mr.Muhammad Noor Zaman	16,159	9,348		25,507	6,159	5,582	11,929	23,670
105	M/s.United Foundry Works, B - 61, S. I. E.T., Golimar, Sukkur.	Mr.Muhammad Kamil		Mr.Muhammad Yameen	175	669		844	175 *	669 *	3,176 *	4,020 *
106	M/s.Rehman Fisheries, 201 - 202, Sector - 24, Korangi Industrial Area, Karachi.	1.Mr.Aziz - ul - Haq Butt 2.Mrs.Shabina Aziz	512-87-128602 42301-9381801-8	Mr.Muzaffar Din Butt W/o.Mr.Aziz - ul - Haq Butt	761	1,986		2,747			2,427	2,427
107	M/s.Alfa & Alfa Enterprises (Pvt.) Limited, 201, Burhani Chambers, Abdullah Haroon Road, Karachi.	1.Mrs.Begum Amina Aslam 2.Mr.Rashid Aslam 3.Mr.Habib Aslam 4.Mr.Mahmud Aslam 5.Ms.Taslaeem Akhtar 6.Lt.Col.® Aslam Ali(Deceased)		W/o.Lt.Col.® Aslam Ali(Deceased) Lt.Col.® Aslam Ali(Deceased) Lt.Col.® Aslam Ali(Deceased) Lt.Col.® Aslam Ali(Deceased) Lt.Col.® Aslam Ali(Deceased)	7,088	2,117		9,205	7,088 *	2,117 *	7,481 *	16,686 *
108	M/s.Amber Chemical Industries (Pvt.) Limited, Plot # 5, Ph - IV, H.I.E., Hattar Distt.Haripur(NWFP)	1.Mr.Shahbuddin Sheikh 2.Mr.Abid Sheikh 3.Mr.Ziauddin Sheikh 4.Mr.Shams - ur - Rehman	409-65-147230 409-91-147233 409-70-147231 145-64-235020	Mr.Nooruddin Mr.Nooruddin Mr.Nooruddin Mr.Hamidullah	20,044	6,709		26,753	10,044	6,706	7,060	23,810
109	M/s.Fakir Syed Aitizazuddin, 43, Rose Street, McNeil Road, Karachi.	Mr.Fakir Syed Aitizazuddin		Mr.Fakir Syed Wahiduddin	200	896		1,096	200 *	445 *	1,314 *	1,959 *
110	M/s.Gul Silk Mills, Mingora - Swat.	Mr.Idress Ahmed				1,128		1,128		1,128		1,128
111	M/s.Madina Zari Services, New Sabzi Mandi, Multan.	1.Mr.Munawar Ahmed 2.Mr.Muhammad Arshad 3.Mr.Muhammad Akram 4.Mr.Muhammad Shahbaz 5.Mr.Wazir Ahmed 6.Mr.Muhammad Shafi 7.Mirza Arshad Baig 8.Mst.Safia Arshad			1,000	49		1,049	1,000 *	49 *		1,049 *
112	M/s.Karam Investment, 3/14, D' Mullo Road off Burns Road, Karachi.	1.Mirza Murtaza Poya 2.Mrs.Zakia Arif Hakeem 3.Mr.Khusro Perviz Karamat Ally (Deceased)		W/o.Mr.Arif Hakeem	500	762		1,262	500	60	1,495	2,055
113	M/s.Farid Enterprises, 182-183, Sector - 27, Korangi Industrial Area, Karachi.	Mr.Shamim Ahmed Siddiqui(Deceased)		Mr.Iftikharuddin	456	1,051		1,507	456	145	2,994	3,595

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
114	M/s.Shifa Laboratories, 11 - 12, Link McLeod Road, Lahore.	1.Mr.Muhammad Younus Malik 2.Malik Zafar Iqbal 3.Malik Slaman Younus 4.Malik Amanullah Naseem 5.Mrs.Shamin Akhtar 6.Mst.Mukhtar Begum		Malik M. Yaqoob Malik Muhammad Din Mr.M. Younus Malik Malik Ghulam Hussain W/o.M. Younus Malik W/o.Nazir Ahmed Khan	956	1,454		2,410	956 *	722 *	732 *	2,410 *
115	M/s.Anwar Hardware Industries, Malakan Dhair, University Canal Road, Peshawar.	1.Mr.Muhammad Azhar Khan 2.Mr.Muhammad Anwar Khan			461	828		1,289	461 *	591 *	2,794 *	3,846 *
116	M/s.Habib Ismail & Company, Plot # 16 - C, K.P.T.Warehouse Area, Queens Road, Karachi.	1.Mr.Sadrudin Habib Ismail 2.Mr.Kabiruddin Habib Ismail 3.Mr.Nurullah Habib Ismail 4.Dr.Barkat Ali Charania		Mr.Habib Ismail Mr.Habib Ismail Mr.Habib Ismail	500	535		1,035	500 *	501 *	363 *	1,364 *
117	M/s.K. M. Muneer, 15 - Old Clifton, Karachi.	Mr.K. M. Muneer(Deceased)			1,900	1,413		3,313	1,900 *	1,413 *	19,334 *	22,647 *
118	M/s.Premier Steel Mills (Pvt.) Limited, Plot # 15, Sector 12 - A, New Karachi, Karachi.	1.Mr.S. Sohail Akhtar Wasti 2.Miss Farzana Akhtar Wasti 3.Mr.Shakil Akhtar Wasti		Mr.Akhtar Alam Wasti (Late) D/o.Mr.Akhtar Wasti(Late) Mr.Akhtar Wasti(Late)	1,500	352		1,852	1,497 *	352 *	4,379 *	6,228 *
119	M/s.Taufeeq Khan & Company, 76/C - 1, Gulberg - III, Lahore.	1.Mr.Muhammad Taufeeq Khan (Deceased) 2.Mst.Jamila Taufeeq 3.Mr.Muhammad Awais Khan 4.Mr.Muhammad Abrar Khan 5.Mr.Fakhar-ud-din Butt(Deceased) 6.Mst.Iqbal Begum		Mr.M. Taufiq Khan Mr.M. Taufiq Khan Mr.M. Taufiq Khan Mr.Azizuddin Butt Mr.M.Naqi Khan(Late)	355	1,457		1,812	355 *	222 *	4,456 *	5,033 *
120	M/s.Bhittai Builders & Developers, B - 6/A, S.I.T.E., Hyderabad.	1.Syed Shakir Ali Jafery 2.Mrs.Shahida Shahnawaz 3.Mr.Shahid Hussain 4.Mr.Rab Nawaz 5.Mrs.Tahira Zamin 6.Mrs.Batool Wahid 7.Mrs.Shaheen Mofiq		Mr.S. M. Shafi W/o.Mr.Shahnawaz Mr.S. M. Shafi W/o.Mr.Zamin Ali W/o.Mr.Wahid Hussain	3,068	1,802		4,870			10,743	10,743
121	M/s.Kissan Traders, New Sabzi Mandi, Multan.	1.Mr.Babar Iqbal 2.Mr.Muhammad Hasan Raza 3.Mr.Manzoor Hussain 4.Mr.Talib Hussain 5.Mr.Abdul Ghafoor 6.Mr.Ghulam Fareed 7.Mr.Muhammad Bakhsh 8.Mirza Allah Ditta 9.Rana Muhammad Saleem			1,200	134		1,334	1,200 *	134 *		1,334 *
122	M/s.Pakistan Hockey Federation	Government's nominees			1,433	1,509		2,942	1,433 *	595 *	4,466 *	6,494 *
123	M/s.Hamraz Industries Limited	1.Mr.Abdul Qadir Tawakkal 2.Mr.Rafiq Tawakkal 3.Mr.Sohail Tawakkal 4.Mr.Farooq Tawakkal 5.Mr.Jawaid Tawakkal 6.Mr.Junaid Tawakkal 7.Mr.Ali Hussain Mooney		Mr.Noor Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Abdul Qadir Tawakkal Mr.Husain Ali	1,732	128		1,860	1,732 *		3,270 *	5,002 *

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
124	M/s.Ashraf Ali, 176 - G, Block - 2, P. E. C. H. Society, Karachi.	Mr.Ashraf Ali			600	681		1,281	600 *	529 *	13,340 *	14,469 *
125	M/s.Mian Paper & Board Mills, Fateh Garh Road, Mughalpur, Lahore.	1.Mian Muhammad Jamil 2.Mrs.Asia Jamil 3.Mian Muhammad Mehmood		Mian Allah Ditta W/o.Mian Muhammad Jamil	2,490	1,985		4,475		1,427	2,507	3,934
126	M/s.Crescent Paint Colour & Varnish Works Limited, 10, Baradari Road, Shahdara, Lahore.	1.Mr.S. M. Jamil 2.Mr.S. M. Khalid 3.Mr.S. M. Saeed 4.Mr.S. M. Masood 5.Shaikh Farooq Ahmed 6.Mr.S. K. Habibullah Khan			200	1,182		1,382	200 *	545 *	3,368 *	4,113 *
127	M/s.Sohail Textiles, 21 KM Off Ferozpur Road, Lahore.	Mr.Sohail Hamid Rana	277-51-290591	Rana Hamid Khan	5,004	2,010		7,014		207	3,380	3,587
128	M/s.Pak Aluminum Company, 147 - C, Block II, PECHS, Karachi.	1.Shaikh Ghulam Murtaza 2.Shaikh Ahmed Hasan 3.Mr.Munir Azam Khan		Shaikh M. A. Rahim Shaikh M. A. Rahim Mr.Amir Azam Khan	1,003	229		1,232			2,524	2,524
129	M/s.Banker's Equity Limited	Liquidated			104,353	5,261		109,614			126,996 *	126,996 *
130	M/s.Shaikh Investment, B - 60, Sector 11 - B, North Karachi, Karachi.	Mr.Shaheed Qureshi		Mr.Zaheer A. Qureshi	4,366	2,880		7,246			2,022	2,022
131	M/s.M. Yasin & Company, 2nd Floor, Haji Adam Chamber, Altaf Hussain Road, Karachi.	1.Mr.Muhammad Yasin 2.Mr.Niaz Ahmed 3.Mr.Muhammad Akram 4.Mr.Fayyaz Ahmed		Mr.Badruddin Ch.Rafiq Ahmed Mr.Badruddin Ch.Rafiq Ahmed	1,000	1,627		2,627	1,000 *	389 *	46,852 *	48,241 *
132	M/s.Pak Rock Corporation (Pvt.) Limited, 3 - A - 1/1, Sector - 12, Korangi Industrial Area, Karachi.	1.Mr.Allyshah Allana 2.Mr.Karim P. Allana 3.Mr.Imtiaz Chawalwala 4.Mr.Faizi Jafri 5.Mr.Jami Jafri 6.Mr.Urfi Jafri	514-57-092041 514-60-094555 517-85-300308 42301-4599317-5 517-57-251772 517-58-264234	Mr.Pyar Ali Allana Mr.Pyar Ali Allana Syed Muhammad Jafri Syed Muhammad Jafri Syed Muhammad Jafri	6,583	2,779		9,362	2,233	33	11,775	14,041
133	M/s.K. M. Enterprises, 201, Burhani Chambers, Abdullah Haroon Road,Karachi.	1.Mr.Muhammad Aslam 2.Mrs.Begum Amina Aslam 3.Mr.Nasim A. Rizvi		W/o.Mr.Muhammad Aslam	5,647	727		6,374	5,647 *	727 *	7,411 *	13,785 *
134	M/s.Crease Enterprises(Pvt.) Limited, 2nd Floor,Shad Market, Street # 2, Montgomery Road, Faisalabad.	1.Mr.Ghulam Mustafa Usmani 2.Mr.Ghulam Murtaza Usmani 3.Mr.Abdul Sattar 4.Mr.Sarishta	244-31-326128	Mr.Sher Muhammad Mr.Sher Muhammad Mr.Sher Muhammad Mr.Nathoo	1,057			1,057	1,057 *		3,284 *	4,341 *
135	M/s.Abdul Oriental Carpets (Pvt.) Limited, Fazal Manzil, Beadon Road,Lahore & 36-C/3, Gulberg-III, Lahore.	1.Mr.Abdul Hafeez Mehta 2.Mst.Shahzadi Hafeez 3.Mrs.Begum Afzal Syed		Mr.Abdul Latif Mehta W/o.Mr.Abdul Hafeez Mehta W/o.Mr.Afzal Asghar	2,337	1,259		3,596	2,337 *	970 *	289 *	3,596 *
136	M/s.Saad Carpets (Pvt.) Limited, 4 - Nicolson Road, Lahore.	1.Mr.Sadaqat Saeed Malik 2.Mr.Liaqat Saeed Malik 3.Mr.Rafaqat Saeed Malik 4.Mr.Azhar Habib		Mr.Saeed Malik Mr.Saeed Malik Mr.Saeed Malik Mr.Muhammad Habib	4,380	896		5,276	4,380 *	814 *	16,341 *	21,535 *

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
137	M/s.Zeeshan Corporation, House # A-587, Block - L, North Nazimabad, Karachi.	Mr.Naeemuddin Khan		Mr.Noor Muhammad	1,829	85		1,914			6,754	6,754
138	M/s.Hakim Textile Mills Limited, 90, Qasim Road, Multan Cantt.	1.Mr.Zia-ul-Haq Noon 2.Mrs.Aliya Malik 3.Mrs.Rashida Iqbal 4.Malik Ahmed Khan 5.Mr.Muhammad Abid Khan 6.Mr.Atta Muhammad Noon	270-45-146251	Mr.Atta Muhammad Noon W/o.Mr.Jaffar A. Malik W/o.Mr.M. Iqbal Khan	2,986	4,184		7,170			23,992	23,992
139	M/s.Popular Goods Transport (Pvt.) Limited, 80 - C - I, Gulberg - II, Lahore.	1.Malik Abdul Wahab 2.Malik Shuja-ud-Din(Deceased) 3.Mst.Raiza Begum 4.Mst.Ghazala Wahab(Deceased)	270-52-649778 265-39-226366	Abdur Rahimuddin Malik Falak Khan Noon Malik Shujauddin W/o.Malik Shujauddin	4,005	2,880		6,885		1,342	1,043	2,385
140	M/s.Mehmood Traders, 518, Qamar House, M. A. Jinnah Road, Karachi.	Mr.Mahmood Lakhani		Mr.Wazir Lakhani	1,716	2,092		3,808	1,716 *	199 *	106,404 *	108,319 *
141	M/s.Punjab Cables Limited, 2 - A, Gulberg - III, Lahore.	1.Mr.Raza Hussain 2.Mst.Kausar Perveen 3.Miss Tahmina Zawar 4.Mr.Ameer Haider Shah 5.Mr.Riaz Hussain 6.Mr.Nasar Hussain 7.Mrs.Narjees Begum 8.Miss Rubina Begum			9,968	2,545		12,513	6,135 *	2,545 *	3,833 *	12,513 *
142	M/s.Okara Textile Mills Limited, Depalpur Road, Okara.	1.Mr.Javed A.Zia 2.Mrs.Kausar Javed Zia 3.Mr.Salman Javed Zia 4.Mr.Tariq Mehmood		Mr.Ziauddin(Late) W/o.Mr.Javed A. Zia Ch.Nasarullah	25,544	32,983		58,527	25,544 *	6,815 *	26,168 *	58,527 *
143	M/s.Prometals Limited, 28 KM Lahore - Sheikhpura Road, Lahore.	1.Mr.Gohar Yasin Chaudhry 2.Mr.Khalid Naeem Chaudhry 3.Mr.Shaukat Ali Chaudhry 4.Mr.Moueen Yasin Chaudhry 5.Chaudhry Muhammad Ismail 6.Mrs.Kalsoom Yasin Chaudhry		Mr.Mohammad Yasin Chaudhry Chaudhry Din Mohammad Chaudhry Din Mohammad Mr.Mohammad Yasin Chaudhry Chaudhry Mohammad Ali		1,327		1,327			3,588	3,588
144	M/s.Awami Paints& Varnish Factory, Village & P.O. Kokal, Tehsil & Distt. Abbotabad.	1.Mr.Farooq Ahmed Khan(Deceased) 2.Mst.Shamshad Begum 3.Mst.Nasish Yasmin 4.Mr.Jawed Ahmed	121-85-642588	W/o Mr Farooq Ahmed Khan D/o Mr Farooq Ahmed Khan	811	321		1,132		121	1,270	1,391
145	M/s.Metrocom Services, B - 92, Block - 10, Gulshan - e- Iqbal, Karachi.	Mr.Aamir Rafat Siddiqui	42201-0801468-7		2,927	610		3,537	317	610		927
146	M/s.Wassan Builders & Contractors, 813 - UniPlaza, I. I. Chundrigar Road, Karachi.	1.Mr.Bihari Lal 2.Mr.Thakur Das 3.Mrs.Shehla Kumari	410-55-056343	Mr.Thakur Das	1,715	1,542		3,257	515	614	928	2,057

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
147	M/s.Moon Star Cotton Ginners, Chak # 153, Tehsil:Hasilpur, Distt.:Bahawalpur.	1.Mr.Muhammad Nawaz Tahir 2.Mr.Muhammad Iqbal 3.Mr.Muhammad Saleem 4.Mr.Muhammad Ali 5.Mrs.Fouzia Parveen	326-51-530980 344-94-119150 344-88-119127 344-91-087682 326-52-530981	Mr.Gul Muhammad Mr.Muhammad Ramzan Mr.Muhammad Ramzan Mr.Ali Muhammad W/o.Mr.Muhammad Nawaz Tahir	1,191	227		1,418			872	872
148	M/s.Sardar Rozi Khan, C/o.Amir Jan, Shopkeeper, Sirki Road, Quetta.	Sardar Rozi Khan		Sardar Haji Soorat Khan	300	1,230		1,530	300		3,786	4,086
149	M/s.Bahawalpur Board Mills Limited, Sheikhupura, Punjab.	1.Mr.Khurshid Ahmed 2.Mrs.Tufail Nasreen 3.Mrs.Noor Jehan 4.Mr.Irshad Ahmed 5.Shaikh Muhammad Aslam 6.Mr.Muhammad Amjad 7.Mr.Shahbaz Ahmed			1,824			1,824			7,255	7,255
150	M/s.H. Tex (Pvt.) Limited, Shop # P - 76, Amin Plaza, Muhammad Cloth Market, Rail Bazar, Faisalabad.	1.Mr.Muhammad Saleem Sheikh 2.Mr.Abdul Hafeez Sheikh 3.Mr.Muhammad Imran Sheikh	246-61-131317 246-67-131320 246-71-131322		4,751			4,751	4,751 *		1,874 *	6,625 *
151	M/s.Pak Green Acres (Pvt.) Limited, Sahiwal Road, Okara.	1.Rao Ikram Ali Khan 2.Rao Muhammad Aslam 3.Rao Muhammad Akmal 4.Major Zafar Iqbal 5.Mr.Mukarram Ali Khan		Kanwar Behram Ali Khan Rao M. Illyas Khan Rao M. Afzal Khan Mr.M. Iqbal Khan Rao Kanwar Behram Ali Khan	750	600		1,350	750 *		3,187 *	3,937 *
152	M/s.Zulfjee Ice Factory & Cold Storage, Plot # 109 & 110, Sector 12 - C, North Karachi Industrial Area, Karachi.	Mr.Zulfqar Ali	42301-5201353-3	Mr.Karar Hussain	1,209	594		1,803			1,871	1,871
153	M/s.Zam Zam Distributors, House # A - 1522, Ner Tanga Stand, Old Sukkur	Mr.Nusratullah Khan		Haji Inamullah Khan	750	385		1,135		205	2,824	3,029
154	M/s.Mehran Traders, House # a - 1522, Near Tanga Stand, Old Sukkur.	Mr.Farattullah Khan		Haji Inamullah Khan	601	433		1,034			2,799	2,799
155	M/s.Sukkur Biscuit Factory(Pvt.) Ltd., C - 584/6, Makhdoom Jumani Road, Old Sukkur.	1.Mr.Nusratullah Khan 2.Mr.Rehmatullah Khan 3.Mr.Hasmatullah Khan 4.Mr.Samiullah Khan		Haji Inamullah Khan Haji Inamullah Khan Haji Inamullah Khan Haji Inamullah Khan	3,181	2,283		5,464	1,631	1,709	8,059	11,399
156	M/s.Kahloon Brothers (Pvt.) Limited, 45 - A, New Civil Lines, Faisalabad.	1.Mr.Imran Bashir Kahloon 2.Mst.Shabnam Imran 3.Mr.Rehman Bashir Kahloon 4.Mst.Amtul Ghaffar	246-90-416618 246-66-002335 246-42-602332		3,434	70		3,504	3,434 *		7,105 *	10,539 *
157	M/s.Multimed Marketers, 33 - D, New Muslim Town, Lahore & 12 - B, Wafaqi Colony, Lahore.	1.Mr.Amjad Raza Khan 2.Mrs.Amtul Fatima 3.Mrs.Afshan Muzaffar		Mr.Ghulam Khan W/o.Capt.® Ali Raza Khan W/o.Mr.Amjad Raza Khan	1,040			1,040	1,040 *		276 *	1,316 *

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
158	M/s.Kohinoor Industries (Pvt.) Limited	1.Mr.Muhammad Naseem Saigol 2.Mrs.Sharyar Saigol 3.Mr.Muhammad Azam Saigol 4.Mrs.Amber Saigol 5.Mr.Khalil Malik 6.Mr.Shahid Sethi	270-86-015865 270-90-049024		20,000	896		20,896			2,233	2,233
159	M/s.Konya Industries (Pvt.) Limited	1.Kh. Muhammad Abdul Haq 2.Kh. Khuda Bux 3.Kh. Mazhar Hussain 4.Kh. Mohammad Owais	36302-5476472-5 36302-2875484-5 36302-1955367-7 36302-2970484-5	Kh.Khuda Bux Kh.Manzoor Hussain Kh.Khuda Bux Kh.Khuda Bux	18,402	8,273		26,675	6,428	13,143		19,571
160	M/s.Mian Textile Industries Limited	1.Mian Mohammad Jehangir 2.Mian Waheed Ahmed 3.Mian Khurshid Ahmed 4.Mian Muhammad Nawaz 5.Mian Khurram Jehangir	35202-8650281-1 35202-2777296-7 35202-5249783-5 35202-2987001-1 35202-2887796-1	Ch Din Mohammad Ch Din Mohammad Ch Din Mohammad Ch Din Mohammad Mian Mohammad Jehangir	181,467	61,333		242,800		64,580		64,580
161	Haji Abdul Sattar, Flat # 101, 1st floor, SB - 20, Memon Cottage, Block -2, Gulistan - e - Johar, Karachi.	Haji Abdul Sattar	42201-0719787-1	Mr.Qasim	457	64	31	552	536	123		659
162	Mr.M. Hafeez Bhatti, 13/A, Nadarabad, Baadian Road, Baddian Cantt.	Mr.M. Hafeez Bhatti	35201-8577532-5	Mr.Muhammad Hanif	434	43	15	492	485	122		607
163	Mr.Nasir Sami, FL # 94/3, Pent House, Garden View, Memon Coop. Housing Society, New Town, Karachi.	Mr.Nasir Sami	42201-3202314-1	Mr.Abdul Karim	450	103	80	633	530	103		633
164	Chaudary Muhammad Maqsood, House # 5 - B, Area 22 - C, Qayyabad, Karachi.	Chaudary Muhammad Maqsood	42201-0492489-1	Ch. Abdul Majeed	383	65	51	499	387	141		528
165	Raja Amir Farhan, Peace Travel, Off. # 163/66, Waqar Centre,Canning Road, Saddar, Rawalpindi.	Raja Amir Farhan	37405-1868960-5	Raja Muhammad Latif	359	67	39	465	379	140		519
166	Mr.Muhammad Shahid, Usama Mobiles : Suit # J - 16, Block 'B' , North Nazimabad, Karachi.	Mr.Muhammad Shahid	42101-5015762-3	Mr.Mohammad Rasheed	395	46	31	472	435	121		556
167	Ch. Iftikhar Ali, High Class Travel Services, 66 - G, WAPDA House, Ground Floor, The Mall, Lahore.	Ch. Iftikhar Ali	35202-6451664-5	Mr.Muhammad Rafique	418	52	45	515	471	135		606
168	Mr.Rashid Shabbir, Quantum Enterprises, Office # 3, Block # 35, Chughtai Plaza, Fazal - e - Haq Road, Blue Area, Islamabad.	Mr.Rashid Shabbir	37405-0555345-5	Mr.Muhammad Shabbir	310	95	51	456	344	165		509
169	Mr.Adnan Ahmed, Marwan Marble, Shop # 9, Plot # F - 6, ONYX Centre, Pak Colony, Karachi.	Mr.Adnan Ahmed	42101-1845430-3	Mr.Israr Ahmed	346	84	34	464	388	157		545

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Annexure 'B'

(Rupees in thousand)

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					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
170	Mr.Sarfraz Ali, Pak Inter Trade, Glass Tower, Suit # 7, 2nd Floor, Clifton Road, Clifton, Karachi.	Mr.Sarfraz Ali	42301-0541854-7	Mr.Muhammad Hafeez	494	25	9	528	588	123		711
171	Mr.Kamran Munir, Faizan Enterprises, Shop # 4, Mehdi Plaza, Shamsabad.	Mr.Kamran Munir	37405-0269390-7	Mr.Munir Ahmed	494	12	4	510	593	118		711
172	Mrs.Samia Mazari, Mazari Vreations Basement, 138, Eden Aveneu, Defence Road, Lahore Cantt.	Mrs.Samia Mazari	35201-6914707-4	Sardar Saleem Jan	499	25	8	532	580	80		660
173	Mr.Muhammad Aslam, New Al Hamd Caterers & Party, Shop # 2, Ali Centre, BS-8, Al Noor Society, Samanabad Road, Karachi.	Mr.Muhammad Aslam	42101-1876812-3	Mr.Muhammad Hassan	470	13	2	485	573	86		659
174	Ch. Masood Mahmood, Medicare Plus 104 - B, Ground Floor, Gulberg-B,Faisalabad.	Ch. Masood Mahmood	35201-1258437-5	Mr.Mahmood ul Hassan	498	13	1	512	542	106		648
175	Mr.Azhar Rasheed, A. R. International, P - 171, Purani Lakkar Mandi, Montgomery Bazar,Faisalabad.	Mr.Azhar Rasheed	33100-6531422-7	Mr.Abdul Rasheed	413	55	17	485	567	73		640
176	Mr.Khurram Ajmal, Khurram Food Suppliers, 15 - B, Model Town, Lahore.	Mr.Khurram Ajmal	35202-2745479-9	Mr.Hamid Malik	390	40	12	442	527	106		633
177	Mr.Muhammad Yamin, Yamin Traders,257, Block # 2 C II, College Road, Gondal Chowk Township,Lahore.	Mr.Muhammad Yamin	33301-2125151-9	Mr.Abdul Waheed	435		2	437	504	98		602
178	Mr.Abdul Hafeez, Al - Raqeeb Enterprises, C - S 1, 2nd Floor,Defence View Phase I, Com 1, Korangi Road, Karachi.	Mr.Abdul Hafeez	42301-0998821-7	Haji Muhammad Idrees	414	57	16	487	498	103		601
179	Sheikh Farhan Sajid, Al Bakat Sajid Bhai Garments, Rehman Centre, Rang Mahal, Lahore.	Sheikh Farhan Sajid	35202-2410774-5	Sheikh Abdul Sajid	406	40	13	459	491	99		590
180	Mr.Shahzad Hanif Malik, Pak Royal Developers, Off # 269 - B, St # 53 F 10/4, Islamabad.	Mr.Shahzad Hanif Malik	38401-0185457-5	Mr.M. Sharif	390	36	10	436	470	93		563
181	Mr.Khalid Jamil, Jeans West, Shop # 141, Ali Doulat Square, Block - G, North Nazimabad,Karachi.	Mr.Khalid Jamil	42101-8102348-5	Mr.Jamil ur Rehman	361	11	2	374	437	94		531
182	Mr.Iqbal Ghazi, Sana Textile Corporation, Shop # M - 18 - A, Mezanine Floor, Motiwala Mart, Muljee Street, Karachi.	Mr.Iqbal Ghazi	42301-0951392-9	Mr.Abdul Ghani Ghazi	388	45	8	441	481	43		524
183	Khawaja Khurram, Yasin Sons, D - 55/B, Haroonabad, SITE Area,Karachi.	Khawaja Khurram	35202-2671437-3	Mr.Muhammad Yameen	361	18	11	390	425	89		514

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(Rupees in thousand)

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					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
184	Mr.M. Ali Rana, Alif Sani Traders, Basement Rehmat Market, 10, Montgomery Road, Lahore.	Mr.M. Ali Rana	35202-1226676-3	Rana Karam Din	361	6	9	376	427	85		512
185	Mr.Ahmed Umar Qureshi, Big Foods, Shop # 4, Ali Apartments, Block 7, F. B.Area, Karachi.	Mr.Ahmed Umar Qureshi	42101-1894241-5	Mr.Muhammad Yamin	354	75	25	454	453	50		503
186	Mr.Niamat Ali, House # 233, Block # J-2, Johar Town, Lahore.	Mr.Niamat Ali	35201-6361946-9	Mr.Muhammad Ismail	445	60	10	515	534	91		625
187	Mr.Abdul Jabbar, House # 9/3, Block 4-G, Nazimabad # 4, Karachi.	Mr.Abdul Jabbar	42101-6062319-9	Mr.Muhammad Younus	476	24	7	507	517	77		594
188	Mr.Tariq Noorani, 105, Block A, People's Colony # 1, Fasialabad.	Mr.Tariq Noorani	33100-7425096-1	Mian Sardar Ali	271	52	2	325	497	91		588
189	Mr.Sabir Dawood, House # E-10, Block -B, Gulistan-e-Zafar, SMHS, Karachi.	Mr.Sabir Dawood	42201-7489386-7	Mr.Ahmed Dawood	403	21	19	443	512	39		551
190	M/s.Eurogulf Enterprises, P. O. Box # 974, Dubai(UAE)	Mr.Abdul Khaliq Chagla	N/A		342,176	1,083,165		1,425,341	342,176		5,000,375	5,342,551
191	M/s.Solo Industries Limited(SIL), P. O. Box # 6187, Sharjah(UAE)	1.Mr.Madhav Bhagubhai Patel 2.Mr.Mahmoud Al Noubi Hassan	N/A		277,125	4,119		281,244	277,125	2,734	141,449	421,308
192	M/s.Zeeba Metal Company LLC, P. O. Box # 6388, Sharjah(UAE)	1.Mr.Abdul Wahid Mohammad A. Abdul Wahid 2.Mr.Madhav Bhagubhai Patel	N/A		12,261			12,261	12,261		9,404	21,665
193	M/s.Fathaullah Trading Establishment, P. O. Box # 5364, Dubai(UAE)	1.Mr.Yousuf Abdullah Fatehullah Ali 2.Mr.Rajesh Rajwani	N/A		31,997	596		32,593	31,997		25,027	57,024
194	M/s.Middle East Exchange & Trade Company, P. O. Box # 610, Dubai(UAE)	1.Mr.Hamdan Habib Sajwani 2.Mr.Hussain Hamdan Sajwani	N/A			15,196		15,196		15,196	37,735	52,931
195	M/s.Huma Foodstuff & Huma International Company, P. O. Box # 643, Sharjah(UAE).	Mr.Muhammad Tayyeb Khan	N/A		10,214	8,258		18,472	10,214		8,258	18,472
196	M/s.Humaid Zaid Saif, P. O. Box # 23, Umm-Al-Quwain(UAE)	Mr.Humaid Zaid Saif	N/A			5,874		5,874		3,773	15,203	18,976
197	M/s.Qalhat Trading Establishment, P. O. Box # 4467, Abu Dhabi(UAE)	Mr.Ali Hamoud Rashed Al Sheaibi	N/A		2,656	1,461		4,117	2,656	1,461	8,646	12,763
198	M/s.Al Hedaya General Contracting & Maintenance Establishment, P. O. Box # 44717, Abu Dhabi(UAE)	Mr.Abdul Hakim Al Suwaidi	N/A		8,174	3,454		11,628	2,540		7,713	10,253
199	M/s.Khurshid Textile, P. O. Box # 4522, Abu Dhabi(UAE)	Mr.Noor Jalil	N/A	Mr.Abdul Jalil	6,020	116		6,136	3,118	116	7,255	10,489
200	M/s.Iqbal Ahmed Al Zarwani Trading, P. O. Box # 14659, Deira Dubai(UAE)	Mr.Iqbal Ahmed Zarwani	N/A		2,807	1,630		4,437	307		2,260	2,567
201	M/s.Juma Habash Trading LLC, P. O. Box # 19498, Dubai(UAE)	1.Mr.Juma Redha Habash 2.Mr.Saeed Umar	N/A 244-51-093920	N/A Mr.Muhammad Talib	21,186	747		21,933	21,186		20,048	41,234

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					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
202	M/s.Abdullah Al Mazroui Travels & Tourism, P. O. Box # 27412, Abu Dhabi(UAE)	Mr.Abdullah Hamad Nasar Hamad Al Mazroui	N/A		1,438	230		1,668			1,249	1,249
203	M/s.Direction General Trading, P. O. Box # 3499, Ajman(UAE)	1.Mr.Noor Hussain Abdul Qasim	N/A		1,140	108		1,248	1,140	56	1,100	2,296
204	M/s.Al Hamra Traders, P. O. Box # 556, Abu Dhabi(UAE)	Mrs.Noorjahan Abdus Salam	N/A		4,898			4,898	4,898		14,876	19,774
205	M/s.Shah's Wearhouse, P. O. Box # 7072, Sharjah(UAE)	1.Mr.Thani Obaid Thani Ali Al Shamsi	N/A		21,207	4,940		26,147	21,207	2,350	47,158	70,715
206	M/s.Bulbul Trading Establishment, P. O. Box # 5122, Dubai(UAE)	2.Mr.Shahid Latif Mr.Mohammad Murad Ibrahim	509-52-066077 N/A	Mr.Abdul Rehman Latif	57,919	5,595		63,514	57,919	2,978	163,399	224,296
207	M/s.Fashion World Garment Industires, P. O. Box # 3025, Ajman(UAE)	1.Mr.Khalifa Mohammad Khalifa 2.Mr.Mohammad Abdul Haleem Ghouri 3.Mr.Mohammad Abdul Aleem Ghouri 4.Mr.Mohammad Abdul Karim Ghouri	N/A		52,122	13,678		65,800	52,122		71,012	123,134
208	M/s.Five Star Foodstuff Establishment, P. O. Box # 5864, Sharjah(UAE)	1.Mr.Mohammad Ibrahim Mohammad	N/A	1.N/A 2.Mr.Bachan Singh	20,107	7,973		28,080	20,107	2,588	30,095	52,790
209	M/s.Modern Technical Company, P. O. Box # 4205, Abu Dhabi(UAE)	Mr.Mallallah Noor Mohammad Khoory	N/A			760		760		760		760
210	M/s.Gaylan Meat & Food Company, P. O. Box # 7450, Dubai (UAE)	1.Mr.Ismail Mohammad Mussabbeh Ahmed 2.Mr.Fahim Bari	N/A	N/A Mr.Saeedul Bari	18,483	4,719		23,202	18,483	4,719	40,850	64,052
211	M/s.Ali Abdul Wahab Trading Establishment, P. O. Box # 3265, Dubai (UAE)	1.Mr.Ali Abdul Wahab Salam 2.Mr.Asim Qadri	N/A	Syed Nasir Hussain Qadri	3,966	24		3,990	3,966		5,580	9,546
212	M/s.Ismail Ibrahim Trading Establishment, P. O. Box # 25234, Abu Dhabi(UAE)	1.Mr.Ali Hemoud Rashed Al Sheaibi 2.Mr.Mohammad Ismail	N/A	N/A Mr.Muhammad Idris	11,544	652		12,196	11,544	652	24,635	36,831
213	M/s.Valentino Rossetti Moustache Establishment, P. O. Box # 4879, Abu Dhabi(UAE)	Mr.Hussain Ali Sulaiman	N/A		3,701	1,626		5,327	3,701		6,101	9,802
214	M/s.Al Tayyab General Trading Company L.L.C., P. O. Box # 2310, Ajman(UAE)	1.Mr.Mohammad Tayyab Aqeel Abdul 2.Mr.Mohammad Aslam Malik	N/A 272-35-271183	N/A Mr.Fateh Muhammad Malik	6,975	8,609		15,584	6,975		16,089	23,064
215	M/s.Star International Co. LLC, P. O. Box # 1017, Sharjah (UAE)	1.Shaikh Mohd Bin Ali Al Nuaimi 2.Mr.Mirza Shabbir Baig	N/A	N/A Mr.Aziz Baig	9,982	2,866		12,848	9,982	1,171	10,210	21,363
216	M/s.Al Marif Towels, P. O. Box # 22925, Sharjah(UAE)	1.Mr.Mohammad Hassan Abdullah Al Mulla 2.Mr.Mohammad Samadullah Sharif Mohd.	N/A 516-02-132469	N/A Mr.Muhammad Mustafa Sharif	829	461		1,290	829	341	916	2,086
217	M/s.Lintas Trading Establishment, P. O. Box # 19794, Sharjah(UAE)	1.Mr.Mohammad Ahmed Abdulla 2.Mr.Wajid Rasheed	N/A 502-39-546871	N/A Mr.Abdul Rashid Jafri	11,682	3,520		15,202	11,682	3,520	17,836	33,038
218	M/s.Middle East Packaging Limited, P. O. Box # 16861, Duabi(UAE)	1.Mr.Soumitra Avinash Wardekar 2.Mr.Haresh Parbhakar Joshi	N/A	N/A Mr.Prabhakar Sitaram Joshi	5,827	6,038		11,865	5,827	5,068	8,473	19,368
219	M/s.Kabul Gulf General Trading LLC, P. O. Box # 12481, Dubai(UAE)	1.Mr.Rashid Mubarak Medawi Al Dosari 2.Mr.Mohan Lal Kapoor 3.Mr.Parvesh Kumar Kakkar	N/A	N/A Mr.Jagganat Kapoor Mr.Hari Ram	27,355	2,612		29,967	27,355		21,292	48,647
220	M/s.International Textile Co. LLC, P. O. Box # 1739, Ajman(UAE)	1.Mr.Mohammad Saeed Bin Humaid Al-Nouimi 2.Mr.Kamal Kishore Chadda	N/A		18,607	5,886		24,493	18,607	2,960	11,703	33,270

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
221	M/s.Marroof Trading Company LLC, P. O. Box # 60071, Dubai(UAE)	1.Mr.Mohammad Abdullah Abdul Rahim Ahmed 2.Mr.Mohammad Afzal Uddin	N/A		8,044	134		8,178	8,044		6,757	14,801
222	M/s.Sana Auto Spare Parts, P. O. Box # 4226, Sharjah(UAE)	Mr.Misbah Salim Mohammed Masood	N/A		18,989	9,382		28,371	18,989	2,588	30,905	52,482
223	M/s.Al Firdous Garments Company, P. O. Box # 2151, Ajman(UAE)	Mr.Abdul Latif Nana Dawe	N/A	Mr.Nana Ahmed Dawe	39,412	1,076		40,488	39,412		31,518	70,930
224	M/s.Steelex Steel Mould Company, P. O. Box # 1079,Umal Quwain(UAE)	1.Mr.Mubarak Bilaswad Mubarak 2.Mr.Tariq Mehmood Rafique	N/A 267-88-247436	N/A Mr.Mohammad Rafiq	16,935	940		17,875	16,935	940	23,059	40,934
225	M/s.Ruksha Trading Establishment, P. O. Box # 23440, Duabi(UAE)	Mr.Ismail Mohammad Mussabah Ahmed	N/A		8,286	2,053		10,339	8,286		14,872	23,158
226	M/s.Al Andolus Car Auto Accessories, P. O. Box # 5348, Abu Dhabi(UAE)	1.Mr.Nabil Ismail Sulaiman Al Jarjavi 2.Mr.Sameer Yousuf Mustafa Abu Haseera	N/A		392	251		643	392	251	959	1,602
227	M/s.Al Rakha Tents & Tarpaulins, P. O. Box # 5474, Abdu Dhabi(UAE)	1.Mr.Ali Syed Al Mansoori 2.Mr.Rana Sajjad Allah Rakha	N/A	N/A Mr.Allah Rakha	353	907		1,260	353		1,395	1,748
228	M/s.Deira Plastic Trade Establishment & Factory, P. O. Box # 4454, Dubai(UAE)	Mr.Saleh Bin Salim Bin Khatim	N/A		1,200	32		1,232	1,200	32	1,811	3,043
229	M/s.Al Dhaheri Textile Trading, P. O. Box # 760, Al-Ain(UAE)	Mr.Hamza Masood Sulaiman Al Dhaheri	N/A		9,581	3,429		13,010	9,581	3,429	15,027	28,037
230	M/s.Lamos International Estab., P. O. Box # 933, Dubai(UAE)	Mr.Hassan Mekki Hassan Mohammad	N/A		10,294	2,124		12,418	6,148	1,725	12,545	20,418
231	M/s.Popular Trading Establishment, P. O. Box # 5379, Dubai(UAE)	1.Mr.Ibrahim Mohammad Saeed 2.Mr.Abdul Sami Paracha	N/A		10,139			10,139	10,139		26,159	36,298
232	M/s.Asian Star Trading Estab., P. O. Box # 5379, Dubai(UAE)	Mr.Abdul Sami Paracha	N/A		11,403	5,571		16,974	11,403		50,384	61,787
233	M/s.Marble & Granite Factory, P. O. Box # 10851, Dubai(UAE)	Mr.Hanna Boutros Daoud	N/A		1,182	581		1,763	1,182		3,454	4,636
234	M/s.Al Asalah Goldsmith Workshop, P. O. Box # 22925, Sharjah(UAE)	1.Mr.Saeed Rashid Saif Al Siaah 2.Mr.Mohammad Saleem	N/A 322-65-432596	N/A Mr.Imam Bux	1,324	170		1,494	1,324		1,444	2,768
235	M/s.Yousuf Ahmed Sharif, P.O.Box # 684,Ras Al Khaimah(UAE)	Mr.Yousuf Ahmed Sharif	N/A		27,994	1,136		29,130	27,994		1,136	29,130
236	M/s.Kwality Perfumes Factory, P. O. Box # 5864, Sharjah(UAE)	1.Mr.Mohammad Ibrahim Zarooni 2.Mr.Kulbir Sing Vig.	N/A	N/A Mr.Bachan Singh	54,201	19,008		73,209	54,201	5,065	90,377	149,643
237	M/s.Sarwar Khan Mohammad Shah Traders, P. O. Box # 1401, Dubai(UAE)	Mr.Sarwar Khan Mohammad Shah	N/A		1,958	793		2,751			3,265	3,265
238	M/s.Golden Needle Enterprises LLC, P. O. Box # 1138, Ajman (UAE)	1.Mr.Ahmed Misbah Khalfan 2.Mr.Khurshid Khan	N/A	N/A Mr.Mukhtar Ahmed Khan	17,637	7,631		25,268	17,637	5,284	19,539	42,460
239	M/s.Three Star Textiles and Garments Industry, P.O.Box # 1767,Ras Al Khaimah(UAE)	Mr.Israr Zafar	N/A	Mr.Muzaffar Hussain	15,784	13,486		29,270	15,784		27,243	43,027
240	M/s.Unique Textiles and Garment Industry, P.O.Box # 1125, Fujairah(UAE)	Mr.Israr Zafar	N/A	Mr.Muzaffar Hussain	58,621	43,364		101,985	58,621	590	93,814	153,025
241	M/s.Euro Wear, P. O. Box # 50812,Dubai(UAE)	1.Mr.Ahmed Juma Hussain 2.Mr. N. A. Malik	N/A		5,543	535		6,078	5,543	535	10,690	16,768
242	M/s.Highway General Trading Co. LLC, P. O. Box # 56250, Dubai(UAE)	1.Mr.Abdul Majeed Ahmed Bolooki 2.Mr.Mehmood Trunkwala 3.Mr.Shakeel Ahmed 4.Mr.Shahzab Mahmood	N/A	N/A Haji Abdul Rahim Haji Abdul Rahim Mr.Mehmood Trunkwala	13,033	9,122		22,155	13,033	197	21,057	34,287

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
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FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
243	M/s.Al-Ain National Juice & Refreshment Company, P. O. Box # 15937, Al-Ain(UAE)	1.Sheikh Suroor Bin Sultan Al-Dhahery 2.Mr.Abdul Jabbar Al-Sayegh 3.Mr.Juma Khalifan Al-Hamly 4.Mr.Nasir Dain Al-Shamsy	N/A		4,101	9,326		13,427	4,101		12,146	16,247
244	M/s.Kamal Traders, P. O. Box # 6991, Abu Dhabi(UAE)	1.Mr.Manjnani Mohadev Kishanchand 2.Mr.Manjnani Kishan Tahliram 3.Mr.Mohammed Amanullah Hussain Khoory	N/A		664	1,360		2,024	664	1,360	3,345	5,369
245	M/s.United Textile & Towel Industry, P. O. Box # 40355, Sharjah(UAE)	1.Mr.Farrukh Riaz 2.Sheikh Humaid Abdul Aziz Al Qasimi	N/A	Mr.Riaz Yousuf N/A	65,779	4,854		70,633	65,779		108,962	174,741
246	M/s.Muhammad Murad Ebrahim, P. O. Box # 284, Manama, Bahrain	Mr.Muhammad Murad Ebrahim	N/A		234,191	7,150		241,341	234,191		513,963	748,154
247	M/s.Al Jamea & Al Qaisi Trading Est., P. O. Box # 284, Manama, Bahrain	1.Mr.Ali Mubarak Al Qaisi 2.Mr.Mohammad Abdulla Al Jamea	N/A		139,087	2,837		141,924	139,087		323,578	462,665
248	M/s.SNS Textiles WLL, P. O. Box # 38606, Bahrain	1.Syed Nasim Ahmed Rehmani 2.Syed Ahmed Rehmani 3.Mr.Masood Sikander Razzak	N/A		25,999	5,195		31,194	25,999		16,893	42,892
249	M/s.A. A. Zayani & Sons, P. O. Box # 32, Manama, Bahrain	1.Mr.Rashid A. R. Zayani 2.Mr.Ahmed A. R. Zayani 3.Mr.Jassim A. R. Zayani	N/A		4,264			4,264	4,264		3,944	8,208
250	M/s.Jalal M. Yousuf Halwachi, P. O. Box # 22075, Manama, Bahrain	Mr.Jalal M. Yousuf Halwachi	N/A		3,662	251		3,913	3,662		8,861	12,523
251	M/s.Adliya Cold Storage, P. O. Box # 5393, Manama, Bahrain	Mr.Essa Abdulla Al Sabt	N/A		2,375	670		3,045	2,375		3,791	6,166
252	Mr.Jaffer Ali Muhammad Eid, P. O. # 1066, Manama,Bahrain	Mr.Jaffer Ali Muhammad Eid	N/A		769	132		901	769		1,286	2,055
253	M/s.Falcon Knitwear Factory WLL, P. O. Box # 32298, Bahrain	1.Mr.Ishaq Ahmed Razzak Al-Kooheji 2.Mr.Muhammad Munir Ahmed 3.Mr.Arif Munir	N/A		31,259	4,086		35,345	31,259		35,307	66,566
254	Mr.Mohammad Sadiq Ismail Payan, P. O. Box # 677, Manama, Bahrain	Mr.Mohammad Sadiq Ismail Payan	N/A		2,508			2,508	2,508		7,757	10,265
255	M/s.Smart Studios, P. O. Box # 634, Bahrain	Mr.Mohd. Rashid Jehangir	N/A		763	42		805	763		957	1,720
256	M/s.City Trading & Contracting Establishment, Doha - Qatar	1.Sheikh Abdul Rehman Bin Nasir Bin Jassim Al - Thani 2.Sheikh Saud Bin Nasir Bin Jassim Al - Thani 3.Mr.Sarfraz Rizvi 4.Mr.Qaim Raza Kazmi	N/A		68,362	59,947		128,309			44,655	44,655
257	M/s.Al Nasr Trading Organization, P. O. Box # 28, Doha - Qatar.	1.Mr.Sultan Saif Al Essa(Late) 2.Mr.Mohammad Sultan Saif Al Essa	N/A		111,249	139,449		250,698	111,249		139,449	250,698
258	Mr.Markaz Al - Akarat, Sana'a (Yemen)	Mr.Markaz Al - Akarat	N/A		301	897		1,198	301	382	515	1,198
259	Mr.Percy Stephen, Sana'a (Yemen)	Mr.Percy Stephen	N/A		975	51		1,026	975		51	1,026
260	Mr.Muhammad Shehzad, P. O. Box # 1123, Duabi(UAE)	Mr.Muhammad Shehzad	KB - 104984		408	15		423	408	15	98	521
261	Mr.Moosa Mohammad	Mr.Moosa Mohammad	A - 4312304		491	30		521	491	30	26	547
262	Mr.Sun Bahadur Ranabhat	Mr.Sun Bahadur Ranabhat	1537295		592	46		638	592	46	39	677

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
263	Mr.Khalifa Ahmed Abdullah Sultan, P. O. Box # 155532, Abu Dhabi(UAE)	Mr.Khalifa Ahmed Abdullah Sultan	A - 0559985		329	35		364	329	35	248	612
264	Mr.Muhammad Khalid Ahmed Freij, P. O. Box # 55117, Dubai(UAE)	Mr.Muhammad Khalid Ahmed Freij			672	14		686	672	14	604	1,290
265	Mr.Hamraz Muhammad, P. O. Box # 1123, Dubai(UAE)	Mr.Hamraz Muhammad	H - 624281		816	34		850	816	34	164	1,014
266	Mr.Ramesh Gurung, P. O. Box # 52673, Abu Dhabi(UAE)	Mr.Ramesh Gurung	2465160		658	24		682	658	24	18	700
267	Mr.Abdul Jabbar, P. O. Box # 1001, Al Ain(UAE)	Mr.Abdul Jabbar	H - 331456		739	86		825	739	86	78	903
268	Mr.Adil Al Amin	Mr.Adil Al Amin			1,005	206		1,211	1,005	206		1,211
269	Mr.Usman Ali Haji	Mr.Usman Ali Haji			887	209		1,096	887	209		1,096
270	Mr.Ali Ahmed Ali	Mr.Ali Ahmed Ali			375	565		940	375	565		940
271	Mr.Ahmed Mohammd Sulaima	Mr.Ahmed Mohammd Sulaima			1,305	63		1,368	1,305		2,116	3,421
272	Mr.Bayat Khalifan Al - Mazrooi	Mr.Bayat Khalifan Al - Mazrooi			917			917			779	1,696
273	Mr.Hermogenese V. Pinda	Mr.Hermogenese V. Pinda			343	249		592	343	249	414	1,006
274	Mrs.Aysha Andhi	Mrs.Aysha Andhi			49	325		374	49	325	505	879
275	Mr.Javed Kalim	Mr.Javed Kalim			902	204		1,106	902	204	902	2,008
276	Mr.Imad Mohammad Yousaf	Mr.Imad Mohammad Yousaf			1,041			1,041	1,041		1,326	2,367
277	Mr.Muhammad Usman Fahiyeh	Mr.Muhammad Usman Fahiyeh			1,628	65		1,693	1,628		1,391	3,019
278	Mr.Abdoo Ali Abdullah	Mr.Abdoo Ali Abdullah			1,710			1,710	1,710		2,566	4,276
279	Mr.Mana Ahmed Zain	Mr.Mana Ahmed Zain			1,302			1,302	1,302		1,822	3,124
280	Mr.Muhammad Ismail Farah	Mr.Muhammad Ismail Farah			1,246	56		1,302	1,246		2,009	3,255
281	Mr.P. Jeevan	Mr.P. Jeevan			599	24		623	599		897	1,496
282	Mr.Abdul Hakeem	Mr.Abdul Hakeem			1,771	71		1,842	1,771		2,834	4,605
283	Mrs.Anisa Awail Harsi	Mrs.Anisa Awail Harsi			1,097	44		1,141	1,097		1,641	2,738
284	Mr.Ibrahim Mohammad Yousuf	Mr.Ibrahim Mohammad Yousuf			427	102		529	427	82	612	1,121
285	Mr.Muhammad Sulaiman Farah	Mr.Muhammad Sulaiman Farah			1,136	241		1,377	1,136	188	2,311	3,635
286	Mr.Hassan Ali Musa	Mr.Hassan Ali Musa			1,190	47		1,237	1,190		3,200	4,390
287	Mr.P. K. Akbar Ali	Mr.P. K. Akbar Ali			1,429	20		1,449	1,429		2,048	3,477
288	Mr.V. Mayan Moosa	Mr.V. Mayan Moosa			821	44		865	821		1,255	2,076
289	Mr.Muhammad Haji Ibrahim	Mr.Muhammad Haji Ibrahim			1,160	68		1,228	1,160		1,788	2,948
290	Mr.Aden Taher Baree	Mr.Aden Taher Baree			801	346		1,147	801	346	1,974	3,121
291	Mr.Abdullah Diyab	Mr.Abdullah Diyab			112	432		544	112	432	734	1,278
292	Mr.Mehmood Suleman Yousaf	Mr.Mehmood Suleman Yousaf			592	149		741	592	149	1,001	1,742
293	Mr.Zahid Khurshid Butt	Mr.Zahid Khurshid Butt			582	107		689	582	107	964	1,653
294	Mr.Mohammad Juma	Mr.Mohammad Juma			445			445	445		534	979
295	Mr.Jama Ismail Mohammad	Mr.Jama Ismail Mohammad			1,805			1,805	1,805		2,346	4,151
296	Mr.Hassan Ahmed Fazal	Mr.Hassan Ahmed Fazal			663	128		791	663	128	1,188	1,979
297	Mr.Jama Mohammad Wais	Mr.Jama Mohammad Wais			1,319			1,319	1,319		2,045	3,364
298	Mr.Gharib Ibrahim	Mr.Gharib Ibrahim			392			392	392		353	745
299	Mr.Tariq Ghulam	Mr.Tariq Ghulam			830			830	830		748	1,578
300	Mr.Abdul Rehman Ali Usman	Mr.Abdul Rehman Ali Usman			1,151			1,151	1,151		1,612	2,763
301	Mr.Abdul Ahmed Mohammad Hashi	Mr.Abdul Ahmed Mohammad Hashi			547	803		1,350	547	803	1,755	3,105
302	Mr.Rashid Sultan Saif Sultan	Mr.Rashid Sultan Saif Sultan			1,369			1,369	1,369		2,054	3,423
303	Mr.Rehman Khan	Mr.Rehman Khan			176	184		360	176	125	472	773
304	Mr.Khalid Aziz	Mr.Khalid Aziz			364	631		995	364	527	950	1,841
305	Mr.Ghazi Abdullah Nasir	Mr.Ghazi Abdullah Nasir			256	1,092		1,348	256	1,092	1,146	2,494
306	Mr.Abdul Hameed Mohammad	Mr.Abdul Hameed Mohammad			489	404		893	489	404	1,072	1,965
307	Mr.Abdullah Khamis H.A. Al-Muhairb	Mr.Abdullah Khamis H.A. Al-Muhairb			826			826	826		1,073	1,899
308	Mr.Iftikhar Ali Khan	Mr.Iftikhar Ali Khan			132	404		536	132	337	523	992
309	Mr.Barkat Hussein	Mr.Barkat Hussein			238	323		561	238	260	540	1,038

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Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
310	Mr.Abdulla Ismail Diria	Mr.Abdulla Ismail Diria			232	317		549	232	255	529	1,016
311	Mr.Mohammad Hassan	Mr.Mohammad Hassan			448	128		576	448	128	791	1,367
312	Mr.Mohammad Mibah Hussain	Mr.Mohammad Mibah Hussain			1,003			1,003	1,003		1,455	2,458
313	Mr.Gul Marjan	Mr.Gul Marjan			295	119		414	295	101	370	766
314	Mr.Saad Ilyas Jamoua	Mr.Saad Ilyas Jamoua			445	136		581	445		834	1,279
315	Mr.Ibrahim Yousuf Ibrahim	Mr.Ibrahim Yousuf Ibrahim			75	213		288	75	177	281	533
316	Mr.M. Abbas Ismail Khoory	Mr.M. Abbas Ismail Khoory			155	594		749	155	499	732	1,386
317	Mr.Kamal Esmail	Mr.Kamal Esmail			377	233		610	377	233	823	1,433
318	Mr.Annamooto David Sathianatha	Mr.Annamooto David Sathianatha			142	1,425		1,567	142	606	2,544	3,292
319	Mr.Lal Bux Mohammad Usman	Mr.Lal Bux Mohammad Usman			614	358		972	614	358	1,335	2,307
320	Mr.Basheer Ahmed Yousuf	Mr.Basheer Ahmed Yousuf			689	431		1,120	689	431	1,541	2,661
321	Syed Zafar Abbas	Syed Zafar Abbas				442		442		442	620	1,062
322	Mr.Imam Hossain	Mr.Imam Hossain	QO-524653		519	35		554	519	35	62	616
323	Mr.Mohammad Abdul Rasheed Muthu Mo, P. O. Box # 17713, Dubai(UAE)	Mr.Mohammad Abdul Rasheed Muthu Mo	AO-407160		746	17		763	746	17	86	849
324	Mr.Kalady Abdulrahiman, P. O. Box # 219, Abu Dhabi(UAE)	Mr.Kalady Abdulrahiman	E-7909339		444	51		495	444	51	56	551
325	Mr.Nawazish Ali Shah, P. O. Box # 219, Abu Dhabi(UAE)	Mr.Nawazish Ali Shah	KE-812640		1,096	79		1,175	1,096	79	132	1,307
326	Mr.Sajid Mehmood, P. O. Box # 263, Abu Dhabi(UAE)	Mr.Sajid Mehmood	KC-258471		872	46		918	872	46	103	1,021
327	Mr.Mohammad Moosa Al-Dalahi, P. O. Box # 303, Abu Dhabi(UAE)	Mr.Mohammad Moosa Al-Dalahi			2,680			2,680	2,680		3,752	6,432
328	Mr.Abdul Kader Saleh Ahmed, P. O. Box # 303, Abu Dhabi(UAE)	Mr.Abdul Kader Saleh Ahmed			2,194			2,194	2,194		3,071	5,265
329	Mr.Abdul Salam Hashim, P. O. Box # 838, Abu Dhabi(UAE)	Mr.Abdul Salam Hashim	KD-207880		572	27		599	572	27	67	666
330	Mr.Ghulam Muhammad Memon, P. O. Box # 1038,Dubai(UAE)	Mr.Ghulam Muhammad Memon	F-920369		381	49		430	381	49	376	806
331	Mr.Muhammad Aziz-ur Rehman, P. O. Box # 159, Dubai(UAE)	Mr.Muhammad Aziz-ur Rehman	K-112443		387	61		448	387	61	78	526
332	Mr.Juma Saeed Fael	Mr.Juma Saeed Fael			2,614			2,614	2,614		2,965	5,579
333	Mr.Ibrahim Mahmood Saeed	Mr.Ibrahim Mahmood Saeed			2,225			2,225	2,225		2,774	4,999
334	Mr.Ebrahim Kutty Sulaiman	Mr.Ebrahim Kutty Sulaiman	B-245203		178	353		531	178	72	304	554
335	Mr.Wickramasiri Kombuge, P. O. Box # 3014, Dubai(UAE)	Mr.Wickramasiri Kombuge	M-1724210		846	16		862	846	16	161	1,023
336	Mr.Nasar Haji Ibrahim, P. O. Box # 1001, Al Ain(UAE)	Mr.Nasar Haji Ibrahim	KE-608781		817	127		944	817	127		944
337	Mr.Tahir Mehmood, P. O. Box # 67, Dubai(UAE)	Mr.Tahir Mehmood	J-812440		438	18		456	438	18	80	536
338	Mr.Abdul Ghani, P. O. Box # 71134, Abu Dhabi(UAE)	Mr.Abdul Ghani	J-852261		624	54		678	624	54	25	703
339	Mr.Ashraf Khassim, P. O. Box # 263, Abu Dhabi(UAE)	Mr.Ashraf Khassim	KB-882481		1,581	134		1,715	1,581	134	64	1,779
340	Mr.Riyaz Khan Sulthan Khan, P. O. Box # 253, Abu Dhabi(UAE)	Mr.Riyaz Khan Sulthan Khan	A-9572918		526	57		583	526	57	66	649
341	Mr.Lal Prasad Gurung, P. O. Box # 71084, Abu Dhabi(UAE)	Mr.Lal Prasad Gurung	2142200		562	57		619	562	57	70	689
342	Mr.Resham Bahadur Pun Magar, P. O. Box # 253, Abu Dhabi(UAE)	Mr.Resham Bahadur Pun Magar	1242734		714	94		808	714	94	33	841
343	Mr.Mohammad Riazuddin, P. O. Box # 4069, Abu Dhabi(UAE)	Mr.Mohammad Riazuddin	Z-1067257		619	3		622	619	3	70	692

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
344	Mian Ghafoor Shah, P. O. Box # 50002, Abu Dhabi(UAE)	Mian Ghafoor Shah	KB-377061		629	110		739	629	110	28	767
345	Mr.Kafait Hussain Shah, P. O. Box # 45885, Abu Dhabi(UAE)	Mr.Kafait Hussain Shah	KP-040308		512	7		519	512	7	58	577
346	Mr.Soji Thomas, P. O. Box # 24842, Dubai(UAE)	Mr.Soji Thomas	A-7885280		683	27		710	683	27	35	745
347	Mr.Abdul Azad, P. O. Box # 18626, Al Ain(UAE)	Mr.Abdul Azad	V-0549208		518	59		577	518	59	7	584
348	Mr.Azeez Poothakandy, P. O. Box # 17444, Al Ain(UAE)	Mr.Azeez Poothakandy	F-3861142		616	38		654	616	38	33	687
349	Mr.Abdul Ghaffar Khan, P. O. Box # 15778, Al Ain(UAE)	Mr.Abdul Ghaffar Khan	KB-566185		550	56		606	550	56	8	614
350	Mr.Imran Talib, P. O. Box # 846, Abu Dhabi(UAE)	Mr.Imran Talib	K-777777		756	81		837	756	81	10	847
351	Mr.Amber Bahadur Ale Magar, P. O. Box # 41179, Abu Dhabi(UAE)	Mr.Amber Bahadur Ale Magar	1338775		586	76		662	586	76	8	670
352	Mr.Dharma Bahadur Kunwar, P. O. Box # 253, Abu Dhabi(UAE)	Mr.Dharma Bahadur Kunwar	1878320		702	94		796	702	94	10	806
353	Mr.Mohammad Akkara Veettil, P. O. Box # 253, Abu Dhabi(UAE)	Mr.Mohammad Akkara Veettil	U-780502		688	82		770	688	82	9	779
354	Mr.Cholamugath Mohammad Ali, P. O. Box # 50604, Abu Dhabi(UAE)	Mr.Cholamugath Mohammad Ali	A-3181760		616	140		756	616	140	94	850
355	Mr.Manzoor Ahmed, P. O. Box # 263, Abu Dhabi(UAE)	Mr.Manzoor Ahmed	KC-328775		1,001	147		1,148	1,001	147	14	1,162
356	Mr.Mohammed Kassim Hizuddin, P. O. Box # 263, Abu Dhabi(UAE)	Mr.Mohammed Kassim Hizuddin	E-7541051		561	120		681	561	120	9	690
357	Mr.Kinatttinga Parambil Ayamutty, P. O. Box # 253, Abu Dhabi(UAE)	Mr.Kinatttinga Parambil Ayamutty	A-4499395		793	42		835	793	42	41	876
358	Mr.Hari Krishna Shrestha Lacoul, P. O. Box # 25675, Abu Dhabi(UAE)	Mr.Hari Krishna Shrestha Lacoul	2530671		725	90		815	725	90	102	917
359	Mr.Fasiuddin Ahmed, P. O. Box # 46622, Abu Dhabi(UAE)	Mr.Fasiuddin Ahmed	A-8369124		576	86		662	576	86	83	745
360	Mr.Sanjaya Shah, P. O. Box # 253, Abu Dhabi(UAE)	Mr.Sanjaya Shah	2531801		651	80		731	651	80	9	740
361	Mr.Bhim Bahadur Basnet, P. O. Box # 71704, Abu Dhabi(UAE)	Mr.Bhim Bahadur Basnet	1482828		642	87		729	642	87	8	737
362	Mr.Navas Aidru Kottarampattayil, P. O. Box # 263, Abu Dhabi(UAE)	Mr.Navas Aidru Kottarampattayil	V-241813		797	158		955	797	158	12	967
363	Mr.Basem Abdel Mohsen Abdel Hamid M., P. O. Box # 25209, Abu Dhabi(UAE)	Mr.Basem Abdel Mohsen Abdel Hamid M.	1342779		738	89		827	738	89	42	869
364	Mr.Ramzi Zinnekeh	Mr.Ramzi Zinnekeh			535	55		590	535	55		590
365	Mr.Ashok Maharajan	Mr.Ashok Maharajan			651	111		762	651	111	18	780
366	Mr.Karunakaran N. S. Nair	Mr.Karunakaran N. S. Nair			690	93		783	690	93	37	820
367	Mr.Akber Ali Khaddar Moideen	Mr.Akber Ali Khaddar Moideen			629	68		697	629	68	28	725
368	Mr.Aftab Zahoor, Bahrain	Mr.Aftab Zahoor	N/A		1,474	275	48	1,797	1,522	275	168	1,965
369	Mr.Ahmed Ebrahim S. Ahmed Saeed, Bahrain	Mr.Ahmed Ebrahim S.Ahmed Saeed	N/A		2,095	565	17	2,677	2,112	215	882	3,209
370	Mr.Qasim Mohammad, Bahrain	Mr.Qasim Mohammad	N/A		369	124	20	513	389	124	82	595
371	Mr.Nazar Mohammad Peer, Bahrain	Mr.Nazar Mohammad Peer	N/A		616	389	46	1,051	662	219	475	1,356

**STATEMENT SHOWING WRITE-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES (RS.0.500 M) OR ABOVE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Annexure 'B'

(Rupees in thousand)

S.No	NAME & ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/ PARTNERS/ DIRECTORS	NIC NUMBER	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL
					PRINCIPAL	INTEREST/ MARK-UP	OTHERS	TOTAL				
372	Mr.Abdul Hadi Qasim, Bahrain	Mr.Abdul Hadi Qasim	N/A		71	408	42	521	113	408	110	631
373	Mr.Muhammad Atiq Ullah, Bahrain	Mr.Muhammad Atiq Ullah	N/A		443	140	39	622	482	18	258	758
374	Mr.Ali Awad Hasan Al Qutub, Manama, Bahrain	Mr.Ali Awad Hasan Al Qutub	N/A		1,494	447	14	1,955	1,508	447	13	1,968
375	Mr.Ayman Ali Sulaiman, Bahrain	Mr.Ayman Ali Sulaiman	N/A		1,395	271	8	1,674	1,403	271	11	1,685
376	Mr.Farhan Hameed Aloulush, Bahrain	Mr.Farhan Hameed Aloulush	N/A		577	685	67	1,329	644	362	598	1,604
377	Mr.Hamed Abbood Al Shahatha, Bahrain	Mr.Hamed Abbood Al Shahatha	N/A		631	164	54	849	685	53	507	1,245
378	Mr.Ahmed Saleh Mahal, Bahrain	Mr.Ahmed Saleh Mahal	N/A		546	344	11	901	557	344	6	907
379	Ch. Muhammad Afzal, Bahrain	Ch. Muhammad Afzal	N/A		872	250	10	1,132	882	250	7	1,139
380	Mr.Asif Pullan, Bahrain	Mr.Asif Pullan	N/A		557	183	6	746	563	84	104	751
381	Mr.Fida Hussain Mohammad, Bahrain	Mr.Fida Hussain Mohammad	N/A		445	170	5	620	450	170	4	624
382	Mr.Moosa Mohammad Ali Moosa, Bahrain	Mr.Moosa Mohammad Ali Moosa	N/A		1,160	221	7	1,388	1,167	221	41	1,429
383	Mr.Mohammad Yousif Mehboob, Bahrain	Mr.Mohammad Yousif Mehboob	N/A		633	189	6	828	639	189		828
384	Mr.Saju Thomas, Qatar	Mr.Saju Thomas	N/A		632	49		681	632	49	76	757
385	Mr.Ravi Mohan Rao, Qatar	Mr.Ravi Mohan Rao	N/A		973	153		1,126	973	153	110	1,236
386	Mr.Atta ur Rehman, House # 405/16, Pakki Gali, Mohallah Qasimpura,Gujrat.	Mr.Atta ur Rehman	34201-5238732-9	Mr.Abdul Latif	416	76		492			547	547
Total					4,200,934	2,516,104	1,518	6,718,556	2,906,736	377,482	10,150,487	13,434,705

* These loans are written off as a book entry without prejudice to the Bank's right of recovery against the customers and default will continue to be reported in CIB reports as usual.

A.F. FERGUSON & CO
CHARTERED ACCOUNTANTS
State Life Building No.1-C,
I.I. Chundrigar Road,
Karachi

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Sheikh Sultan Trust
Building No. 2, Beaumont Road,
Karachi

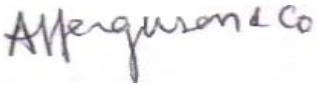
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE


We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of United Bank Limited to comply with Regulation G-1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan, Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI 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 personnel and review of various documents prepared by the Bank to comply with the Code.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended December 31, 2006.


A. F. FERGUSON & Co.
Chartered Accountants
A.F. & Co.


KPMG TASEER HADI & CO.
Chartered Accountants
KPMGTH

Karachi
Dated: February 17, 2007

**United Bank Limited and its Subsidiary Companies
Consolidated Balance Sheet (in US Dollars) as at December 31, 2006**

	2006 (US Dollars in '000)	2005 (US Dollars in '000)
ASSETS		
Cash and balances with treasury banks	804,852	571,778
Balances with other banks	318,803	312,970
Lendings to financial institutions	485,504	299,219
Investments	1,079,217	1,030,894
Advances		
Performing	4,109,911	3,454,742
Non-performing	71,184	64,577
	4,181,095	3,519,319
Fixed assets	104,457	91,098
Deferred tax asset - net	14,900	38,062
Other assets	167,462	132,845
	7,156,291	5,996,185
LIABILITIES		
Bills payable	75,977	70,018
Borrowings	635,032	381,000
Deposits and other accounts	5,644,473	4,965,320
Sub-ordinated loans	98,479	66,972
Liabilities against assets subject to finance lease	114	73
Other liabilities	157,519	106,304
	6,611,594	5,589,687
NET ASSETS	544,697	406,498
REPRESENTED BY:		
Share capital	106,304	86,747
Reserves	153,170	114,215
Unappropriated profit	212,286	130,458
	471,760	331,420
Minority Interest	29,095	26,141
	500,855	357,561
Surplus on revaluation of assets - net	43,842	48,937
	544,697	406,498
CONTINGENCIES AND COMMITMENTS		

These have been converted at Rs 60.91 per US Dollar from the audited financial statements.



United Bank Limited and its Subsidiary Companies
Consolidated Profit and Loss account (in US Dollars) for the year ended December 31, 2006

	2006	2005
	(US Dollars in '000)	
Mark-up / return / interest earned	552,086	346,441
Mark-up / return / interest expensed	<u>201,285</u>	<u>103,093</u>
Net mark-up / interest income	350,801	243,348
Provision against loans and advances - net	<u>31,119</u>	<u>21,497</u>
Provision for diminution in value of investments - net	1,228	1,887
Bad debts written off directly	4,422	639
	<u>36,769</u>	<u>24,022</u>
Net mark-up / return / interest income after provisions	314,032	219,326
Non Mark-up / Interest Income		
Fee, commission and brokerage income	<u>69,624</u>	<u>47,245</u>
Dividend income	11,383	2,887
Income from dealing in foreign currencies	11,826	12,044
Gain on sale of securities	4,639	6,383
Unrealized gain/ (loss) on revaluation of investments classified as held for trading	-	-
	(55)	(17)
Other income	<u>22,197</u>	<u>21,205</u>
Total non mark-up / return / interest income	<u>119,615</u>	<u>89,746</u>
	433,646	309,073
Non Mark-up / Interest Expenses		
Administrative expenses	<u>191,067</u>	<u>140,963</u>
Other provisions / write offs	3,716	5,625
Other charges	<u>427</u>	<u>118</u>
Total non mark-up / interest expenses	195,209	146,706
Extraordinary items	-	-
Share of (loss) / income of associates	<u>(385)</u>	<u>220</u>
Profit before taxation	238,053	162,586
Taxation - Current	<u>56,202</u>	8,460
- Prior year	742	1,336
- Deferred	<u>22,400</u>	49,493
	79,345	59,289
Profit after taxation	<u>158,708</u>	<u>103,297</u>
Attributable to:		
Equity shareholders of the Bank	156,450	101,780
Minority Interest	<u>2,257</u>	<u>1,517</u>
	<u>158,708</u>	<u>103,297</u>
	(US Dollars)	
Basic and diluted earnings per share	<u>0.24</u>	<u>0.12</u>

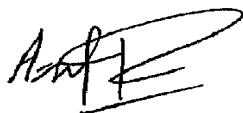
These have been converted at Rs 60.91 per US Dollar from the audited financial statements.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2006**

	Note	2006 (Rupees in '000)	2005
Mark-up / return / interest earned	25	33,627,533	20,687,373
Mark-up / return / interest expensed	26	12,260,240	6,156,066
Net mark-up / interest income		21,367,293	14,531,307
Provision against loans and advances - net	10.3	1,895,487	1,283,646
Provision for diminution in value of investments - net	9.3	74,790	112,666
Bad debts written off directly	10.4	269,349	38,140
		2,239,626	1,434,452
Net mark-up / return / interest income after provisions		19,127,667	13,096,855
Non Mark-up / Interest Income			
Fee, commission and brokerage income		4,240,795	2,821,174
Dividend income		693,366	172,375
Income from dealing in foreign currencies		720,337	719,222
Gain on sale of securities	27	282,567	381,136
Unrealized gain/ (loss) on revaluation of investments classified as held for trading	9.4	(3,335)	(1,038)
Other income	28	1,352,011	1,266,228
Total non mark-up / return / interest income		7,285,741	5,359,097
		26,413,408	18,455,952
Non Mark-up / Interest Expenses			
Administrative expenses	29	11,637,865	8,417,472
Other provisions / write offs	30	226,313	335,868
Other charges	31	25,980	7,066
Total non mark-up / interest expenses		11,890,158	8,760,406
Extraordinary items		-	-
Share of (loss) / income of associates		(23,468)	13,120
Profit before taxation		14,499,782	9,708,666
Taxation - Current	32	3,423,276	505,155
- Prior year	32	45,225	79,804
- Deferred	32	1,364,403	2,955,445
		4,832,904	3,540,404
Profit after taxation		9,666,878	6,168,262
Attributable to:			
Equity shareholders of the Bank		9,529,388	6,077,704
Minority Interest		137,490	90,558
		9,666,878	6,168,262
(Rupees)			
Basic and diluted earnings per share	33	14.72	9.39

The annexed notes 1 to 48 and annexures form an integral part of these financial statements.


Atif R. Bokhari



Atif R. Bokhari
President and
Chief Executive Officer



Abdul Rauf Malik
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman



Nahayan Mabarak Al Nahayan
Chairman

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006**

	Note	2006	2005
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		14,499,782	9,708,666
Dividend income		(693,366)	(172,375)
Share of loss / (profit) of associate:		23,468	(13,120)
		<u>13,829,884</u>	<u>9,523,171</u>
Adjustments:			
Depreciation		593,274	456,068
Amortization		53,031	23,381
Provision for retirement benefits:		578,458	134,830
Provision against loans and advances:		1,895,487	1,283,646
Provision for diminution in value of investment:		74,790	112,666
Provision against off- balance sheet item:		52,663	239,171
(Gain) on sale of fixed asset:		(14,391)	(13,246)
Finance charges on leased asset:		615	233
Bad debts written-off directly		269,349	38,140
Unrealized loss on revaluation of investments classified as held for trading		3,335	2,081
Provision against other assets:		173,650	87,998
Exchange loss on cash and cash equivalent		36,672	209,350
		<u>3,716,933</u>	<u>2,574,318</u>
		<u>17,546,817</u>	<u>12,097,489</u>
(Increase)/ Decrease in operating asset			
Lendings to financial institutions		(11,704,518)	493,081
Held-for-trading securities		1,383,828	987,572
Advances		(46,682,699)	(63,249,335)
Other assets (excluding advance taxation)		(2,001,117)	(3,519,792)
		<u>(59,004,506)</u>	<u>(65,288,474)</u>
Increase/ (Decrease) in operating liability			
Bills payable		446,743	345,471
Borrowings		15,928,793	10,113,979
Deposits and other accounts		47,305,717	59,444,673
Other liabilities (excluding current taxation)		2,209,482	(41,522)
		<u>65,890,735</u>	<u>69,862,601</u>
		<u>24,433,046</u>	<u>16,671,616</u>
Staff retirement benefits paid		(860,116)	(122,849)
Income taxes paid		(2,644,861)	(337,000)
Net cash flow from operating activities:		<u>20,928,069</u>	<u>16,211,767</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(5,818,243)	(9,957,459)
Dividend income received		695,924	259,937
Investments in operating fixed assets:		(1,573,520)	(823,803)
Sale proceeds from disposal of property and equipment		22,725	23,317
Net cash flow on investing activities:		<u>(6,673,114)</u>	<u>(10,498,008)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Receipt of sub-ordinated loan		2,000,000	500,000
Repayments of principal of sub-ordinated loan		(848)	(808)
Payments in respect of lease obligation:		(1,785)	(1,075)
Dividends paid		(1,295,000)	(777,000)
Net cash flow from / (used in) financing activities:		<u>702,367</u>	<u>(278,883)</u>
Exchange adjustment on translation of net assets attributable to minority shareholders		73,673	(162,905)
Exchange differences on translation of net investment on foreign branches and subsidiaries		615,684	(350,020)
		<u>15,646,679</u>	<u>4,921,951</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year as previously reported		52,831,811	48,119,210
Effects of exchange rate changes on cash and cash equivalents:		(36,672)	(209,350)
Cash and cash equivalents at beginning of the year as restated		<u>52,795,139</u>	<u>47,909,860</u>
Cash and cash equivalents at end of the year	34	<u><u>68,441,818</u></u>	<u><u>52,831,811</u></u>

The annexed notes 1 to 48 and annexures form an integral part of these financial statements

AM:co KPMSTH

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahay
Chairman

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006**

	Attributable to ordinary shareholders of the Bank							Minority interest	Total
	Share Capital	General reserve	-----Capital reserves-----			Unappropriated Profit	Sub Total		
			Statutory Reserve	Exchange Translation Reserve	Reserve for issue of bonus shares				
------(Rupees in '000)-----									
Balance as at December 31, 2004	5,180,000	3,000	3,952,439	2,025,009	-	3,585,102	14,745,550	1,633,352	16,378,902
Final dividend for the year ended December 31, 2004 at Rs. 1.50 per share	-	-	-	-	-	(777,000)	(777,000)	-	(777,000)
Changes in equity for 2005									
Profit after taxation for the year ended December 31, 2005	-	-	-	-	-	6,077,704	6,077,704	90,558	6,168,262
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	94,148	94,148	-	94,148
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	(350,020)	-	-	(350,020)	(162,905)	(512,925)
Net expense recognised directly in equity	-	-	-	(350,020)	-	94,148	(255,872)	(162,905)	(418,777)
Total recognised income and expense for the year	-	-	-	(350,020)	-	6,171,852	5,821,832	(72,347)	5,749,485
Transfer to statutory reserve	-	-	1,189,806	-	-	(1,189,806)	-	-	-
Balance as at December 31, 2005	5,180,000	3,000	5,142,245	1,674,989	-	7,790,148	19,790,382	1,561,005	21,351,387
Final dividend for the year ended December 31, 2005 at Rs. 2.50 per share	-	-	-	-	-	(1,295,000)	(1,295,000)	-	(1,295,000)
Transfer to reserves for issue of bonus shares	-	-	-	-	1,295,000	(1,295,000)	-	-	-
Issue of bonus shares	1,295,000	-	-	-	(1,295,000)	-	-	-	-
Changes in equity for 2006									
Profit after taxation for the year ended December 31, 2006	-	-	-	-	-	9,529,388	9,529,388	137,490	9,666,878
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	94,454	94,454	-	94,454
Exchange differences on translation of net investment in foreign branches and subsidiaries	-	-	-	615,684	-	-	615,684	189,657	805,341
Net income recognised directly in equity	-	-	-	615,684	-	94,454	710,138	189,657	899,795
Total recognised income and expense for the year	-	-	-	615,684	-	9,623,842	10,239,526	327,147	10,566,673
Preferred dividend - Prior year	-	-	-	-	-	-	-	(71,255)	(71,255)
- Current year	-	-	-	-	-	-	-	(44,729)	(44,729)
Transfer to statutory reserve	-	-	1,893,646	-	-	(1,893,646)	-	-	-
Balance as at December 31, 2006	6,475,000	3,000	7,035,891	2,290,673	-	12,930,344	28,734,908	1,772,168	30,507,076

Appropriations made by the directors subsequent to the year ended December 31, 2006 are disclosed in note 46 of these financial statements.

The annexed notes 1 to 48 and annexures form an integral part of these financial statements

AH:60 KPMGTH

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company

United Bank Limited, Pakistan (the Bank)

Subsidiary Companies

- United National Bank Limited (UNBL), United Kingdom - 55 percent holding
- United Bank AG Zurich, Switzerland - 100 percent holding
- United Executors and Trustees Company Limited, Pakistan - 100 percent holding
- United Bank Financial Services (Private) Limited, Pakistan - 100 percent holding
- UBL Fund Managers Limited, Pakistan - 100 percent holding

The Group is engaged in commercial banking, modaraba management, asset management, mutual funds and trustee services.

United Bank Limited is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on all three Stock Exchanges in Pakistan. The Bank's registered office and principal office is situated at State Life Building No. 1, I. I. Chundrigar Road, Karachi. The Bank operates 1,044 (2005: 1,043) branches inside Pakistan including the Karachi Export Processing Zone Branch (KEPZ) and 15 (2005: 15) branches outside Pakistan. The domestic branch network includes one Islamic Banking Branch which has been opened in December 2006.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. 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 the State Bank of Pakistan through various circulars.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
4. BASIS OF MEASUREMENT
4.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that certain assets have been stated at revalued amounts, certain investments have been stated at fair value and derivative financial instruments are measured at fair value.

4.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that effect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

- i) classification of investments (notes 5.4 and 9)
- ii) provision against investments (notes 5.4 and 9) and advances (notes 5.5 and 10.3)
- iii) income taxes (notes 5.8, 12, 20.2 and 32)
- iv) staff retirement benefits (note 36)
- v) fair value of derivatives (note 20.4)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
5.1 Basis of consolidation

- The consolidated financial statements include the financial statements of UBL - Holding Company and its subsidiary companies - "the Group".
- Subsidiary companies are consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and are excluded from consolidation from the date of disposal.
- The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the Bank is eliminated against the subsidiaries' share capital and pre acquisition reserves in the consolidated financial statements.
- Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Bank.
- Material intra-group balances and transactions have been eliminated.

5.2 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.3 Lendings to / borrowings from financial institutions

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

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006****(a) Sale under repurchase agreements**

Securities sold subject to a re-purchase agreement (repo) are retained in these consolidated 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 over the period of the agreement and recorded as an expense.

(b) Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the agreement and recorded as income.

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

5.4 Investments

The Group classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Group 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.

(d) Associates

Associates are all entities over which the Group has a significant influence but not control.

Investments in associates where the Group has significant influence are accounted for using the equity method of accounting. Under the equity method, the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Increase / decrease in share of profit and loss of associates is accounted for in the consolidated profit and loss account.

Investments other than those categorised as held for trading are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as held for trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

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

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

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

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

Provision for diminution in the values of securities (except 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 is made as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

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

5.5 Advances

Advances are stated net of specific and general provisions. Specific provision against domestic advances (other than the Group's consumer financing portfolio comprising of auto loans, personal loans and cash line) is determined on the basis of Prudential Regulations and other directives issued by the State Bank of Pakistan and charged to the profit and loss account. Specific provision against the Group's domestic consumer financing portfolio comprising of auto loans, personal loans and cash line is determined keeping in view the Group's internal guidelines subject to the minimum requirements set out by the Prudential Regulations issued by the State Bank of Pakistan. General provision against consumer loans is made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of monetary agencies and regulatory authorities of the respective countries. Advances are written off when there is no realistic prospect of recovery.

5.6 Fixed assets and depreciation**Owned**

Property and equipment, other than freehold land which is not depreciated and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses. Cost of property and equipment of foreign branches and subsidiaries includes exchange difference arising on currency translation at the year-end rates of exchange.

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected economic lives at the rates specified in note 11.2 to these consolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any, and using methods depending on the nature of the asset and the country of its location. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the month the asset is available for use and on disposals upto the month of disposal.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

Surplus arising on revaluation is credited to the 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 to unappropriated profit.

Gains and losses on sale of fixed assets are included in income currently, except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
Leased

Assets held under finance lease are stated at lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods.

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

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Group.

Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized on the basis of the estimated useful life over which economic benefits are expected to flow to the Group. The residual value, useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

Intangible assets having an indefinite useful life are stated at acquisition cost. Provisions are made for permanent diminution in the value of assets, if any. Gains and losses on disposals, if any, are taken to the profit and loss account.

5.7 Impairment

The carrying amount of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.8 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 from local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax is calculated using prevailing tax rates or tax rates expected to apply to the profits for the year at enacted rates. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. In addition, the Group also records deferred tax asset on available tax losses. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by 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.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Group also recognizes 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 the revised International Accounting Standard (IAS) 12 dealing with Income Taxes.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

5.9 Provisions

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

5.10 Staff retirement and other benefits

5.10.1 United Bank Limited (UBL)

Staff retirement benefit schemes

- a) The Bank operates the following staff retirement schemes for its employees
- approved funded pension scheme, introduced in 1986 (defined benefit scheme); and
 - approved non-contributory provident fund in lieu of the contributory provident fund.
- b) For new employees and for those who opted for the new scheme introduced in 1991, the Bank operates
- approved contributory provident fund (defined contribution scheme); and
 - approved gratuity scheme (defined benefit scheme).

In the year 2001, the Bank modified the pension scheme and introduced a conversion option for employees covered under option (a) above to option (b). This conversion option ceased on December 31, 2003.

The Bank also operates a contributory benevolent fund for all its employees (defined benefit scheme).

Annual contributions towards the defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method.

For defined contribution plans, the bank pays contributions to the Fund on a periodic basis. The bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction on the future payments is available.

Other benefits

a) Employees' compensated absences

The Bank makes provisions for compensated vested and non-vested absences accumulated by its employees on the basis of actuarial advice under the Projected Unit Credit Method.

b) Post retirement medical benefits (defined benefit scheme)

The bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefit on the basis of actuarial advice under the Projected Unit Credit Method.

Actuarial gains and losses

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation at the end of the last reporting year are charged or credited to income over the employees' expected average remaining working lives. These limits are calculated and applied separately for each defined benefit plan.

Actuarial gains and losses pertaining to long term compensated absences are recognised immediately.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006****5.10.2 United National Bank Limited (UNBL)**

UNBL operates a pension scheme (defined benefit scheme) for certain staff. This scheme is closed for new members. The assets of the scheme are held separately from those of UNBL in independently administered funds. Pension costs are assessed in accordance with the advice of the independent qualified actuary to recognize the cost of pensions on a systematic basis over employees' service lives.

For defined contribution schemes, the amount charged to the profit and loss account is the contribution payable in the year. Difference between the contribution payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

5.10.3 UBL Fund Managers Limited (UFML)***Defined benefit plan***

UFML operates a gratuity fund covering eligible employees whose period of employment with UFML is three years or more. A provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits, irrespective of the qualifying period. Gratuity, however, is payable only on completion of the prescribed qualifying period of service. Actuarial gains and losses are recognised in accordance with the recommendation of the actuary.

Defined contribution plan

UFML operates a provident fund covering all permanent employees. Equal contributions are made to the Fund by the UFML and the employees in accordance with the rules of the scheme. However, UFML's contribution starts after completion of one year of service.

5.11 Borrowings / deposits and their cost

- a) Borrowings / deposits are recorded at the proceeds received.
- b) Borrowing / deposits costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

5.12 Revenue Recognition

Mark-up / return on performing advances and investments is recognized on a time proportion basis over the term of loans and advances. Where debt securities are purchased at premium or discount, those premiums / discounts are amortized through the profit and loss account over the remaining period of maturity.

Interest or mark-up recoverable on non-performing advances and classified investments is recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the State Bank of Pakistan or overseas regulatory authorities of countries where the branches and subsidiaries operate, except where in the opinion of the management, it would not be prudent to do so.

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

Fee, brokerage and commission on letters of credit / guarantee and others are recognized on accrual basis.

5.13 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.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
5.14 Foreign Currencies
a) Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

b) Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date except that certain deposits, which are covered by forward foreign exchange contracts, are translated at contracted rates. Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

c) Foreign operations

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

d) Translation gains and losses

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

e) Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements 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 date of transaction.

5.15 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segments
Corporate finance

Corporate banking includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, IPO and secondary private placements.

Trading and sales

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

Retail Banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking service, trust and estates investment advice, merchant / commercial / corporate cards and private labels and retail.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bills of exchange and deposits.

Asset Management

It includes pooled, segregated, retail, institutional, closed, open and private equity.

Geographical segments

The Group operates in four geographical regions being:

- Pakistan (including Karachi Export Processing Zone)
- United States of America
- Middle East
- Europe

5.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except appropriations which are required by the law after the balance sheet date, are recognised as liability in the Group's consolidated financial statements in the year in which these are approved.

5.17 Off setting

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

5.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic 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 / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

	Note	2006	2005
(Rupees in '000)			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		5,041,678	4,606,028
Foreign currency		1,760,911	1,174,970
		6,802,589	5,780,998
With State Bank of Pakistan in			
Local currency current account	6.1	17,840,637	13,032,322
Local currency deposit account		3,864	3,864
Foreign currency current account	6.2	77,487	12,107
Foreign currency deposit account	6.3	2,841,756	2,556,535
		20,763,744	15,604,828
With other central banks in foreign currency current account	6.4	18,403,170	9,155,206
With National Bank of Pakistan in local currency current account		2,994,861	3,571,650
National Prize Bonds		59,176	42,553
		<u>49,023,540</u>	<u>34,155,235</u>

- 6.1** The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

- 6.2** This represents US Dollar Settlement Account maintained with SBP.
- 6.3** This represents foreign currency cash reserve maintained with SBP equivalent to atleast 20% of the Bank's foreign currency deposits. The foreign currency cash reserve comprises of an amount equivalent to atleast 5% of the bank's foreign currency deposits which is kept in a non-remunerative account. The balance reserve equivalent to atleast 15% of the bank's foreign currency deposits is maintained in a remunerative account on which the Bank is entitled to earn a return which is declared by SBP on a monthly basis.
- 6.4** Deposits with other central banks are maintained to meet the minimum cash reserves and capital requirements pertaining to the foreign branches and subsidiaries of the Group.

	Note	2006 (Rupees in '000)	2005
7. BALANCES WITH OTHER BANKS			
Inside Pakistan			
In current accounts		5,935	9,454
In deposit accounts		55,525	-
		61,460	9,454
Outside Pakistan			
In current accounts		1,247,384	5,404,947
In deposit accounts	7.1	18,109,434	13,262,175
		19,356,818	18,667,122
		19,418,278	18,676,576

- 7.1** These carry mark-up at rates ranging from 5.07% to 5.28% (2005: 4.40% to 4.45%) per annum.

	Note	2006 (Rupees in '000)	2005
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.2	447,360	1,199,534
Repurchase agreement lendings	8.3	21,950,095	11,769,693
Lendings to banks / financial institutions	8.4	7,174,615	4,898,325
		29,572,070	17,867,552

8.1 Particulars of lendings to financial institutions

In local currency	25,981,155	17,068,392
In foreign currencies	3,590,915	799,160
	29,572,070	17,867,552

- 8.2** These call money lendings carry mark-up at rates ranging from 6.70% to 10.35% per annum (2005: 1.0% to 12.75% per annum) and are due to mature latest by January 2007.

8.3 Securities held as collateral against repurchase agreement lendings

	2006			2005		
	Held by Group	Further given as collateral / sold	Total	Held by Group	Further given as collateral / sold	Total
------(Rupees in '000)-----						
Market Treasury Bills	15,504,830	920,265	16,425,095	8,019,693	-	8,019,693
Pakistan Investment Bonds	4,334,500	1,190,500	5,525,000	2,180,000	1,570,000	3,750,000
	19,839,330	2,110,765	21,950,095	10,199,693	1,570,000	11,769,693

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

These carry mark-up at rates ranging from 7.99% to 9.40% per annum (2005: 3.5% to 8.75% per annum) and are due to mature latest by March 2007.

8.4 These carry mark-up at rates ranging from 5.45% to 12.63% per annum and are due to mature latest by March 2011.

9. INVESTMENTS
9.1 Investments by types

Note	2006			2005			
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total	
------(Rupees in '000)-----							
Held for trading securities							
	Ordinary shares of listed companies	91,007	-	91,007	460,770	-	460,770
	Market Treasury Bills	46,438	-	46,438	600,734	460,807	1,061,541
		137,445	-	137,445	1,061,504	460,807	1,522,311
Available for sale securities							
	Market Treasury Bills	15,304,284	16,743,707	32,047,991	16,004,567	3,898,511	19,903,078
	Pakistan Investment Bonds	3,157,602	-	3,157,602	1,317,980	205,469	1,523,449
	Ordinary shares of listed companies	2,409,288	-	2,409,288	1,680,335	-	1,680,335
	Foreign currency bonds	1,705,045	-	1,705,045	620,301	-	620,301
	Euro Bonds	1,247,217	-	1,247,217	279,575	-	279,575
	Units of mutual funds	1,246,338	-	1,246,338	582,779	-	582,779
	Term Finance Certificates	694,980	-	694,980	749,171	-	749,171
	Government of Pakistan Islamic Bonds	694,271	-	694,271	833,386	-	833,386
9.7	Ordinary shares of unlisted companies	497,318	-	497,318	432,680	-	432,680
	Cumulative preference shares	8,120	-	8,120	8,120	-	8,120
		26,964,463	16,743,707	43,708,170	22,508,894	4,103,980	26,612,874
Held to maturity securities							
	Term Finance Certificates	8,134,206	-	8,134,206	8,666,380	-	8,666,380
	Pakistan Investment Bonds	4,691,273	-	4,691,273	5,331,699	335,502	5,667,201
	CIRC Bonds	2,900,000	-	2,900,000	4,054,883	-	4,054,883
	Government of Pakistan - Guaranteed Bonds	2,410,415	-	2,410,415	4,039,971	-	4,039,971
	Foreign currency bonds	1,382,986	-	1,382,986	1,694,788	-	1,694,788
	Market Treasury Bills	1,205,603	-	1,205,603	4,830,400	3,595,482	8,425,882
	Foreign securities	734,939	-	734,939	577,277	-	577,277
	Participation Term Certificates	55,169	-	55,169	70,087	-	70,087
	Federal Investment Bonds	13,906	-	13,906	32,725	-	32,725
	Debentures	11,289	-	11,289	169,351	-	169,351
	CDC SAARC Fund	505	-	505	65,501	-	65,501
	Provincial Government Securities	-	-	-	1,207	-	1,207
		21,540,291	-	21,540,291	29,534,269	3,930,984	33,465,253
Associates							
	United Growth and Income Fund	-	-	-	263,120	-	263,120
	United Islamic Composite Fund	250,300	-	250,300	-	-	-
	United Stock Advantage Fund	238,350	-	238,350	-	-	-
	UBL Insurers Limited	91,002	-	91,002	-	-	-
	Oman United Exchange Company, Muscat	6,981	-	6,981	6,981	-	6,981
		586,633	-	586,633	270,101	-	270,101
		49,228,832	16,743,707	65,972,539	53,374,768	8,495,771	61,870,539
9.3	Provision for diminution in value of investments	(400,886)	-	(400,886)	(634,002)	-	(634,002)
	Investments (net of provisions)	48,827,946	16,743,707	65,571,653	52,740,766	8,495,771	61,236,537
22.2	Surplus / (deficit) on revaluation of available for sale securities	173,750	(6,940)	166,810	322,591	736	323,327
9.4	Surplus/ (deficit) on revaluation of held for trading securities	(3,335)	-	(3,335)	(1,328)	290	(1,038)
	Total investments at market value	48,998,361	16,736,767	65,735,128	53,062,029	8,496,797	61,558,826

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	Note	2006	2005
		(Rupees in '000)	
9.2 Investments by segments			
Federal Government Securities			
Market Treasury Bills		32,594,095	29,193,297
Pakistan Investment Bonds		7,848,875	7,190,650
Foreign currency bonds		1,382,986	1,694,788
Government of Pakistan - US Dollar / Euro Bonds		1,247,217	279,575
Government of Pakistan Islamic Bonds		694,271	833,386
Federal Investment Bonds		13,906	32,725
		43,781,350	39,224,421
Provincial Government Securities		-	1,207
Overseas Governments' Securities			
Foreign securities		2,354,287	933,346
Market Treasury Bills		705,937	197,204
		3,060,224	1,130,550
Other Overseas Securities			
Foreign securities		85,697	264,233
CDC SAARC Fund		505	65,501
		86,202	329,734
Fully Paid-up Ordinary Shares			
Listed companies		2,500,295	2,141,105
Unlisted companies	9.7	497,318	432,680
Cumulative preference shares		8,120	8,120
		3,005,733	2,581,905
Units of Mutual Funds		1,246,338	582,779
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates			
Term Finance Certificates			
Unlisted		7,629,656	8,332,720
Listed		1,199,530	1,082,830
		8,829,186	9,415,550
Bonds		5,310,415	8,094,854
Debentures		11,289	169,351
Participation Term Certificates		55,169	70,087
		14,206,059	17,749,842
Investments in associates		586,633	270,101
Total investments		65,972,539	61,870,539
Provision for diminution in value of investments	9.3	(400,886)	(634,002)
Investments (net of provisions)		65,571,653	61,236,537
Surplus on revaluation of available for sale securities	22.2	166,810	323,327
Deficit on revaluation of held for trading securities	9.4	(3,335)	(1,038)
Total investments at market value		65,735,128	61,558,826

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
	(Rupees in '000)	
9.3 Particulars of provision for diminution in value of investments:		
9.3.1 Opening balance	634,002	540,402
Charged during the year	82,185	112,666
Reversed during the year	(7,395)	-
	74,790	112,666
Transfers	(30,133)	4,355
Written off during the year	(277,773)	(23,421)
Closing balance	400,886	634,002
9.3.2 Particulars of provision for diminution in value of investments by type		
Available for sale securities		
Ordinary shares of listed companies	33,247	33,000
Ordinary shares of unlisted companies	123,217	73,913
	156,464	106,913
Held to maturity securities		
Term Finance Certificates	177,964	286,271
Debentures	11,289	170,090
Participation Term Certificates	55,169	70,728
	244,422	527,089
	400,886	634,002
9.3.3 Particulars of provision for diminution in value of investments by segment		
Fully Paid-up Ordinary Shares		
Listed companies	33,247	33,000
Unlisted companies	123,217	73,913
	156,464	106,913
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates		
Term Finance Certificates	177,964	286,271
Debentures	11,289	170,090
Participation Term Certificates	55,169	70,728
	244,422	527,089
	400,886	634,002
9.4 Unrealized gain/ (loss) on revaluation of held for trading securities		
Market Treasury Bills	(12)	(1,914)
Ordinary shares of listed companies	(3,323)	876
	(3,335)	(1,038)
9.5 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.		
9.6 Investments include Rs. 282 million (2005: Rs. 282 million) held by the State Bank of Pakistan and National Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2005: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.		
9.7 This includes the Group's subscription towards the paid-up capital of Khushhali Bank Limited amounting to Rs. 200 million (2005: Rs. 200 million). Pursuant to Section 10 of the Khushhali Bank Ordinance, 2000 strategic investors including the Group cannot sell or transfer their investment before a period of five years that has expired in October 2005, from the date of subscription. Thereafter, such sale/ transfer would be subject to the prior approval of SBP. In addition, profit, if any, and other income of Khushhali Bank Limited, shall not be used to pay any dividend to the members, and shall be utilized to promote the objectives of Khushhali Bank Limited.		

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
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9.8 Information relating to investments in ordinary and preference shares / certificates of listed and unlisted companies/ modarabas/ mutual funds, term finance certificates, debentures and bonds, required to be disclosed as part of these consolidated financial statements under State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006, is given in Annexure 'A'. Details in respect of quality of available for sale securities are also disclosed in Annexure 'A' to these consolidated financial statements.

9.9 Investment in associates

	2006	2005
9.9.1 United Composite Islamic Fund	(Rupees in '000)	
Investment during the year	250,000	-
Share of profit	300	-
Dividend distribution	-	-
Balance as at December 31	<u>250,300</u>	<u>-</u>

9.9.1.1 United Composite Islamic Fund is an open ended mutual fund, listed on Islamabad Stock Exchange. 50 percent of units are held by the Group (representing seed capital). Being an open ended mutual fund, the fund offers units for public subscription on a continuous basis.

9.9.1.2 The details of assets, liabilities, revenues and profits of the fund as of December 31, 2006 based on reviewed financial statements are as follows:

	Assets	Liabilities	Revenues	Profits
	(-----Rupees in '000-----)			
United Composite Islamic Fund	<u>678,847</u>	<u>179,994</u>	<u>1,407</u>	<u>597</u>

9.9.2 United Stock Advantage Fund

Investment during the year	250,000	-
Share of loss	(11,650)	-
Dividend distribution	-	-
Balance as at December 31	<u>238,350</u>	<u>-</u>

9.9.2.1 United Stock Advantage Fund is an open ended mutual fund, listed on Karachi Stock Exchange. 55 percent units of the fund are held by the Group (representing seed capital). Being an open ended mutual fund, the fund offers units for public subscription on a continuous basis.

9.9.2.2 The details of assets, liabilities, revenues and profits of the fund as of December 31, 2006 based on reviewed financial statements are as follows:

	Assets	Liabilities	Revenues	Loss
	(-----Rupees in '000-----)			
United Stock Advantage Fund	<u>438,333</u>	<u>8,182</u>	<u>(10,160)</u>	<u>(21,012)</u>

9.9.3 UBL Insurers Limited

Investment during the year	90,000	-
Share of profit	1,002	-
Dividend distribution	-	-
Balance as at December 31	<u>91,002</u>	<u>-</u>

9.9.3.1 UBL Insurers Limited was incorporated as a public unquoted company on June 29, 2006 and received Certificate of Commencement of Business on December 27, 2006. The Group holds 30 percent of the equity of the company.

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9.9.3.2 The details of assets, liabilities, revenues and profits of the insurance company as of December 31, 2006 based on unaudited financial statements are as follows:

	Assets	Liabilities	Revenues	Profits
	(-----Rupees in '000-----)			
UBL Insurers Limited	305,360	1,265	3,971	3,340

9.9.4 Investment in Oman United Exchange Company has not been accounted for using equity method as the Group does not have significant influence over the entity.

10. ADVANCES
Note
Performing
Non-performing
2006
2005
2006
2005

----- (Rupees in '000) -----

Loans, cash credits, running finances, etc.

In Pakistan	200,080,279	169,599,106	9,273,198	9,831,330
Outside Pakistan	38,934,073	26,302,862	5,261,513	5,942,046
	239,014,352	195,901,968	14,534,711	15,773,376

**Bills discounted and purchased
(excluding government treasury bills)**

Payable in Pakistan	5,661,421	2,686,883	876,300	417,400
Payable outside Pakistan	5,612,897	7,837,933	1,334,780	1,171,427
	11,274,318	10,524,816	2,211,080	1,588,827
	250,288,670	206,426,784	16,745,791	17,362,203

**Financing in respect of continuous
funding system (CFS)**
Advances - gross

	1,462,242	1,094,002	-	-
	251,750,912	207,520,786	16,745,791	17,362,203

Provision against advances

- Specific

- General

10.3

	-	-	(12,409,962)	(13,506,034)
	(1,416,249)	(1,224,326)	-	-
	(1,416,249)	(1,224,326)	(12,409,962)	(13,506,034)

Advances - net of provision

	250,334,663	206,296,460	4,335,829	3,856,169
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10.1 Particulars of advances - gross

10.1.1 In local currency	202,929,515	173,904,897	11,693,905	10,248,729
In foreign currencies	48,821,397	33,615,889	5,051,886	7,113,474
	251,750,912	207,520,786	16,745,791	17,362,203

Performing
Non-performing
2006
2005
2006
2005

----- (Rupees in '000) -----

10.1.2 Short term	156,428,147	150,905,723	-	-
Long term	95,322,765	56,615,063	16,745,791	17,362,203
	251,750,912	207,520,786	16,745,791	17,362,203

10.1.3 Non-performing advances include

- a) Advances having Gross Book Value of Rs.199.770 million (2005: Rs. 298.568 million) and Net Book Value of Rs. 144.793 million (2005: Rs. 284.115 million) though restructured and performing have been placed under non-performing status as required by the revised Prudential Regulations issued by the State Bank of Pakistan, which requires monitoring for at least one year before any upgradation is considered.

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10.2 Advances include Rs.16,746 million (2005: Rs. 17,362 million) which have been placed under non-performing status as detailed below:-

Category of Classification	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets Especially									
Mentioned *	363,819	-	363,819	-	-	-	-	-	-
Substandard	1,583,124	175,597	1,758,721	222,278	158,901	381,179	222,278	158,901	381,179
Doubtful	1,612,613	68,730	1,681,343	438,416	61,967	500,383	438,416	61,967	500,383
Loss	7,907,722	5,034,186	12,941,908	6,757,969	4,770,431	11,528,400	6,757,969	4,770,431	11,528,400
	<u>11,467,278</u>	<u>5,278,513</u>	<u>16,745,791</u>	<u>7,418,663</u>	<u>4,991,299</u>	<u>12,409,962</u>	<u>7,418,663</u>	<u>4,991,299</u>	<u>12,409,962</u>

Category of Classification	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets Especially									
Mentioned *	257,811	-	257,811	-	-	-	-	-	-
Substandard	997,226	50,087	1,047,313	111,660	11,892	123,552	111,660	11,892	123,552
Doubtful	687,047	143,913	830,960	95,762	71,958	167,720	95,762	71,958	167,720
Loss	8,306,645	6,919,474	15,226,119	6,503,740	6,711,022	13,214,762	6,503,740	6,711,022	13,214,762
	<u>10,248,729</u>	<u>7,113,474</u>	<u>17,362,203</u>	<u>6,711,162</u>	<u>6,794,872</u>	<u>13,506,034</u>	<u>6,711,162</u>	<u>6,794,872</u>	<u>13,506,034</u>

* The Other Assets Especially Mentioned category pertains to agricultural finance only.

10.3 Particulars of provision against advances

Note	2006			2005		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	13,506,034	1,224,326	14,730,360	15,847,345	318,391	16,165,736
Exchange adjustments	193,206	8,018	201,224	(3,070)	(6,094)	(9,164)
Charge for the year	1,993,426	633,682	2,627,108	904,947	662,857	1,567,804
Reversals	(681,048)	(50,573)	(731,621)	(284,158)	-	(284,158)
	1,312,378	583,109	1,895,487	620,789	662,857	1,283,646
Transfers	287,614	(352,292)	(64,678)	(295,036)	272,958	(22,078)
Amounts written off	(2,889,270)	(46,912)	(2,936,182)	(2,663,994)	(23,786)	(2,687,780)
Closing balance	<u>12,409,962</u>	<u>1,416,249</u>	<u>13,826,211</u>	<u>13,506,034</u>	<u>1,224,326</u>	<u>14,730,360</u>

10.3.1 General provision represents provision amounting to Rs. 1,163.019 million (2005: Rs. 699.420 million) against consumer finance portfolio as required by the revised Prudential Regulations issued by State Bank of Pakistan and Rs. 253.230 million (2005: Rs. 524.906 million) pertaining to overseas advances to meet the requirements of monetary agencies and regulatory authorities of the respective countries in which the overseas branches operate.

10.3.2 Particulars of provision against advances

	2006			2005		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	7,418,663	1,163,019	8,581,682	6,711,162	699,420	7,410,582
In foreign currencies	4,991,299	253,230	5,244,529	6,794,872	524,906	7,319,778
	<u>12,409,962</u>	<u>1,416,249</u>	<u>13,826,211</u>	<u>13,506,034</u>	<u>1,224,326</u>	<u>14,730,360</u>

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	Note	2006 (Rupees in '000)	2005
10.4 Particulars of write-offs			
10.4.1 Against provisions	10.3	2,936,182	2,687,780
Directly charged to profit and loss account		<u>269,349</u>	<u>38,140</u>
		<u><u>3,205,531</u></u>	<u><u>2,725,920</u></u>
10.4.2 Write-offs of Rs. 500,000 and above	10.5	2,906,736	1,233,732
Write-offs of below Rs. 500,000		<u>298,795</u>	<u>1,492,188</u>
		<u><u>3,205,531</u></u>	<u><u>2,725,920</u></u>
10.5 Details of loan write-offs of Rs. 500,000/- and above			

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2006 is given in Annexure-B to these financial statements. These loans are written off as a book entry without prejudice to the Group's right of recovery against the customers.

	Note	2006 (Rupees in '000)	2005
10.6 Particulars of loans and advances to executives, directors, associated companies etc.			
Debts due by directors or executives of the Group or any of them either severally or jointly with any other persons			
Balance at beginning of year		471,621	35,693
Loans granted during the year		313,544	454,145
Repayments		<u>(175,762)</u>	<u>(18,217)</u>
Balance at end of year		<u><u>609,403</u></u>	<u><u>471,621</u></u>
Debts due by companies or firms in which the directors of the Group are interested as directors, partners or in the case of private companies as members			
Balance at beginning of year		1,818,141	2,542,969
Given during the year		-	1,863,892
Repaid during the year		<u>(817,576)</u>	<u>(2,588,720)</u>
Balance at end of year		<u><u>1,000,565</u></u>	<u><u>1,818,141</u></u>

11. FIXED ASSETS

Capital work-in-progress	11.1	415,522	386,852
Property and equipment	11.2	5,767,889	4,939,180
Intangible assets	11.3	179,081	113,786
		<u><u>6,362,492</u></u>	<u><u>5,439,818</u></u>

11.1 Capital work-in-progress

Capital work-in-progress essentially comprises civil works and advances to suppliers and contractors.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
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11.2 Property and equipment

	2006									
	COST/ REVALUATION				ACCUMULATED DEPRECIATION				Net book value at December 31, 2006	Annual rate of depreciation %
	At January 1, 2006	Additions/ (deletions)	Other adjust-ments*	At December 31, 2006	At January 1, 2006	Charge for the year/ (depreciation on deletions)	Reversal due to other adjust-ments*	At December 31, 2006		
	(Rupees in '000)									
Owued										
Freehold land	408,194	17,520	-	425,714	-	-	-	-	425,714	-
Leasehold land	2,274,006	75,174	-	2,349,180	192,388	91,788	(11,249)	272,927	2,076,253	1 - 3.33
Buildings on freehold land	973,175	2,748	145,599	1,121,522	29,880	16,167	4,674	50,721	1,070,801	5
Buildings on leasehold land	565,380	219,487	1,243	786,110	96,156	52,264	12,137	160,557	625,553	5
Furniture and fixtures	616,715	122,388 (3,449)	(25,579)	710,075	419,118	44,029 (3,274)	(31,966)	427,907	282,168	10
Electrical, office and computer equipment	1,663,200	634,331 (3,715)	(16,002)	2,277,814	1,015,048	308,244 (3,707)	1,800	1,321,385	956,429	20-25
Vehicles	383,141	279,771 (55,919)	(73,942)	533,051	196,508	79,603 (47,768)	(19,058)	209,285	323,766	20
Assets held under finance lease										
Vehicles	5,033	-	3,943	8,976	566	1,177	28	1,771	7,205	20
2006	6,888,844	1,351,419 (63,083)	35,262	8,212,442	1,949,664	593,272 (54,749)	(43,634)	2,444,553	5,767,889	
	2005									
	COST / REVALUATION				ACCUMULATED DEPRECIATION				Net book value at December 31, 2005	Annual rate of depreciation %
	At January 1, 2005	Additions/ (deletions)	Other adjust-ments*	At December 31, 2005	At January 1, 2005	Charge for the year/ (depreciation on deletions)	Reversal due to other adjust-ments*	At December 31, 2005		
	(Rupees in '000)									
Owued										
Freehold land	408,194	-	-	408,194	-	-	-	-	408,194	-
Leasehold land	2,285,608	-	(11,602)	2,274,006	151,209	90,082	(48,903)	192,388	2,081,618	1 - 3.33
Buildings on freehold land	1,142,068	6,233	(175,126)	973,175	22,158	15,106	(7,384)	29,880	943,295	5
Buildings on leasehold land	460,737	104,420	223	565,380	72,042	33,709	(9,595)	96,156	469,224	5
Furniture and fixtures	523,777	63,325 (6,694)	36,609 (302)	616,715	459,934	35,618 (5,645)	(70,789)	419,118	197,597	10
Electrical, office and computer equipment	1,414,136	328,945 (13,715)	(66,166)	1,663,200	837,922	250,385 (13,510)	(59,749)	1,015,048	648,152	20-25
Vehicles	329,850	121,796 (34,569)	(33,936)	383,141	204,179	30,266 (25,752)	(12,185)	196,508	186,633	20
Assets held under finance lease										
Vehicles	5,367	1,881	(2,215)	5,033	1,320	552	(1,306)	566	4,467	20
2005	6,569,737	626,600 (54,978)	(252,515)	6,888,844	1,748,764	455,718 (44,907)	(209,911)	1,949,664	4,939,180	

* This represents write - off / reclassification of fixed assets based on an exercise being carried out by the management to reconcile their subsidiary records of fixed assets with the ledger balances. This exercise is expected to be completed shortly.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
11.3 Intangible assets

----- 2006 -----										
Cost				Accumulated Amortization				Net book value at December 31, 2006	Annual rate of amortisation %	
At January 1, 2006	Additions/ (deletions)	Other adjustments*	At December 31, 2006	At January 1, 2006	Charge for the year/ (amortisation on deletion)	Other adjustments	At December 31, 2006			
----- (Rupees in '000) -----										
Software	147,510	119,226	-	266,736	33,724	53,031	900	87,655	179,081	25

----- 2005 -----										
Cost				Accumulated Amortization				Net book value at December 31, 2005	Annual rate of amortisation %	
At January 1, 2005	Additions/ (deletions)	Other adjustments*	At December 31, 2005	At January 1, 2005	Charge for the year/ (amortisation on deletion)	Other adjustments	At December 31, 2005			
----- (Rupees in '000) -----										
Software	48,271	99,239	-	147,510	9,993	23,731	-	33,724	113,786	25

11.4 Revaluation of domestic properties

The properties of the Bank were last revalued by independent professional valuers as at December 31, 2003. The revaluation was carried out by M/s. Pirsons Chemicals Engineering (Private) Limited and M/s. Consultancy Support Services on the basis of professional assessment of present market values and resulted in a surplus of Rs. 991 million. Had there been no revaluation, the carrying amount of revalued assets of the bank would have been as follows:

	Rupees in '000
Freehold land	21,974
Leasehold land	107,966
Buildings on freehold land	15,560
Buildings on leasehold land	494,171
11.5 Carrying amount of temporarily idle property of the Bank.	19,382
11.6 The gross carrying amount of fully depreciated assets of the Bank that are still in use	
Furniture and fixtures	11,847
Electrical, office and computer equipment	21,315
Vehicles	37,718
IT Hardware	136,636

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
11.7 Disposals of fixed assets during the year

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers
------(Rupees in '000)-----						
Furniture and fixtures						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	3,449	3,274	175	979	Auction	Various
Electrical, office and computer equipment						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	3,715	3,707	8	62	Auction	Various
Vehicles						
Toyota Corolla	849	552	297	509	Negotiation	Mr. Abrar Mir (Ex-employee)
Toyota Corolla	939	626	313	329	Employee benefit	Dr. Khalid Aslam (Ex-employee)
Toyota Corolla	849	524	325	524	Negotiation	Mr. Mir Akbar Ali (SVP)
Toyota Corolla	849	524	325	496	Negotiation	Mr. Arif Rasheed (SVP)
Toyota Corolla	939	610	329	407	Employee benefit	Mr. M.A Mannan (Ex-employee)
Toyota Corolla	939	563	376	376	Employee benefit	Mr. Najmul Hassan (EVP)
Toyota Corolla	849	453	396	665	Insurance claim	Adamjee Insurance Company Ltd.
Honda Civic	939	563	376	548	Negotiation	Mr. Khawaja Asif (SEVP)
Suzuki Cultus	555	102	453	453	Insurance claim	Adamjee Insurance Company Ltd.
Items having book value of more than Rs. 250,000 and cost of more than Rs. 1,000,000						
Honda Civic	1,245	726	519	519	Employee benefit	Mr. Noman Hussain (Ex-employee)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Muhammad Asghar (SEVP)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Muhammad Ejazuddin (SEVP)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Ali Sameer (SEVP)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Aameer Karachiwalla (SEVP)
Honda Civic	1,245	706	539	642	Employee benefit	Mr. M.A Mannan (Ex-employee)
Items having book value of less than Rs. 250,000 and cost of less than Rs. 1,000,000	40,742	38,915	1,827	13,976		
	55,919	47,768	8,151	21,684		
Total	63,083	54,749	8,334	22,725		

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

	Note	2006	2005
		(Rupees in '000)	
12. DEFERRED TAX ASSET - NET			
Deferred tax asset - net	12.1	<u>907,575</u>	<u>2,272,814</u>
12.1 The balance of deferred taxation comprises:			
Deductible temporary differences on recognized tax losses		2,082	1,511,888
deficit on revaluation of investments	22.2	18,849	19,685
other deductible differences		<u>1,028,589</u>	<u>805,508</u>
		1,049,520	2,337,081
Taxable temporary differences on surplus on revaluation of fixed assets	22.1	(60,697)	(64,267)
accelerated tax depreciation		(81,248)	-
		(141,945)	(64,267)
		<u>907,575</u>	<u>2,272,814</u>
13. OTHER ASSETS			
Income / mark-up accrued in local currency		7,918,507	7,622,512
Income / mark-up accrued in foreign currency		1,503,888	2,838,916
		9,422,395	10,461,428
Suspense accounts		452,492	457,946
Hajj refund		558,407	826,068
Stationery and stamps on hand		88,581	79,524
Non banking assets acquired in satisfaction of claims	13.2	68,571	-
Advances, deposits, advance rent and other prepayments		1,052,018	711,664
Receivable from staff retirement funds		1,289,559	847,042
Due from other banks against telegraphic and demand drafts		699,967	95,468
Unrealized gain on forward foreign exchange contracts		103,489	120,544
Unrealized gain on securities not yet purchased		54,334	41,726
Others		573,470	813,586
		14,363,283	14,454,996
Provision held against other assets	13.1	(1,794,691)	(2,280,212)
Unrealized mark-up held in suspense account		(2,368,470)	(4,242,088)
Other Assets (Net of Provisions)		<u>10,200,122</u>	<u>7,932,696</u>
13.1 Provision against other assets			
Opening balance		2,280,212	3,052,803
Exchange adjustments		-	230
		<u>2,280,212</u>	<u>3,053,033</u>
Charge for the year		181,249	87,998
Reversals		(7,599)	-
	30	173,650	87,998
Transfers		33,029	49,028
Amounts written off		(692,200)	(909,847)
Closing balance		<u>1,794,691</u>	<u>2,280,212</u>
13.2			
These are carried at carrying value of amount due from the customers. Market value of these assets as determined by management of the Group was higher than the carrying amount.			

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
14. CONTINGENT ASSETS

There were no contingent assets as at the balance sheet date.

	Note	2006	2005
		(Rupees in '000)	
15. BILLS PAYABLE			
In Pakistan		3,723,994	4,080,008
Outside Pakistan		903,775	101,018
		4,627,769	4,181,026

16. BORROWINGS

In Pakistan		37,428,708	21,676,489
Outside Pakistan		1,251,100	1,074,526
		38,679,808	22,751,015

16.1 Particulars of borrowings with respect to currencies

In local currency		37,428,708	21,676,489
In foreign currencies		1,251,100	1,074,526
		38,679,808	22,751,015

16.2 Details of borrowings from financial institutions
Secured

Borrowings from the State Bank of Pakistan under

- Export refinance scheme	16.3	9,414,812	7,453,261
- Long-term financing under export oriented projects	16.4	5,333,691	303,410
- Locally manufactured machinery refinance scheme	16.5	3,382	5,195
		14,751,885	7,761,866
Repurchase agreement borrowings	16.6	17,527,738	8,434,771
		32,279,623	16,196,637

Unsecured

Call borrowings	16.7	4,604,999	4,027,253
Overdrawn nostro accounts		567,880	118,689
Trading liabilities		1,123,135	1,479,852
Others		104,171	928,584
		6,400,185	6,554,378
		38,679,808	22,751,015

16.3 The Bank has entered into agreements with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Group with SBP. These borrowings are repayable within six months upto June 2007.

16.4 These borrowings have been made from SBP for providing financing facilities to customers for import of machinery, plant, equipment and accessories thereof (not manufactured locally) by export oriented units.

16.5 According to agreements with SBP, these loans were obtained for providing finance to customers against locally manufactured machinery.

16.6 These repurchase agreement borrowings are secured against market treasury bills and carry mark-up at rates ranging from 8.19% to 8.82% per annum (2005: 6.50% to 8.45% per annum). These borrowings are repayable latest by March 2007.

16.7 These call borrowings carry mark-up at rates ranging from 8.1% to 10.1% per annum (2005: 1% to 9.25% per annum) and are repayable latest by March 2007.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
	(Rupees in '000)	
17. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	118,250,882	82,230,051
Savings deposits	123,454,103	124,033,403
Sundry deposits	4,942,064	4,148,275
Margin deposits	2,710,848	2,226,835
Current accounts - remunerative	1,999,555	1,891,832
Current accounts - non-remunerative	91,673,844	81,659,966
	<u>343,031,296</u>	<u>296,190,362</u>
Financial Institutions		
Remunerative deposits	549,862	26,157
Non-remunerative deposits	223,672	282,594
	<u>773,534</u>	<u>308,751</u>
	<u><u>343,804,830</u></u>	<u><u>296,499,113</u></u>

17.1 Particulars of deposits and other accounts

In local currency	256,314,804	235,690,501
In foreign currencies	87,490,026	60,808,612
	<u>343,804,830</u>	<u>296,499,113</u>

18. SUB-ORDINATED LOANS - UNSECURED

Note	Issue Date	Tenor	Rate % per annum	Maturity	Frequency of principal redemption	2006	2005
						(Rupees in '000)	
Term Finance Certificates - I	August 2004	8 years	8.45%	August 2012	Semi Annual	1,998,464	1,999,232
Term Finance Certificates - II	March 2005	8 years	9.49%	March 2013	Semi Annual	1,999,880	1,999,960
Term Finance Certificates - III	September 2006	8 years	Kibor+1.70%	September 2014	Semi Annual	2,000,000	-
						<u>5,998,344</u>	<u>3,999,192</u>

18.1 These represent listed Term Finance Certificates (TFCs) issued by the Bank in the year 2004, 2005 and 2006 having tenor of eight years. The liability of the Bank is subordinated as to the payment of principal and profit to all other indebtedness of the Bank (including deposits) and is not redeemable before maturity without approval of the State Bank of Pakistan.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance leases entered into with leasing companies for lease of vehicles. The rates of interest used as discounting factor range from 11.5% to 14.5% (2005: 11.5% to 14%) per annum. There is no financial restriction in the lease agreements. The amount of future minimum lease payments, present value of minimum lease payments and periods during which they become due are as follows:

	2006		
	Minimum lease payments	Finance charges for future period	Principal outstanding
	(Rupees in '000)		
Not later than one year	2,367	661	1,706
Later than one year and not later than five years	5,944	684	5,260
	<u>8,311</u>	<u>1,345</u>	<u>6,966</u>
	2005		
	Minimum lease payments	Finance charges for future period	Principal outstanding
	(Rupees in '000)		
Not later than one year	1,201	441	760
Later than one year and not later than five years	4,283	698	3,585
	<u>5,484</u>	<u>1,139</u>	<u>4,345</u>

At the end of lease period, the ownership of assets shall be transferred to the Group on payment of residual value. The cost of operating and maintaining the leased assets is borne by the Group. These are secured by demand promissory notes and security deposits and the vehicles which have been obtained under leasing arrangements.

	Note	2006	2005
		(Rupees in '000)	
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		2,432,041	1,775,186
Mark-up / return / interest payable in foreign currency		248,513	144,499
Accrued expenses	20.1	1,545,509	798,740
Branch adjustment account		(414,734)	38,015
Payable under severance scheme		35,227	37,060
Unearned commission		352,081	55,513
Provision for taxation - net	20.2	1,038,993	215,352
Provision against off - balance sheet obligations	20.3	652,339	612,939
Unrealized loss on derivative financial instruments - net	20.4	153,174	160,574
Deferred liabilities	20.5	2,448,408	2,287,551
Others		1,102,945	222,424
		<u>9,594,496</u>	<u>6,347,853</u>

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
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20.1 This includes an accrual of Rs. 559 million in respect of a new employee bonus scheme introduced by the Bank in the current year. The accrual represents benefits for the years 2005 (Rs 270 million) and 2006 as the scheme is effective from 2005. The objective of the scheme is to reward, motivate and retain high performing executives and officers of the Bank by way of bonus in the form of shares of UBL. The liability of the Bank in respect of this scheme is fixed and is approved each year by the Board of Directors of the Bank. The scheme will be managed by a separate trust for which the trust deed and rules are currently in the process of finalization.

20.2 The income tax assessments of the United Bank Limited for domestic branches have been finalized under normal law upto the assessment year 2002-2003 and tax years 2004 to 2006 under the provisions of section 120 (1) of the Income Tax Ordinance, 2001 which are deemed to be assessed unless selected for audit. The case of the tax year 2003 was selected for audit under section 177 of the Income Tax Ordinance, 2001 and the proceedings are pending before the taxation officer. In respect of Azad Kashmir Branches, assessment for the tax years 2003 and 2004 have been finalized in the light of agreement reached between the banks and Azad Kashmir Council in May 2005. The returns for the tax year 2005 and 2006 have also been filed as per the terms of the said agreement.

20.3 Provision against off - balance sheet obligations	Note	2006	2005
		(Rupees in '000)	
Opening balance		612,939	370,544
Charge during the year	30	52,663	239,171
Transfers during the year		(13,263)	3,224
		<u>652,339</u>	<u>612,939</u>

20.4 Unrealized loss on derivative financial instruments

	2006		2005	
	Contract/ Notional amount	Fair values	Contract/ Notional amount	Fair values
	----- (Rupees in '000) -----			
Unrealized loss on:				
Interest rate swaps	7,825,419	152,645	7,826,415	156,272
Equity futures	382,026	731	43,765	(2,125)
Forward purchase and sale contracts of government securities	8,468,302	(202)	598,194	6,427
	<u>16,675,747</u>	<u>153,174</u>	<u>8,468,374</u>	<u>160,574</u>

20.5 Deferred liabilities	2006	2005
	(Rupees in '000)	
Provision for post retirement medical benefits	1,226,331	1,154,400
Provision for gratuity	109,985	95,651
Provision for pension - overseas	37,834	-
Provision for compensated absences	1,074,258	1,037,500
	<u>2,448,408</u>	<u>2,287,551</u>

21. SHARE CAPITAL
21.1 Authorized Capital

2006	2005		2006	2005
Number of shares				
<u>1,030,000,000</u>	<u>1,030,000,000</u>	Ordinary shares of Rs 10 each	<u>10,300,000</u>	<u>10,300,000</u>

21.2 Issued, subscribed and paid-up capital

Fully paid-up ordinary shares of Rs 10 each

2006	2005		2006	2005
Number of shares				
518,000,000	518,000,000	Fully paid-up ordinary shares of Rs 10 each		
129,500,000	-	Issued for cash	5,180,000	5,180,000
<u>647,500,000</u>	<u>518,000,000</u>	Issued as bonus shares	1,295,000	-
			<u>6,475,000</u>	<u>5,180,000</u>

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
21.3 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	2006	
	Number of shares held	Percentage of shareholding
State Bank of Pakistan	287,908,654	44.46%
Abu Dhabi Group	165,112,500	25.50%
Best Way Group	165,112,500	25.50%
	<u>618,133,654</u>	<u>95.46%</u>

Note **2006** **2005**
(Rupees in '000)

22. SURPLUS ON REVALUATION OF ASSETS

Surplus arising on revaluation of assets - net of tax :

Fixed assets	22.1	2,484,749	2,579,203
Securities	22.2	185,659	343,012
		<u>2,670,408</u>	<u>2,922,215</u>

22.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets at January 1		2,643,470	2,741,494
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(94,454)	(94,148)
Related deferred tax liability of incremental depreciation charged during the year		<u>(3,570)</u>	<u>(3,876)</u>
		2,545,446	2,643,470
Less: Related deferred tax liability on:			
Revaluation as on January 1		64,267	68,143
Incremental depreciation charged on related assets		<u>(3,570)</u>	<u>(3,876)</u>
		60,697	64,267
		<u>2,484,749</u>	<u>2,579,203</u>

22.2 Surplus on revaluation available-for-sale securities

Market Treasury Bills		(10,437)	(11,405)
Pakistan Investment Bonds		(58,140)	(60,063)
Quoted securities		<u>235,387</u>	<u>394,795</u>
		166,810	323,327
Related deferred tax asset/ (liability)		18,849	19,685
		<u>185,659</u>	<u>343,012</u>

22.3 Deferred tax liability on surplus on revaluation of quoted securities amounting to Rs. 35.940 million has not been recognised by the Group in the financial statements as the management is confident that the existing tax exemption on sale of listed securities will be extended by the Government of Pakistan beyond tax year 2007.

2006 **2005**
(Rupees in '000)

23. CONTINGENCIES AND COMMITMENTS
23.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring

Government	9,658,487	1,723,733
Banking companies and other financial institutions	2,450,816	775,064
Others	4,120,475	2,427,256
	<u>16,229,778</u>	<u>4,926,053</u>

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
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	2006	2005
	(Rupees in '000)	
23.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
Government	27,269,975	14,640,161
Banking companies and other financial institutions	1,387,386	785,981
Others	4,585,391	5,287,560
	<u>33,242,752</u>	<u>20,713,702</u>
23.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring		
Government	50,491,386	1,628,389
Banking companies and other financial institutions	365,045	693,229
Others	43,357,420	71,300,730
	<u>94,213,851</u>	<u>73,622,348</u>
23.4 Other contingencies		
Claims against the Group not acknowledged as debts	<u>13,732,499</u>	<u>6,054,243</u>
23.5 Commitments in respect of forward lending		
The Group 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.		
23.6 Commitments in respect of forward foreign exchange contracts	2006	2005
	(Rupees in '000)	
Sale	<u>58,556,959</u>	<u>42,020,795</u>
Purchase	<u>56,461,145</u>	<u>38,156,440</u>
23.7 Other commitments		
Forward purchase contracts of government securities	<u>5,634,902</u>	<u>598,194</u>
Forward sale contracts of government securities	<u>2,833,400</u>	<u>-</u>
Interest rate swaps	<u>7,825,419</u>	<u>7,826,415</u>
Equity futures	<u>382,026</u>	<u>43,765</u>
Sale of securities not yet purchased	<u>1,067,735</u>	<u>1,479,279</u>
Commitments in respect of capital expenditure	<u>95,307</u>	<u>217,112</u>

24. DERIVATIVE INSTRUMENTS

"Derivative" means a type of financial contract the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivative also includes structured financial products that have one or more characteristics of forwards, futures, swaps and options.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

United Bank Limited as an Authorized Derivative Dealer (ADD) is an active participant in the derivatives' market of Pakistan. Though the ADD license covers the below mentioned transactions only (permitted under Financial Derivatives Business Regulations issued by SBP), but the Bank offers a wide variety of derivative products to satisfy customers' needs (specific approval for which is sought from SBP on transaction basis):

- a. Foreign Currency Options
- b. Forward Rate Agreements
- c. Interest Rate Swaps

These transactions cover both the aspects of market making and hedging.

The authority for approving policies lie with the BOD, who has delegated its powers to Market Risk Committee (MRC), which runs the affairs in line with policies approved by the BOD.

With regard to derivatives, the Market Risk Committee (MRC) is authorized to:

- Review derivatives business with reference to market risk exposure and assign various limits in accordance with the risk appetite of the Group
- Review and approve the Derivatives Business Policy
- Review and sign off derivatives' product programs
- Authorize changes in procedures and processes regarding derivatives and structured products

Overall responsibility for derivatives trading activity lies with Treasury and Capital Markets (TCM). Identifying and quantifying market risk on derivatives; Coordinating approvals on temporary or permanent market risk limits; Formulation of policies and procedures with respect to market risk arising from derivatives; Formal monitoring of market and credit risk exposure and limits and its reporting to the senior management and BOD is done by Treasury and Market Risk (TMR). Treasury Operations (TROPS) records derivative activity in the Group's books, and its reporting to SBP.

Derivative Risk Management

There are a number of risks undertaken by the Group, which need to be monitored and assessed. The "risk continuum" includes:

Credit Risk

This refers to the risk of non-performance or default by a party (a customer, guarantor, trade counterparty, third party, etc.), resulting in a negative impact on the Group's equity. There are two types of credit risk (Settlement and Pre-Settlement risk) that are associated with derivatives transactions and monitored on regular basis. To mitigate the settlement risk, settlement is carried out by netting the amounts receivable and payable, i.e., net amount is either received or paid. Further, for Pre-Settlement Risk, the Group has constituted Treasury Product Credit Committee (TPCC) that is authorized to approve credit limits (based on internal obligor risk rating) for all derivative counterparties. Credit exposure for each counterparty is calculated and monitored by an independent risk monitoring and control department i.e. Treasury Middle Office.

Market Risk

Market risk exposure limits have been assigned in accordance with the risk appetite of the Group and being monitored on daily basis, which include sensitivity limits, tenor limits, and notional limits. An exercise is under way to model VaR structure, which will then help in deriving VaR limits.

Liquidity Risk

Derivative transactions, usually being non-funded in nature, do not involve funds therefore there is no specific risk of liquidity.

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The other aspect of liquidity refers to the availability of certain instrument or hedge in the market, which is very much true in the local market, as interest rate derivatives have a unidirectional demand, and no perfect hedge is available. The Group mitigates its risk, on one side, by limiting the portfolio in terms of tenor, notional, and sensitivity limits, and on the other side its running a short position in fixed income securities to partially cover the unfavorable movement in interest rates.

Operational Risk

The human resources involved in the process of trading, settlement and risk management of derivatives are carefully selected and subsequently trained to deal with the delicacies involved in the process. A state-of-the-art system has been put in place which handles the derivative transactions. As each and every product / transaction is processed in accordance with the product program or transaction memo, which contains in detail the accounting and operational aspects of the transaction, it further mitigates the operational risk. In addition, Treasury Middle Office (TMO) and Compliance and Control Department (CCD) are assigned with the responsibility of monitoring any deviation from the policies and procedures. Group's Audit and Inspection wing also reviews this function, which covers regular review of systems, transactional processes, accounting practices, end-user roles and responsibilities.

The Group has installed a state-of-the-art derivatives system (PRINCIPIA), which provides an end-to-end solution. Other than supporting the routine transactional process it also provides analytical tools to measure various risk exposures and stress / sensitivity analysis.

Treasury Middle Office produces various reports for higher management (BOD, MRC etc) on daily, monthly and ad-hoc basis. These reports provide a quick look on derivatives business profile various risk exposures.

Derivatives market in Pakistan, except for currency options, has a unidirectional demand, therefore the portfolio structure, as regards interest rate derivatives, is liability dominant.

24.1 Product Analysis

----- 2006 -----						
Interest Rate Swaps		Forward Rate Agreements		FX Options		
No. of Contracts	Notional Principal	No. of Contracts	Notional Principal	No. of Contracts	Notional Principal	
(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		
With Banks for						
Hedging	2	702,529	-	-	3	621,571
Market Making	3	941,072	-	-	-	-
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
With other entities						
Hedging	-	-	-	-	-	-
Market Making	20	6,181,818	-	-	3	621,571
Total						
Hedging	2	702,529	-	-	3	621,571
Market Making	23	7,122,890	-	-	3	621,571

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----- 2005 -----						
	Interest Rate Swaps		Forward Rate Agreements		FX Options	
	No. of Contracts	Notional Principal	No. of Contracts	Notional Principal	No. of Contracts	Notional Principal
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
With Banks for						
Hedging	2	618,637	-	-	8	545,100
Market Making	-	-	-	-	-	-
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
With other entities						
Hedging	-	-	-	-	-	-
Market Making	18	7,207,778	-	-	8	545,100
Total						
Hedging	2	618,637	-	-	8	545,100
Market Making	18	7,207,778	-	-	8	545,100

24.2 Maturity Analysis
Interest Rate Swaps

Remaining Maturity	No. of Contracts	Notional Principal	2006		
			Mark to Market		
			Negative	Positive	Net
----- (Rupees in '000) -----					
Upto 1 Month	-	-	-	-	-
1 to 3 Month	-	-	-	-	-
3 to 6 Month	1	300,000	(155)	-	(155)
6 Month to 1 Year	1	500,000	(4,927)	-	(4,927)
1 to 2 Year	3	1,900,000	(16,880)	-	(16,880)
2 to 3 Year	10	2,536,072	(59,726)	-	(59,726)
3 to 5 Year	10	2,589,347	(73,751)	2,794	(70,957)
5 to 10 Year	-	-	-	-	-
Above 10 Year	-	-	-	-	-
	<u>25</u>	<u>7,825,419</u>	<u>(155,439)</u>	<u>2,794</u>	<u>(152,645)</u>

Remaining Maturity	No. of Contracts	Notional Principal	2005		
			Mark to Market		
			Negative	Positive	Net
----- (Rupees in '000) -----					
Upto 1 Month	-	-	-	-	-
1 to 3 Month	-	-	-	-	-
3 to 6 Month	-	-	-	-	-
6 Month to 1 Year	-	-	-	-	-
1 to 2 Year	1	1,000,000	(18,381)	-	(18,381)
2 to 3 Year	3	2,500,000	(23,646)	-	(23,646)
3 to 5 Year	14	3,976,415	(115,879)	7,156	(108,723)
5 to 10 Year	2	350,000	(6,179)	657	(5,522)
Above 10 Year	-	-	-	-	-
	<u>20</u>	<u>7,826,415</u>	<u>(164,085)</u>	<u>7,813</u>	<u>(156,272)</u>

24.3 In addition the Group enters into transactions relating to equity futures. The contract amount and fair values of equity futures outstanding at December 31, 2006 are stated in note 20.4 of these consolidated financial statements.

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	2006	2005
	(Rupees in '000)	
25. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances		
- Customers	25,540,527	14,641,173
- Financial institutions	1,326,283	874,498
	26,866,810	15,515,671
On investments in		
- Available for sale securities	3,542,960	2,554,113
- Held to maturity securities	1,612,477	1,271,105
- Associates and subsidiaries	31,513	26,457
	5,186,950	3,851,675
On deposits with financial institutions	114,605	205,887
On securities purchased under resale agreements	1,442,904	1,103,566
Discount income	16,264	10,574
	<u>33,627,533</u>	<u>20,687,373</u>
26. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	9,955,462	5,105,843
On securities sold under repurchase agreements	1,020,155	295,952
On other short - term borrowings	751,385	699,743
On long - term borrowings	471,851	24,088
Discount expense	61,387	30,440
	<u>12,260,240</u>	<u>6,156,066</u>
27. GAIN / (LOSS) ON SALE OF SECURITIES		
Federal Government Securities		
Market Treasury Bills	(3,607)	1,918
Pakistan Investment Bonds	(98,397)	49,077
	<u>(102,004)</u>	<u>50,995</u>
Fully paid - up ordinary shares		
Listed companies	391,678	232,681
Unlisted companies	-	-
	391,678	232,681
Other securities	(7,107)	97,510
	<u>282,567</u>	<u>381,186</u>
28. OTHER INCOME		
Charges recovered from customers	1,143,592	1,088,465
Rent on properties	119,484	115,681
Liabilities no longer required written back	-	25,000
Income from non-banking assets and profit from sale of or dealing with such assets	14,391	13,246
Others	74,544	23,836
	<u>1,352,011</u>	<u>1,266,228</u>

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	Note	2006	2005
		(Rupees in '000)	
29. ADMINISTRATIVE EXPENSES			
Personnel Cost			
Salaries, allowances etc.		5,515,126	4,073,218
Medical expenses		269,293	233,424
Charge for compensated absences		201,501	140,589
Contribution to defined contribution plan		107,664	95,520
Reversal in respect of defined benefit obligations		(31,460)	(101,279)
		6,062,124	4,441,472
Premises Cost			
Rent, taxes, insurance, electricity etc.		993,366	722,331
Depreciation	11.2	167,755	139,536
Repairs and maintenance		76,580	32,246
		1,237,701	894,113
Other Operating Cost			
Outsourced service charges including sales commission		1,044,641	627,551
Communications		512,215	406,081
Advertisement and publicity		491,613	364,975
Depreciation	11.2	425,517	316,182
Stationery and printing		258,886	204,714
Banking service charge		244,423	154,697
Legal and professional charges		216,845	147,188
Travelling		145,668	91,334
Cash transportation charges		144,165	120,493
Repairs and maintenance		110,322	96,272
Vehicle expenses		89,673	56,305
Training and seminar		84,981	36,802
Office running expenses		64,230	49,064
Entertainment		55,728	49,253
Amortization	11.3	53,031	23,731
Cartage, freight and conveyance		50,625	37,105
Auditors' remuneration	29.2	41,296	36,591
Sub-ordinated debt issuance costs		27,804	1,909
Computer expenses		27,144	32,550
Subscriptions		22,859	19,938
Brokerage expenses		19,142	15,366
Donations	29.1	11,350	63,361
Non-executive directors' fee and allowances		6,332	5,284
Finance charges on leased assets		615	233
Miscellaneous expenses		188,935	124,908
		4,338,040	3,081,887
		<u>11,637,865</u>	<u>8,417,472</u>

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29.1 Donations were not made to any donee in which the Group or a director or his spouse had any interest.

29.2 Auditors' remuneration

	2006		
	A. F. Ferguson & Co.	KPMG Taseer Hadi & Co.	Total
	(Rupees in '000)		
Audit fee	5,100	5,100	10,200
Fee for audit of EPZ branch	60	-	60
Special certifications and sundry advisory services	200	-	200
Fee for audit of overseas branches and subsidiaries			28,721
Fee for audit of domestic subsidiaries	212	45	257
Out of pocket expenses	968	890	1,858
	<u>6,540</u>	<u>6,035</u>	<u>41,296</u>

	2005		
	A. F. Ferguson & Co.	KPMG Taseer Hadi & Co.	Total
	(Rupees in '000)		
Audit fee	4,730	4,730	9,460
Fee for audit of EPZ branch	56	-	56
Special certifications and sundry advisory services	725	725	1,450
Fee for audit of overseas branches and subsidiaries	-	-	22,272
Out of pocket expenses	1,677	1,676	3,353
	<u>7,188</u>	<u>7,131</u>	<u>36,591</u>

Note 2006 2005
(Rupees in '000)

30. OTHER PROVISIONS / WRITE OFFS

Provision against other assets - net	13.1	173,650	87,998
Provision against off - balance sheet obligations	20.3	52,663	239,171
Other provisions / write offs		-	8,699
		<u>226,313</u>	<u>335,868</u>

31. OTHER CHARGES

Penalties imposed by State Bank of Pakistan		<u>25,980</u>	<u>7,066</u>
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32. TAXATION

	2006			
	Overseas	Azad Kashmir	Domestic	Total
	(Rupees in '000)			
Current tax	601,550	354,752	2,466,974	3,423,276
Prior year tax	19,058	17,626	8,541	45,225
Deferred taxation	274,554	111,043	978,806	1,364,403
	<u>895,162</u>	<u>483,421</u>	<u>3,454,321</u>	<u>4,832,904</u>

	2005			
	Overseas	Azad Kashmir	Domestic	Total
	(Rupees in '000)			
Current tax	261,940	223,366	19,849	505,155
Prior year tax	8,043	71,025	736	79,804
Deferred taxation	617,100	188,634	2,149,711	2,955,445
	<u>887,083</u>	<u>483,025</u>	<u>2,170,296</u>	<u>3,540,404</u>

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	2006	2005
	(Rupees in '000)	
32.1 Relationship between tax expense and accounting profit		
Accounting profit for the year	<u>14,499,782</u>	<u>9,708,666</u>
Tax on income @ 35% (2005: 38%)	5,074,924	3,689,293
Tax effect of items that are either not included in determining taxable profit or taxed at reduced rates	(232,865)	454,250
Deferred tax liability / (asset) recognized on assessed losses / temporary differences	(50,810)	(679,067)
Reversal of deferred tax liability on incremental depreciation	(3,570)	(3,876)
Prior year tax charge	45,225	79,804
Tax charge	<u>4,832,904</u>	<u>3,540,404</u>
33. BASIC / DILUTED EARNINGS PER SHARE		
Profit after taxation for the year attributable to the shareholders of the holding company	<u>9,529,388</u>	<u>6,077,704</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>647,500,000</u>	<u>647,500,000</u>
	(Rupees)	
Basic / diluted earnings per share	<u>14.72</u>	<u>9.39</u>
	(Rupees in '000)	
34. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	49,023,540	34,155,235
Balances with other banks	19,418,278	18,676,576
	<u>68,441,818</u>	<u>52,831,811</u>
35. STAFF STRENGTH	(Number)	
Permanent	9,860	9,444
Contractual basis	11	1
Bank's own staff strength at the end of the year	<u>9,871</u>	<u>9,445</u>
Outsourced	5,631	4,125
Total number of employees at the end of the year	<u>15,502</u>	<u>13,570</u>
36. EMPLOYEE BENEFITS		
36.1 United Bank Limited		
36.1.1 Defined benefit plan		

United Bank Limited operates a funded pension scheme established in 1986. The Bank also operates a funded gratuity scheme for new employees and those employees who have not opted for the pension scheme. Further, the Bank also operates a contributory benevolent fund scheme and provides post retirement medical benefits to eligible retired employees. The benevolent fund plan and post retirement medical plan cover all the regular employees of the Bank. Actuarial valuation of the defined benefit plan / scheme is carried out every year and the latest valuation was carried out as at December 31, 2006.

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36.1.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2006. Projected unit credit actuarial cost method, using following significant assumptions was used for the valuation of the defined benefit plans:

	2006	2005
Discount rate	9%	9%
Expected rate of return on plan assets	9%	9%
Expected rate of salary increase	9%	9%
Expected rate of pension increase	4%	4%

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

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Present value of funded obligations	4,433,583	437,373	670,979	-	4,184,487	381,983	665,686	-
Fair value of plan assets	(7,116,577)	(335,449)	(917,522)	-	(6,349,249)	(345,484)	(773,365)	-
	(2,682,994)	101,924	(246,543)	-	(2,164,762)	36,499	(107,679)	-
Present value of unfunded obligation	-	-	-	1,298,048	-	-	-	1,263,750
Net actuarial gains or (losses) not recognized	2,175,323	(103,944)	188,256	(71,717)	1,818,703	(39,872)	98,124	(109,350)
(Receivable) / payable	(507,671)	(2,020)	(58,287)	1,226,331	(346,059)	(3,373)	(9,555)	1,154,400

36.1.4 Movement in defined benefit obligation

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Obligation at the beginning of the year	4,184,487	381,983	665,686	1,263,750	4,027,184	292,738	719,317	1,256,633
Current service cost	19,626	46,838	17,758	15,511	21,416	40,895	18,345	19,922
Interest cost	376,604	34,378	59,912	113,738	322,175	23,419	57,545	100,531
Benefits paid by the fund	(629)	-	(597)	-	(117,022)	(25,766)	(56,439)	-
Benefits paid by the bank	(385,005)	(59,373)	(60,716)	(57,318)	(11,580)	-	(8,456)	(48,863)
Actuarial (gain)/ loss on obligation	238,500	33,547	(11,064)	(37,633)	(57,686)	50,697	(64,626)	(64,473)
Obligation at the end of the year	4,433,583	437,373	670,979	1,298,048	4,184,487	381,983	665,686	1,263,750

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36.1.5 Movement in fair value of plan assets

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
----- (Rupees in '000) -----								
Fair value at the beginning of the year	6,349,249	345,484	773,365	-	6,496,932	278,261	698,839	-
Expected return on plan assets	571,432	31,094	69,603	-	523,293	25,938	55,907	-
Contribution by the bank	-	51,259	10,000	-	-	41,749	10,541	-
Contribution by the employees	-	-	10,290	-	-	-	10,541	-
Amount paid by the fund to the bank	(516,973)	(61,696)	(26,129)	-	(360,000)	(1,309)	(612)	-
Benefits paid by the fund	(629)	-	(597)	-	(117,022)	(25,766)	(56,439)	-
Actuarial gain/ (loss) on plan assets	713,498	(30,692)	80,990	-	(193,954)	26,611	54,588	-
Fair value at the end of the year	<u>7,116,577</u>	<u>335,449</u>	<u>917,522</u>	<u>-</u>	<u>6,349,249</u>	<u>345,484</u>	<u>773,365</u>	<u>-</u>

36.1.6 Movement in (receivable) / payable to defined benefit plans

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
----- (Rupees in '000) -----								
Opening balance	(346,059)	(3,373)	(9,555)	1,154,400	(384,854)	(1,309)	(612)	1,076,874
Charge/ (reversal) for the year	(293,580)	50,289	(4,113)	129,249	(309,773)	38,376	9,442	125,269
Contribution to / (refund from) fund made during the year	516,973	10,437	16,129	-	360,000	(40,440)	(9,929)	-
Benefits paid	(385,005)	(59,373)	(60,748)	(57,318)	(11,432)	-	(8,456)	(47,743)
Closing balance	<u>(507,671)</u>	<u>(2,020)</u>	<u>(58,287)</u>	<u>1,226,331</u>	<u>(346,059)</u>	<u>(3,373)</u>	<u>(9,555)</u>	<u>1,154,400</u>

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36.1.7 Charge for defined benefit plans

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Current service cost	19,626	46,838	17,758	15,511	21,416	40,895	18,345	19,922
Interest cost	376,604	34,378	59,912	113,738	322,175	23,419	57,545	100,531
Expected return on plan assets	(571,432)	(31,094)	(69,603)	-	(523,293)	(25,938)	(55,907)	-
Actuarial (gains) and losses	(118,378)	167	(1,890)	-	(130,071)	-	-	4,816
Employees' contribution	-	-	(10,290)	-	-	-	(10,541)	-
	<u>(293,580)</u>	<u>50,289</u>	<u>(4,113)</u>	<u>129,249</u>	<u>(309,773)</u>	<u>38,376</u>	<u>9,442</u>	<u>125,269</u>

36.1.8 Actual return on plan assets

Amongst the defined benefit plans, currently the pension, gratuity and benevolent fund plans are funded. The actual return earned on the assets during the year are:

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Expected return on plan assets	571,432	31,094	69,603	-	523,293	25,938	55,907	-
Actuarial gain/ (loss) on plan assets	713,498	(30,692)	80,990	-	(193,954)	26,611	54,588	-
	<u>1,284,930</u>	<u>402</u>	<u>150,593</u>	<u>-</u>	<u>329,339</u>	<u>52,549</u>	<u>110,495</u>	<u>-</u>

36.1.9 Five year data on surplus/ deficit of the plans and experience adjustments

	Pension Fund				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(4,433,583)	(4,184,487)	(4,027,184)	(3,363,652)	(4,388,718)
Fair value of plan assets	7,116,577	6,349,249	6,541,166	5,985,788	5,256,228
Surplus / (Deficit)	<u>2,682,994</u>	<u>2,164,762</u>	<u>2,513,982</u>	<u>2,622,136</u>	<u>867,510</u>
Experience adjustments on plan liabilities [loss/(gain)]	238,500	251,108	292,061	(213,654)	(54,125)
Experience adjustments on plan assets [loss/(gain)]	(411,713)	(438,971)	(534,091)	(402,753)	(164,095)

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	Gratuity Fund				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(437,373)	(381,983)	(292,738)	(279,509)	(257,955)
Fair value of plan assets	335,449	345,484	324,220	373,367	333,334
Surplus / (Deficit)	(101,924)	(36,499)	31,482	93,858	75,379
Experience adjustments on plan liabilities [loss/(gain)]	33,547	50,697	1,029	(39,872)	(26,482)
Experience adjustments on plan assets [loss/(gain)]	10,979	757	(1,023)	13,931	-

	Benevolent Fund				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(670,979)	(665,686)	(719,317)	(582,699)	(607,590)
Fair value of plan assets	917,522	773,365	694,182	607,327	525,797
Surplus / (Deficit)	246,543	107,679	(25,135)	24,628	(81,793)
Experience adjustments on plan liabilities [loss/(gain)]	(11,064)	33,543	286,097	(89,812)	143,160
Experience adjustments on plan assets [loss/(gain)]	(64,187)	(59,679)	(60,667)	(46,803)	(26,378)

	Post retirement medical				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(1,298,048)	(1,263,750)	(1,256,633)	(1,064,831)	(1,065,729)
Experience adjustments on plan liabilities [loss/(gain)]	(37,633)	(12,195)	36,389	160,963	307,721

36.1.10 Effects of a 1% movement in assumed medical cost trend rates

Annual medical expense limit is based on frozen non-monetized basic pay of employees as on June 30, 2001. Accordingly, movement in medical cost trend rates would not affect current service cost, interest cost and defined benefit obligation.

36.1.11 Components of plan assets as a percentage of total plan assets

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Government securities	88.80%	48.00%	95.00%	-	89.40%	50.00%	94.00%	-
Units of mutual funds	0.01%	23.00%	2.40%	-	0.00%	34.00%	2.90%	-
Ordinary shares of listed companies	0.00%	0.00%	2.50%	-	0.00%	0.00%	2.50%	-
Term finance certificates	0.00%	28.00%	-	-	0.00%	14.00%	0.00%	-
Others (including bank balances)	11.19%	1.00%	0.10%	-	10.60%	2.00%	0.60%	-
	100.00%	100.00%	100.00%	-	100.00%	100.00%	100.00%	-

As per the actuarial recommendations the expected return on plan assets was taken as 9% per annum. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

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

United Bank Limited contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent scheme. Based on actuarial advice the management estimate that the charge in respect of defined benefit plans for the year ending December 31, 2007 would be as follows:

	2007			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----			
Expected charge for the year	(384,593)	71,777	(23,689)	131,518

36.2 United National Bank Limited Pension and Life assurance scheme for U.K Employees.

As part of the shareholder agreement (the "agreement") signed on November 9, 2001 between UNBL and the share holders of United Bank Limited and National Bank of Pakistan, it was agreed that the UNBL may participate as an associated employer in the United Bank Limited Pension and Life Assurance Scheme ("The Scheme") with effect from the completion of transfer of the businesses (November 19, 2001) ("The Completion Date"). The scheme provides benefits based on final pensionable salary.

Under the terms of the Agreement, the company is responsible for the funding requirements of the active members whose employment were transferred to the UNBL on the completion date and for any new members admitted to the scheme after this date. United Bank Limited remains responsible for the funding of pensioners and deferred members as at the completion date.

No new members have been admitted to the scheme in the year ended December 31, 2005.

The last full actuarial valuation of the scheme was carried at January 1, 2005 and has been updated to December 31, 2006 by a qualified actuary on the basis of triennial valuations using Projected Unit Credit Method. The major assumptions used by the actuary were as follows:

	2006	2005
	Percentage	
- Rate of increase in salaries	4.75	4.25
- Rate of increase of pension	3.00 - 3.55	2.75 - 3.00
- Rate of revaluation of pension in deferment	5.00	5.00
- Discount rate	5.1	4.75
- Price inflation	3.25	2.75

The assets and liabilities of the scheme noted below relate to those employees for whom the UNBL has a funding liability. The combined assets in the scheme and the expected rate of return were:

	Percentage	(Rupees '000)	Percentage	(Rupees '000)
Other - insurance policy	4.75	<u>382,517</u>	4.75	<u>296,992</u>
Total market value of assets		382,517		296,992
Actuarial value of liability		(420,351)		(294,523)
Net pension asset / (liability)		<u>(37,834)</u>		<u>2,469</u>

The asset value supplied by the insurance company for 2006 is on an ongoing basis. If the policy had been surrendered at December 31, 2006 the surrender value would have been Rs. 335.117 million. It is not UNBL's intention to surrender the policy.

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	2006	2005		
	(Rupees in '000)			
36.2.1 Movement in defined benefit obligation				
Obligation at the beginning of the year	(2,469)	1,626		
Current Service Cost	(10,115)	(8,455)		
Interest Cost	111	325		
Employer's contribution	8,781	6,612		
Actuarial (gains) / losses	(36,680)	(2,710)		
Exchange Adjustment	2,537	133		
Obligation at the end of the year	<u>(37,834)</u>	<u>(2,469)</u>		
36.2.2 Charged for defined benefit plans				
Current service cost	<u>(10,115)</u>	<u>(8,455)</u>		
36.2.3 Actual return on plan asset				
Expected return on pension scheme assets	<u>15,450</u>	<u>13,116</u>		
36.2.4 Four year data on surplus /deficit of the plans and experience adjustment				
	2006	2005	2004	2003
Difference between expected and actual return on scheme assets	134,322	29,957	14,083	35,208
Experience adjustment on Plan assets	4%	8%	5%	11%
Experience adjustment on Plan liabilities	0%	-5%	14%	-2%
36.3 UBL Fund Managers Limited				
The scheme provides for gratuity benefits for all its eligible employees who attain the minimum qualifying period of three years. Annual charge is based on actuarial valuation carried out as at December 31, 2005 using the Projected Unit Credit Method.				
36.3.1 Principal actuarial assumptions			2006	2005
			(Rupees in 000)	
The key assumptions used for actuarial valuation were as follows:				
Discount rate			10%	9%
Expected rate of return on plan assets			10%	9%
Expected rate of salary increase			10%	9%
Expected withdrawal rate			Moderate	Moderate
Average expected remaining working lives			32.53 years	32.53 years
36.3.2 Reconciliation of payable to defined benefit plan				
Present value of defined benefit obligations			1,820	459
Fair value of plan assets			(469)	-
Unrecognised actuarial gains / (losses)			1,351	-
Unrecognised past service cost			(87)	-
			<u>2,615</u>	<u>459</u>

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	2006	2005
	(Rupees in '000)	
36.3.3 Movement in defined benefit obligation		
Obligation at the beginning of the year	459	-
Current Service Cost	1,250	371
Interest Cost	78	23
Actuarial (gains) / losses	33	-
Recognition of transitional liability	-	65
Obligation at the end of the year	<u>1,820</u>	<u>459</u>
36.3.4 Movement in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	64	-
Contributions to the plan	459	-
Benefits paid	-	-
Actuarial gains / (losses)	(54)	-
	<u>469</u>	<u>-</u>
36.3.5 Movement in net liability recognized		
Opening net liability	459	-
Expense recognized	1,264	459
Contribution to the fund made during the year	(459)	-
Closing net liability	<u>1,264</u>	<u>459</u>
36.3.6 Charge for defined benefit plan		
Current service cost	1,250	371
Interest cost	78	23
Expected return on plan assets	(64)	-
Actuarial (gain) / losses recognized	-	-
Recognition of transitional liability	-	65
	<u>1,264</u>	<u>459</u>
36.3.7 Actual Return on Plan Assets	<u>11</u>	<u>-</u>
36.3.8 Details of Surplus in the plan		
Present value of defined benefit obligation	1,820	459
Fair value of plan assets	(469)	-
(Surplus) / Deficit	<u>1,351</u>	<u>459</u>
Experience adjustments on plan liabilities	<u>33</u>	<u>-</u>
Experience adjustments on plan assets	<u>54</u>	<u>-</u>
36.3.9 The expected gratuity expense for the year ending December 31,2007 would be Rs 1.939 million.		

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37. OTHER EMPLOYEE BENEFITS
37.1 Defined contribution plan

United Bank Limited operates a contributory provident fund scheme for 6,255 (2005: 5,495) employees who are not in the pension scheme. The employer and employee both contribute 8.33% of the basic salaries to the funded scheme every month.

37.2 Employee compensated absences

The liability of United Bank Limited in respect of long-term employee compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit Method. The liability of the bank as per the latest actuarial valuation carried out as at December 31, 2006 amounted to Rs. 1,074.258 million (2005: Rs 1,037.5 million) which has been fully provided by the bank. The charge for the year in respect of these absences amounted to Rs.201.501 million (2005: Rs 129.628 million) which is included in note 29 to these consolidated financial statements.

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2006	2005	2006	2005	2006	2005
	(Rupees in '000)					
Fees	-	-	117	40	-	-
Managerial remuneration	48,385	19,604	-	-	394,833	276,608
Charge for defined benefit plan	455	524	-	-	6,850	9,247
Contribution to defined contribution plan	1,380	903	-	-	20,759	15,782
Rent and house maintenance	1,440	1,970	-	-	116,143	85,224
Utilities	303	346	-	-	25,810	18,939
Medical	21	33	-	-	25,810	18,939
Reimbursement of children's education fees	1,035	43	-	-	-	-
Vehicle running, maintenance and others	447	639	-	-	33,476	12,634
	<u>53,466</u>	<u>24,062</u>	<u>117</u>	<u>40</u>	<u>623,681</u>	<u>437,373</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>269</u>	<u>207</u>

The Chief Executive and certain executives of United Bank Limited are provided with free use of the bank's maintained cars and household equipments. In addition as mentioned in note 20.1 an amount of Rs 559 million (including an amount of Rs 270 million in respect of year ended December 31, 2005) has also been charged in these financial statements in respect of new employee bonus scheme introduced in the current year. The individual entitlements under the scheme will be determined by a separate fund which the bank intends to form for the management of the scheme.

The particulars in this note do not include particulars of Chief Executive and Executives employed by subsidiary companies.

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39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments other than those classified as held to maturity is based on quoted market price. Fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 Group's accounting policy as stated in note 5.5 to these consolidated financial statements.

The repricing profile, effective rates and maturity are stated in notes 44.2.3 and 44.3.1 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

	2006					
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Asset management	Others
	(Rupees in '000)					
Total income	13,985,890	4,184,432	10,755,877	11,749,448	107,887	129,740
Total expenses	11,231,616	3,585,573	8,605,811	2,786,189	116,735	87,568
Net income / (loss)	2,754,274	598,859	2,150,066	8,963,259	(8,848)	42,172
Segment assets (gross of NPL provision)	149,568,054	133,129,302	79,510,755	84,316,660	70,523	1,704,365
Segment non performing loans	7,947,348	265,958	2,262,914	6,269,571	-	-
Segment provision required (NPL)	6,627,909	138,387	1,695,747	3,947,919	-	-
Segment liabilities	132,883,007	128,488,843	78,760,028	61,520,044	15,285	1,045,006
Segment return on assets (ROA) (%)	10%	7%	15%	8%	153%	8%
Segment cost of funds (%)	8%	7%	9%	3%	0%	8%
	2005					
	(Rupees in '000)					
Total income	7,170,360	6,831,120	5,754,630	6,138,740	48,564	116,176
Total expenses	5,213,383	5,130,463	4,596,660	1,227,392	52,107	130,920
Net income / (loss)	1,956,977	1,700,657	1,157,970	4,911,348	(3,543)	(14,744)
Segment assets (gross of NPL provision)	120,906,342	110,637,208	68,147,338	69,942,713	70,202	1,858,377
Segment non performing loans	7,789,630	443,795	2,208,388	6,920,391	-	-
Segment provision required (NPL)	7,249,974	241,386	1,725,969	4,288,705	-	-
Segment liabilities	110,696,378	105,943,368	64,685,496	51,250,367	4,074	1,202,860
Segment return on assets (ROA) (%)	8%	5%	12%	6%	69%	6%
Segment cost of funds (%)	6%	5%	7%	2%	0%	11%

41. TRUST ACTIVITIES

The Group is not engaged in any significant trust activities. However, it acts as security agent for some of the Term Finance Certificates it arranges and distributes on behalf of its customers.

42. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associated undertakings (refer note 9.1), employee benefit plans (refer note 36) and its directors and executive officers (including their associates).

Banking transactions with related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Details of loans and advances to the key management personnel, the companies or firms in which the directors of the group are interested as directors, partners or in case of private companies as members are given in note 10.6 to these consolidated financial statements.

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Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer note 36 to these consolidated financial statements for the details of plans). Remuneration to the executives, disclosed in note 38 to these consolidated financial statements are determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	2006			2005		
	Key management personnel	Associates	Other related parties	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----					
Advances						
At January 01	80,694	-	1,818,141	61,709	-	2,542,969
Given during the year	45,557	-	-	31,112	-	1,863,892
Repaid during the year	(32,603)	-	(817,576)	(12,127)	-	(2,588,720)
At December 31	93,648	-	1,000,565	80,694	-	1,818,141
Deposits						
At January 01	15,542	-	4,327,134	13,415	-	3,594,143
Received during the year	189,638	138,201	149,323,191	121,382	-	30,792,517
Withdrawn during the year	(191,931)	(135,732)	(147,480,585)	(119,255)	-	(30,064,640)
At December 31	13,249	2,469	6,169,740	15,542	-	4,322,020
Placements made during the year	-	500,000	-	-	-	-
Placements settled during the year	-	500,000	-	-	-	-
Mark-up / return / interest earned	3,651	2,349	100,545	-	-	70,002
Mark-up / return / interest expensed	-	-	115,530	-	-	28,975
Reimbursement of liaison office expenses paid to Bestway and Abu Dhabi Group	-	-	36,170	-	-	29,789
Investment made during year	-	590,000	-	-	250,000	180,000
Other receivables	-	-	-	-	-	100
Other expenses paid	-	22,620	-	-	-	-
Remuneration paid	189,407	-	-	66,750	-	-
Post employment benefits	7,506	-	-	3,829	-	-

43. CAPITAL ADEQUACY
43.1 Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the balance sheet are:

- To comply with the capital requirements set by the regulators of the banking markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for others stakeholders; and
- To maintain a strong capital base to support the development of its business.

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In accordance with BSD Circular No. 6 dated October 28, 2005 the State Bank of Pakistan has raised the minimum paid-up capital requirement for locally incorporated banks to Rs. 6 billion (net of losses) to be achieved in a phased manner by December 31, 2009. The minimum capital requirement to be achieved by December 31, 2006 is Rs. 3 billion. In addition all banking companies carrying on business in Pakistan are required to maintain capital and unencumbered general reserves the amount of which should at least be equivalent to 8% of the risk weighted assets of the banking company.

The adequacy of Group's capital is monitored using, among other measures, the rules and ratios established by the State Bank of Pakistan. The ratios compare the amount of eligible capital with the total of risk-weighted assets (RWAs). The Group monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

Eligible capital consists of two parts. Tier 1 capital comprises share capital, share premium, reserve for bonus shares, general reserves and retained earnings. Certain adjustments are made to profit and reserves, in line with SBP recommendations, as prescribed by SBP circulars. Tier 2 capital includes general provisions, revaluation reserves, exchange translation reserve and subordinated long-term debt. Total regulatory capital is to be at least 8% of RWAs and Group's capital is well over this requirement as shown in note 43.2. The Group will continue to maintain this requirement either through its risk management strategies or by increasing the capital requirements in line with business and capital needs.

The Group has already successfully issued TFCs in the past and continues to be in a position, if needed, to raise capital in the financial markets.

The Group is in the process of developing an internal economic capital model, where each business unit will be allocated capital according to the risks generated including incorporating the diversification concept of each risk type.

43.2 Capital Adequacy Ratio

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

	2006	2005
	(Rupees in '000)	
Regulatory capital base		
Tier I Capital		
Share capital	6,475,000	5,180,000
Reserves	7,038,891	5,145,245
Unappropriated profits	12,930,344	6,495,148
Minority interest	1,772,168	1,561,005
	28,216,403	18,381,398
Less: Adjustments		
- Deficit on account of revaluation of investments classified as AFS	(157,041)	(59,732)
Total Tier I Capital	28,059,362	18,321,666
Tier II Capital		
Subordinated debt (upto 50% of total Tier I Capital)	5,860,474	3,999,192
General provisions (subject to 1.25% of total risk weighted assets)	1,163,019	-
Exchange translation reserve	2,290,673	1,674,989
Revaluation reserves	1,343,500	1,489,535
Total Tier II Capital	10,657,666	7,163,716
Eligible Tier III Capital	-	-
Total regulatory capital (a)	38,717,028	25,485,382

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Risk weighted exposures	Note	2006		2005	
		Book Value	Risk Adjusted Value	Book Value	Risk Adjusted Value
----- (Rupees in '000) -----					
Credit risk					
Balance sheet items:					
Cash and balances with treasury banks		46,028,679	-	30,583,585	-
Balances with other banks	43.2.1	22,413,139	4,482,628	22,248,226	4,452,067
Lendings to financial institutions		29,572,070	7,203,011	17,867,552	4,628,859
Investments	43.2.2	65,601,017	9,841,356	60,037,551	8,893,701
Advances	43.2.3	253,278,851	211,528,702	205,816,732	166,028,946
Fixed assets		6,362,492	6,362,492	5,439,818	5,439,818
Deferred tax asset - net		907,575	907,575	2,272,814	2,272,814
Other assets	43.2.4	10,614,856	10,023,507	7,932,696	7,195,893
		434,778,679	250,349,271	352,198,974	198,912,098
Off - balance sheet items:					
Loan repayment guarantees	43.2.5	23,799,320	23,629,080	11,621,834	11,616,864
Performance bonds etc	43.2.6	32,614,417	14,497,855	20,713,703	8,079,153
Stand by letters of credit	43.2.7	84,547,409	15,921,776	64,711,692	12,725,732
Outstanding interest rate swaps		7,825,419	262,692	7,826,415	281,421
Outstanding foreign exchange contracts	43.2.8				
Purchase		51,726,869	316,448	30,761,394	185,106
Sales		51,310,051	300,559	37,167,576	267,123
		103,036,920	617,007	67,928,970	452,229
		251,823,485	54,928,410	172,802,614	33,155,399
Credit risk weighted exposures			305,277,681		232,067,497
Market Risk					
General market risk			160,150		147,685
Specific market risk			37,258		40,263
Foreign exchange risk			683,440		384,646
Total capital charge for market risk (b)			880,848		572,594
Market risk weighted exposures (b x 12.5)			11,010,600		7,157,425
Total risk weighted exposures (c)			316,288,281		239,224,922
Capital Adequacy Ratio (a / c x 100)			12.24%		10.65%

43.2.1 Balances with other banks includes balances with National Bank of Pakistan in local currency current account amounting to Rs 2,994.861 million (2005: Rs 3,571.650 million) classified under cash and balances with treasury banks in these consolidated financial statements.

43.2.2 Investments held-for-trading portfolio amounting to Rs. 134.110 million (2005: Rs 1,521.273 million) . The held-for-trading portfolio is subject to market risk and is included in the computation of capital charge for market risk.

43.2.3 Advances secured against government securities / own deposits / cash margin amounting to Rs 2,554.660 million (2005: Rs 4,335.897 million) have been deducted from gross advances. Advances are gross of general reserve for consumer financing amounting to Rs 1,163.019 million (2005: Nil). This reserve has been added to supplementary capital.

43.2.4 Other assets include branch adjustment account amounting to Rs. 414.734 million (2005: Nil) classified under other liabilities in these consolidated financial statements.

43.2.5 Cash margin amounting to Rs 1,413.397 million (2005: Rs 1,163.393 million) have been deducted from loan repayment guarantees.

43.2.6 Cash margin amounting to Rs 628.335 million (2005: Nil) have been deducted from performance bonds etc.

43.2.7 Cash margin amounting to Rs 683.503 million (2005: Rs 1,051.483 million) have been deducted from stand by letters of credit.

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43.2.8 Forward foreign exchange contracts with maturity of less than or equal to 14 days amounting to Rs. 11,981.180 million (2005: Rs. 12,248.265 million) have been excluded from the above in accordance with the guidelines for determination of CAR prescribed by SBP.

44. RISK MANAGEMENT

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

- Credit risk is the risk of loss resulting from client or counterparty default
- Market risk is exposure to market variables such as interest rates, exchange rates and equity indices
- Liquidity risk is the risk that the Group may be unable to meet its payment obligations when due
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and therefore includes legal risk

Representations of risk are for a given period and the Group's risk management will constantly evolve as its business activities change in response to credit, market, product and other developments. There have been many initiatives started by the Group including IT projects for replacing the core Banking system, business process re-engineering and inventorying the risks and controls within the Groups existing business and process units. All of these initiatives, as they partially or completely roll out, will have a direct impact on the risk management function within the Group.

44.1 Credit risk

Credit risk is the risk of loss to the Group as a result of failure by a client or counterparty to meet its contractual obligations. It is inherent in loans, commitments to lend and contingent liabilities, such as letters of credit – and in traded products – derivative contracts such as forwards, swaps and options, repurchase agreements (repos and reverse repos) and securities borrowing and lending transactions.

The Risk and Credit Policy Group, has the Credit Administration, Market and Treasury Risk, Commercial and FIRMU Credit Policy, Consumer and Retail Credit, Credit Risk Management and Operational Risk and Basel II functions reporting directly to the Risk and Credit Policy Group Executive. There are senior managers heading each risk category, managing a team solely dedicated to risk management and to maintain a sound and effective risk management culture. The role of the Risk and Credit Policy Group particularly includes:

- Participation in portfolio planning and management.
- Establishment of credit policies and standards that conform to regulatory requirements and the Group's overall objectives.
- Working with Business Groups in keeping aggregate credit risk well within the Group's risk taking capacity.
- Developing and maintaining Credit Approval Authority structure.
- Approving major credits.
- Granting approval authority to qualified and experienced individuals.
- Reviewing the adequacy of credit training across the Group.
- Organizing portfolio reviews focusing on quality assessment, risk profiles, industry concentrations, etc.
- Setting systems to identify significant portfolio indicators, problem credits and level of provisioning required.

Counterparty ratings, are obtained through the two local SBP authorized External Credit Rating Agencies; JCR VIS and PACRA and other international sources such as Standard and Poors, Fitch and Moody's. Credit risk assessment and the continuous monitoring of counterparty and portfolio credit exposures is carried out by the Credit Risk Management function.

The wholesale portfolio, which includes corporate, commercial and agricultural loans are ideally collateralized by cash equivalents, fixed and current assets including property plant and equipment, and land. Loans to individuals are typically secured by autos for car loans and private or income producing real estate is secured by a mortgage over the relevant property.

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The Group manages limits and controls concentrations of credit risk as identified, in particular to individual counterparties and groups, and to industries and countries, where appropriate. Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographic region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Group sets limits on its credit exposure to counterparty groups, by industry, product, counterparty and geographical location, in line with SBP standards. Limits are also applied in a variety of forms to portfolios or sectors where the Group considers it appropriate to restrict credit risk concentrations or areas of higher risk, or to control the rate of portfolio growth.

The Group classifies a claim as impaired if it considers it likely that it will suffer a loss on that claim as a result of the obligor's inability to meet its commitments (including interest payments, principal repayments or other payments due) after realization of any available collateral. Loans carried at amortized cost are classified as non-performing where payment of interest, principal or fees is overdue by more than 90 days. Allowances or provisions are determined such that the carrying values of impaired claims are consistent with the requirements of SBP or regulatory of the countries where the branch or the subsidiary operates. The authority to establish allowances, provisions and credit valuation adjustments for impaired claims, is vested in Finance Division and is according to SBP regulations. Details are given in note 10 to these consolidated financial statements.

44.1.1 Segmental information
44.1.1.1 Segments by class of business

	2006					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Chemical and pharmaceuticals	4,511,482	1.68%	3,386,338	0.98%	3,144,371	1.08%
Agri business	7,094,810	2.64%	16,129,894	4.69%	333,860	0.12%
Textile spinning	15,907,533	5.92%	578,445	0.17%	1,020,821	0.35%
Textile weaving	10,183,090	3.79%	859,102	0.25%	1,427,245	0.49%
Textile composite	14,621,254	5.45%	799,958	0.23%	943,938	0.33%
Textile others	13,043,435	4.86%	1,221,113	0.36%	3,761,165	1.30%
Cement	4,152,150	1.55%	1,307,382	0.38%	1,321,918	0.46%
Sugar	8,724,207	3.25%	1,052,314	0.31%	503,673	0.17%
Shoes and leather garments	2,794,697	1.04%	1,034,507	0.30%	113,422	0.04%
Automobile and transportation equipment	3,011,675	1.12%	3,415,511	0.99%	1,840,308	0.63%
Financial	7,348,432	2.74%	7,227,421	2.10%	145,192,308	50.02%
Insurance	-	0.00%	9,152,038	2.66%	510	0.00%
Electronics and electrical appliances	4,145,485	1.54%	2,331,234	0.68%	1,289,381	0.44%
Production and transmission of energy	13,627,321	5.08%	11,518,679	3.35%	10,220,940	3.52%
Paper and allied	2,232,501	0.83%	1,705,473	0.50%	7,330,271	2.53%
Surgical and metal	430,915	0.16%	409,751	0.12%	443,919	0.15%
Contractors	3,121,222	1.16%	9,130,375	2.66%	2,651,680	0.91%
Wholesale traders	12,358,576	4.60%	20,523,174	5.97%	1,381,908	0.48%
Fertilizer dealers	3,495,328	1.30%	2,742,458	0.80%	856,482	0.30%
Sports goods	600,862	0.22%	189,950	0.06%	25,140	0.01%
Food industries	5,285,073	1.97%	1,316,920	0.38%	982,637	0.34%
Airlines	1,529,443	0.57%	1,028,614	0.30%	16,864	0.01%
Cables	378,700	0.14%	70,630	0.02%	448,706	0.15%
Construction	7,413,068	2.76%	4,224,425	1.23%	18,314,793	6.31%
Containers and ports	678,956	0.25%	335,051	0.10%	11,109	0.00%
Engineering	3,716,097	1.38%	2,349,450	0.68%	1,316,492	0.45%
Glass and Allied	236,206	0.09%	86,001	0.03%	116,763	0.04%
Hotels	1,329,976	0.50%	407,649	0.12%	2,582	0.00%
Infrastructure	3,731,454	1.39%	4,462,439	1.30%	6,268	0.00%
Media	1,163,559	0.43%	774,282	0.23%	267,043	0.09%
Polyester and fibre	5,632,711	2.10%	23,793	0.01%	177,910	0.06%
Telecommunication	4,860,597	1.81%	2,406,121	0.70%	4,358,017	1.50%
Individuals	54,373,659	20.25%	185,313,858	53.90%	3,826,773	1.32%
Others	46,762,229	17.42%	46,290,480	13.46%	76,626,556	26.40%
	<u>268,496,703</u>	<u>100%</u>	<u>343,804,830</u>	<u>100%</u>	<u>290,275,773</u>	<u>100%</u>

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	2005					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
	(Rupees in '000)					
Chemical and pharmaceuticals	4,519,197	2.01%	2,068,372	0.70%	1,858,752	0.95%
Agri business	7,267,123	3.23%	16,148,663	5.45%	1,987,455	1.02%
Textile spinning	20,800,926	9.25%	932,308	0.31%	1,541,572	0.79%
Textile weaving	10,129,530	4.50%	431,727	0.15%	240,840	0.12%
Textile composite	15,323,544	6.81%	793,144	0.27%	1,018,389	0.52%
Textile others	9,084,995	4.04%	1,199,851	0.40%	1,706,837	0.87%
Cement	5,605,446	2.49%	1,388,644	0.47%	727,334	0.37%
Sugar	4,926,779	2.19%	1,003,565	0.34%	19,228	0.01%
Shoes and leather garments	2,959,030	1.32%	1,419,547	0.48%	263,218	0.13%
Automobile and transportation equipment	17,238,727	7.67%	2,387,889	0.81%	2,359,732	1.21%
Financial	5,969,969	2.65%	5,917,150	2.00%	92,098,322	47.07%
Insurance	54,447	0.02%	7,949,837	2.68%	32,989	0.02%
Electronics and electrical appliances	2,712,010	1.21%	1,937,391	0.65%	494,506	0.25%
Production and transmission of energy	2,975,521	1.32%	15,389,571	5.19%	4,786,428	2.45%
Paper and allied	1,232,621	0.55%	880,748	0.30%	316,211	0.16%
Surgical and metal	1,976,967	0.88%	342,919	0.12%	342,823	0.18%
Contractors	1,679,640	0.75%	6,400,646	2.16%	3,175,151	1.62%
Wholesale traders	15,493,758	6.89%	15,744,320	5.31%	3,885,616	1.99%
Fertilizer dealers	906,756	0.40%	4,121,160	1.39%	69,540	0.04%
Sports goods	632,811	0.28%	206,891	0.07%	-	0.00%
Food industries	3,955,460	1.76%	1,657,190	0.56%	392,343	0.20%
Airlines	1,373,927	0.61%	1,072,230	0.36%	385	0.00%
Cables	450,100	0.20%	43,088	0.01%	343,944	0.18%
Construction	13,760,142	6.12%	5,124,897	1.73%	416,141	0.21%
Containers and ports	300,000	0.13%	22,603	0.01%	500	0.00%
Engineering	288,433	0.13%	3,384,066	1.14%	4,954,642	2.53%
Glass and Allied	35,712	0.02%	96,059	0.03%	19,009	0.01%
Hotels	571,470	0.25%	1,071,395	0.36%	2,631,880	1.35%
Infrastructure	2,053,845	0.91%	2,175,662	0.73%	38,406	0.02%
Media	458,746	0.20%	658,451	0.22%	90,208	0.05%
Polyester and fibre	-	0.00%	62,952	0.02%	306,152	0.16%
Telecommunication	5,818,502	2.59%	879,751	0.30%	3,642,497	1.86%
Individuals	23,737,311	10.56%	162,069,603	54.66%	8,740,841	4.47%
Others	40,589,543	18.05%	31,516,823	10.63%	57,156,455	29.21%
	<u>224,882,989</u>	<u>100%</u>	<u>296,499,113</u>	<u>100%</u>	<u>195,658,346</u>	<u>100%</u>

44.1.1.2 Segment by Sector

	2006					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public/Government	25,566,786	9.52%	55,254,516	16.07%	61,399,347	21.15%
Private	242,929,917	90.48%	288,550,314	83.93%	228,856,386	78.85%
	<u>268,496,703</u>	<u>100%</u>	<u>343,804,830</u>	<u>100%</u>	<u>290,255,733</u>	<u>100%</u>

	2005					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public/Government	24,473,422	10.88%	45,116,891	15.22%	52,676,704	26.92%
Private	200,409,567	89.12%	251,382,222	84.78%	142,981,642	73.08%
	<u>224,882,989</u>	<u>100%</u>	<u>296,499,113</u>	<u>100%</u>	<u>195,658,346</u>	<u>100%</u>

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

	2006		2005	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
----- (Rupees in '000) -----				
Chemical and pharmaceuticals	751,726	639,609	794,614	706,876
Agri business	913,266	348,712	965,370	385,385
Textile spinning	1,538,999	1,225,149	1,626,803	1,353,995
Textile weaving	253,351	184,686	267,805	204,109
Textile composite	754,257	617,940	797,289	682,928
Textile others	2,257,048	1,787,406	2,348,718	1,965,688
Cement	24,507	22,037	25,905	24,355
Sugar	37,187	37,187	39,309	41,098
Shoes and leather garments	146,517	89,922	154,876	99,379
Automobile and transportation equipment	144,950	142,581	153,220	157,576
Financial	138,369	69,435	146,263	76,737
Insurance	-	-	-	-
Electronics and electrical appliances	96,467	93,614	101,971	103,459
Production and transmission of energy	154,429	154,429	154,429	154,429
Paper and allied	180,046	53,102	56,132	58,687
Surgical and metal	952	952	1,006	1,052
Contractor	-	-	-	-
Wholesale traders	550,518	370,297	581,927	409,241
Fertilizer dealers	263	263	278	291
Sports goods	180,208	2,552	190,489	2,820
Food industries	769,500	361,644	813,402	399,678
Airlines	-	-	-	-
Cables	-	-	-	-
Construction	451,311	293,529	529,912	307,439
Containers and ports	-	-	-	-
Engineering	23,446	6,953	7,903	7,684
Steel	271,447	254,447	286,934	281,207
Glass and Allied	-	-	-	-
Hotels	245,802	66,992	95,803	71,969
Infrastructure	-	-	-	-
Media	94,004	18,947	103,718	20,940
Polyester and fibre	1,789	1,789	1,891	1,977
Telecommunication	-	-	-	-
Individuals	3,155,992	2,486,333	3,408,530	2,766,510
Others	3,609,440	3,079,455	3,707,706	3,220,525
	<u>16,745,791</u>	<u>12,409,962</u>	<u>17,362,203</u>	<u>13,506,034</u>

44.1.3 Details of non performing advances and specific provision by sector

Public/Government	60,750	-	75,000	-
Private	16,685,041	12,409,962	17,287,203	13,506,034
	<u>16,745,791</u>	<u>12,409,962</u>	<u>17,362,203</u>	<u>13,506,034</u>

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44.1.4 Geographical segment analysis

	2006			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
----- (Rupees in '000) -----				
Pakistan				
Domestic Operations	11,784,882	345,124,548	26,495,737	225,369,597
Asia Pacific (including South Asia)	44,198	2,541,625	867,515	80,775
	<u>11,829,080</u>	<u>347,666,173</u>	<u>27,363,252</u>	<u>225,450,372</u>
Overseas				
United States of America	176,205	1,302,816	93,905	42,481
Europe	228,843	15,041,591	4,132,705	3,639,209
Middle East	2,265,654	71,879,117	1,587,622	61,143,711
	<u>2,670,702</u>	<u>88,223,524</u>	<u>5,814,232</u>	<u>64,825,401</u>
	<u>14,499,782</u>	<u>435,889,697</u>	<u>33,177,484</u>	<u>290,275,773</u>
	2005			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
----- (Rupees in '000) -----				
Pakistan				
Domestic Operations	7,447,509	285,767,738	8,152,395	172,865,098
Asia Pacific (including South Asia)	35,099	2,475,089	57,067	125,993
	<u>7,482,608</u>	<u>288,242,827</u>	<u>8,209,462</u>	<u>172,991,091</u>
Overseas				
United States of America	167,893	1,669,054	406,213	91,734
Europe	336,835	16,046,148	7,543,474	9,100,499
Middle East	1,721,330	52,098,117	8,114,453	13,475,022
	<u>2,226,058</u>	<u>69,813,319</u>	<u>16,064,140</u>	<u>22,667,255</u>
	<u>9,708,666</u>	<u>358,056,146</u>	<u>24,273,602</u>	<u>195,658,346</u>

Total assets employed include intra group items of Rs Nil

44.2 Market Risk

Market risk is the risk of loss arising from movements in market variables including observable variables such as interest rates, exchange rates and equity indices, and others which may be only indirectly observable such as volatilities and correlations.

Market risk measures and controls are applied at the portfolio level, and concentration limits and other controls are applied where necessary to individual risk types, to particular books and to specific exposures. Portfolio risk measures are common to all market risks, but concentration limits and other controls are tailored to the nature of the activities and the risks they create.

Trading activities are centered in the Treasury & Capital Market (TCM) and include market making, facilitation of client business and proprietary position taking. The Group is active in the cash and derivative markets for equities, fixed income and interest rate products and foreign exchange.

Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price volatility and market depth and liquidity. They include controls on exposure to individual market risk variables, such as individual interest or exchange rates ('risk factors'), and on positions in the securities of individual issuers.

Treasury and Market Risk (TMR) division performs all market risk management activities within the Group. The Division is composed of two wings, i.e., Treasury Middle Office and Market Risk Management. The Market Risk department is responsible for developing and reviewing market risk policies, strategies, processes, conducting market research, involved in model construction & testing etc. Middle Office is taking care of the operational side. It has to ensure monitoring and implementation of market risk and other policies, escalation of any deviation to senior management, compilation and MIS reporting, etc.

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The scope of market risk management is as follows:

- To keep the market risk exposure within the Group's risk appetite as assigned by the Board of Directors (BOD).
- All the market risk policies are approved by the BOD and implementation is done by the senior management through MRC, Treasury and Market Risk division.
- Various limits have been assigned to different businesses on a product-portfolio basis. All the products have been approved through product programs, where all the risk have been identified and limits and parameters to operate have been set.
- Any transaction/product falling beyond the Product Policy Manuals must be approved through separate transaction/product memo.

44.2.1 Foreign Exchange Risk

	2006			
	Assets	Liabilities	Off - balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	333,687,527	303,558,352	2,063,995	32,193,170
US Dollar	18,977,663	20,722,646	(5,746,310)	(7,491,293)
Pound Sterling	13,833,951	13,899,109	2,273,882	2,208,724
Euro	263,097	29,133	(256,629)	(22,665)
Japanese Yen	828,009	1,811,213	1,101,851	118,647
Other Currencies	68,299,450	62,691,760	563,211	6,170,901
	<u>435,889,697</u>	<u>402,712,213</u>	<u>-</u>	<u>33,177,484</u>

	2005			
	Assets	Liabilities	Off - balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	286,445,709	261,172,230	(4,078,046)	21,195,433
US Dollar	22,223,856	27,449,654	3,495,891	(1,729,907)
Pound Sterling	13,894,228	10,347,411	(1,059,992)	2,486,825
Euro	2,283,430	1,703,452	732,524	1,312,502
Japanese Yen	465,145	1,952	488,031	951,224
Other Currencies	32,743,778	33,107,845	421,592	57,525
	<u>358,056,146</u>	<u>333,782,544</u>	<u>-</u>	<u>24,273,602</u>

Foreign Exchange Risk is the risk of loss resulting from changes in exchange rates. Foreign exchange positions are reported on a consolidated basis and limits are used to monitor exposure in individual currencies.

The Group is an active participant in currency cash and derivatives markets and carries currency risk from these trading activities, conducted primarily in the Treasury & Capital Markets. These trading exposures are subject to prescribed stress, sensitivity and concentration limits.

The Group's reporting currency is the PKR, but its assets, liabilities, income and expense are denominated in many currencies. Reported profits or losses are translated daily into PKR, reducing volatility in the Group's earnings from subsequent changes in exchange rates within the limits regulated by SBP. Treasury also, from time to time, proactively hedges significant expected foreign currency earnings / costs (mainly USD, EUR and GBP) within a time horizon up to one year, in accordance with the instructions of the SBP and subject to pre-defined limits.

44.2.2 Equity position risk

Equity position risk in trading book arises due to changes in prices of individual stocks or levels of equity indices. The Group's equity trading book comprises of Treasury Capital Market's (TCM) Held for trading (HFT) & Available for Sale (AFS) portfolios and Investment Banking Group's (IBG) AFS portfolio. Objective of Treasury Capital Market's HFT portfolio is to take advantages of short-term capital gains, while the AFS portfolio is maintained with a medium-term view of capital gains and dividend income. IBG maintains its AFS portfolio with a medium-long term view of capital gains and higher dividend yields. Separate product program manuals have been developed to discuss in detail the objectives/policies, risks/mitigants, limits/controls for equity trading portfolios of TCM and IBG.

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44.2.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective yield/ Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments	
		Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 year to 3 years	Over 3 year to 5 years	Over 5 year to 10 years	Over 10 years		
%		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	4.3%	49,023,540	20,522,278	-	-	-	-	-	-	-	-	28,501,262
Balances with other banks	7.0%	19,418,278	16,265,579	-	-	-	-	-	-	-	-	3,152,699
Lendings to financial institutions	8.0%	29,572,070	20,496,941	3,149,180	529,243	2,026,964	1,476,884	1,792,858	100,000	-	-	-
Investments	8.0%	65,735,128	1,710,884	1,202,307	9,768,021	26,157,905	7,307,394	3,443,386	4,524,915	6,478,904	1,764	5,139,648
Advances												
Performing	11.0%	250,334,663	58,658,999	104,193,274	37,116,216	37,123,119	7,421,712	5,013,959	807,384	-	-	-
Non Performing	0%	4,335,829	-	-	-	-	-	-	-	-	-	4,335,829
Other assets	0%	7,807,167	-	-	-	-	-	-	-	-	-	7,807,167
		<u>426,226,675</u>	<u>117,654,681</u>	<u>108,544,761</u>	<u>47,413,480</u>	<u>65,307,988</u>	<u>16,205,990</u>	<u>10,250,203</u>	<u>5,432,299</u>	<u>6,478,904</u>	<u>1,764</u>	<u>48,936,605</u>
Liabilities												
Bills payable	0%	4,627,769	-	-	-	-	-	-	-	-	-	4,627,769
Borrowings	3.0%-14.0%	38,679,808	20,691,627	10,838,746	1,458,543	2,913,596	2,777,296	-	-	-	-	-
Deposits and other accounts	0.2%-10.7%	343,804,830	71,061,776	102,077,250	22,359,063	31,762,714	5,863,229	3,439,807	4,123,586	3,566,977	-	99,550,428
Subordinated loans	10.20%	5,998,344	-	424	2,000,000	424	848	848	666,315	3,329,485	-	-
Liabilities against assets subject to finance lease	11.0%-14.5%	6,966	290	581	871	1,742	3,483	-	-	-	-	-
Other liabilities	0%	6,709,698	-	-	-	-	-	-	-	-	-	6,709,698
		<u>399,827,415</u>	<u>91,753,693</u>	<u>112,917,001</u>	<u>25,818,477</u>	<u>34,678,476</u>	<u>8,644,856</u>	<u>3,440,655</u>	<u>4,789,901</u>	<u>6,896,462</u>	<u>-</u>	<u>110,887,895</u>
On-balance sheet gap		<u>26,399,260</u>	<u>25,900,988</u>	<u>(4,372,240)</u>	<u>21,595,003</u>	<u>30,629,513</u>	<u>7,561,134</u>	<u>6,809,548</u>	<u>642,398</u>	<u>(417,558)</u>	<u>1,764</u>	<u>(61,951,290)</u>
Non financial net assets		<u>6,778,224</u>										
Total net assets		<u>33,177,484</u>										
Off-balance sheet financial instruments												
Foreign currency forward purchases		56,461,145	25,051,697	21,643,738	8,973,761	791,949	-	-	-	-	-	-
Foreign currency forward sales		(58,556,959)	(30,365,074)	(17,368,333)	(8,960,479)	(1,863,073)	-	-	-	-	-	-
Derivatives - Long position		7,825,419	-	800,000	300,000	500,000	1,100,000	1,595,000	3,530,419	-	-	-
Derivatives - Short position		(7,825,419)	(1,930,000)	(2,778,333)	(673,485)	-	(800,000)	(1,643,601)	-	-	-	-
Forward Purchase of Govt. Securities		5,634,902	5,634,902	-	48,702	-	-	-	-	-	-	-
Forward Sale of Govt. Securities		(2,833,400)	(2,833,400)	-	-	-	-	-	-	-	-	-
Sale of Govt. Securities not yet purchased		(1,067,735)	-	-	-	-	-	(99,285)	-	(968,450)	-	-
		<u>(362,047)</u>	<u>(4,441,875)</u>	<u>2,297,072</u>	<u>(311,501)</u>	<u>(571,124)</u>	<u>300,000</u>	<u>(147,886)</u>	<u>3,530,419</u>	<u>(968,450)</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>(362,047)</u>	<u>(4,441,875)</u>	<u>2,297,072</u>	<u>(311,501)</u>	<u>(571,124)</u>	<u>300,000</u>	<u>(147,886)</u>	<u>3,530,419</u>	<u>(968,450)</u>	<u>-</u>	<u>-</u>
Total Yield/Interest Risk Sensitivity Gap		<u>21,459,113</u>	<u>(2,075,168)</u>	<u>21,283,502</u>	<u>30,058,389</u>	<u>7,861,134</u>	<u>6,661,662</u>	<u>4,172,817</u>	<u>(1,386,008)</u>	<u>1,764</u>	<u>(61,951,290)</u>	
Cumulative Yield/Interest Risk Sensitivity Gap		<u>21,459,113</u>	<u>19,383,945</u>	<u>40,667,448</u>	<u>70,725,836</u>	<u>78,586,970</u>	<u>85,248,632</u>	<u>89,421,449</u>	<u>88,035,441</u>	<u>88,037,205</u>	<u>26,085,915</u>	

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

Effective yield/ Interest rate	Total	2005 Exposed to Yield / Interest risk								Non-interest bearing financial instruments		
		Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 year to 3 years	Over 3 year to 5 years	Over 5 year to 10 years		Over 10 years	
%		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	2.90%	34,155,235	8,655,180	-	-	-	-	-	-	-	-	25,500,055
Balances with other banks	3.80%	18,676,576	13,009,745	-	-	-	-	-	-	-	-	5,666,831
Lendings to financial institutions	6.50%	17,867,552	7,458,465	4,477,823	982,939	347,516	4,600,809	-	-	-	-	-
Investments	5.80%	61,558,826	1,152,292	2,304,584	9,573,682	19,147,365	3,951,100	3,951,100	11,403,301	7,537,732	2,000	2,535,670
Advances												
Performing	8.50%	206,296,460	43,630,888	87,261,775	20,438,238	40,876,475	2,817,817	2,817,817	8,453,450	-	-	-
Non performing	-	3,856,169	-	-	-	-	-	-	-	-	-	3,856,169
Other assets	-	7,547,598	-	-	-	-	-	-	-	-	-	7,547,598
		349,958,416	73,906,570	94,044,182	30,994,859	60,371,356	11,369,726	6,768,917	19,856,751	7,537,732	2,000	45,106,323
Liabilities												
Bills payable	-	4,181,026	-	-	-	-	-	-	-	-	-	4,159,967
Borrowings	8.30%	22,751,015	13,122,108	6,227,906	2,440,466	-	-	-	-	-	-	-
Deposits and other accounts	2.00%	296,499,113	36,508,750	73,017,499	26,383,541	32,516,665	15,656,128	5,718,709	4,718,709	7,984,169	-	86,722,128
Subordinated loans	9.10%	3,999,192	-	414	-	414	-	-	3,312	3,995,052	-	-
Liabilities against assets subject to finance lease	11.5% - 14%	4,345	362	724	1,086	2,173	-	-	-	-	-	-
Other liabilities	-	2,845,273	-	-	-	-	-	-	-	-	-	2,845,273
		330,279,964	49,631,220	79,246,543	28,825,093	32,519,252	15,656,128	5,718,709	4,722,021	11,979,221	-	93,727,368
On-balance sheet gap		19,678,452	24,275,350	14,797,639	2,169,766	27,852,105	(4,286,402)	1,050,208	15,134,730	(4,441,489)	2,000	(48,621,045)
Non financial net assets		4,595,150										
Total net assets		24,273,602										
Off-balance sheet financial instruments												
Foreign currency forward purchases		38,156,440	11,809,953	23,619,905	908,861	1,817,721	-	-	-	-	-	-
Foreign currency forward sales		(42,020,795)	(11,255,339)	(22,510,678)	(2,751,593)	(5,503,185)	-	-	-	-	-	-
Interest rate derivatives - long position		7,826,415	-	-	-	-	1,495,283	5,981,132	350,000	-	-	-
Interest rate derivatives - short position		(7,826,415)	(3,019,319)	(3,498,207)	(1,308,889)	-	-	-	-	-	-	-
Forward purchase of Govt. securities		598,194	598,194	-	-	-	-	-	-	-	-	-
Forward sale of Govt. securities		(1,479,279)	(1,479,279)	-	-	-	-	-	-	-	-	-
Sale of Govt. securities not yet purchased		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(4,745,440)	(3,345,790)	(2,388,980)	(3,151,621)	(3,685,464)	1,495,283	5,981,132	350,000	-	-	-
Total yield / interest risk sensitivity gap		20,929,560	12,408,659	(981,855)	24,166,641	(2,791,119)	7,031,340	15,484,730	(4,441,489)	2,000	(48,621,045)	
Cumulative yield / interest risk sensitivity gap		20,929,560	33,338,219	32,356,364	56,523,004	53,731,885	60,763,225	76,247,955	71,806,466	71,808,466	23,187,421	

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.

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
44.3 Liquidity Risk

The Group's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. Scenarios encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Group's business.

44.3.1 Maturities of Assets and Liabilities - Based on contractual maturity of the assets and liabilities of the Group

The above mentioned maturity profile has been prepared on the basis of contractual maturities. The management believes that such a maturity analysis does not reveal the expected maturity of current and saving deposits as a contractual maturity analysis of deposits alone does not provide information about the conditions expected in normal circumstances. The maturity profile disclosed in note 44.3.2 that includes maturities of current and saving deposits determined by the Assets and Liabilities Management Committee (ALCO) keeping in view historical withdrawal pattern of these deposits reflects a more meaningful analysis the liquidity risk of the Group.

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		2006									
		Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
		(Rupees in '000)									
Assets											
Cash and balances with treasury banks	49,023,540	46,181,784	-	-	-	-	-	-	-	-	2,841,756
Balances with other banks	19,418,278	18,478,935	-	-	-	-	-	-	-	-	939,343
Lendings to financial institutions	29,572,070	20,546,941	3,489,135	641,795	1,524,459	1,476,884	1,792,856	100,000	-	-	-
Investments	65,735,128	1,811,401	1,263,012	11,680,877	27,544,233	7,774,349	3,453,749	5,022,524	6,671,288	513,695	-
Advances	254,670,492	43,486,355	72,749,874	20,503,879	19,688,039	33,732,130	13,328,751	21,591,017	21,051,778	8,538,669	-
Fixed assets	6,362,492	95,492	145,988	196,481	347,963	650,925	650,925	970,041	825,180	2,479,497	-
Other assets	10,200,122	164,299	7,732,537	1,264,342	1,222	-	-	-	1,037,722	-	-
Deferred tax assets	907,575	5,749	11,497	18,817	32,923	51,051	50,137	272,474	275,370	189,557	-
	435,889,697	130,770,956	85,392,043	34,306,191	49,138,839	43,685,339	19,276,418	27,956,056	29,861,338	15,502,517	-
Liabilities											
Bills payable	4,627,769	4,627,769	-	-	-	-	-	-	-	-	-
Borrowings	38,679,808	20,823,025	10,835,255	1,451,561	2,903,122	2,666,846	-	-	-	-	-
Deposits and other accounts	343,804,830	206,052,351	39,485,093	19,749,970	18,102,696	40,592	60	17,826,001	42,548,067	-	-
Subordinated loans	5,998,344	-	824	-	824	1,648	1,648	667,915	5,325,485	-	-
Liabilities against assets subject to finance leases	6,966	290	581	871	1,742	3,483	-	-	-	-	-
Other liabilities	9,594,496	544,028	6,184,066	10,514	17,613	-	-	652,339	2,185,936	-	-
	402,712,213	232,047,463	56,505,819	21,212,916	21,025,997	2,712,569	1,708	19,146,255	50,059,488	-	-
Net assets	33,177,484	(101,276,507)	28,886,224	13,093,275	28,112,842	40,972,770	19,274,710	8,809,801	(20,198,150)	15,502,517	-
Represented by:											
Share capital	6,475,000										
Reserves	9,329,564										
Unappropriated profit	12,930,344										
Minority interest	1,772,168										
Surplus on revaluation of assets	2,670,408										
	33,177,484										

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
2005

	Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	34,155,235	32,435,972	-	-	-	-	-	-	-	1,719,263
Balances with other banks	18,676,576	18,173,406	8,317	66,408	428,445	-	-	-	-	-
Lendings to financial institutions	17,867,552	11,936,288	1,330,456	310,152	420,304	1,269,698	2,600,654	-	-	-
Investments	61,558,826	1,911,274	3,822,549	9,785,665	19,571,329	9,789,165	9,789,162	3,444,840	3,444,840	-
Advances	210,152,629	34,034,524	60,356,710	14,093,265	28,186,531	49,871,190	9,837,670	11,805,205	1,967,534	-
Other assets	7,932,696	2,413,987	4,827,974	1,835	1,163	286,557	401,180	-	-	-
Fixed assets	5,439,818	326,942	663,898	531,118	398,339	1,197,880	1,197,880	1,123,761	-	-
Deferred tax assets	2,272,814	131,355	262,709	1,182,002	193,610	209,640	293,498	-	-	-
	358,056,146	101,363,748	71,272,613	25,970,445	49,199,721	62,624,130	24,120,044	16,373,806	5,412,374	1,719,263
Liabilities										
Bills payable	4,181,026	4,181,026	-	-	-	-	-	-	-	-
Borrowings	22,751,015	4,062,110	10,155,275	2,440,465	1,220,233	4,872,932	-	-	-	-
Deposits and other accounts	296,499,113	86,470,346	172,940,692	5,769,238	10,700,962	2,741,308	17,876,567	-	-	-
Subordinated loan	3,999,192	-	414	-	414	828	828	1,656	3,995,052	-
Liabilities against assets subject to finance leases	4,345	362	724	1,086	2,173	-	-	-	-	-
Other liabilities	6,347,853	1,233,274	2,061,050	41,247	211,376	115,360	115,000	230,361	1,040,083	1,300,100
	333,782,544	95,947,118	185,158,155	8,252,036	12,135,158	7,730,428	17,992,395	232,017	5,035,135	1,300,100
Net assets	24,273,602	5,416,630	(113,885,542)	17,718,409	37,064,563	54,893,702	6,127,649	16,141,789	377,239	419,163
Represented by:										
Share capital	5,180,000									
Reserves	6,820,234									
Unappropriated profit	7,790,148									
Minority interest	1,561,005									
Surplus on revaluation of assets	2,922,215									
	24,273,602									

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
44.3.2 Maturities of Assets and Liabilities - Based on working prepared by the Assets and Liabilities Management Committee (ALCO) of the Group

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

----- 2006 -----										
Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 year to 3 years	Over 3 year to 5 years	Over 5 year to 10 years	Over 10 years	
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	49,023,540	14,584,511	16,019,732	3,036,627	2,623,123	3,437,078	2,068,770	2,078,861	5,088,149	86,689
Balances with other banks	19,418,278	13,161,172	1,904,327	1,225,800	919,729	919,350	612,900	675,000	-	-
Lendings to financial institutions	29,572,070	24,488,971	3,088,209	365,476	776,637	852,777	-	-	-	-
Investments	65,735,128	6,742,446	2,195,081	5,173,673	26,228,752	11,984,863	3,674,593	1,300,724	8,432,996	2,000
Advances - Performing	254,670,492	51,704,687	72,485,704	20,555,252	19,369,472	19,765,777	19,308,028	27,312,919	8,082,791	16,085,862
Other assets	10,200,122	699,967	739,349	7,036,614	137,656	-	-	-	1,007,396	579,140
Fixed assets	6,362,492	75,744	151,488	227,232	454,464	908,927	1,817,855	1,817,855	908,927	-
Deferred tax assets	907,575	-	-	914	407,998	181,332	163,199	154,132	-	-
	435,889,697	111,457,497.95	96,583,890	37,621,588	50,917,831	38,050,104	27,645,345	33,339,491	23,520,259	16,753,691
Liabilities										
Bills payable	4,627,769	3,696,976	930,793	-	-	-	-	-	-	-
Borrowing from financial institutions	38,679,808	20,460,429	13,144,791	4,939,700	134,888	-	-	-	-	-
Deposits and other accounts	343,804,830	82,294,063	52,722,054	35,648,394	33,733,103	37,885,193	1,164,153	2,412,900	97,933,417	11,553
Subordinated loan	5,998,344	-	824	-	824	1,648	1,648	667,915	5,325,485	-
Liabilities against assets subject to finance leases	6,966	290	581	871	1,742	3,483	-	-	-	-
Other liabilities	9,594,496	319,462	4,813,757	16,082	-	-	-	-	4,445,195	-
	402,712,213	106,771,220.25	71,612,800	40,605,047	33,870,557	37,890,324	1,165,801	3,080,815	107,704,097	11,553
Net assets	33,177,483	4,686,278	24,971,090	(2,983,459)	17,047,274	159,780	26,479,544	30,258,676	(84,183,838)	16,742,138
Represented by:										
Share capital	6,475,000									
Reserves	9,329,564									
Unappropriated profit	12,930,344									
Minority interest	1,772,168									
Surplus on revaluation of assets	2,670,408									
	<u>33,177,484</u>									

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

		2005									
		Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
		----- (Rupees in '000) -----									
Assets											
Cash and balances with treasury banks	34,155,235	10,311,360	8,662,667	2,043,761	2,431,177	1,703,134	1,362,507	474,019	7,163,204	3,406	
Balances with other banks	18,676,576	7,001,064	5,411,432	5,947,369	-	-	-	-	316,711	-	
Lendings to financial institutions	17,867,552	9,827,154	2,109,134	536,027	794,428	536,027	536,027	3,528,755	-	-	
Investments	61,558,826	3,151,347	3,392,811	5,042,156	22,649,084	11,344,850	3,151,347	2,993,407	11,301,942	-	
Advances	210,152,629	9,000,534	89,159,329	-	40,912,726	-	-	48,677,366	22,402,674	-	
Other assets	7,932,696	102,926	2,232,779	-	4,567,437	-	-	-	645,924	383,630	
Fixed assets	5,439,818	64,760	129,519	194,279	388,558	777,117	1,554,234	2,331,351	-	-	
Deferred tax assets	2,272,814	-	-	-	1,022,852	454,601	409,141	386,220	-	-	
	358,056,146	39,459,145	111,097,671	13,763,592	72,766,262	14,815,729	7,013,256	58,391,118	41,830,455	387,036	
Liabilities											
Bills payable	4,181,026	3,349,033	831,993	-	-	-	-	-	-	-	
Borrowings	22,751,015	12,945,299	7,365,250	2,440,466	-	-	-	-	-	-	
Deposits and other accounts	296,499,113	70,902,600	28,341,974	31,814,893	28,622,175	17,353,578	14,461,315	13,673,673	88,436,642	2,892,263	
Subordinated loan	3,999,192	-	414	-	414	414	414	2,484	3,995,052	-	
Liabilities against assets subject to finance leases	4,345	362	724	1,086	2,173	-	-	-	-	-	
Other liabilities	6,347,853	143,107	2,333,421	121,730	81,154	-	-	-	3,668,441	-	
	333,782,544	87,340,401	38,873,776	34,378,175	28,705,916	17,353,992	14,461,729	13,676,157	96,100,135	2,892,263	
Net assets	24,273,602	(47,881,256)	72,223,895	(20,614,583)	44,060,347	(2,538,263)	(7,448,473)	44,714,961	(54,269,680)	(2,505,227)	
Represented by:											
Share capital	5,180,000										
Reserves	6,820,234										
Unappropriated profit	7,790,148										
Minority interest	1,561,005										
Surplus on revaluation of assets	2,922,215										
	<u>24,273,602</u>										

**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
44.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

Group's Operational Risk Management implementation framework, is based on advanced risk management architecture. The framework is flexible enough to implement in stages, and permits the overall risk management approach to evolve in response to organizational learning and the future needs of the organization.

Following are the high-level strategic initiatives that the Group has undertaken for the effective implementation of Operational Risk Management:

- Recruiting skilled resources for Operational Risk Management
- Engaging external consultants to assist us in the development of an operational risk management infrastructure.
- In conjunction with the external consultants, determining the current state of key risks and their controls residing in each Business Unit.
- Developing policies, procedures and defining end to end information flow to establish a vigorous governance infrastructure.
- Analyzing current systems for data collection, migration, validation and retention for current and historical reference and calculation. Data warehousing solutions are being assessed for timely availability and storage of data.

A consolidated Business Continuity Plan is being augmented for the Group which encompasses roles and responsibilities, recovery strategy, IT and structural back ups, scenario and impact analyses and testing directives.

There are several IT developments underway in the credit, market and operational risk areas. Specifically for operational risk mitigation and control, an IT infrastructure is being developed along with the other high-level initiatives, including process re-engineering and inventorying of risks and controls within the Group. A methodology for Risk and Control Self Assessment is ready to be implemented at all core units of the Group.

45. ISLAMIC BANKING BUSINESS

During the year the Group opened its first Islamic banking branch in Karachi in December 2006. The balance sheet of this branch as at December 31, 2006 is as follows:

	2006	2005
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	1,087	-
Balances with and due from financial institutions	48,000	-
Other assets	1,951	-
Total Assets	51,038	-
LIABILITIES		
Deposits and other accounts	1,006	-
NET ASSETS	50,032	-
REPRESENTED BY		
Islamic Banking Fund	50,000	-
Unappropriated/ Unremitted profit	32	-
	50,032	-

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**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**
46. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 14, 2007 has proposed a cash dividend in respect of 2006 of Rs. 3.00 per share (2005: cash dividend Rs 2.50 per share). In addition, the directors have also announced a bonus issue of 25 percent. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2006 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2007.

47. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 14, 2007 by the Board of Directors of the Group.

48. GENERAL
48.1 Revised forms of annual financial statements

These consolidated financial statements have been prepared using the revised format of financial statements prescribed in BSD Circular No. 4 dated February 17, 2006 issued by the State Bank of Pakistan. The revised format for presentation of financial statements is applicable for annual financial statements prepared by banks for periods commencing from January 1, 2006. The significant changes in the revised format for presentation of financial statements include the introduction of disclosures in respect of segment details with respect of business activities and capital adequacy and expanded disclosures in respect of the Bank's derivative instruments and risk management.

48.2 Amendments to published standards and new interpretations effective in 2006

IAS 19 (Amendment) - Employee Benefits, is mandatory for the Group's accounting period beginning on or after January 1, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses, adoption of this amendment only impacts the format and extent of disclosure presentation in these consolidated financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2006 which are not considered relevant nor have any significant effect on the Group's operations are not detailed in these consolidated financial statements.

48.3 Standards, interpretations and amendments to published approved accounting standard that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2007 are either not relevant to Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain increased disclosure in certain cases:

IAS 1 - Presentation of financial statements - amendments relating to capital disclosures	effective from accounting period beginning on or after January 1, 2007
IFRS 2 - Share based payment	effective from accounting period beginning on or after January 1, 2007
IFRS 3 - Business combinations	effective from accounting period beginning on or after January 1, 2007

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**UNITED BANK LIMITED AND ITS SUBSIDIARY COMPANIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

IFRS 5 - Non-current assets held for sale and discontinued operations	effective from accounting period beginning on or after January 1, 2007
IFRS 6 - Exploration for and evaluation of mineral resources	effective from accounting period beginning on or after January 1, 2007
IFRIC 8 - Scope of IFRS 2 - share based payments	effective for accounting period beginning on or after May 1, 2006
IFRIC 9 - Reassessment of embedded derivatives	effective for accounting period beginning on or after June 1, 2006
IFRIC 10 - Interim financial reporting and impairment	effective for accounting period beginning on or after November 1, 2006
IFRIC 11 - Group and treasury share transactions	effective for accounting period beginning on or after March 1, 2007
IFRIC 12 - Services concession arrangements	effective for accounting period beginning on or after January 1, 2008

48.4 Comparatives

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year.

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Atif R. Bokhari
 President and
 Chief Executive Officer

Abdul Rauf Malik
 Director

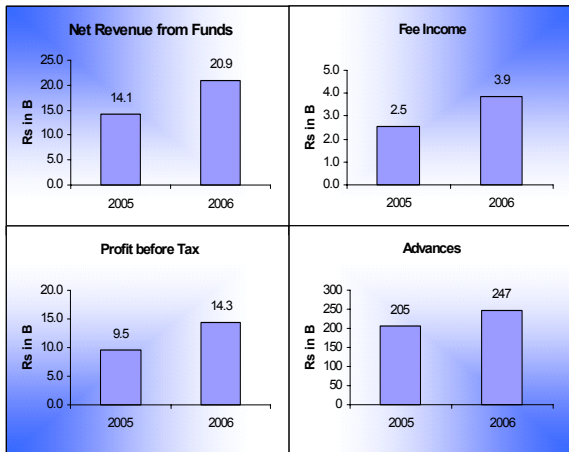
Sir Mohammed Anwar Pervez, OBE, HPk
 Deputy Chairman

Nahayan Mabarak Al Nahayan
 Chairman

DIRECTORS' REPORT TO THE MEMBERS

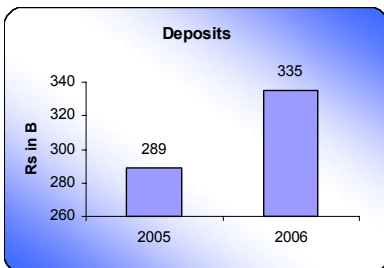
On behalf of the Board of Directors, I am pleased to present to you the 48th Annual Report of United Bank Limited for the year ended December 31, 2006.

FINANCIAL HIGHLIGHTS



The Bank continued to demonstrate strong performance in 2006 with a 51% increase in profit before tax at Rs 14.3 billion. Net revenue from funds (NRFF) increased by 48% to Rs 20.9 billion due to strong yields on consumer financing and on general advances. Fee income grew by 52% to Rs 3.9 billion due to higher commissions on the consumer loan portfolio, significant increases in trade volumes and commissions on third party bill collections. Administrative expenses grew by 39% to Rs 10.9 billion, mainly on account of expansion costs in the consumer business and ongoing investment in upgrading the Bank's branch network.

Our advance portfolio grew by 21% to Rs 247 billion with domestic share of advances coming in at 9.2% by the end of 2006 (2005: 9.3%). Our asset quality also improved with net NPL to gross loans ratio dropping to 1.56% from 1.67% last December based on a provisioning coverage of 75%.



Our deposit base grew by Rs. 46 billion to Rs 335 billion, spurred by a 59% increase in deposits overseas. Consequently profit after tax registered a strong increase of 59% to Rs 9.5 billion with a 44% return on opening equity at an EPS of Rs 14.62. The Board of Directors is pleased to recommend cash dividend of Rs 3.00 per share and a bonus issue of 25 % for the year ended December 31, 2006.

Despite these impressive results, we remain aware of the competitive environment we operate in and shall focus on setting a higher standard of customer service through investments in technology and re-engineering of business processes.

KEY INITIATIVES & ACHIEVEMENTS

Launch of UBL Insurers Limited

UBL Insurers Limited seeks to bring together the benefits of banking and insurance services by offering a more comprehensive financial solution to customers. The insurance sector itself is expected to achieve substantial growth (in excess of 20% p.a.) over the next five years, driven by a strong banking sector, higher direct foreign investment flows and manufacturing sector growth. Set up as a non-life insurance company (auto, marine, fire and general), UBL Insurers Limited is expected to take advantage of the ancillary insurance business generated through banking products on offer to our customers.

The paid up capital of the company is Rs. 300 million which makes it the 4th largest amongst non-life, private insurance companies in Pakistan.

Launch of UBL Ameen

During the fourth quarter of 2006, we launched our Islamic Banking business with the first UBL Ameen Islamic Banking branch opened in Karachi. Following a two-pronged strategy, the bank will target customers through dedicated UBL Ameen Islamic Banking branches as well as specialist Islamic Banking counters at selected UBL branches and offer a range of Riba-free and Shariah-compliant banking products.

The launch of Ameen Islamic Banking is a significant milestone for UBL as it aims to capture a rapidly growing customer base with a demand for Shariah-compliant banking.

Consumer Business

After completing the launch of a full suite of consumer products in 2005, our strategic direction moved towards bringing about innovation in products during 2006. UBL Drive, launched “Car Replacement Plan” and “Drive Big”, two premium auto loan products with a host of exclusive features and value for money for customers. “Drive Big” allows customer the affordability of a bigger car while keeping monthly installments low. UBL Drive is now available in 44 cities across Pakistan. With a portfolio of over Rs. 20 billion it continues to maintain leadership with a 26% share of market.

UBL became the first Pakistani bank to offer its Home Financing product “Address Mortgage” for Pakistanis living in the UK. Launched in collaboration with United National Bank UK, the facility will enable non-resident Pakistanis to buy, build or renovate residential properties in Pakistan.

UBL credit cards, despite being a late market entrant, has been one of the fastest growing cards of the country with 200,000 cards outstanding and a market share of 14% of credit balances. Key initiatives included alliances with Emirates and Turkish Airlines and major consumer durable brands (Samsung, LG, Philips).

To maintain market leadership and provide better service to customers, we launched UBL Wallet Visa which can be used at more than 900,000 ATMs in 150 countries and accepted at over 20 million local and international VISA merchant locations. As a result over a billion Visa cardholders can now conduct transactions on all UBL ATMs and funds can also be conveniently transferred between participating 1 Link banks using their UBL Wallet Card.

International Business

In the Middle East, we continued to focus on our core Commercial Banking strength with investments in infrastructure projects, oil and gas development, real estate and contracting. Initiatives in the Middle East include expansion of the ATM network, launch of a competitive Mortgage Finance product, introduction of Debit Cards and renovation of branches.

In order to expand the overseas franchise, UBL established its representative office in Almaty, Kazakhstan in 2006. The representative office will focus on capturing increased trade and investment flows between Kazakhstan and UBL franchise countries and is expected to act as a hub for operations in other CIS countries.

Other initiatives include the signing of a Memorandum of Understanding between UBL and China Development Bank to establish a cooperative partnership to promote bilateral trade between Pakistan, China and the Middle East. UBL has also obtained approval from SBP for a possible representative office to be established in Beijing.

We have also been granted permission by the SBP (as one of only two banks in Pakistan) to apply for a banking license to Central Reserve Bank of India.

STATEMENT UNDER SECTION XIX OF THE CODE OF CORPORATE GOVERNANCE

The Board is committed to ensure that requirements of corporate governance set by Securities and Exchange Commission of Pakistan are fully met. The Group has adopted good Corporate Governance practices and the Directors are pleased to report that:

- The financial statements present fairly the state of affairs of the Group, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Group have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting based on reasonable and prudent judgment.
- International Accounting Standards, as applicable to Banks in Pakistan have been followed in the preparation of the Accounts of financial statements without any departure there-from.
- The system of internal control in the Group is sound in design, and effectively implemented and monitored.
- There is no reason whatsoever to doubt your Group's ability to continue as a going concern.
- There has been no material departure from the best practice of Corporate Governance, in accordance with the relevant regulations.
- Your Board has appointed the following three Committees with defined terms of references.
 - Board Risk Management Committee
 - Board Human Resources & Compensation Committee
 - Board Audit Committee
- A summary of key operating and financial data of the last ten years is annexed to the audited accounts.
- The Group operates five post retirement schemes, Pension, Gratuity, Benevolent, Provident Fund and Post Retirement Medical. The details and asset values are given in notes 35 and 36 of the audited financial statements of 2006. However only Gratuity and Provident Fund Schemes are available to staff who joined the bank post privatization.

Risk Management Framework

We have in place a rigorous and robust risk management policy to ensure a sound credit portfolio as well as meet the standards laid down by State Bank of Pakistan. During 2006 we gained significant momentum on some of the initiatives of the previous years.

Risk and Credit Policy Group has been broadened to align the risk management strategies with the portfolio growth, complexities and to comply with Basel II standards. The reorganization has resulted in functions like Operational and Market Risk / Treasury Middle Office under the Risk Group umbrella. Specific Market Risk and Liquidity Risk policies have been formulated.

Our new Credit Policy manual was developed and approved this year. More receptive to the needs of business groups within the bank, this document allows limited approval powers to line managers. Moreover higher levels of credit authorities have been assigned to risk managers in line with their experience and expertise. This also aligns itself to the higher exposures being undertaken by the Bank over the years. Different weightages have been assigned to specific securities so as to determine appropriate level of credit approval required.

Portfolio Management Committee has been formulated which meets regularly to monitor the health of credit portfolio of the bank and suggest remedial actions.

Market Risk is being managed on a bank wide basis catering to both trading and banking book. Market Risk is being regularly identified, monitored, managed and controlled by applying various static and dynamic tools. The bank has a well-defined and vibrant limit structure in place, enabling it to cap its exposures against any adverse movement in market risk factors. Scenario analysis is conducted on regular basis to forecast the impact of unfavorable movements in market risk factors on our portfolios. The information system not only raises early warning signals but also guide us to realign the portfolio according to the Banks risk appetite and ever changing dynamics of the market

Consumer & Retail Credit necessitated revisiting & realignment of existing structure and of entire Consumer Credit philosophy, in addition to bringing in place a strong recovery team, controls for managing leading indicators and implementation of e-CIB for debt burden calculation.

Significant progress has been made towards implementation of Basel II framework. Parallel runs on the Credit & Market Risk side are being conducted to comply with the Standardized approach. On the Operational risk front GAP analysis have been conducted and we are at an advanced stage of implementing a Risk and Control Self Assessment criteria for various lines of business.

An independent Business Risk Review (BRR) department has been setup to evaluate quality of credit approval and risk management processes.

Risk management in the modern context is a dynamic process and we are constantly endeavoring to improve our systems to implement superior risk management practices.

VALUE OF INVESTMENTS IN EMPLOYEE RETIREMENT BENEFIT FUNDS

The following is the value of investments of provident, gratuity, pension and benevolent funds maintained by the Bank based on latest audited financials statements as at December 31, 2005:

	Rupees in '000
Employees' Provident Fund	2,905,802
Employees' Gratuity Fund	314,762
Staff Pension Fund	5,911,890
Officers / Non-Officers Benevolent Fund	784,157

MEETINGS OF THE BOARD

During the year under report, the Board of Directors met seven times. The number of meetings attended by each director during the year is shown below:

Name	Attendance
His Highness Shaikh Nahayan Mabarak Al Nahayan, Chairman	04
Sir Mohammed Anwar Pervez, OBE, HPk, Deputy Chairman	06
Mr. Omar Z. Al Askari, Director	07
Mr. Zameer Mohammed Choudrey, Director	07
Mr. Muhammad Tahsin Khan Iqbal, Director (till June 2006)	03
Mr. Ahmad Waqar, Director	03
Dr. Ashfaque Hasan Khan, Director	04
Mr. Abdul Rauf Malik, Director (appointed June 2006)	03
Mr. Atif R. Bokhari, President and Chief Executive Officer	07

PATTERN OF SHAREHOLDING

The pattern of shareholding as required u/s 236 of the Companies Ordinance, 1984 and Article (xix) of the Code of Corporate Governance is given below:

Shareholders	Number of shares	Percentage holding
State Bank of Pakistan	287,908,653	44.46
Bestway Group	165,112,500	25.50
Abu Dhabi Group	165,112,500	25.50
General Public (shares divested by SBP under IPO in June 2005)	27,370,825	4.23
Government of Pakistan	1,774,309	0.27
National Bank of Pakistan, Trustee Department	88,377	0.01
State Life Insurance Corporation of Pakistan	66,578	0.01
Sui Southern Gas Company Limited	62,746	0.01
Metropolitan Steel Corporation	2,058	-
Privatization Commission	909	-
Pakistan Reinsurance Company Limited	544	-
Securities and Exchange Commission of Pakistan	1	-
	647,500,000	100.00

CHANGE IN DIRECTORS:

I am pleased to announce that Mr. Abdul Rauf Malik was appointed as Director by the Government of Pakistan with effect from 13 June 2006 in place of Mr. Muhammad Tahsin Khan Iqbal. On behalf of the Board, I would like to thank Mr. Khan for his valuable contribution and services and wish him the very best in his future endeavors.

AUDITORS

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

CONCLUSION

In conclusion, I extend my thanks and appreciation to UBL shareholders and customers as well as to my fellow members of the Board of Directors for their trust and support, and acknowledge the effort and dedication demonstrated by our staff members. We also express our earnest appreciation to the Government and the State Bank of Pakistan for their unfaltering support.

For and on Behalf of the Board,



Nafayn Mabarak Al Nahayan
Chairman

Abu Dhabi
February 14, 2007

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
YEAR ENDED DECEMBER 31, 2006**

This statement is being presented to comply with the Code of Corporate Governance (The Code) contained in the Regulation No. 37, XIII & 36 of Listing Regulations of Karachi, Lahore & Islamabad Stock Exchanges 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 Board of Directors has adopted the Code of Corporate Governance and applied the principles contained in the Code in the following manner:

1. Except for the Chief Executive Officer, all other directors, including Chairman and Deputy Chairman are non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Bank.
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancy occurred. However Government of Pakistan has appointed Mr. Abdul Rauf Malik as director w.e.f. 13-06-2006 in place of Mr. Muhammad Tahsin Khan Iqbal.
5. During the year 2006, the Board of Directors approved and signed "Statement of Ethics and Business Practices" and obtaining the signature of employees is under process.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Bank. A set of significant policies are maintained by the Bank.
7. 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 have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by the Deputy Chairman. The Board met at least once in every quarter. Written notices of the Board meeting, 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. The Company Secretary and Chief Financial Officer attend the meetings of the Board of Directors.
9. The appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms of employment have been approved by the Board.
10. The Board arranged orientation course for its directors to appraise them of their duties and responsibilities.
11. The directors report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Bank other than those disclosed in pattern of shareholding.

14. The Bank has complied with all the corporate and financial reporting requirements.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee.
16. The meetings of the audit committee are held at least once every quarter prior to approval of interim and final results of the Bank, as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The Board has set up an effective internal audit function. Personnel of the Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan, that they or any of the partners of the 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.
19. The statutory 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.
20. We confirm that all other material principles contained in the Code have been complied with

For and on behalf of the Board of Directors



Nahayan Mabarak Al Nahayan
Chairman

Abu Dhabi
Date: February 14, 2007

STATEMENT ON INTERNAL CONTROLS

It is the responsibility of bank's management to establish and maintain an adequate and effective system of internal control that could help in bank's endeavor to attain a professional and efficient working environment through out the bank. The Internal Control systems comprises of various inter-related components including Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

Internal Control System in the bank is designed to manage, rather than eliminate the risk of failure to achieve the business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

Management ensures the efficient and effective Internal Control System by risk assessment, identifying control objectives, reviewing pertinent policies/procedures, establishing relevant control procedures and monitoring. All policies and procedures are monitored, reviewed and compared with existing requirements and necessary amendments made where necessary on timely basis.

Alongside this appropriate test of transactions, observation of control environment, sharing of findings on Internal Control Systems and ensuring relevant appropriate follow ups/corrective actions are also been done by the management on regular basis.

EVALUATION OF EXISTING INTERNAL CONTROL SYSTEMS

During the year 2006 Bank has made efforts to ensure that an effective and efficient internal control system is implemented and no compromise is made while implementing the desired control procedures and maintaining a suitable control environment in general.

As an ongoing process Management is committed to identify, evaluate and manage significant risks faced by the bank.

The observations and weaknesses found and identified by the auditors, (internal and external) have been rectified and steps taken to further improve/strengthen the existing control environment. Necessary steps have also been taken to minimize repetition of exceptions and elimination of such weaknesses to the maximum possible level.

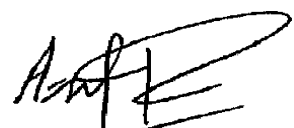
Requisite training for the staff across Bank has commenced to enhance the knowledge base of the field staff, which had a positive impact on the overall Control Environment. Management has also implemented a self monitoring system to ensure proper implementation of accountability, segregation of duties, rotation plans and a follow up process.

Audit results of later half of the year are indicative of the overall improved control environment, however still more efforts are required to achieve the desired results.

The management also endeavors to make efforts during year 2007 to ensure further improvement in Internal Control System by revisiting/re-engineering various processes that could further minimize risks faced by the Bank alongside safeguarding interests of the Stakeholders.



Muhammad Ejazuddin
Group Executive -
Audit & Inspection Group



Atif R. Bokhari
President

A.F. FERGUSON & CO
CHARTERED ACCOUNTANTS
State Life Building No.1-C,
I.I. Chundrigar Road,
Karachi

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Sheikh Sultan Trust
Building No. 2, Beaumont Road,
Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of United Bank Limited as at December 31, 2006 and the related profit and loss account, cash flow statement and 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 sixty-one branches which have been audited by us and fifteen branches audited by auditors abroad 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 the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the 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 sixty percent of the total domestic loans and advances of the Bank, we report that:

- a) in our opinion, proper books of account have been kept by the Bank as required by the 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;
 - (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 balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the 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, 2006 and its true balance of the profit, 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.

A.Ferguson & Co

A. F. FERGUSON & Co.
Chartered Accountants
A.F. & Co

Karachi

Dated: February 17, 2007

KPMG Taseer Hadi & Co

KPMG TASEER HADI & CO.
Chartered Accountants
KPMGTH

BALANCE SHEET AS AT DECEMBER 31, 2006

	Note	2006 (Rupees in '000)	2005
ASSETS			
Cash and balances with treasury banks	6	48,939,840	34,074,786
Balances with other banks	7	14,034,476	12,717,100
Lendings to financial institutions	8	29,572,070	17,867,552
Investments	9	67,260,338	63,026,944
Advances			
Performing	10	243,237,819	201,152,095
Non-performing	10	4,072,074	3,658,375
		247,309,893	204,810,470
Fixed assets	11	5,234,463	4,449,324
Deferred tax asset - net	12	906,661	2,273,005
Other assets	13	10,062,466	7,829,770
		423,320,207	347,048,951
LIABILITIES			
Bills payable	15	4,560,649	4,159,964
Borrowings	16	38,544,920	21,790,480
Deposits and other accounts	17	335,077,873	289,226,299
Sub-ordinated loans	18	5,998,344	3,999,192
Liabilities against assets subject to finance lease		-	-
Other liabilities	19	9,275,034	6,204,746
		393,456,820	325,380,681
NET ASSETS		<u>29,863,387</u>	<u>21,668,270</u>
REPRESENTED BY:			
Share capital	20	6,475,000	5,180,000
Reserves		8,298,873	6,225,461
Unappropriated profit		12,429,853	7,350,813
		27,203,726	18,756,274
Surplus on revaluation of assets - net	21	2,659,661	2,911,996
		<u>29,863,387</u>	<u>21,668,270</u>
CONTINGENCIES AND COMMITMENTS	22		

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

Atif R Bokhari

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006 (Rupees in '000)	2005
Mark-up / return / interest earned	24	32,991,603	20,158,860
Mark-up / return / interest expensed	25	12,126,809	6,045,948
Net mark-up / interest income		20,864,794	14,112,912
Provision against loans and advances - net	10.3	1,972,936	1,277,002
Provision for diminution in value of investments - net	9.3	74,573	112,666
Bad debts written off directly	10.4	269,349	38,140
		2,316,858	1,427,808
Net mark-up / return / interest income after provisions		18,547,936	12,685,104
Non Mark-up / Interest Income			
Fee, commission and brokerage income		3,876,799	2,543,739
Dividend income		837,338	202,343
Income from dealing in foreign currencies		659,726	675,109
Gain on sale of securities	26	280,864	382,419
Unrealized gain/ (loss) on revaluation of investments classified as held for trading	9.4	(3,335)	(780)
Other income	27	1,296,996	1,210,202
Total non mark-up / return / interest income		6,948,388	5,013,032
		25,496,324	17,698,136
Non Mark-up / Interest Expenses			
Administrative expenses	28	10,952,275	7,874,013
Other provisions / write offs	29	226,313	335,409
Other charges	30	25,980	7,066
Total non mark-up / interest expenses		11,204,568	8,216,488
Extraordinary items		-	-
Profit before taxation		14,291,756	9,481,648
Taxation - Current	31	3,412,791	498,748
- Prior year	31	45,225	78,614
- Deferred	31	1,365,508	2,955,254
		4,823,524	3,532,616
Profit after taxation		9,468,232	5,949,032
Unappropriated profit brought forward		7,350,813	3,274,439
		16,819,045	9,223,471
Transfer from surplus on revaluation of fixed assets - net of tax		94,454	94,148
Profit available for appropriation		16,913,499	9,317,619

(Rupees)

Basic and diluted earnings per share	32	14.62	9.19
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The annexed notes 1 to 47 and annexures form an integral part of these financial statements.

Attested by KPMG TH

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006	2005
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,291,756	9,481,648
Less: Dividend income		684,961	(202,343)
		<u>13,606,795</u>	<u>9,279,305</u>
Adjustments:			
Depreciation		550,674	412,541
Amortization		52,251	23,381
Provision for retirement benefits		225,172	117,772
Provision against loans and advances		1,972,936	1,277,002
Provision for diminution in value of investments		74,573	112,666
Provision against off- balance sheet items		52,663	238,712
(Gain) on sale of fixed assets		(14,393)	(12,771)
Finance charges on leased assets		-	3
Bad debts written-off directly		269,349	38,140
Unrealized loss on revaluation of investments classified as held for trading		3,335	780
Provision against other assets		173,650	87,998
Exchange loss on cash and cash equivalents		1,067,593	209,350
		<u>4,427,803</u>	<u>2,505,574</u>
		18,034,598	11,784,879
(Increase)/ Decrease in operating assets			
Lendings to financial institutions		(11,704,518)	493,081
Held-for-trading securities		1,376,349	996,353
Advances		(44,741,708)	(61,974,557)
Other assets (excluding advance taxation)		(1,963,795)	(3,523,015)
		<u>(57,033,672)</u>	<u>(64,008,138)</u>
Increase/ (Decrease) in operating liabilities			
Bills payable		400,685	348,680
Borrowings		16,754,440	9,814,796
Deposits and other accounts		45,851,574	58,969,672
Other liabilities (excluding current taxation)		2,073,336	(37,510)
		<u>65,080,035</u>	<u>69,095,638</u>
		26,080,961	16,872,379
Staff retirement benefits paid		(548,153)	(110,323)
Income taxes paid		(2,635,945)	(328,751)
Net cash flow from operating activities		<u>22,896,863</u>	<u>16,433,305</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(5,844,696)	(9,203,902)
Dividend income received		687,609	289,905
Investments in operating fixed assets		(1,396,396)	(925,175)
Sale proceeds from disposal of property and equipment		22,725	21,706
Net cash flow on investing activities		<u>(6,530,758)</u>	<u>(9,817,466)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Receipt of sub-ordinated loan		2,000,000	500,000
Repayments of principal of sub-ordinated loans		(848)	(808)
Payments in respect of lease obligations		-	(291)
Dividends paid		(1,295,000)	(777,000)
Net cash flow from / (used in) financing activities		704,152	(278,099)
Exchange differences on translation of net investment on foreign branches		179,766	(880,273)
Increase in cash and cash equivalents		<u>17,250,023</u>	<u>5,457,467</u>
Cash and cash equivalents at beginning of the year as previously reported		46,791,886	41,543,769
Effects of exchange rate changes on cash and cash equivalents		(1,067,593)	(209,350)
Cash and cash equivalents at beginning of the year as restated		45,724,293	41,334,419
Cash and cash equivalents at end of the year	33	<u><u>62,974,316</u></u>	<u><u>46,791,886</u></u>

The annexed notes 1 to 47 and annexures form an integral part of these financial statement

AMC KPMSTH

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahay
Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006

	-----Capital reserves-----					Total
	Share Capital	Statutory Reserve	Exchange Translation Reserve	Reserve for issue of bonus shares	Unappropriated Profit	
------(Rupees in '000)-----						
Balance as at December 31, 2004	5,180,000	3,945,781	1,970,147	-	3,274,439	14,370,367
Final dividend for the year ended December 31, 2004 at Rs. 1.50 per share	-	-	-	-	(777,000)	(777,000)
Changes in equity for 2005						
Profit after taxation for the year ended December 31, 2005	-	-	-	-	5,949,032	5,949,032
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	94,148	94,148
Exchange differences on translation of net investment in foreign branches	-	-	(880,273)	-	-	(880,273)
Net expense recognised directly in equity	-	-	(880,273)	-	94,148	(786,125)
Total recognised income and expense for the year	-	-	(880,273)	-	6,043,180	5,162,907
Transfer to statutory reserve	-	1,189,806	-	-	(1,189,806)	-
Balance as at December 31, 2005	5,180,000	5,135,587	1,089,874	-	7,350,813	18,756,274
Final dividend for the year ended December 31, 2005 at Rs. 2.50 per share	-	-	-	-	(1,295,000)	(1,295,000)
Transfer to reserves for issue of bonus shares	-	-	-	1,295,000	(1,295,000)	-
Issue of bonus shares	1,295,000	-	-	(1,295,000)	-	-
Changes in equity for 2006						
Profit after taxation for the year ended December 31, 2006	-	-	-	-	9,468,232	9,468,232
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	94,454	94,454
Exchange differences on translation of net investment in foreign branches	-	-	179,766	-	-	179,766
Net income recognised directly in equity	-	-	179,766	-	94,454	274,220
Total recognised income and expense for the year	-	-	179,766	-	9,562,686	9,742,452
Transfer to statutory reserve	-	1,893,646	-	-	(1,893,646)	-
Balance as at December 31, 2006	<u>6,475,000</u>	<u>7,029,233</u>	<u>1,269,640</u>	<u>-</u>	<u>12,429,853</u>	<u>27,203,726</u>

Appropriations made by the directors subsequent to the year ended December 31, 2006 are disclosed in note 45 of these financial statements.

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

AMC Co KPMG TH

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
1. STATUS AND NATURE OF BUSINESS

United Bank Limited is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all three Stock Exchanges in Pakistan. The bank's registered office and principal office is situated at State Life Building No. 1, I. I. Chundrigar Road, Karachi. The bank operates 1,044 (2005: 1,043) branches inside Pakistan including the Karachi Export Processing Zone Branch (KEPZ) and 15 (2005: 15) branches outside Pakistan. The domestic branch network includes one Islamic Banking Branch which has been opened in December 2006.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

4. BASIS OF MEASUREMENT
4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain assets have been stated at revalued amounts, certain investments have been stated at fair value and derivative financial instruments are measured at fair value.

4.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that effect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

- i) classification of investments (notes 5.3 and 9)
- ii) provision against investments (notes 5.3 and 9) and advances (notes 5.4 and 10.3)
- iii) income taxes (notes 5.7, 12, 19.2 and 31)
- iv) staff retirement benefits (note 35)
- v) fair value of derivatives (note 19.4)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.2 Lendings to / borrowings from financial institutions

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

(a) Sale under repurchase agreements

Securities sold subject to a re-purchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and re-purchase value is accrued over the period of the agreement and recorded as an expense.

(b) Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the agreement and recorded as income.

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

5.3 Investments

The Bank classifies its investments 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, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

(b) Held to maturity

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

(c) Available for sale

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

Investments other than those categorised as held for trading are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as held for trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

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

In accordance with the requirements of State Bank of Pakistan, quoted securities other than those classified as 'held to maturity', investments in subsidiaries and investments in associates (which qualify for accounting under International Accounting Standard - 28), are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities classified as 'available for sale', is taken to a separate account shown in the balance sheet below equity. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account.

Unquoted equity securities excluding investments in subsidiaries and associates are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost. Investments in subsidiaries and associates (which qualify for accounting under International Accounting Standard - 28) are carried at cost.

Provision for diminution in the values of securities (except 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 is made as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

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

5.4 Advances

Advances are stated net of specific and general provisions. Specific provision against domestic advances (other than the Bank's consumer financing portfolio comprising of auto loans, personal loans and cash line) is determined on the basis of Prudential Regulations and other directives issued by the State Bank of Pakistan and charged to the profit and loss account. Specific provision against the Bank's domestic consumer financing portfolio comprising of auto loans, personal loans and cash line is determined keeping in view the Bank's internal guidelines subject to the minimum requirements set out by the Prudential Regulations issued by the State Bank of Pakistan. General provision against consumer loans is made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of monetary agencies and regulatory authorities of the respective countries. Advances are written off when there is no realistic prospect of recovery.

5.5 Fixed assets and depreciation
Owned

Property and equipment, other than freehold land which is not depreciated and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses. Cost of property and equipment of foreign branches includes exchange difference arising on currency translation at the year-end rates of exchange.

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected economic lives at the rates specified in note 11.2 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any, and using methods depending on the nature of the asset and the country of its location. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

Depreciation on additions is charged from the month the asset is available for use and on disposals upto the month of disposal.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

Surplus arising on revaluation is credited to the 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 to unappropriated profit.

Gains and losses on sale of fixed assets are included in income currently, except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

Leased

Assets held under finance lease are stated at lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods.

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

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Bank.

Intangible assets

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

Intangible assets having an indefinite useful life are stated at acquisition cost. Provisions are made for permanent diminution in the value of assets, if any. Gains and losses on disposals, if any, are taken to the profit and loss account.

5.6 Impairment

The carrying amount of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

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 from local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax is calculated using prevailing tax rates or tax rates expected to apply to the profits for the year at enacted rates. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by 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.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Bank also recognizes 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 the revised International Accounting Standard (IAS) 12 dealing with Income Taxes.

5.8 Provisions

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

5.9 Staff retirement and other benefits
5.9.1 Staff retirement benefit schemes

- a) The Bank operates the following staff retirement schemes for its employees
 - approved funded pension scheme, introduced in 1986 (defined benefit scheme); and
 - approved non-contributory provident fund in lieu of the contributory provident fund.
- b) For new employees and for those who opted for the new scheme introduced in 1991, the Bank operates
 - approved contributory provident fund (defined contribution scheme); and
 - approved gratuity scheme (defined benefit scheme).

In the year 2001, the Bank modified the pension scheme and introduced a conversion option for employees covered under option (a) above to option (b). This conversion option ceased on December 31, 2003.

The Bank also operates a contributory benevolent fund for all its employees (defined benefit scheme).

Annual contributions towards the defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method.

For defined contribution plans, the bank pays contributions to the Fund on a periodic basis. The bank has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction on the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
5.9.2 Other benefits
a) Employees' compensated absences

The Bank makes provisions for compensated vested and non-vested absences accumulated by its employees on the basis of actuarial advice under the Projected Unit Credit Method.

b) Post retirement medical benefits (defined benefit scheme)

The bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefit on the basis of actuarial advice under the Projected Unit Credit Method.

5.9.3 Actuarial gains and losses

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation at the end of the last reporting year are charged or credited to income over the employees' expected average remaining working lives. These limits are calculated and applied separately for each defined benefit plan.

Actuarial gains and losses pertaining to long term compensated absences are recognised immediately.

5.10 Borrowings / deposits and their cost

- a) Borrowings / deposits are recorded at the proceeds received.
- b) Borrowing / deposits costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

5.11 Revenue Recognition

Mark-up / return on performing advances and investments is recognized on a time proportion basis over the term of loans and advances. Where debt securities are purchased at premium or discount, those premiums / discounts are amortized through the profit and loss account over the remaining period of maturity.

Interest or mark-up recoverable on non-performing advances and classified investments is recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the State Bank of Pakistan or overseas regulatory authorities of countries where the branches operate, except where in the opinion of the management, it would not be prudent to do so.

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

Fee, brokerage and commission on letters of credit / guarantee and others are recognized on accrual basis.

5.12 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.

5.13 Foreign Currencies
a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the bank operates. The financial statements are presented in Pakistani Rupees, which is the bank's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
b) Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date except that certain deposits, which are covered by forward foreign exchange contracts, are translated at contracted rates. Forward foreign exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

c) Foreign operations

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

d) Translation gains and losses

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

e) Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the financial statements 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 date of transaction.

5.14 Segment Reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segments
Corporate finance

Corporate banking includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, IPO and secondary private placements.

Trading and sales

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

Retail Banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking service, trust and estates investment advice, merchant / commercial / corporate cards and private labels and retail.

Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bills of exchange and deposits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
Geographical segments

The Bank operates in three geographical regions being:

- Pakistan (including Karachi Export Processing Zone)
- United States of America
- Middle East

5.15 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except appropriation which are required by the law after the balance sheet date, are recognised as liability in the Banks' financial statements in the year in which these are approved.

5.16 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.

5.17 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic 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 / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

	Note	2006 (Rupees in '000)	2005
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		5,041,667	4,606,016
Foreign currency		1,691,757	1,107,634
		6,733,424	5,713,650
With State Bank of Pakistan in			
Local currency current account	6.1	17,840,637	13,032,322
Local currency deposit account		3,864	3,864
Foreign currency current account	6.2	77,487	12,107
Foreign currency deposit account	6.3	2,841,756	2,556,535
		20,763,744	15,604,828
With other central banks in foreign currency current account	6.4	18,388,635	9,142,105
With National Bank of Pakistan in local currency current account		2,994,861	3,571,650
National Prize Bonds		59,176	42,553
		<u>48,939,840</u>	<u>34,074,786</u>

6.1 The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.

6.2 This represents US Dollar Settlement Account maintained with SBP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

6.3 This represents foreign currency cash reserve maintained with SBP equivalent to atleast 20% of the Bank's foreign currency deposits. The foreign currency cash reserve comprises of an amount equivalent to atleast 5% of the bank's foreign currency deposits which is kept in a non-remunerative account. The balance reserve equivalent to atleast 15% of the bank's foreign currency deposits is maintained in a remunerative account on which the Bank is entitled to earn a return which is declared by SBP on a monthly basis.

6.4 Deposits with other central banks are maintained to meet the minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

	Note	2006 (Rupees in '000)	2005
7. BALANCES WITH OTHER BANKS			
Inside Pakistan			
In current accounts		5,935	9,454
In deposit accounts		48,000	-
		53,935	9,454
Outside Pakistan			
In current accounts		895,782	4,850,101
In deposit accounts	7.1	13,084,759	7,857,545
		13,980,541	12,707,646
		14,034,476	12,717,100

7.1 These carry mark-up at rates ranging from 5.07% to 5.28% (2005: 4.40% to 4.45%) per annum.

	Note	2006 (Rupees in '000)	2005
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.2	447,360	1,199,534
Repurchase agreement lendings	8.3	21,950,095	11,769,693
Lendings to banks / financial institutions	8.4	7,174,615	4,898,325
		29,572,070	17,867,552

8.1 Particulars of lendings to financial institutions

In local currency	25,981,155	17,068,392
In foreign currencies	3,590,915	799,160
	29,572,070	17,867,552

8.2 These call money lendings carry mark-up at rates ranging from 6.70% to 10.35% per annum (2005: 1.0% to 12.75% per annum) and are due to mature latest by January 2007.

8.3 Securities held as collateral against repurchase agreement lendings

	2006			2005		
	Held by Bank	Further given as collateral / sold	Total	Held by Bank	Further given as collateral / sold	Total
------(Rupees in '000)-----						
Market Treasury Bills	15,504,830	920,265	16,425,095	8,019,693	-	8,019,693
Pakistan Investment Bonds	4,334,500	1,190,500	5,525,000	2,180,000	1,570,000	3,750,000
	19,839,330	2,110,765	21,950,095	10,199,693	1,570,000	11,769,693

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

These carry mark-up at rates ranging from 7.99% to 9.40% per annum (2005: 3.5% to 8.75% per annum) and are due to mature latest by March 2007.

8.4 These carry mark-up at rates ranging from 5.45% to 12.63% per annum and are due to mature latest by March 2011.

9. INVESTMENTS
9.1 Investments by types

Note	2006			2005		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- (Rupees in '000) -----						
Held for trading securities						
Market Treasury Bills	46,438	-	46,438	600,734	460,807	1,061,541
Ordinary shares of listed companies	91,007	-	91,007	453,033	-	453,033
	137,445	-	137,445	1,053,767	460,807	1,514,574
Available for sale securities						
Market Treasury Bills	15,304,284	16,743,707	32,047,991	16,004,567	3,898,511	19,903,078
Ordinary shares of listed companies	2,403,691	-	2,403,691	1,675,518	-	1,675,518
Pakistan Investment Bonds	3,157,602	-	3,157,602	1,317,980	205,469	1,523,449
Government of Pakistan Islamic Bonds	694,271	-	694,271	833,386	-	833,386
Term Finance Certificates	693,116	-	693,116	749,170	-	749,170
Foreign currency bonds	1,705,045	-	1,705,045	593,782	-	593,782
Ordinary shares of unlisted companies	497,288	-	497,288	432,680	-	432,680
Euro Bonds	1,247,217	-	1,247,217	279,575	-	279,575
Units of mutual funds	1,222,338	-	1,222,338	550,000	-	550,000
	26,924,852	16,743,707	43,668,559	22,436,658	4,103,980	26,540,638
Held to maturity securities						
Term Finance Certificates	8,134,206	-	8,134,206	8,661,187	-	8,661,187
Market Treasury Bills	1,205,603	-	1,205,603	4,830,400	3,595,482	8,425,882
Pakistan Investment Bonds	4,691,273	-	4,691,273	5,331,699	335,502	5,667,201
CIRC Bonds	2,900,000	-	2,900,000	4,054,883	-	4,054,883
Government of Pakistan - Guaranteed Bonds	2,410,415	-	2,410,415	4,039,971	-	4,039,971
Foreign currency bonds	1,382,986	-	1,382,986	1,694,788	-	1,694,788
Foreign securities	639,064	-	639,064	492,795	-	492,795
Debentures	11,289	-	11,289	169,351	-	169,351
Participation Term Certificates	55,169	-	55,169	70,087	-	70,087
CDC SAARC Fund	505	-	505	65,501	-	65,501
Federal Investment Bonds	13,906	-	13,906	32,725	-	32,725
Provincial Government Securities	-	-	-	1,207	-	1,207
	21,444,416	-	21,444,416	29,444,594	3,930,984	33,375,578
Associates						
United Growth and Income Fund	-	-	-	250,000	-	250,000
United Stock Advantage Fund	250,000	-	250,000	-	-	-
United Islamic Composite Fund	250,000	-	250,000	-	-	-
UBL Insurers Limited	90,000	-	90,000	-	-	-
Oman United Exchange Company, Muscat	6,981	-	6,981	6,981	-	6,981
	596,981	-	596,981	256,981	-	256,981
Subsidiaries						
United National Bank, UK	1,482,011	-	1,482,011	1,482,011	-	1,482,011
United Bank AG Zurich, Switzerland	86,237	-	86,237	86,237	-	86,237
Domestic subsidiaries						
United Executors and Trustees Company Limited	30,100	-	30,100	30,100	-	30,100
United Bank Financial Services (Pvt) Limited	2,500	-	2,500	2,500	-	2,500
UBL Fund Managers Limited	60,000	-	60,000	60,000	-	60,000
	1,660,848	-	1,660,848	1,660,848	-	1,660,848
	50,764,542	16,743,707	67,508,249	54,852,848	8,495,771	63,348,619
Provision for diminution in value of investments	(400,639)	-	(400,639)	(634,003)	-	(634,003)
Investments (net of provisions)	50,363,903	16,743,707	67,107,610	54,218,845	8,495,771	62,714,616
Surplus / (deficit) on revaluation of available for sale securities						
	163,003	(6,940)	156,063	312,372	736	313,108
Surplus/ (deficit) on revaluation of held for trading securities						
	(3,335)	-	(3,335)	(1,070)	290	(780)
Total investments at market value	50,523,571	16,736,767	67,260,338	54,530,147	8,496,797	63,026,944

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006	2005
		(Rupees in '000)	
9.2 Investments by segments			
Federal Government Securities			
Market Treasury Bills		32,594,095	29,193,297
Pakistan Investment Bonds		7,848,875	7,190,650
Foreign currency bonds		1,382,986	1,694,788
Government of Pakistan Islamic Bonds		694,271	833,386
Government of Pakistan - US Dollar / Euro Bonds		1,247,217	279,575
Federal Investment Bonds		13,906	32,725
		43,781,350	39,224,421
Provincial Government Securities		-	1,207
Overseas Governments' Securities			
Foreign securities		2,344,109	924,001
Market Treasury Bills		705,937	197,204
		3,050,046	1,121,205
Other Overseas Securities			
Foreign securities		-	162,576
CDC SAARC Fund		505	65,501
		505	228,077
Fully Paid-up Ordinary Shares			
Listed companies		2,494,698	2,128,551
Unlisted companies	9.7	497,288	432,680
		2,991,986	2,561,231
Units of Mutual Funds		1,222,338	550,000
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates			
Term Finance Certificates			
Unlisted		7,629,656	8,332,720
Listed		1,197,666	1,077,637
		8,827,322	9,410,357
Bonds		5,310,415	8,094,854
Debentures		11,289	169,351
Participation Term Certificates		55,169	70,087
		14,204,195	17,744,649
Investments in subsidiaries and associates		2,257,829	1,917,829
Total investments at cost		67,508,249	63,348,619
Provision for diminution in value of investments	9.3	(400,639)	(634,003)
Investments (net of provisions)		67,107,610	62,714,616
Surplus on revaluation of available for sale securities	21.2	156,063	313,108
Deficit on revaluation of held for trading securities	9.4	(3,335)	(780)
Total investments at market value		67,260,338	63,026,944

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	2006	2005
	(Rupees in '000)	
9.3 Particulars of provision for diminution in value of investments:		
9.3.1 Opening balance	634,003	540,402
Charged during the year	81,968	112,666
Reversed during the year	(7,395)	-
	74,573	112,666
Transfers	(30,164)	4,355
Written off during the year	(277,773)	(23,420)
Closing balance	<u>400,639</u>	<u>634,003</u>
9.3.2 Particulars of provision for diminution in value of investments by type		
Available for sale securities		
Ordinary shares of listed companies	33,000	33,000
Ordinary shares of unlisted companies	123,217	73,913
	156,217	106,913
Held to maturity securities		
Term Finance Certificates	177,964	286,272
Debentures	11,289	170,090
Participation Term Certificates	55,169	70,728
	244,422	527,090
	<u>400,639</u>	<u>634,003</u>
9.3.3 Particulars of provision for diminution in value of investments by segment		
Fully Paid-up Ordinary Shares		
Listed companies	33,000	33,000
Unlisted companies	123,217	73,913
	156,217	106,913
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates		
Term Finance Certificates	177,964	286,272
Debentures	11,289	170,090
Participation Term Certificates	55,169	70,728
	244,422	527,090
	<u>400,639</u>	<u>634,003</u>
9.4 Unrealized gain/ (loss) on revaluation of held for trading securities		
Market Treasury Bills	(12)	(1,914)
Ordinary shares of listed companies	(3,323)	1,134
	<u>(3,335)</u>	<u>(780)</u>
9.5 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.		
9.6 Investments include Rs. 282 million (2005: Rs. 282 million) held by the State Bank of Pakistan and National Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2005: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.		
9.7 This includes the Bank's subscription towards the paid-up capital of Khushhali Bank Limited amounting to Rs. 200 million (2005: Rs. 200 million). Pursuant to Section 10 of the Khushhali Bank Ordinance, 2000 strategic investors including the Bank cannot sell or transfer their investment before a period of five years that has expired in October 2005, from the date of subscription. Thereafter, such sale/ transfer would be subject to the prior approval of SBP. In addition, profit, if any, and other income of Khushhali Bank Limited, shall not be used to pay any dividend to the members, and shall be utilized to promote the objectives of Khushhali Bank Limited.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

9.8 Information relating to investments in ordinary and preference shares / certificates of listed and unlisted companies/modarabas/ mutual funds, term finance certificates, debentures and bonds, required to be disclosed as part of the financial statements under State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006, is given in Annexure 'A'. Details in respect of quality of available for sale securities are also disclosed in Annexure 'A' to these financial statements.

10. ADVANCES

Note	Performing		Non-performing	
	2006	2005	2006	2005
----- (Rupees in '000) -----				
Loans, cash credits, running finances, etc.				
In Pakistan	200,080,279	169,599,106	9,273,198	9,831,330
Outside Pakistan	33,369,281	21,867,208	4,771,131	5,540,208
	233,449,560	191,466,314	14,044,329	15,371,538
Bills discounted and purchased (excluding government treasury bills)				
Payable in Pakistan	5,661,421	2,686,883	876,300	417,400
Payable outside Pakistan	4,080,845	7,067,883	1,334,780	1,171,427
	9,742,266	9,754,766	2,211,080	1,588,827
	243,191,826	201,221,080	16,255,409	16,960,365
Financing in respect of continuous funding system (CFS)	1,462,242	1,094,002	-	-
Advances - gross	244,654,068	202,315,082	16,255,409	16,960,365
Provision against advances				
- Specific	-	-	(12,183,335)	(13,301,990)
- General	(1,416,249)	(1,162,987)	-	-
	(1,416,249)	(1,162,987)	(12,183,335)	(13,301,990)
Advances - net of provision	243,237,819	201,152,095	4,072,074	3,658,375

10.1 Particulars of advances - gross

10.1.1 In local currency	202,945,510	173,843,558	11,467,278	10,248,730
In foreign currencies	41,708,558	28,471,524	4,788,131	6,711,635
	244,654,068	202,315,082	16,255,409	16,960,365

	Performing		Non-performing	
	2006	2005	2006	2005
----- (Rupees in '000) -----				

10.1.2 Short term	153,182,946	145,700,019	-	-
Long term	91,471,122	56,615,063	16,255,409	16,960,365
	244,654,068	202,315,082	16,255,409	16,960,365

10.1.3 Non-performing advances include

- a) Advances having Gross Book Value of Rs.199.770 million (2005: Rs. 298.568 million) and Net Book Value of Rs. 144.793 million (2005: Rs. 284.115 million) though restructured and performing have been placed under non-performing status as required by the revised Prudential Regulations issued by the State Bank of Pakistan, which requires monitoring for at least one year before any upgradation is considered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

- 10.2** Advances include Rs.16,255 million (2005: Rs. 16,960 million) which have been placed under non-performing status as detailed below:-

Category of Classification	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets Especially									
Mentioned *	363,819	-	363,819	-	-	-	-	-	-
Substandard	1,583,124	175,597	1,758,721	222,278	158,901	381,179	222,278	158,901	381,179
Doubtful	1,612,613	68,730	1,681,343	438,416	61,967	500,383	438,416	61,967	500,383
Loss	7,907,722	4,543,804	12,451,526	6,757,969	4,543,804	11,301,773	6,757,969	4,543,804	11,301,773
	<u>11,467,278</u>	<u>4,788,131</u>	<u>16,255,409</u>	<u>7,418,663</u>	<u>4,764,672</u>	<u>12,183,335</u>	<u>7,418,663</u>	<u>4,764,672</u>	<u>12,183,335</u>

Category of Classification	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets Especially									
Mentioned *	257,812	-	257,812	-	-	-	-	-	-
Substandard	997,226	50,087	1,047,313	111,660	11,892	123,552	111,660	11,892	123,552
Doubtful	687,047	143,913	830,960	95,762	71,958	167,720	95,762	71,958	167,720
Loss	8,306,645	6,517,635	14,824,280	6,503,740	6,506,978	13,010,718	6,503,740	6,506,978	13,010,718
	<u>10,248,730</u>	<u>6,711,635</u>	<u>16,960,365</u>	<u>6,711,162</u>	<u>6,590,828</u>	<u>13,301,990</u>	<u>6,711,162</u>	<u>6,590,828</u>	<u>13,301,990</u>

* The Other Assets Especially Mentioned category pertains to agricultural finance only

10.3 Particulars of provision against advances

Note	2006			2005		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	13,301,990	1,162,987	14,464,977	15,621,718	260,937	15,882,655
Exchange adjustments	115,481	4,252	119,733	12,331	861	13,192
Charge for the year	1,993,064	633,682	2,626,746	904,940	652,017	1,556,957
Reversals	(653,810)	-	(653,810)	(279,955)	-	(279,955)
	1,339,254	633,682	1,972,936	624,985	652,017	1,277,002
Transfers	315,880	(337,760)	(21,880)	(295,036)	272,958	(22,078)
Amounts written off	(2,889,270)	(46,912)	(2,936,182)	(2,662,008)	(23,786)	(2,685,794)
Closing balance	<u>12,183,335</u>	<u>1,416,249</u>	<u>13,599,584</u>	<u>13,301,990</u>	<u>1,162,987</u>	<u>14,464,977</u>

- 10.3.1** General provision represents provision amounting to Rs. 1,163.019 million (2005: Rs. 699.420 million) against consumer finance portfolio as required by the revised Prudential Regulations issued by State Bank of Pakistan and Rs. 253.230 million (2005: Rs. 463.567 million) pertaining to overseas advances to meet the requirements of monetary agencies and regulatory authorities of the respective countries in which the overseas branches operate.

10.3.2 Particulars of provision against advances

	2006			2005		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	7,418,663	1,163,019	8,581,682	6,711,162	699,420	7,410,582
In foreign currencies	4,764,672	253,230	5,017,902	6,590,828	463,567	7,054,395
	<u>12,183,335</u>	<u>1,416,249</u>	<u>13,599,584</u>	<u>13,301,990</u>	<u>1,162,987</u>	<u>14,464,977</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006	2005
		(Rupees in '000)	
10.4 Particulars of write-offs			
10.4.1 Against provisions	10.3	2,936,182	2,685,794
Directly charged to profit and loss account		<u>269,349</u>	<u>38,140</u>
		<u><u>3,205,531</u></u>	<u><u>2,723,934</u></u>
10.4.2 Write-offs of Rs. 500,000 and above	10.5	2,906,736	1,233,732
Write-offs of below Rs. 500,000		<u>298,795</u>	<u>1,490,202</u>
		<u><u>3,205,531</u></u>	<u><u>2,723,934</u></u>
10.5 Details of loan write-offs of Rs. 500,000/- and above			

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2006 is given in Annexure-B to these financial statements. These loans are written off as a book entry without prejudice to the Bank's right of recovery against the customers.

	Note	2006	2005
		(Rupees in '000)	
10.6 Particulars of loans and advances to executives, directors, associated companies etc.			
Debts due by directors or executives of the Bank or any of them either severally or jointly with any other persons			
Balance at beginning of year		471,621	35,693
Loans granted during the year		313,544	454,145
Repayments		<u>(175,762)</u>	<u>(18,217)</u>
Balance at end of year		<u><u>609,403</u></u>	<u><u>471,621</u></u>
Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies as members			
Balance at beginning of year		1,818,141	2,542,969
Given during the year		-	1,863,892
Repaid during the year		<u>(817,576)</u>	<u>(2,588,720)</u>
Balance at end of year		<u><u>1,000,565</u></u>	<u><u>1,818,141</u></u>
11. FIXED ASSETS			
Capital work-in-progress	11.1	408,617	386,852
Property and equipment	11.2	4,649,179	3,949,865
Intangible assets	11.3	176,667	112,607
		<u><u>5,234,463</u></u>	<u><u>4,449,324</u></u>
11.1 Capital work-in-progress			

Capital work-in-progress essentially comprises civil works and advances to suppliers and contractors.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
11.2 Property and equipment

2006										
COST/ REVALUATION				ACCUMULATED DEPRECIATION						
At January 1, 2006	Additions/ (deletions)	Other adjustments*	At December 31, 2006	At January 1, 2006	Charge for the year/ (depreciation on deletions)	Reversal due to other adjustments*	At December 31, 2006	Net book value at December 31, 2006	Annual rate of depreciation %	
(Rupees in '000)										
Owned										
Freehold land	408,194	17,520	-	425,714	-	-	-	425,714	-	
Leasehold land	2,274,007	75,173	-	2,349,180	192,389	91,788	(11,249)	2,076,252	1 - 3.33	
Buildings on freehold land	64,189	2,748	-	66,937	6,108	3,313	(82)	57,598	5	
Buildings on leasehold land	565,380	219,487	1,243	786,110	96,156	52,264	12,137	625,553	5	
Furniture and fixtures	544,586	118,032 (3,447)	(36,204)	622,967	404,539	35,505 (3,274)	(34,683)	402,087	220,880	10
Electrical, office and computer equipment	1,547,433	624,036 (3,715)	(33,774)	2,133,980	939,230	288,661 (3,707)	(11,175)	1,213,009	920,971	20-25
Vehicles	380,703	279,771 (55,919)	(73,796)	530,759	196,205	79,143 (47,768)	(19,032)	208,548	322,211	20
Assets held under finance lease										
Vehicles	-	-	-	-	-	-	-	-	-	20
2006	5,784,492	1,336,767 (63,081)	(142,531)	6,915,647	1,834,627	550,674 (54,749)	(64,084)	2,266,468	4,649,179	
2005										
COST / REVALUATION				ACCUMULATED DEPRECIATION						
At January 1, 2005	Additions/ (deletions)	Other adjustments*	At December 31, 2005	At January 1, 2005	Charge for the year/ (depreciation on deletions)	Reversal due to other adjustments*	At December 31, 2005	Net book value at December 31, 2005	Annual rate of depreciation %	
(Rupees in '000)										
Owned										
Freehold land	408,194	-	-	408,194	-	-	-	408,194	-	
Leasehold land	2,285,608	-	(11,601)	2,274,007	151,210	90,082	(48,903)	192,389	2,081,618	1 - 3.33
Buildings on freehold land	57,956	6,233	-	64,189	2,898	3,210	-	6,108	58,081	5
Buildings on leasehold land	460,737	104,420	223	565,380	72,042	33,709	(9,595)	96,156	469,224	5
Furniture and fixtures	517,163	62,507 (6,694)	(28,390)	544,586	458,307	27,849 (5,645)	(75,972)	404,539	140,047	10
Electrical, office and computer equipment	1,292,192	322,195 (13,245)	(53,709)	1,547,433	775,490	228,044 (13,120)	(51,184)	939,230	608,203	20-25
Vehicles	326,279	119,358 (31,362)	(33,572)	380,703	202,117	29,647 (23,601)	(11,958)	196,205	184,498	20
Assets held under finance lease										
Vehicles	2,215	-	(2,215)	-	1,326	-	(1,326)	-	-	20
2005	5,350,344	614,713 (51,301)	(129,264)	5,784,492	1,663,390	412,541 (42,366)	(198,938)	1,834,627	3,949,865	

* This represents write - off / reclassification of fixed assets based on an exercise being carried out by the management to reconcile their subsidiary records of fixed assets with the ledger balances. This exercise is expected to be completed shortly

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
11.3 Intangible assets

	2006									
	Cost				Accumulated Amortization				Net book value at December 31, 2006	Annual rate of amortisation %
	At January 1, 2006	Additions/ (deletions)	Other adjust-ments*	At December 31, 2006	At January 1, 2006	Charge for the year/ (amorti-sation on deletion)	Other adjust-ments	At December 31, 2006		
	(Rupees in '000)									
Software	145,210	116,311	-	261,521	32,603	52,251	-	84,854	176,667	25

	2005									
	Cost				Accumulated Amortization				Net book value at December 31, 2005	Annual rate of amortisation %
	At January 1, 2005	Additions/ (deletions)	Other adjust-ments*	At December 31, 2005	At January 1, 2005	Charge for the year/ (amorti-sation on deletion)	Other adjust-ments	At December 31, 2005		
	(Rupees in '000)									
Software	46,871	98,339	-	145,210	9,222	23,381	-	32,603	112,607	25

11.4 Revaluation of domestic properties

The properties of the Bank were last revalued by independent professional valuers as at December 31, 2003. The revaluation was carried out by M/s. Pirsons Chemicals Engineering (Private) Limited and M/s. Consultancy Support Services on the basis of professional assessment of present market values and resulted in a surplus of Rs. 991 million . Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	Rupees in '000
Freehold land	21,974
Leasehold land	107,966
Buildings on freehold land	15,560
Buildings on leasehold land	494,171
11.5 Carrying amount of temporarily idle property.	19,382
11.6 The gross carrying amount of fully depreciated assets that are still in use	
Furniture and fixtures	11,847
Electrical, office and computer equipment	21,315
Vehicles	37,718
IT Hardware	136,636

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
11.7 Disposals of fixed assets during the year

Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Buyers	
------(Rupees in '000)-----						
Furniture and fixtures						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000						
3,447	3,274	173	979	Auction	Various	
Electrical, office and computer equipment						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000						
3,715	3,707	8	62	Auction	Various	
Vehicles						
Toyota Corolla	849	552	297	509	Negotiation	Mr. Abrar Mir (Ex-employee)
Toyota Corolla	939	626	313	329	Employee benefit	Dr. Khalid Aslam (Ex-employee)
Toyota Corolla	849	524	325	524	Negotiation	Mr. Mir Akbar Ali (SVP)
Toyota Corolla	849	524	325	496	Negotiation	Mr. Arif Rasheed (SVP)
Toyota Corolla	939	610	329	407	Employee benefit	Mr. M.A Mannan (Ex-employee)
Toyota Corolla	939	563	376	376	Retirement benefit	Mr. Najmul Hassan (EVP)
Toyota Corolla	849	453	396	665	Insurance claim	Adamjee Insurance Company Ltd.
Honda Civic	939	563	376	548	Negotiation	Mr. Khawaja Asif (SEVP)
Suzuki Cultus	555	102	453	453	Insurance claim	Adamjee Insurance Company Ltd.
Items having book value of more than Rs. 250,000 and cost of more than Rs. 1,000,000						
Honda Civic	1,245	726	519	519	Employee benefit	Mr. Noman Hussain (Ex-employee)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Muhammad Asghar (SEVP)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Muhammad Ejazuddin (SEVP)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Ali Sameer (SEVP)
Honda Civic	1,245	726	519	560	Negotiation	Mr. Aameer Karachiwalla (SEVP)
Honda Civic	1,245	706	539	642	Employee benefit	Mr. M.A Mannan (Ex-employee)
Items having book value of less than Rs. 250,000 and cost of less than Rs. 1,000,000						
40,742	38,915	1,827	13,976			
55,919	47,768	8,151	21,684			
Total	63,081	54,749	8,332	22,725		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006	2005
		(Rupees in '000)	
12. DEFERRED TAX ASSET - NET			
Deferred tax asset - net	12.1	<u>906,661</u>	<u>2,273,005</u>
12.1 The balance of deferred taxation comprises:			
Deductible temporary differences on recognized tax losses		-	1,511,888
deficit on revaluation of investments	21.2	18,849	19,685
other deductible differences		<u>1,028,589</u>	<u>805,699</u>
		1,047,438	2,337,272
Taxable temporary differences on surplus on revaluation of fixed assets	21.1	(60,697)	(64,267)
accelerated tax depreciation		(80,080)	-
		(140,777)	(64,267)
		<u>906,661</u>	<u>2,273,005</u>
13. OTHER ASSETS			
Income / mark-up accrued in local currency		7,918,432	7,621,653
Income / mark-up accrued in foreign currency		1,486,652	2,793,121
		9,405,084	10,414,774
Suspense accounts		428,256	449,455
Hajj refund		558,407	826,068
Stationery and stamps on hand		88,581	79,524
Non banking assets acquired in satisfaction of claims	13.2	68,571	-
Advances, deposits, advance rent and other prepayments		1,001,128	687,736
Receivable from staff retirement funds		1,289,559	844,360
Due from other banks against telegraphic and demand drafts		699,967	95,468
Unrealized gain on forward foreign exchange contracts		83,807	120,538
Unrealized gain on securities not yet purchased		54,334	41,726
Others		547,933	792,421
		14,225,627	14,352,070
Provision held against other assets	13.1	(1,794,691)	(2,280,212)
Unrealized mark-up held in suspense account		(2,368,470)	(4,242,088)
Other Assets (Net of Provisions)		<u>10,062,466</u>	<u>7,829,770</u>
13.1 Provision against other assets			
Opening balance		2,280,212	3,052,803
Exchange adjustments		-	230
		2,280,212	3,053,033
Charge for the year		181,249	87,998
Reversals		(7,599)	-
	29	173,650	87,998
Transfers		33,029	49,028
Amounts written off		(692,200)	(909,847)
Closing balance		<u>1,794,691</u>	<u>2,280,212</u>

13.2 These are carried at carrying value of amount due from the customers. Market value of these assets as determined by management of the Bank was higher than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
14. CONTINGENT ASSETS

There were no contingent assets as at the balance sheet date.

	Note	2006	2005
		(Rupees in '000)	
15. BILLS PAYABLE			
In Pakistan		3,723,994	4,080,008
Outside Pakistan		836,655	79,956
		<u>4,560,649</u>	<u>4,159,964</u>
16. BORROWINGS			
In Pakistan		38,002,758	21,676,489
Outside Pakistan		542,162	113,991
		<u>38,544,920</u>	<u>21,790,480</u>
16.1 Particulars of borrowings with respect to currencies			
In local currency		38,002,758	21,676,489
In foreign currencies		542,162	113,991
		<u>38,544,920</u>	<u>21,790,480</u>
16.2 Details of borrowings from financial institutions			
Secured			
Borrowings from the State Bank of Pakistan under			
- Export refinance scheme	16.3	9,414,812	7,453,261
- Long-term financing under export oriented projects	16.4	5,333,691	303,410
- Locally manufactured machinery refinance scheme	16.5	3,382	5,195
		14,751,885	7,761,866
Repurchase agreement borrowings	16.6	17,527,738	8,434,771
		<u>32,279,623</u>	<u>16,196,637</u>
Unsecured			
Call borrowings	16.7	4,600,000	4,000,000
Overdrawn nostro accounts		542,162	113,991
Trading liabilities		1,123,135	1,479,852
		6,265,297	5,593,843
		<u>38,544,920</u>	<u>21,790,480</u>

16.3 The bank has entered into agreements with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the bank has granted SBP the right to recover the outstanding amount from the bank at the date of maturity of finances by directly debiting the current account maintained by the bank with SBP. These borrowings are repayable within six months upto June 2007.

16.4 These borrowings have been made from SBP for providing financing facilities to customers for import of machinery, plant, equipment and accessories thereof (not manufactured locally) by export oriented units.

16.5 According to agreements with SBP, these loans were obtained for providing finance to customers against locally manufactured machinery.

16.6 These repurchase agreement borrowings are secured against market treasury bills and carry mark-up at rates ranging from 8.19% to 8.82% per annum (2005: 6.50% to 8.45% per annum). These borrowings are repayable latest by March 2007.

16.7 These call borrowings carry mark-up at rates ranging from 8.1% to 10.1% per annum (2005: 1% to 9.25% per annum) and are repayable latest by March 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	2006	2005
	(Rupees in '000)	
17. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	114,927,897	79,841,687
Savings deposits	121,878,162	122,662,484
Sundry deposits	4,942,064	4,148,275
Margin deposits	2,698,999	2,214,877
Current accounts - remunerative	1,908,055	1,886,548
Current accounts - non-remunerative	88,662,089	78,324,614
	<u>335,017,266</u>	<u>289,078,485</u>
Financial Institutions		
Remunerative deposits	35,539	-
Non-remunerative deposits	25,068	147,814
	<u>60,607</u>	<u>147,814</u>
	<u>335,077,873</u>	<u>289,226,299</u>
17.1 Particulars of deposits and other accounts		
In local currency	256,318,445	235,708,482
In foreign currencies	78,759,428	53,517,817
	<u>335,077,873</u>	<u>289,226,299</u>

18. SUB-ORDINATED LOANS - UNSECURED

	Note	Issue Date	Tenor	Rate % per annum	Maturity	Frequency of principal redemption	2006	2005
							(Rupees in '000)	
Term Finance Certificates - I		August 2004	8 years	8.45%	August 2012	Semi Annual	1,998,464	1,999,232
Term Finance Certificates - II		March 2005	8 years	9.49%	March 2013	Semi Annual	1,999,880	1,999,960
Term Finance Certificates - III		September 2006	8 years	Kibor+1.70%	September 2014	Semi Annual	2,000,000	-
							<u>5,998,344</u>	<u>3,999,192</u>

18.1 These represent listed Term Finance Certificates (TFCs) issued by the bank in the year 2004 , 2005 and 2006 having tenor of eight years. The liability of the bank is subordinated as to the payment of principal and profit to all other indebtedness of the bank (including deposits) and is not redeemable before maturity without approval of the State Bank of Pakistan.

	Note	2006	2005
(Rupees in '000)			
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		2,432,045	1,775,186
Mark-up / return / interest payable in foreign currency		247,872	132,657
Accrued expenses	19.1	1,470,098	752,355
Branch adjustment account		(414,734)	38,015
Payable under severance scheme		35,226	37,060
Unearned commission		308,098	21,149
Provision for taxation - net	19.2	1,024,954	202,883
Provision against off - balance sheet obligations	19.3	652,339	612,480
Unrealized loss on derivative financial instruments - net	19.4	152,401	160,574
Deferred liabilities	19.5	2,409,310	2,287,092
Others		957,425	185,295
		<u>9,275,034</u>	<u>6,204,746</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

19.1 This includes an accrual of Rs. 559 million in respect of a new employee bonus scheme introduced by the Bank in the current year. The accrual represents benefits for the years 2005 (Rs 270 million) and 2006 as the scheme is effective from 2005. The object of the scheme is to reward, motivate and retain high performing executives and officers of the Bank by way of bonus in the form of shares of UBL. The liability of the Bank in respect of this scheme is fixed and is approved each year by the Board of Directors of the Bank. The scheme will be managed by a separate trust for which the trust deed and rules are currently in the process of finalization.

19.2 The income tax assessments of the bank for domestic branches have been finalized under normal law upto the assessment year 2002-2003 and tax years 2004 to 2006 under the provisions of section 120 (1) of the Income Tax Ordinance, 2001 which are deemed to be assessed unless selected for audit. The case of the tax year 2003 was selected for audit under section 177 of the Income Tax Ordinance, 2001 and the proceedings are pending before the taxation officer. In respect of Azad Kashmir Branches, assessment for the tax years 2003 and 2004 have been finalized in the light of agreement reached between the banks and Azad Kashmir Council in May 2005. The returns for the tax year 2005 and 2006 have also been filed as per the terms of the said agreement.

19.3 Provision against off - balance sheet obligations	Note	2006	2005
		(Rupees in '000)	
Opening balance		612,480	370,544
Charge during the year	29	52,663	238,712
Transfers during the year		<u>(12,804)</u>	<u>3,224</u>
		<u><u>652,339</u></u>	<u><u>612,480</u></u>

19.4 Unrealized loss on derivative financial instruments

	2006		2005	
	Contract/ Notional amount	Fair values	Contract/ Notional amount	Fair values
	----- (Rupees in '000) -----			
Unrealized loss on:				
Interest rate swaps	6,884,347	151,872	7,826,415	156,272
Equity futures	382,026	731	43,765	(2,125)
Forward purchase and sale contracts of government securities	<u>8,468,302</u>	<u>(202)</u>	<u>598,194</u>	<u>6,427</u>
	<u><u>15,734,675</u></u>	<u><u>152,401</u></u>	<u><u>8,468,374</u></u>	<u><u>160,574</u></u>

19.5 Deferred liabilities	2006	2005
	(Rupees in '000)	
Provision for post retirement medical benefits	1,226,331	1,154,400
Provision for gratuity - overseas	108,721	95,192
Provision for compensated absences	<u>1,074,258</u>	<u>1,037,500</u>
	<u><u>2,409,310</u></u>	<u><u>2,287,092</u></u>

20. SHARE CAPITAL
20.1 Authorized Capital

	2006	2005		2006	2005
	Number of shares			(Rupees in '000)	
	<u>1,030,000,000</u>	<u>1,030,000,000</u>	Ordinary shares of Rs 10 each	<u>10,300,000</u>	<u>10,300,000</u>

20.2 Issued, subscribed and paid-up capital

Fully paid-up ordinary shares of Rs 10 each

	2006	2005		2006	2005
	Number of shares			(Rupees in '000)	
	518,000,000	518,000,000	Fully paid-up ordinary shares of Rs 10 each		
	129,500,000	-	Issued for cash	5,180,000	5,180,000
	<u>647,500,000</u>	<u>518,000,000</u>	Issued as bonus shares	<u>1,295,000</u>	-
				<u><u>6,475,000</u></u>	<u><u>5,180,000</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

20.3 Major shareholders (holding more than 5% of total paid-up capital)	2006	
	Number of shares held	Percentage of shareholding
Name of shareholder		
State Bank of Pakistan	287,908,654	44.46%
Abu Dhabi Group	165,112,500	25.50%
Best Way Group	165,112,500	25.50%
	<u>618,133,654</u>	<u>95.46%</u>

21. SURPLUS ON REVALUATION OF ASSETS	Note	2006	2005
		(Rupees in '000)	
Surplus arising on revaluation of assets - net of tax :			
Fixed assets	21.1	2,484,749	2,579,203
Securities	21.2	174,912	332,793
		<u>2,659,661</u>	<u>2,911,996</u>

21.1 Surplus on revaluation of fixed assets		2006	2005
Surplus on revaluation of fixed assets at January 1		2,643,470	2,741,494
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(94,454)	(94,148)
Related deferred tax liability of incremental depreciation charged during the year		<u>(3,570)</u>	<u>(3,876)</u>
		2,545,446	2,643,470
Less: Related deferred tax liability on:			
Revaluation as on January 1		64,267	68,143
Incremental depreciation charged on related assets		<u>(3,570)</u>	<u>(3,876)</u>
		60,697	64,267
		<u>2,484,749</u>	<u>2,579,203</u>

21.2 Surplus on revaluation available-for-sale securities		2006	2005
Market Treasury Bills		(10,437)	(11,405)
Pakistan Investment Bonds		(58,140)	(60,063)
Quoted securities		224,640	384,576
		156,063	313,108
Related deferred tax asset/ (liability)		18,849	19,685
		<u>174,912</u>	<u>332,793</u>

21.3 Deferred tax liability on surplus on revaluation of quoted securities amounting to Rs. 32.589 million has not been recognised by the Bank in the financial statements as the management is confident that the existing tax exemption on sale of listed securities will be extended by the Government of Pakistan beyond tax year 2007.

22. CONTINGENCIES AND COMMITMENTS	22.1 Direct credit substitutes	2006	2005
		(Rupees in '000)	
	Contingent liabilities in respect of guarantees given favouring		
	Government	9,636,483	1,683,912
	Banking companies and other financial institutions	2,443,965	769,256
	Others	4,079,842	2,325,041
		<u>16,160,290</u>	<u>4,778,209</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	2006	2005
	(Rupees in '000)	
22.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
Government	27,269,975	14,640,161
Banking companies and other financial institutions	1,387,386	785,981
Others	4,585,391	5,287,560
	<u>33,242,752</u>	<u>20,713,702</u>
22.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring		
Government	50,372,611	1,485,183
Banking companies and other financial institutions	36,266	291,841
Others	42,628,833	70,827,123
	<u>93,037,710</u>	<u>72,604,147</u>
22.4 Other contingencies		
Claims against the Bank not acknowledged as debts	<u>13,732,499</u>	<u>6,054,243</u>
22.5 Commitments in respect of forward lending		
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		
Sale	<u>57,465,478</u>	<u>38,202,754</u>
Purchase	<u>55,369,664</u>	<u>34,338,394</u>
22.7 Other commitments		
Forward purchase contracts of government securities	<u>5,634,902</u>	<u>598,194</u>
Forward sale contracts of government securities	<u>2,833,400</u>	<u>-</u>
Interest rate swaps	<u>6,884,347</u>	<u>7,826,415</u>
Equity futures	<u>382,026</u>	<u>43,765</u>
Sale of securities not yet purchased	<u>1,067,735</u>	<u>1,479,279</u>
Commitments in respect of capital expenditure	<u>89,037</u>	<u>217,112</u>

23. DERIVATIVE INSTRUMENTS

“Derivative” means a type of financial contract the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivative also includes structured financial products that have one or more characteristics of forwards, futures, swaps and options.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

The Bank as an Authorized Derivative Dealer (ADD) is an active participant in the derivatives' market of Pakistan. Though the ADD license covers the below mentioned transactions only (permitted under Financial Derivatives Business Regulations issued by SBP), but the Bank offers a wide variety of derivative products to satisfy customers' needs (specific approval for which is sought from SBP on transaction basis):

- a. Foreign Currency Options
- b. Forward Rate Agreements
- c. Interest Rate Swaps

These transactions cover both the aspects of market making and hedging.

The authority for approving policies lie with the BOD, who has delegated its powers to Market Risk Committee (MRC), which runs the affairs in line with policies approved by the BOD.

With regard to derivatives, the Market Risk Committee (MRC) is authorized to:

- Review derivatives business with reference to market risk exposure and assign various limits in accordance with the risk appetite of the bank
- Review and approve the Derivatives Business Policy
- Review and sign off derivatives' product programs
- Authorize changes in procedures and processes regarding derivatives and structured products

Overall responsibility for derivatives trading activity lies with Treasury and Capital Markets (TCM). Identifying and quantifying market risk on derivatives; Coordinating approvals on temporary or permanent market risk limits; Formulation of policies and procedures with respect to market risk arising from derivatives; Formal monitoring of market and credit risk exposure and limits and its reporting to the senior management and BOD is done by Treasury and Market Risk (TMR). Treasury Operations (TROPs) records derivative activity in the bank's books, and its reporting to SBP.

Derivative Risk Management

There are a number of risks undertaken by the Bank, which need to be monitored and assessed. The "risk continuum" includes:

Credit Risk

This refers to the risk of non-performance or default by a party (a customer, guarantor, trade counterparty, third party, etc.), resulting in a negative impact on the bank's equity. There are two types of credit risk (Settlement and Pre-Settlement risk) that are associated with derivatives transactions and monitored on regular basis. To mitigate the settlement risk, settlement is carried out by netting the amounts receivable and payable, i.e., net amount is either received or paid. Further, for Pre-Settlement Risk, the bank has constituted Treasury Product Credit Committee (TPCC) that is authorized to approve credit limits (based on internal obligor risk rating) for all derivative counterparties. Credit exposure for each counterparty is calculated and monitored by an independent risk monitoring and control department i.e. Treasury Middle Office.

Market Risk

Market risk exposure limits have been assigned in accordance with the risk appetite of the bank and being monitored on daily basis, which include sensitivity limits, tenor limits, and notional limits. An exercise is under way to model VaR structure, which will then help in deriving VaR limits.

Liquidity Risk

Derivative transactions, usually being non-funded in nature, do not involve funds therefore there is no specific risk of liquidity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

The other aspect of liquidity refers to the availability of certain instrument or hedge in the market, which is very much true in the local market, as interest rate derivatives have a unidirectional demand, and no perfect hedge is available. The Bank mitigates its risk, on one side, by limiting the portfolio in terms of tenor, notional, and sensitivity limits, and on the other side its running a short position in fixed income securities to partially cover the unfavorable movement in interest rates.

Operational Risk

The human resources involved in the process of trading, settlement and risk management of derivatives are carefully selected and subsequently trained to deal with the delicacies involved in the process. A state-of-the-art system has been put in place which handles the derivative transactions. As each and every product / transaction is processed in accordance with the product program or transaction memo, which contains in detail the accounting and operational aspects of the transaction, it further mitigates the operational risk. In addition, Treasury Middle Office (TMO) and Compliance and Control Department (CCD) are assigned with the responsibility of monitoring any deviation from the policies and procedures. Bank's Audit and Inspection wing also reviews this function, which covers regular review of systems, transactional processes, accounting practices, end-user roles and responsibilities.

The Bank has installed a state-of-the-art derivatives system (PRINCIPIA), which provides an end-to-end solution. Other than supporting the routine transactional process it also provides analytical tools to measure various risk exposures and stress / sensitivity analysis.

Treasury Middle Office produces various reports for higher management (BOD, MRC etc) on daily, monthly and ad-hoc basis. These reports provide a quick look on derivatives business profile various risk exposures.

Derivatives market in Pakistan, except for currency options, has a unidirectional demand, therefore the portfolio structure, as regards interest rate derivatives, is liability dominant.

23.1 Product Analysis

----- 2006 -----						
Interest Rate Swaps		Forward Rate Agreements		FX Options		
No. of Contracts	Notional Principal	No. of Contracts	Notional Principal	No. of Contracts	Notional Principal	
(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		
With Banks for						
Hedging	2	702,529	-	-	3	621,571
Market Making	-	-	-	-	-	-
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
With other entities						
Hedging	-	-	-	-	-	-
Market Making	20	6,181,818	-	-	3	621,571
Total						
Hedging	2	702,529	-	-	3	621,571
Market Making	20	6,181,818	-	-	3	621,571

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

2005					
Interest Rate Swaps		Forward Rate Agreements		FX Options	
No. of Contracts	Notional Principal	No. of Contracts	Notional Principal	No. of Contracts	Notional Principal
(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
With Banks for					
Hedging	2	618,637	-	-	545,100
Market Making	-	-	-	-	-
With FIs other than banks					
Hedging	-	-	-	-	-
Market Making	-	-	-	-	-
With other entities					
Hedging	-	-	-	-	-
Market Making	18	7,207,778	-	8	545,100
Total					
Hedging	2	618,637	-	8	545,100
Market Making	18	7,207,778	-	8	545,100

23.2 Maturity Analysis
Interest Rate Swaps

Remaining Maturity	No. of Contracts	Notional Principal	2006		
			Mark to Market		
			Negative	Positive	Net
(Rupees in '000)					
Upto 1 Month	-	-	-	-	-
1 to 3 Month	-	-	-	-	-
3 to 6 Month	1	300,000	(155)	-	(155)
6 Month to 1 Year	1	500,000	(4,927)	-	(4,927)
1 to 2 Year	3	1,900,000	(16,880)	-	(16,880)
2 to 3 Year	7	1,595,000	(58,953)	-	(58,953)
3 to 5 Year	10	2,589,347	(73,751)	2,794	(70,957)
5 to 10 Year	-	-	-	-	-
Above 10 Year	-	-	-	-	-
	<u>22</u>	<u>6,884,347</u>	<u>(154,666)</u>	<u>2,794</u>	<u>(151,872)</u>

Remaining Maturity	No. of Contracts	Notional Principal	2005		
			Mark to Market		
			Negative	Positive	Net
(Rupees in '000)					
Upto 1 Month	-	-	-	-	-
1 to 3 Month	-	-	-	-	-
3 to 6 Month	-	-	-	-	-
6 Month to 1 Year	-	-	-	-	-
1 to 2 Year	1	1,000,000	(18,381)	-	(18,381)
2 to 3 Year	3	2,500,000	(23,646)	-	(23,646)
3 to 5 Year	14	3,976,415	(115,879)	7,156	(108,723)
5 to 10 Year	2	350,000	(6,179)	657	(5,522)
Above 10 Year	-	-	-	-	-
	<u>20</u>	<u>7,826,415</u>	<u>(164,085)</u>	<u>7,813</u>	<u>(156,272)</u>

23.3 In addition the Bank enters into transactions relating to equity futures. The contract amount and fair values of equity futures outstanding at December 31, 2006 are stated in note 19.4 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	2006	2005
	(Rupees in '000)	
24. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances		
- Customers	25,148,095	14,434,808
- Financial institutions	1,077,714	604,879
	26,225,809	15,039,687
On investments in		
- Available for sale securities	3,542,217	2,554,113
- Held to maturity securities	1,607,616	1,262,153
- Associates and subsidiaries	31,513	28,790
	5,181,346	3,845,056
On deposits with financial institutions	125,280	159,977
On securities purchased under resale agreements	1,442,904	1,103,566
Discount income	16,264	10,574
	<u>32,991,603</u>	<u>20,158,860</u>
25. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	9,822,044	4,995,752
On securities sold under repurchase agreements	1,020,155	295,952
On other short - term borrowings	751,372	699,716
On long - term borrowings	471,851	24,088
Discount expense	61,387	30,440
	<u>12,126,809</u>	<u>6,045,948</u>
26. GAIN / (LOSS) ON SALE OF SECURITIES		
Federal Government Securities		
Market Treasury Bills	(3,607)	1,918
Pakistan Investment Bonds	(98,397)	49,077
	(102,004)	50,995
Fully paid - up ordinary shares		
Listed companies	388,706	232,681
Unlisted companies	-	-
	388,706	232,681
Other securities	(5,838)	98,743
	<u>280,864</u>	<u>382,419</u>
27. OTHER INCOME		
Charges recovered from customers	1,140,184	1,083,091
Rent on properties	92,975	89,340
Liabilities no longer required written back	-	25,000
Income from non-banking assets and profit from sale of or dealing with such assets	14,393	12,771
Others	49,444	-
	<u>1,296,996</u>	<u>1,210,202</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006	2005
		(Rupees in '000)	
28. ADMINISTRATIVE EXPENSES			
Personnel Cost			
Salaries, allowances etc.		5,187,595	3,798,545
Charge for compensated absences		201,501	129,628
Medical expenses		263,931	233,003
Contribution to defined contribution plan		104,287	89,423
Reversal in respect of defined benefit obligations		(80,616)	(101,279)
		5,676,698	4,149,320
Premises Cost			
Rent, taxes, insurance, electricity etc.		948,757	684,835
Depreciation	11.2	147,365	127,000
Repairs and maintenance		74,594	29,899
		1,170,716	841,734
Other Operating Cost			
Outsourced service charges including sales commission		1,036,243	621,217
Communications		491,627	387,739
Advertisement and publicity		461,223	343,331
Depreciation	11.2	403,309	285,541
Stationery and printing		246,223	194,599
Banking service charge		239,811	150,399
Legal and professional charges		206,847	134,522
Cash transportation charges		138,629	116,980
Travelling		138,067	85,520
Vehicle expenses		89,673	56,305
Repairs and maintenance		85,742	75,958
Training and seminar		82,507	35,509
Office running expenses		64,217	49,036
Entertainment		54,163	46,234
Amortization	11.3	52,251	23,381
Cartage, freight and conveyance		49,643	36,174
Sub-ordinated debt issuance costs		27,804	1,909
Auditors' remuneration	28.2	26,322	25,708
Subscriptions		19,449	16,568
Brokerage expenses		18,551	14,865
Donations	28.1	11,350	63,361
Computer expenses		6,476	13,872
Non-executive directors' fee and allowances		117	40
Finance charges on leased assets		-	3
Miscellaneous expenses		154,617	104,188
		4,104,861	2,882,959
		<u>10,952,275</u>	<u>7,874,013</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

28.1 Donations were not made to any donee in which the bank or a director or his spouse had any interest.

28.2 Auditors' remuneration

	2006		
	A. F. Ferguson & Co.	KPMG Taseer Hadi & Co.	Total
	----- (Rupees in '000) -----		
Audit fee	5,100	5,100	10,200
Fee for audit of EPZ branch	60	-	60
Special certifications and sundry advisory services	200	-	200
Fee for audit of overseas branches	-	-	14,005
Out of pocket expenses	968	889	1,857
	<u>6,328</u>	<u>5,989</u>	<u>26,322</u>

	2005		
	A. F. Ferguson & Co.	KPMG Taseer Hadi & Co.	Total
	----- (Rupees in '000) -----		
Audit fee	4,730	4,730	9,460
Fee for audit of EPZ branch	56	-	56
Special certifications and sundry advisory services	725	725	1,450
Fee for audit of overseas branches	-	-	11,389
Out of pocket expenses	1,677	1,676	3,353
	<u>7,188</u>	<u>7,131</u>	<u>25,708</u>

Note **2006** **2005**
(Rupees in '000)

29. OTHER PROVISIONS / WRITE OFFS

Provision against other assets - net	13.1	173,650	87,998
Provision against off - balance sheet obligations	19.3	52,663	238,712
Other provisions / write offs		-	8,699
		<u>226,313</u>	<u>335,409</u>

30. OTHER CHARGES

Penalties imposed by State Bank of Pakistan		<u>25,980</u>	<u>7,066</u>
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31. TAXATION

	2006			
	Overseas	Azad Kashmir	Domestic	Total
	----- (Rupees in '000) -----			
Current tax	592,045	354,752	2,465,994	3,412,791
Prior year tax	19,058	17,626	8,541	45,225
Deferred taxation	274,554	111,043	979,911	1,365,508
	<u>885,657</u>	<u>483,421</u>	<u>3,454,446</u>	<u>4,823,524</u>

	2005			
	Overseas	Azad Kashmir	Domestic	Total
	----- (Rupees in '000) -----			
Current tax	255,948	223,366	19,434	498,748
Prior year tax	7,589	71,025	-	78,614
Deferred taxation	617,100	188,634	2,149,520	2,955,254
	<u>880,637</u>	<u>483,025</u>	<u>2,168,954</u>	<u>3,532,616</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	2006	2005
	(Rupees in '000)	
31.1 Relationship between tax expense and accounting profit		
Accounting profit for the year	<u>14,291,756</u>	<u>9,481,648</u>
Tax on income @ 35% (2005: 38%)	5,002,115	3,603,026
Tax effect of items that are either not included in determining taxable profit or taxed at reduced rates	(281,864)	(56,248)
Deferred tax liability / (asset) recognized on assessed losses / temporary differences	61,618	(88,900)
Reversal of deferred tax liability on incremental depreciation	(3,570)	(3,876)
Prior year tax charge	45,225	78,614
Tax charge	<u>4,823,524</u>	<u>3,532,616</u>
32. BASIC / DILUTED EARNINGS PER SHARE		
Profit after taxation for the year	<u>9,468,232</u>	<u>5,949,032</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>647,500,000</u>	<u>647,500,000</u>
	(Rupees)	
Basic / diluted earnings per share	<u>14.62</u>	<u>9.19</u>
	2006	
	(Rupees in '000)	
33. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	48,939,840	34,074,786
Balances with other banks	14,034,476	12,717,100
	<u>62,974,316</u>	<u>46,791,886</u>
34. STAFF STRENGTH	(Number)	
Permanent	9,734	9,353
Contractual basis	4	1
Bank's own staff strength at the end of the year	<u>9,738</u>	<u>9,354</u>
Outsourced	5,631	4,125
Total number of employees at the end of the year	<u>15,369</u>	<u>13,479</u>
35. DEFINED BENEFIT PLAN		
35.1 General description		

The Bank operates a funded pension scheme established in 1986. The Bank also operates a funded gratuity scheme for new employees and those employees who have not opted for the pension scheme. Further, the Bank also operates a contributory benevolent fund scheme and provides post retirement medical to eligible retired employees. The benevolent fund plan and post retirement medical plan cover all the regular employees of the Bank. Actuarial valuation of the defined benefit plan scheme is carried out every year and the latest valuation was carried out as at December 31, 2006.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
35.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2006. Projected unit credit actuarial cost method, using following significant assumptions was used for the valuation of the defined benefit plans:

	2006	2005
Discount rate	9%	9%
Expected rate of return on plan assets	9%	9%
Expected rate of salary increase	9%	9%
Expected rate of pension increase	4%	4%

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

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Present value of funded obligations	4,433,583	437,373	670,979	-	4,184,487	381,983	665,686	-
Fair value of plan assets	(7,116,577)	(335,449)	(917,522)	-	(6,349,249)	(345,484)	(773,365)	-
	(2,682,994)	101,924	(246,543)	-	(2,164,762)	36,499	(107,679)	-
Present value of unfunded obligation	-	-	-	1,298,048	-	-	-	1,263,750
Net actuarial gains or (losses) not recognized	2,175,323	(103,944)	188,256	(71,717)	1,818,703	(39,872)	98,124	(109,350)
(Receivable) / payable	(507,671)	(2,020)	(58,287)	1,226,331	(346,059)	(3,373)	(9,555)	1,154,400

35.4 Movement in defined benefit obligation

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Obligation at the beginning of the year	4,184,487	381,983	665,686	1,263,750	4,027,184	292,738	719,317	1,256,633
Current service cost	19,626	46,838	17,758	15,511	21,416	40,895	18,345	19,922
Interest cost	376,604	34,378	59,912	113,738	322,175	23,419	57,545	100,531
Benefits paid by the fund	(629)	-	(597)	-	(117,022)	(25,766)	(56,439)	-
Benefits paid by the bank	(385,005)	(59,373)	(60,716)	(57,318)	(11,580)	-	(8,456)	(48,863)
Actuarial (gain)/ loss on obligation	238,500	33,547	(11,064)	(37,633)	(57,686)	50,697	(64,626)	(64,473)
Obligation at the end of the year	4,433,583	437,373	670,979	1,298,048	4,184,487	381,983	665,686	1,263,750

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
35.5 Movement in fair value of plan assets

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Fair value at the beginning of the year	6,349,249	345,484	773,365	-	6,496,932	278,261	698,839	-
Expected return on plan assets	571,432	31,094	69,603	-	523,293	25,938	55,907	-
Contribution by the bank	-	51,259	10,000	-	-	41,749	10,541	-
Contribution by the employees	-	-	10,290	-	-	-	10,541	-
Amount paid by the fund to the bank	(516,973)	(61,696)	(26,129)	-	(360,000)	(1,309)	(612)	-
Benefits paid by the fund	(629)	-	(597)	-	(117,022)	(25,766)	(56,439)	-
Actuarial gain/ (loss) on plan assets	713,498	(30,692)	80,990	-	(193,954)	26,611	54,588	-
Fair value at the end of the year	<u>7,116,577</u>	<u>335,449</u>	<u>917,522</u>	<u>-</u>	<u>6,349,249</u>	<u>345,484</u>	<u>773,365</u>	<u>-</u>

35.6 Movement in (receivable) / payable to defined benefit plans

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Opening balance	(346,059)	(3,373)	(9,555)	1,154,400	(384,854)	(1,309)	(612)	1,076,874
Charge/ (reversal) for the year	(293,580)	50,289	(4,113)	129,249	(309,773)	38,376	9,442	125,269
Contribution to / (refund from) fund made during the year	516,973	10,437	16,129	-	360,000	(40,440)	(9,929)	-
Benefits paid	(385,005)	(59,373)	(60,748)	(57,318)	(11,432)	-	(8,456)	(47,743)
Closing balance	<u>(507,671)</u>	<u>(2,020)</u>	<u>(58,287)</u>	<u>1,226,331</u>	<u>(346,059)</u>	<u>(3,373)</u>	<u>(9,555)</u>	<u>1,154,400</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
35.7 Charge for defined benefit plans

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Current service cost	19,626	46,838	17,758	15,511	21,416	40,895	18,345	19,922
Interest cost	376,604	34,378	59,912	113,738	322,175	23,419	57,545	100,531
Expected return on plan assets	(571,432)	(31,094)	(69,603)	-	(523,293)	(25,938)	(55,907)	-
Actuarial (gains) and losses	(118,378)	167	(1,890)	-	(130,071)	-	-	4,816
Employees' contribution	-	-	(10,290)	-	-	-	(10,541)	-
	<u>(293,580)</u>	<u>50,289</u>	<u>(4,113)</u>	<u>129,249</u>	<u>(309,773)</u>	<u>38,376</u>	<u>9,442</u>	<u>125,269</u>

35.8 Actual return on plan assets

Amongst the defined benefit plans, currently the pension, gratuity and benevolent fund plans are funded. The actual return earned on the assets during the year are:

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Expected return on plan assets	571,432	31,094	69,603	-	523,293	25,938	55,907	-
Actuarial gain/ (loss) on plan assets	713,498	(30,692)	80,990	-	(193,954)	26,611	54,588	-
	<u>1,284,930</u>	<u>402</u>	<u>150,593</u>	<u>-</u>	<u>329,339</u>	<u>52,549</u>	<u>110,495</u>	<u>-</u>

35.9 Five year data on surplus/ deficit of the plans and experience adjustments

	Pension Fund				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(4,433,583)	(4,184,487)	(4,027,184)	(3,363,652)	(4,388,718)
Fair value of plan assets	7,116,577	6,349,249	6,541,166	5,985,788	5,256,228
Surplus / (Deficit)	2,682,994	2,164,762	2,513,982	2,622,136	867,510
Experience adjustments on plan liabilities [loss/(gain)]	238,500	251,108	292,061	(213,654)	(54,125)
Experience adjustments on plan assets [loss/(gain)]	(411,713)	(438,971)	(534,091)	(402,753)	(164,095)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	Gratuity Fund				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(437,373)	(381,983)	(292,738)	(279,509)	(257,955)
Fair value of plan assets	335,449	345,484	324,220	373,367	333,334
Surplus / (Deficit)	<u>(101,924)</u>	<u>(36,499)</u>	<u>31,482</u>	<u>93,858</u>	<u>75,379</u>
Experience adjustments on plan liabilities [loss/(gain)]	33,547	50,697	1,029	(39,872)	(26,482)
Experience adjustments on plan assets [loss/(gain)]	10,979	757	(1,023)	13,931	-

	Benevolent Fund				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(670,979)	(665,686)	(719,317)	(582,699)	(607,590)
Fair value of plan assets	917,522	773,365	694,182	607,327	525,797
Surplus / (Deficit)	<u>246,543</u>	<u>107,679</u>	<u>(25,135)</u>	<u>24,628</u>	<u>(81,793)</u>
Experience adjustments on plan liabilities [loss/(gain)]	(11,064)	33,543	286,097	(89,812)	143,160
Experience adjustments on plan assets [loss/(gain)]	(64,187)	(59,679)	(60,667)	(46,803)	(26,378)

	Post retirement medical				
	2006	2005	2004	2003	2002
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(1,298,048)	(1,263,750)	(1,256,633)	(1,064,831)	(1,065,729)
Experience adjustments on plan liabilities [loss/(gain)]	(37,633)	(12,195)	36,389	160,963	307,721

35.10 Effects of a 1% movement in assumed medical cost trend rates

Annual medical expense limit is based on frozen non-monetized basic pay of employees as on June 30, 2001. Accordingly, movement in medical cost trend rates would not affect current service cost, interest cost and defined benefit obligation.

35.11 Components of plan assets as a percentage of total plan assets

	2006				2005			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----							
Government securities	88.80%	48.00%	95.00%	-	89.40%	50.00%	94.00%	-
Units of mutual funds	0.01%	23.00%	2.40%	-	0.00%	34.00%	2.90%	-
Ordinary shares of listed companies	0.00%	0.00%	2.50%	-	0.00%	0.00%	2.50%	-
Term finance certificates	0.00%	28.00%	-	-	0.00%	14.00%	0.00%	-
Others (including bank balances)	11.19%	1.00%	0.10%	-	10.60%	2.00%	0.60%	-
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>-</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>-</u>

As per the actuarial recommendations the expected return on plan assets was taken as 9% per annum. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
35.12 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent scheme. Based on actuarial advice the management estimate that the charge in respect of defined benefit plans for the year ending December 31, 2007 would be as follows:

	2007			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical
	----- (Rupees in '000) -----			
Expected charge for the year	(384,593)	71,777	(23,689)	131,518

36. OTHER EMPLOYEE BENEFITS
36.1 Defined contribution plan

The Bank operates a contributory provident fund scheme for 6,255 (2005: 5,495) employees who are not in the pension scheme. The employer and employee both contribute 8.33% of the basic salaries to the funded scheme every month.

36.2 Employee compensated absences

The liability of the Bank in respect of long-term employee compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit Method. The liability of the bank as per the latest actuarial valuation carried out as at December 31, 2006 amounted to Rs. 1,074.258 million (2005: Rs 1,037.5 million) which has been fully provided by the bank. The charge for the year in respect of these absences amounted to Rs.201.501 million (2005: Rs 129.628 million) which is included in note 28 to these financial statements.

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2006	2005	2006	2005	2006	2005
	----- (Rupees in '000) -----					
Fees	-	-	117	40	-	-
Managerial remuneration	48,385	19,604	-	-	394,833	276,608
Charge for defined benefit plan	455	524	-	-	6,850	9,247
Contribution to defined contribution plan	1,380	903	-	-	20,759	15,782
Rent and house maintenance	1,440	1,970	-	-	116,143	85,224
Utilities	303	346	-	-	25,810	18,939
Medical	21	33	-	-	25,810	18,939
Reimbursement of children's education fees	1,035	43	-	-	-	-
Vehicle running, maintenance and others	447	639	-	-	33,476	12,634
	<u>53,466</u>	<u>24,062</u>	<u>117</u>	<u>40</u>	<u>623,681</u>	<u>437,373</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>269</u>	<u>207</u>

The Chief Executive and certain executives are provided with free use of the bank's maintained cars and household equipments. In addition as mentioned in note 19.1 an amount of Rs 559 million (including an amount of Rs 270 million in respect of year ended December 31, 2005) has also been charged in these financial statements in respect of new employee bonus scheme introduced in the current year. The individual entitlements under the scheme will be determined by a separate fund which the bank intends to form for the management of the scheme.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments other than those classified as held to maturity is based on quoted market price. Fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 5.4 to these financial statements.

The repricing profile, effective rates and maturity are stated in notes 43.2.3 and 43.3.1 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.

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	----- 2006 -----			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in '000) -----			
Total income	14,025,291	3,847,341	10,267,444	11,799,915
Total expenses	11,296,419	3,309,286	8,265,009	2,777,521
Net income / (loss)	2,728,872	538,055	2,002,435	9,022,394
Segment assets (gross of NPL provision)	152,767,328	129,467,258	76,513,514	76,755,442
Segment non performing loans	7,497,348	40,382	2,056,954	6,660,725
Segment provision required (NPL)	6,627,909	34,138	1,600,564	3,920,724
Segment liabilities	133,477,487	124,240,234	74,932,683	60,806,416
Segment return on assets (ROA) (%)	10%	7%	15%	8%
Segment cost of funds (%)	8%	7%	9%	3%

	----- 2005 -----			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in '000) -----			
Total income	7,170,360	6,494,464	5,353,980	6,153,089
Total expenses	5,213,383	5,372,866	3,822,147	1,281,847
Net income / (loss)	1,956,977	1,121,598	1,531,833	4,871,242
Segment assets (gross of NPL provision)	126,053,796	106,828,073	64,135,407	63,333,665
Segment non performing loans	7,789,630	41,956	2,208,388	6,920,391
Segment provision required (NPL)	7,249,974	37,342	1,725,969	4,288,705
Segment liabilities	110,696,378	103,035,682	61,220,267	50,428,354
Segment return on assets (ROA) (%)	8%	5%	12%	6%
Segment cost of funds (%)	6%	5%	7%	2%

40. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, it acts as security agent for some of the Term Finance Certificates it arranges and distributes on behalf of its customers.

41. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associated undertakings, subsidiary companies (refer note 9.1), employee benefit plans (refer note 35) and its directors and executive officers (including their associates).

Banking transactions with related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Details of loans and advances to the key management personnel, the companies or firms in which the directors of the group are interested as directors, partners or in case of private companies as members are given in note 10.6 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan (refer note 35 to these financial statements for the details of plans). Remuneration to the executives, disclosed in note 37 to these financial statements are determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2006				2005			
	Key management personnel	Subsidiaries	Associates	Other related parties	Key management personnel	Subsidiaries	Associates	Other related parties
----- (Rupees in '000) -----								
Advances								
At January 01	80,694	-	-	1,818,141	61,709	-	-	2,542,969
Given during the year	45,557	-	-	-	31,112	-	-	1,863,892
Repaid during the year	(32,603)	-	-	(817,576)	(12,127)	-	-	(2,588,720)
At December 31	93,648	-	-	1,000,565	80,694	-	-	1,818,141
Deposits								
At January 01	15,542	4,146	-	1,524,441	13,415	39,320	-	796,564
Received during the year	189,638	4,907,637	138,201	149,323,191	121,382	66,747	-	30,792,517
Withdrawn during the year	(191,931)	(4,906,124)	(135,732)	(147,480,585)	(119,255)	(101,921)	-	(30,064,640)
At December 31	13,249	5,659	2,469	3,367,047	15,542	4,146	-	1,524,441
Placements made during the year	-	375,007,932	500,000	-	-	41,752,807	-	-
Placements settled during the year	-	373,529,852	500,000	-	-	41,752,807	-	-
Maximum amount of a placement made during the year	-	2,394,927	-	-	-	2,981,500	-	-
Borrowings made during the year	-	1,272,600	-	-	-	-	-	-
Borrowing settlement during the year	-	1,272,600	-	-	-	-	-	-
Mark-up / return / interest earned	3,651	31,229	2,349	100,545	-	13,806	-	70,002
Mark-up / return / interest expensed	-	1,369	-	115,530	-	27	-	28,975
Reimbursement of liaison office expenses paid to Dubai and Abu Dhabi Group	-	-	-	36,170	-	-	-	29,789
Investment made during year	-	-	590,000	-	-	60,000	250,000	180,000
Payable in respect of acquisition of shares	-	30,000	-	-	-	30,000	-	-
Distribution commission income	-	1,411	-	-	-	2,607	-	-
Distribution commission receivable	-	5,979	-	-	-	1,866	-	-
Other receivables	-	2,815	-	-	-	403	-	100
Dividend income received	-	145,572	-	-	-	55,420	-	-
Other expenses paid	-	-	22,620	-	-	-	-	-
Remuneration paid	189,407	-	-	-	66,750	-	-	-
Post employment benefits	7,506	-	-	-	3,829	-	-	-

42. CAPITAL ADEQUACY
42.1 Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the balance sheet are:

- To comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for others stakeholders; and
- To maintain a strong capital base to support the development of its business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

In accordance with BSD Circular No. 6 dated October 28, 2005 the State Bank of Pakistan has raised the minimum paid-up capital requirement for locally incorporated banks to Rs. 6 billion (net of losses) to be achieved in a phased manner by December 31, 2009. The minimum capital requirement to be achieved by December 31, 2006 is Rs. 3 billion. In addition all banking companies carrying on business in Pakistan are required to maintain capital and unencumbered general reserves the amount of which should at least be equivalent to 8% of the risk weighted assets of the banking company.

The adequacy of UBL's capital is monitored using, among other measures, the rules and ratios established by the State Bank of Pakistan. The ratios compare the amount of eligible capital with the total of risk-weighted assets (RWAs). UBL monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

Eligible capital consists of two parts. Tier 1 capital comprises share capital, share premium, reserve for bonus shares, general reserves and retained earnings. Certain adjustments are made to profit and reserves, in line with SBP recommendations, as prescribed by SBP circulars. Tier 2 capital includes general provisions, revaluation reserves, exchange translation reserve and subordinated long-term debt. Total regulatory capital is to be at least 8% of RWAs and UBL's capital is well over this requirement as shown in note 42.2. UBL will continue to maintain this requirement either through its risk management strategies or by increasing the capital requirements in line with business and capital needs.

UBL has already successfully issued TFCs in the past and continues to be in a position, if needed, to raise capital in the financial markets.

UBL is in the process of developing an internal economic capital model, where each business unit will be allocated capital according to the risks generated including incorporating the diversification concept of each risk type.

42.2 Capital Adequacy Ratio

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

	2006	2005
	(Rupees in '000)	
Regulatory capital base		
Tier I Capital		
Share capital	6,475,000	5,180,000
Reserves	7,029,233	5,135,587
Unappropriated profits	12,429,853	6,055,813
	<u>25,934,086</u>	<u>16,371,400</u>
Less: Adjustments		
- Investments in equity of subsidiary companies engaged in banking and financial activities	(1,660,848)	(1,660,848)
- Deficit on account of revaluation of investments classified as AFS	(164,607)	(59,732)
	<u>(1,825,455)</u>	<u>(1,720,580)</u>
Total Tier I Capital	24,108,631	14,650,820
Tier II Capital		
Subordinated debt (upto 50% of total Tier I Capital)	5,860,474	3,999,192
General provisions (subject to 1.25% of total risk weighted assets)	1,163,019	-
Exchange translation reserve	1,269,640	1,089,874
Revaluation reserves	1,341,909	1,484,425
Total Tier II Capital	9,635,042	6,573,491
Eligible Tier III Capital	-	-
Total regulatory capital (a)	<u>33,743,673</u>	<u>21,224,311</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

Risk weighted exposures	Note	2006		2005	
		Book Value	Risk Adjusted Value	Book Value	Risk Adjusted Value
----- (Rupees in '000) -----					
Credit risk					
Balance sheet items:					
Cash and balances with treasury banks		45,944,979	-	30,503,136	-
Balances with other banks	42.2.1	17,029,337	3,405,867	16,288,750	3,260,171
Lendings to financial institutions		29,572,070	7,203,011	17,867,552	4,628,859
Investments	42.2.2	65,465,380	9,795,125	59,852,302	8,720,805
Advances	42.2.3	245,918,252	204,168,103	200,474,573	160,686,787
Fixed assets		5,234,463	5,234,463	4,449,324	4,449,324
Deferred tax asset - net		906,661	906,661	2,273,005	2,273,005
Other assets	42.2.4	10,477,200	9,885,850	7,829,770	7,092,967
		420,548,342	240,599,080	339,538,412	191,111,918
Off - balance sheet items:					
Loan repayment guarantees	42.2.5	23,780,520	23,610,280	11,473,990	11,469,020
Performance bonds etc	42.2.6	32,614,417	14,497,856	20,713,703	8,079,153
Stand by letters of credit	42.2.7	83,371,268	15,338,387	63,693,491	12,216,631
Outstanding interest rate swaps		6,884,347	250,519	7,826,415	281,421
Outstanding foreign exchange contracts	42.2.8				
Purchase		50,666,568	312,206	29,006,474	178,086
Sales		50,249,750	296,318	35,412,209	260,102
		100,916,318	608,524	64,418,683	438,188
		247,566,870	54,305,566	168,126,282	32,484,413
Credit risk weighted exposures			294,904,646		223,596,331
Market Risk					
General market risk			158,767		147,078
Specific market risk			37,258		39,665
Foreign exchange risk			532,613		275,146
Total capital charge for market risk (b)			728,638		461,889
Market risk weighted exposures (b x 12.5)			9,107,975		5,773,613
Total risk weighted exposures (c)			304,012,621		229,369,944
Capital Adequacy Ratio (a / c x 100)			11.10%		9.25%

42.2.1 Balances with other banks includes balances with National Bank of Pakistan in local currency current account amounting to Rs 2,994.861 million (2005: Rs 3,571.650 million) classified under cash and balances with treasury banks in these financial statements.

42.2.2 Investments exclude investment in equity of subsidiary companies amounting to Rs 1,660.848 million (2005: Rs 1,660.848 million) and held-for-trading portfolio amounting to Rs. 134.110 million (2005: Rs 1,513.794 million) . The held-for-trading portfolio is subject to market risk and is included in the computation of capital charge for market

42.2.3 Advances secured against government securities / own deposits / cash margin amounting to Rs 2,554.660 million (2005: Rs 4,335.897 million) have been deducted from gross advances. Advances are gross of general reserve for consumer financing amounting to Rs 1,163.019 million (2005: Nil). This reserve has been added to supplementary capital.

42.2.4 Other assets include branch adjustment account amounting to Rs. 414.734 million (2005: Nil) classified under other liabilities in these financial statements.

42.2.5 Cash margins amounting to Rs 1,362.709 million (2005: Rs 1,163.393 million) have been deducted from loan repayment guarantees.

42.2.6 Cash margins amounting to Rs 628.335 million (2005: Nil) have been deducted from performance bonds etc.

42.2.7 Cash margins amounting to Rs 683.503 million (2005: Rs 1,051.483 million) have been deducted from stand by letters of credit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

42.2.8 Forward foreign exchange contracts with maturity of less than or equal to 14 days amounting to Rs. 11,918.824 million (2005: Rs. 8,122.465 million) have been excluded from the above in accordance with the guidelines for determination of CAR prescribed by SBP.

43. RISK MANAGEMENT

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

- Credit risk is the risk of loss resulting from client or counterparty default
- Market risk is exposure to market variables such as interest rates, exchange rates and equity indices
- Liquidity risk is the risk that UBL may be unable to meet its payment obligations when due
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and therefore includes legal risk

Representations of risk are for a given period and UBL's risk management will constantly evolve as its business activities change in response to credit, market, product and other developments. There have been many initiatives started by the Bank including IT projects for replacing the core Banking system, business process re-engineering and inventorying the risks and controls within the Bank's existing business and process units. All of these initiatives, as they partially or completely roll out, will have a direct impact on the risk management function within

43.1 Credit risk

Credit risk is the risk of loss to UBL as a result of failure by a client or counterparty to meet its contractual obligations. It is inherent in loans, commitments to lend and contingent liabilities, such as letters of credit – and in traded products – derivative contracts such as forwards, swaps and options, repurchase agreements (repos and reverse repos) and securities borrowing and lending transactions.

The Risk and Credit Policy Group, has the Credit Administration, Market and Treasury Risk, Commercial and FIRMU Credit Policy, Consumer and Retail Credit, Credit Risk Management and Operational Risk and Basel II functions reporting directly to the Risk and Credit Policy Group Executive. There are senior managers heading each risk category, managing a team solely dedicated to risk management and to maintain a sound and effective risk management culture. The role of the Risk and Credit Policy Group particularly includes:

- Participation in portfolio planning and management.
- Establishment of credit policies and standards that conform to regulatory requirements and the Bank's overall objectives.
- Working with Business Groups in keeping aggregate credit risk well within the Bank's risk taking capacity.
- Developing and maintaining Credit Approval Authority structure.
- Approving major credits.
- Granting approval authority to qualified and experienced individuals.
- Reviewing the adequacy of credit training across the Bank.
- Organizing portfolio reviews focusing on quality assessment, risk profiles, industry concentrations, etc.
- Setting systems to identify significant portfolio indicators, problem credits and level of provisioning required.

Counterparty ratings, are obtained through the two local SBP authorized External Credit Rating Agencies; JCR VIS and PACRA and other international sources such as Standard and Poors, Fitch and Moody's. Credit risk assessment and the continuous monitoring of counterparty and portfolio credit exposures is carried out by the Credit Risk Management function.

The wholesale portfolio, which includes corporate, commercial and agricultural loans are ideally collateralized by cash equivalents, fixed and current assets including property plant and equipment, and land. Loans to individuals are typically secured by autos for car loans and private or income producing real estate is secured by a mortgage over the relevant property.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

UBL manages limits and controls concentrations of credit risk as identified, in particular to individual counterparties and groups, and to industries and countries, where appropriate. Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographic region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. UBL sets limits on its credit exposure to counterparty groups, by industry, product, counterparty and geographical location, in line with SBP standards. Limits are also applied in a variety of forms to portfolios or sectors where UBL considers it appropriate to restrict credit risk concentrations or areas of higher risk, or to control the rate of portfolio growth.

UBL classifies a claim as impaired if it considers it likely that it will suffer a loss on that claim as a result of the obligor's inability to meet its commitments (including interest payments, principal repayments or other payments due) after realization of any available collateral. Loans carried at amortized cost are classified as non-performing where payment of interest, principal or fees is overdue by more than 90 days. Allowances or provisions are determined such that the carrying values of impaired claims are consistent with the requirements of SBP. The authority to establish allowances, provisions and credit valuation adjustments for impaired claims, is vested in Finance Division and is according to SBP regulations. Details are given in note 10 to these financial statements.

43.1.1 Segmental information
43.1.1.1 Segments by class of business

	2006					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Chemical and pharmaceuticals	4,511,482	1.73%	3,385,450	1.01%	3,144,371	1.10%
Agri business	7,094,810	2.72%	16,129,894	4.81%	333,860	0.12%
Textile spinning	15,907,533	6.10%	578,445	0.17%	1,020,821	0.36%
Textile weaving	10,183,090	3.90%	859,102	0.26%	1,427,245	0.50%
Textile composite	14,621,254	5.60%	799,958	0.24%	943,938	0.33%
Textile others	13,042,842	5.00%	1,184,991	0.35%	3,750,257	1.31%
Cement	4,152,150	1.59%	1,307,382	0.39%	1,321,918	0.46%
Sugar	8,724,207	3.34%	1,052,314	0.31%	503,673	0.18%
Shoes and leather garments	2,794,697	1.07%	1,034,507	0.31%	113,422	0.04%
Automobile and transportation equipment	2,682,292	1.03%	3,086,128	0.92%	1,755,318	0.61%
Financial	4,907,293	1.88%	6,169,928	1.84%	145,192,308	50.78%
Insurance	-	0.00%	9,099,143	2.72%	510	0.00%
Electronics and electrical appliances	4,145,485	1.59%	2,331,234	0.70%	1,289,381	0.45%
Production and transmission of energy	13,627,321	5.22%	11,518,679	3.44%	10,220,940	3.58%
Paper and allied	2,232,501	0.86%	1,705,473	0.51%	7,330,271	2.56%
Surgical and metal	430,915	0.17%	409,751	0.12%	443,919	0.16%
Contractors	3,121,222	1.20%	9,130,375	2.72%	2,651,680	0.93%
Wholesale traders	12,066,514	4.62%	20,251,886	6.04%	1,381,908	0.48%
Fertilizer dealers	3,495,328	1.34%	2,742,458	0.82%	856,482	0.30%
Sports goods	600,862	0.23%	189,950	0.06%	25,140	0.01%
Food industries	4,989,463	1.91%	971,182	0.29%	978,629	0.34%
Airlines	1,529,443	0.59%	1,028,614	0.31%	16,864	0.01%
Cables	378,700	0.15%	70,630	0.02%	448,706	0.16%
Construction	7,412,466	2.84%	4,221,903	1.26%	18,288,833	6.40%
Containers and ports	678,956	0.26%	335,051	0.10%	11,109	0.00%
Engineering	3,716,097	1.42%	2,349,450	0.70%	1,316,492	0.46%
Glass and Allied	236,206	0.09%	86,001	0.03%	116,763	0.04%
Hotels	1,329,976	0.51%	407,649	0.12%	2,582	0.00%
Infrastructure	3,731,454	1.43%	4,462,439	1.33%	6,268	0.00%
Media	1,163,559	0.45%	774,282	0.23%	267,043	0.09%
Polyester and fibre	5,632,711	2.16%	23,793	0.01%	177,910	0.06%
Telecommunication	4,860,597	1.86%	2,406,121	0.72%	4,358,017	1.52%
Individuals	53,574,542	20.53%	180,742,330	53.94%	3,154,182	1.10%
Others	43,333,509	16.61%	44,231,380	13.20%	73,049,080	25.55%
	<u>260,909,477</u>	<u>100%</u>	<u>335,077,873</u>	<u>100%</u>	<u>285,899,840</u>	<u>100%</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

	2005					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
	(Rupees in '000)					
Chemical and pharmaceuticals	4,519,197	2.06%	2,068,372	0.72%	1,858,752	0.99%
Agri business	7,267,123	3.31%	16,148,663	5.58%	1,987,455	1.06%
Textile spinning	20,800,926	9.49%	932,308	0.32%	1,541,572	0.83%
Textile weaving	10,129,530	4.62%	431,727	0.15%	240,840	0.13%
Textile composite	15,323,544	6.99%	793,144	0.27%	1,018,389	0.55%
Textile others	9,058,847	4.13%	1,199,851	0.41%	1,706,837	0.91%
Cement	5,605,446	2.56%	1,388,644	0.48%	727,334	0.39%
Sugar	4,926,779	2.25%	1,003,565	0.35%	19,228	0.01%
Shoes and leather garments	2,959,030	1.35%	1,419,547	0.49%	263,216	0.14%
Automobile and transportation equipment	17,190,233	7.84%	2,387,889	0.83%	2,359,732	1.26%
Financial	5,420,870	2.47%	5,756,213	1.99%	91,674,255	49.06%
Insurance	54,447	0.02%	7,949,837	2.75%	32,989	0.02%
Electronics and electrical appliances	2,712,010	1.24%	1,937,391	0.67%	494,506	0.26%
Production and transmission of energy	2,975,521	1.36%	15,389,571	5.32%	4,786,428	2.56%
Paper and allied	1,232,621	0.56%	880,748	0.30%	316,211	0.17%
Surgical and metal	1,976,967	0.90%	342,919	0.12%	342,823	0.18%
Contractors	1,679,640	0.77%	6,400,646	2.21%	3,175,151	1.70%
Wholesale traders	15,375,249	7.01%	15,744,320	5.44%	3,885,616	2.08%
Fertilizer dealers	906,756	0.41%	4,121,160	1.42%	69,540	0.04%
Sports goods	632,811	0.29%	206,891	0.07%	-	0.00%
Food industries	3,723,894	1.70%	1,657,190	0.57%	392,343	0.21%
Airlines	1,373,927	0.63%	1,072,230	0.37%	385	0.00%
Cables	450,100	0.21%	43,088	0.01%	343,944	0.18%
Construction	13,760,142	6.28%	5,124,897	1.77%	416,141	0.22%
Containers and ports	300,000	0.14%	22,603	0.01%	500	0.00%
Engineering	288,433	0.13%	3,384,066	1.17%	4,954,642	2.65%
Glass and Allied	35,712	0.02%	96,059	0.03%	19,009	0.01%
Hotels	571,470	0.26%	1,071,395	0.37%	2,631,880	1.41%
Infrastructure	-	0.00%	2,175,662	0.75%	38,406	0.02%
Media	458,746	0.21%	658,451	0.23%	90,208	0.05%
Polyester and fibre	-	0.00%	62,952	0.02%	306,152	0.16%
Telecommunication	5,818,502	2.65%	879,751	0.30%	3,642,497	1.95%
Individuals	22,349,780	10.19%	154,957,725	53.58%	8,378,670	4.48%
Others	39,397,194	17.97%	31,516,824	10.90%	49,140,563	26.30%
	<u>219,275,447</u>	<u>100%</u>	<u>289,226,299</u>	<u>100%</u>	<u>186,856,214</u>	<u>100%</u>

43.1.1.2 Segment by Sector

	2006					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public/Government	27,328,192	10.47%	53,541,219	15.98%	60,804,698	21.27%
Private	233,581,285	89.53%	281,536,654	84.02%	225,095,142	78.73%
	<u>260,909,477</u>	<u>100%</u>	<u>335,077,873</u>	<u>100%</u>	<u>285,899,840</u>	<u>100%</u>

	2005					
	Gross advances		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public/Government	24,344,709	11.10%	43,707,375	15.11%	52,493,676	28.09%
Private	194,930,738	88.90%	245,518,924	84.89%	134,362,538	71.91%
	<u>219,275,447</u>	<u>100%</u>	<u>289,226,299</u>	<u>100%</u>	<u>186,856,214</u>	<u>100%</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
43.1.2 Details of non performing advances and specific provisions by class of business segment

	2006		2005	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
----- (Rupees in '000) -----				
Chemical and pharmaceuticals	751,726	639,609	794,614	706,876
Agri business	913,266	348,712	965,370	385,385
Textile spinning	1,538,999	1,225,149	1,626,803	1,353,995
Textile weaving	253,351	184,686	267,805	204,109
Textile composite	754,257	617,940	797,289	682,928
Textile others	2,257,048	1,787,406	2,348,718	1,965,688
Cement	24,507	22,037	25,905	24,355
Sugar	37,187	37,187	39,309	41,098
Shoes and leather garments	146,517	89,922	154,876	99,379
Automobile and transportation equipment	144,950	142,581	153,220	157,576
Financial	138,369	69,435	146,263	76,737
Insurance	-	-	-	-
Electronics and electrical appliances	96,467	93,614	101,971	103,459
Production and transmission of energy	154,429	154,429	154,429	154,429
Paper and allied	180,046	53,102	56,132	58,687
Surgical and metal	952	952	1,006	1,052
Contractor	-	-	-	-
Wholesale traders	550,518	370,297	581,927	409,241
Fertilizer dealers	263	263	278	291
Sports goods	180,208	2,552	190,489	2,820
Food industries	769,500	361,644	813,402	399,678
Airlines	-	-	-	-
Cables	-	-	-	-
Construction	451,311	293,529	529,912	307,439
Containers and ports	-	-	-	-
Engineering	23,446	6,953	7,903	7,684
Steel	271,447	254,447	286,934	281,207
Glass and Allied	-	-	-	-
Hotels	245,802	66,992	95,803	71,969
Infrastructure	-	-	-	-
Media	94,004	18,947	103,718	20,940
Polyester and fibre	1,789	1,789	1,891	1,977
Telecommunication	-	-	-	-
Individuals	3,155,992	2,486,333	3,408,530	2,766,510
Others	3,119,058	2,852,828	3,305,868	3,016,481
	<u>16,255,409</u>	<u>12,183,335</u>	<u>16,960,365</u>	<u>13,301,990</u>

43.1.3 Details of non performing advances and specific provision by sector

Public/Government	60,750	-	75,000	-
Private	16,194,659	12,183,335	16,885,365	13,301,990
	<u>16,255,409</u>	<u>12,183,335</u>	<u>16,960,365</u>	<u>13,301,990</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
43.1.4 Geographical segment analysis

	2006			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	----- (Rupees in '000) -----			
Pakistan				
Domestic Operations	11,809,015	347,463,419	28,152,873	224,632,873
Asia Pacific (including South Asia)	38,323	1,674,855	28,987	80,775
	<u>11,847,338</u>	<u>349,138,274</u>	<u>28,181,860</u>	<u>224,713,648</u>
Overseas				
United States of America	176,205	1,302,816	93,905	42,481
Middle East	2,268,213	72,879,117	1,587,622	61,143,711
	<u>2,444,418</u>	<u>74,181,933</u>	<u>1,681,527</u>	<u>61,186,192</u>
	<u>14,291,756</u>	<u>423,320,207</u>	<u>29,863,387</u>	<u>285,899,840</u>
	2005			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	----- (Rupees in '000) -----			
Pakistan				
Domestic Operations	7,557,326	290,806,691	13,090,538	173,163,465
Asia Pacific (including South Asia)	35,099	2,475,089	57,067	125,993
	<u>7,592,425</u>	<u>293,281,780</u>	<u>13,147,605</u>	<u>173,289,458</u>
Overseas				
United States of America	167,893	1,669,054	406,213	91,734
Middle East	1,721,330	52,098,117	8,114,452	13,475,022
	<u>1,889,223</u>	<u>53,767,171</u>	<u>8,520,665</u>	<u>13,566,756</u>
	<u>9,481,648</u>	<u>347,048,951</u>	<u>21,668,270</u>	<u>186,856,214</u>

Total assets employed include intra group items of Rs Nil

43.2 Market Risk

Market risk is the risk of loss arising from movements in market variables including observable variables such as interest rates, exchange rates and equity indices, and others which may be only indirectly observable such as volatilities and correlations.

Market risk measures and controls are applied at the portfolio level, and concentration limits and other controls are applied where necessary to individual risk types, to particular books and to specific exposures. Portfolio risk measures are common to all market risks, but concentration limits and other controls are tailored to the nature of the activities and the risks they create.

Trading activities are centered in the Treasury & Capital Market (TCM) and include market making, facilitation of client business and proprietary position taking. UBL is active in the cash and derivative markets for equities, fixed income and interest rate products and foreign exchange.

Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price volatility and market depth and liquidity. They include controls on exposure to individual market risk variables, such as individual interest or exchange rates ('risk factors'), and on positions in the securities of individual issuers.

Treasury and Market Risk (TMR) division performs all market risk management activities within UBL. The Division is composed of two wings, i.e., Treasury Middle Office and Market Risk Management. The Market Risk department is responsible for developing and reviewing market risk policies, strategies, processes, conducting market research, involved in model construction & testing etc. Middle Office is taking care of the operational side. It has to ensure monitoring and implementation of market risk and other policies, escalation of any deviation to senior management, compilation and MIS reporting, etc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

The scope of market risk management is as follows:

- To keep the market risk exposure within the bank's risk appetite as assigned by the Board of Directors (BOD).
- All the market risk policies are approved by the BOD and implementation is done by the senior management through MRC, Treasury and Market Risk division.
- Various limits have been assigned to different businesses on a product-portfolio basis. All the products have been approved through product programs, where all the risk have been identified and limits and parameters to operate have been set.
- Any transaction/product falling beyond the Product Policy Manuals must be approved through separate transaction/product memo.

43.2.1 Foreign Exchange Risk

	2006			
	Assets	Liabilities	Off - balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	335,107,027	303,647,299	2,063,995	33,523,723
US Dollar	18,245,213	18,687,061	(6,185,767)	(6,627,615)
Pound Sterling	2,301,068	2,731,873	2,048,560	1,617,755
Euro	695,082	1,707,797	1,103,693	90,978
Japanese Yen	239,126	4,461	(264,715)	(30,050)
Other Currencies	66,732,691	66,678,329	1,234,234	1,288,596
	<u>423,320,207</u>	<u>393,456,820</u>	<u>-</u>	<u>29,863,387</u>
	2005			
	Assets	Liabilities	Off - balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	288,001,610	261,217,900	(4,078,046)	22,705,664
US Dollar	20,374,084	25,637,948	3,299,203	(1,964,661)
Pound Sterling	4,491,815	3,421,554	(645,619)	424,642
Euro	1,901,391	1,390,159	514,839	1,026,071
Japanese Yen	465,140	1,952	488,031	951,219
Other Currencies	31,814,911	33,711,168	421,592	(1,474,665)
	<u>347,048,951</u>	<u>325,380,681</u>	<u>-</u>	<u>21,668,270</u>

Foreign Exchange Risk is the risk of loss resulting from changes in exchange rates. Foreign exchange positions are reported on a consolidated basis and limits are used to monitor exposure in individual currencies.

The Bank is an active participant in currency cash and derivatives markets and carries currency risk from these trading activities, conducted primarily in the Treasury & Capital Markets. These trading exposures are subject to prescribed stress, sensitivity and concentration limits.

The Bank's reporting currency is the PKR, but its assets, liabilities, income and expense are denominated in many currencies. Reported profits or losses are translated daily into PKR, reducing volatility in UBL's earnings from subsequent changes in exchange rates within the limits regulated by SBP. Treasury also, from time to time, proactively hedges significant expected foreign currency earnings / costs (mainly USD, EUR and GBP) within a time horizon up to one year, in accordance with the instructions of the SBP and subject to pre-defined limits.

43.2.2 Equity position risk

Equity position risk in trading book arises due to changes in prices of individual stocks or levels of equity indices. The Bank's equity trading book comprises of Treasury Capital Market's (TCM) Held for trading (HFT) & Available for Sale (AFS) portfolios and Investment Banking Group's (IBG) AFS portfolio. Objective of Treasury Capital Market's HFT portfolio is to take advantages of short-term capital gains, while the AFS portfolio is maintained with a medium-term view of capital gains and dividend income. IBG maintains its AFS portfolio with a medium-long term view of capital gains and higher dividend yields. Separate product program manuals have been developed to discuss in detail the objectives/policies, risks/mitigants, limits/controls for equity trading portfolios of TCM and IBG.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
43.2.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective yield/ Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments	
		Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 year to 3 years	Over 3 year to 5 years	Over 5 year to 10 years	Over 10 years		
%		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	4.3%	48,939,840	20,522,278	-	-	-	-	-	-	-	-	28,417,562
Balances with other banks	7.0%	14,034,476	13,132,759	-	-	-	-	-	-	-	-	901,717
Lendings to financial institutions	8.0%	29,572,070	20,496,941	3,149,180	529,243	2,026,964	1,476,884	1,792,858	100,000	-	-	-
Investments	8.0%	67,260,338	1,710,884	1,202,307	9,768,021	26,157,905	7,307,394	3,443,386	4,524,915	6,478,904	1,764	6,664,858
Advances												
Performing	11.0%	243,237,819	51,991,738	103,852,271	37,108,564	37,108,563	7,421,712	4,947,808	807,163	-	-	-
Non Performing	0%	4,072,074	-	-	-	-	-	-	-	-	-	4,072,074
Other assets	0%	7,127,308	-	-	-	-	-	-	-	-	-	7,127,308
		414,243,925	107,854,600	108,203,758	47,405,828	65,293,432	16,205,990	10,184,052	5,432,078	6,478,904	1,764	47,183,519
Liabilities												
Bills payable	0%	4,560,649	-	-	-	-	-	-	-	-	-	4,560,649
Borrowings	3.0%-14. %	38,544,920	20,688,136	10,835,255	1,451,561	2,903,122	2,666,846	-	-	-	-	-
Deposits and other accounts	0.2%-10.7%	335,077,873	67,849,675	100,364,959	21,887,391	31,662,983	5,834,948	3,397,385	4,123,586	3,628,725	-	96,328,221
Subordinated loans	10.20%	5,998,344	-	424	2,000,000	424	848	848	666,315	3,329,485	-	-
Other liabilities	0%	6,594,551	-	-	-	-	-	-	-	-	-	6,594,551
		390,776,337	88,537,811	111,200,638	25,338,952	34,566,529	8,502,642	3,398,233	4,789,901	6,958,210	-	107,483,421
On-balance sheet gap		23,467,588	19,316,789	(2,996,880)	22,066,876	30,726,903	7,703,348	6,785,819	642,177	(479,306)	1,764	(60,299,902)
Non financial net assets		6,395,799										
Total net assets		29,863,387										
Off-balance sheet financial instruments												
Foreign currency forward purchases		55,369,664	23,960,216	21,643,738	8,973,761	791,949	-	-	-	-	-	-
Foreign currency forward sales		(57,465,479)	(29,273,594)	(17,368,333)	(8,960,479)	(1,863,073)	-	-	-	-	-	-
Derivatives - Long position		6,181,818	-	800,000	300,000	500,000	1,100,000	1,595,000	1,886,818	-	-	-
Derivatives - Short position		(6,181,818)	(1,930,000)	(2,778,333)	(673,485)	-	(800,000)	-	-	-	-	-
Forward Purchase of Govt. Securities		5,634,902	5,586,200	-	48,702	-	-	-	-	-	-	-
Forward Sale of Govt. Securities		(2,833,400)	(2,833,400)	-	-	-	-	-	-	-	-	-
Sale of Govt. Securities not yet purchased		(1,067,735)	-	-	-	-	-	(99,285)	-	(968,450)	-	-
Off-balance sheet gap		(362,048)	(4,490,578)	2,297,072	(311,501)	(571,124)	300,000	1,495,715	1,886,818	(968,450)	-	-
Total Yield/Interest Risk Sensitivity Gap			14,826,211	(699,808)	21,755,375	30,155,779	8,003,348	8,281,534	2,528,995	(1,447,756)	1,764	(60,299,902)
Cumulative Yield/Interest Risk Sensitivity Gap			14,826,211	14,126,403	35,881,778	66,037,557	74,040,905	82,322,439	84,851,434	83,403,678	83,405,442	23,105,540

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

Effective yield/ Interest rate	Total	2005 Exposed to Yield / Interest risk									Non-interest bearing financial instruments	
		Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 year to 3 years	Over 3 year to 5 years	Over 5 year to 10 years	Over 10 years		
%		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	2.90%	34,062,679	8,658,736	-	-	-	-	-	-	-	-	25,403,943
Balances with other banks	3.80%	12,729,207	7,866,999	-	-	-	-	-	-	-	-	4,862,208
Lendings to financial institutions	6.50%	17,867,553	7,458,465	4,477,823	982,939	347,517	4,600,809	-	-	-	-	-
Investments	5.80%	63,026,944	29,984	3,400,374	571,259	27,677,624	6,703,727	5,818,347	7,144,839	7,531,208	2,000	4,147,582
Advances												
Performing	8.50%	201,152,095	42,241,940	84,483,880	31,672,814	28,672,814	6,034,563	4,023,042	4,023,042	-	-	-
Non performing	-	3,658,375	-	-	-	-	-	-	-	-	-	3,658,375
Other assets	-	6,502,315	-	-	-	-	-	-	-	-	-	6,502,315
		338,999,168	66,256,124	92,362,077	33,227,012	56,697,955	17,339,099	9,841,389	11,167,881	7,531,208	2,000	44,574,423
Liabilities												
Bills payable	-	4,159,967	-	-	-	-	-	-	-	-	-	4,159,967
Borrowings	8.30%	21,790,480	13,122,108	6,227,906	2,440,466	-	-	-	-	-	-	-
Deposits and other accounts	2.00%	289,226,298	36,508,750	73,017,499	26,383,541	32,516,665	15,656,128	5,718,709	4,718,709	7,984,169	-	86,722,128
Subordinated loans	9.10%	3,999,192	-	414	-	414	-	-	3,312	3,995,052	-	-
Other liabilities	-	2,713,786	-	-	-	-	-	-	-	-	-	2,713,786
		321,889,723	49,630,858	79,245,819	28,824,007	32,517,079	15,656,128	5,718,709	4,722,021	11,979,221	-	93,595,881
On-balance sheet gap		17,109,445	16,625,266	13,116,258	4,403,005	24,180,876	1,682,971	4,122,680	6,445,860	(4,448,013)	2,000	(49,021,458)
Non financial net assets		4,558,825										
Total net assets		21,668,270										
Off-balance sheet financial instruments												
Foreign currency forward purchases		34,338,395	18,977,689	10,520,397	3,043,521	1,796,788	-	-	-	-	-	-
Foreign currency forward sales		(38,202,754)	(17,364,715)	(11,760,808)	(6,068,509)	(3,008,722)	-	-	-	-	-	-
Interest rate derivatives - long position		8,477,530	350,000	350,000	-	-	1,000,000	2,500,000	3,927,530	350,000	-	-
Interest rate derivatives - short position		(8,486,415)	(3,019,319)	(3,498,207)	(1,968,889)	-	-	-	-	-	-	-
Forward purchase of Govt. securities		-	-	-	-	-	-	-	-	-	-	-
Forward sale of Govt. securities		-	-	-	-	-	-	-	-	-	-	-
Sale of Govt. securities not yet purchased		(1,544,194)	-	-	-	-	-	-	(328,581)	(1,215,613)	-	-
Off-balance sheet gap		(5,417,438)	(1,056,345)	(4,388,618)	(4,993,877)	(1,211,934)	1,000,000	2,500,000	3,598,949	(865,613)	-	-
Total yield / interest risk sensitivity gap			15,568,921	8,727,640	(590,872)	22,968,942	2,682,971	6,622,680	10,044,809	(5,313,626)	2,000	(49,021,458)
Cumulative yield / interest risk sensitivity gap			15,568,921	24,296,561	23,705,689	46,674,631	49,357,602	55,980,282	66,025,091	60,711,465	60,713,465	11,692,007

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
43.3 Liquidity Risk

UBL's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. Scenarios encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of UBL's business.

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

The above mentioned maturity profile has been prepared on the basis of contractual maturities. The management believes that such a maturity analysis does not reveal the expected maturity of current and saving deposits as a contractual maturity analysis of deposits alone does not provide information about the conditions expected in normal circumstances. The maturity profile disclosed in note 43.3.2 that includes maturities of current and saving deposits determined by the Assets and Liabilities Management Committee (ALCO) keeping in view historical withdrawal pattern of these deposits reflects a more meaningful analysis the liquidity risk of the bank.

2006										
Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	48,939,840	46,098,084	-	-	-	-	-	-	2,841,756	
Balances with other banks	14,034,476	13,721,065	-	-	-	-	-	-	313,411	
Lendings to financial institutions	29,572,070	20,546,941	3,489,135	641,795	1,524,459	1,476,884	1,792,856	100,000	-	
Investments	67,260,338	1,801,891	1,202,305	11,638,523	27,454,233	7,766,592	3,443,387	5,022,524	6,671,288	
Advances	247,309,893	40,773,508	72,535,948	20,503,879	19,369,611	32,283,235	13,142,950	21,147,312	19,749,636	
Fixed assets	5,234,463	50,492	100,988	151,481	302,963	605,925	605,925	925,041	780,180	
Other assets	10,062,466	29,390	7,695,620	1,266,535	1,222	-	-	-	1,069,699	
Deferred tax assets	906,661	5,749	11,497	18,817	32,923	50,137	50,137	272,474	275,370	
	423,320,207	123,027,120	85,035,493	34,221,030	48,685,411	42,182,773	19,035,255	27,467,351	28,546,173	
									15,119,601	
Liabilities										
Bills payable	4,560,649	4,560,649	-	-	-	-	-	-	-	
Borrowings	38,544,920	20,688,136	10,835,255	1,451,561	2,903,122	2,666,846	-	-	-	
Deposits and other accounts	335,077,873	199,421,373	37,782,002	19,313,374	18,031,470	40,592	60	17,826,001	42,663,001	
Subordinated loans	5,998,344	-	824	-	824	1,648	1,648	667,915	5,325,485	
Other liabilities	9,275,034	2,936	6,184,029	8,807	17,613	-	-	652,339	2,409,310	
	393,456,820	224,673,094	54,802,110	20,773,742	20,953,029	2,709,086	1,708	19,146,255	50,397,796	
									-	
Net assets	29,863,387	(101,645,974)	30,233,383	13,447,288	27,732,382	39,473,687	19,033,547	8,321,096	(21,851,623)	15,119,601
Represented by:										
Share capital	6,475,000									
Reserves	8,298,873									
Unappropriated profit	12,429,853									
Surplus on revaluation of assets	2,659,661									
	<u>29,863,387</u>									

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

2005

Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	34,062,679	34,062,679	-	-	-	-	-	-	-	
Balances with other banks	12,729,207	12,412,496	-	-	-	-	-	-	316,711	
Lendings to financial institutions	17,867,552	5,553,996	3,232,292	310,152	420,304	1,450,202	1,150,202	2,650,404	3,100,000	
Investments	63,026,944	3,006,176	1,064,299	2,088,214	28,114,129	3,002,855	8,099,222	9,105,705	5,624,830	
Advances	204,810,470	29,719,776	59,439,553	13,637,575	27,275,151	12,169,340	12,169,342	24,338,684	22,402,674	
Other assets	7,829,770	2,380,678	4,761,356					687,736		
Fixed assets	4,449,324	48,971	97,943	108,981	217,961	398,678	398,000	796,678	2,382,112	
Deferred tax assets	2,273,005	131,354	262,709	394,064	788,129	48,403	48,403	96,805	503,138	
	347,048,951	87,316,126	68,858,152	16,538,986	56,815,674	17,069,478	21,865,169	36,988,276	34,700,490	
									6,896,600	
Liabilities										
Bills payable	4,159,964	4,159,964	-	-	-	-	-	-	-	
Borrowings	21,790,480	6,450,005	12,900,009	813,489	1,626,977	-	-	-	-	
Deposits and other accounts	289,226,299	84,175,411	168,350,825	5,320,793	10,641,585	2,741,308	2,740,000	5,481,308	4,344,475	
Subordinated loan	3,999,192	-	414	-	414	828	828	1,656	3,995,052	
Other liabilities	6,204,746	1,028,925	2,057,850	105,689	211,376	115,360	115,000	230,361	1,040,083	
	325,380,681	95,814,305	183,309,098	6,239,971	12,480,352	2,857,496	2,855,828	5,713,325	9,379,610	
									6,730,696	
Net assets	21,668,270	(8,498,179)	(114,450,946)	10,299,015	44,335,322	14,211,982	19,009,341	31,274,951	25,320,880	165,904

Represented by:

Share capital	5,180,000
Reserves	6,225,461
Unappropriated profit	7,350,813
Surplus on revaluation of assets	2,911,996
	<u>21,668,270</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
43.3.2 Maturities of Assets and Liabilities - Based on working prepared by the Assets and Liabilities Management Committee (ALCO) of the Bank

Current and savings deposits do not have any contractual maturity therefore, current deposits and savings accounts have been classified between all four maturities. Further, it has been assumed that on a going concern basis, these deposits are not expected to fall below the current year's level.

----- 2006 -----										
Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 year to 3 years	Over 3 year to 5 years	Over 5 year to 10 years	Over 10 years	
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	48,939,840	14,584,511	16,019,732	3,036,627	2,623,123	3,437,078	2,068,770	2,078,861	5,088,149	2,989
Balances with other banks	14,034,476	7,777,370	1,904,327	1,225,800	919,729	919,350	612,900	675,000	-	-
Lendings to financial institutions	29,572,070	24,488,971	3,088,209	365,476	776,637	852,777	-	-	-	-
Investments	67,260,338	6,742,446	2,195,081	5,173,673	26,228,752	11,984,863	3,674,593	1,300,724	9,958,206	2,000
Advances - Performing	243,237,819	40,272,014	72,485,704	20,555,252	19,369,472	19,765,777	19,308,028	27,312,919	8,082,791	16,085,862
- Non Perform	4,072,074	-	-	-	-	-	-	-	4,072,074	-
Other assets	10,062,466	699,967	739,349	7,036,614	-	-	-	-	1,007,396	579,140
Fixed assets	5,234,463	-	-	-	-	-	-	-	-	5,234,463
Deferred tax assets	906,661	-	-	-	407,998	181,332	163,199	154,132	-	-
	<u>423,320,207</u>	<u>94,565,279.00</u>	<u>96,432,402</u>	<u>37,393,442</u>	<u>50,325,711</u>	<u>37,141,177</u>	<u>25,827,490</u>	<u>31,521,636</u>	<u>28,208,616</u>	<u>21,904,454</u>
Liabilities										
Bills payable	4,560,649	3,629,856	930,793	-	-	-	-	-	-	-
financial institutions	38,544,920	20,460,429	13,144,791	4,939,700	-	-	-	-	-	-
Deposits and other accounts	335,077,873	73,567,106	52,722,054	35,648,394	33,733,103	37,885,193	1,164,153	2,412,900	97,933,417	11,553
Subordinated loan	5,998,344	-	824	-	824	1,648	1,648	667,915	5,325,485	-
Other liabilities	9,275,034	-	4,813,757	16,082	-	-	-	-	4,445,195	-
	<u>393,456,820</u>	<u>97,657,391.00</u>	<u>71,612,219</u>	<u>40,604,176</u>	<u>33,733,927</u>	<u>37,886,841</u>	<u>1,165,801</u>	<u>3,080,815</u>	<u>107,704,097</u>	<u>11,553</u>
Net assets	<u>29,863,387</u>	<u>(3,092,112)</u>	<u>24,820,183</u>	<u>(3,210,734)</u>	<u>16,591,784</u>	<u>(745,664)</u>	<u>24,661,689</u>	<u>28,440,821</u>	<u>(79,495,481)</u>	<u>21,892,901</u>
Represented by:										
Share capital	6,475,000									
Reserves	8,298,873									
Unappropriated profit	12,429,853									
Surplus on revaluation of assets	2,659,661									
	<u>29,863,387</u>									

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
2005

	Total	Upto One month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 years to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	34,062,679	10,218,804	8,662,667	2,043,761	2,431,177	1,703,134	1,362,507	474,019	7,163,204	3,406
Balances with other banks	12,729,207	7,001,064	5,411,432	-	-	-	-	-	316,711	-
Lendings to financial institutions	17,867,552	9,827,154	2,109,134	536,027	794,428	536,027	536,027	3,528,755	-	-
Investments	63,026,944	3,151,347	3,392,811	5,042,156	22,649,084	11,344,850	3,151,347	2,993,407	11,301,942	-
Advances										
Performing	201,152,095	-	89,159,329	-	40,912,726	-	-	48,677,366	22,402,674	-
Non Performing	3,658,375	-	-	-	-	-	-	-	3,658,375	-
Other assets	7,829,770	-	2,232,779	-	4,567,437	-	-	-	645,924	383,630
Fixed assets	4,449,324	-	-	-	-	-	-	-	-	4,449,324
Deferred tax assets	2,273,005	-	-	-	1,022,852	454,601	409,141	386,411	-	-
	347,048,951	30,198,369	110,968,152	7,621,944	72,377,704	14,038,612	5,459,022	56,059,958	45,488,830	4,836,360
Liabilities										
Bills payable	4,159,964	3,327,971	831,993	-	-	-	-	-	-	-
Borrowings	21,790,480	11,984,764	7,365,250	2,440,466	-	-	-	-	-	-
Deposits and other accounts	289,226,299	63,629,786	28,341,974	31,814,893	28,622,175	17,353,578	14,461,315	13,673,673	88,436,642	2,892,263
Subordinated loan	3,999,192	-	414	-	414	414	414	2,484	3,995,052	-
Other liabilities	6,204,746	-	2,333,421	121,730	81,154	-	-	-	3,668,441	-
	325,380,681	78,942,521	38,873,052	34,377,089	28,703,743	17,353,992	14,461,729	13,676,157	96,100,135	2,892,263
Net assets	21,668,270	(48,744,152)	72,095,100	(26,755,145)	43,673,961	(3,315,380)	(9,002,707)	42,383,801	(50,611,305)	1,944,097

Represented by:

Share capital	5,180,000
Reserves	6,225,461
Unappropriated profit	7,350,813
Surplus on revaluation of assets	2,911,996
	<u>21,668,270</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
43.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

UBL's Operational Risk Management implementation framework, is based on advanced risk management architecture. The framework is flexible enough to implement in stages, and permits the overall risk management approach to evolve in response to organizational learning and the future needs of the organization.

Following are the high-level strategic initiatives that UBL has undertaken for the effective implementation of Operational Risk Management:

- Recruiting skilled resources for Operational Risk Management
- Engaging external consultants to assist us in the development of an operational risk management infrastructure.
- In conjunction with the external consultants, determining the current state of key risks and their controls residing in each Business Unit.
- Developing policies, procedures and defining end to end information flow to establish a vigorous governance infrastructure.
- Analyzing current systems for data collection, migration, validation and retention for current and historical reference and calculation. Data warehousing solutions are being assessed for timely availability and storage of data.

A consolidated Business Continuity Plan is being augmented for UBL which encompasses roles and responsibilities, recovery strategy, IT and structural back ups, scenario and impact analyses and testing directives.

There are several IT developments underway in the credit, market and operational risk areas. Specifically for operational risk mitigation and control, an IT infrastructure is being developed along with the other high-level initiatives, including process re-engineering and inventorying of risks and controls within the Bank. A methodology for Risk and Control Self Assessment is ready to be implemented at all core units of UBL.

44. ISLAMIC BANKING BUSINESS

During the year the bank opened its first Islamic banking branch in Karachi in December 2006. The balance sheet of this branch as at December 31, 2006 is as follows:

	2006	2005
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	1,087	-
Balances with and due from financial institutions	48,000	-
Other assets	1,951	-
Total Assets	51,038	-
LIABILITIES		
Deposits and other accounts	1,006	-
NET ASSETS	50,032	-
REPRESENTED BY		
Islamic Banking Fund	50,000	-
Unappropriated/ Unremitted profit	32	-
	50,032	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006
45. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 14, 2007 has proposed a cash dividend in respect of 2006 of Rs. 3.00 per share (2005: cash dividend Rs 2.50 per share). In addition, the directors have also announced a bonus issue of 25 percent. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2006 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending December 31, 2007.

46. DATE OF AUTHORIZATION

These financial statements were authorized for issue on February 14, 2007 by the Board of Directors of the Bank.

47. GENERAL
47.1 Revised forms of annual financial statements

These financial statements have been prepared using the revised format of financial statements prescribed in BSD Circular No. 4 dated February 17, 2006 issued by the State Bank of Pakistan. The revised format for presentation of financial statements is applicable for annual financial statements prepared by banks for periods commencing from January 1, 2006. The significant changes in the revised format for presentation of financial statements include the introduction of disclosures in respect of segment details with respect of business activities and capital adequacy and expanded disclosures in respect of the Bank's derivative instruments and risk management.

47.2 Amendments to published standards and new interpretations effective in 2006

IAS 19 (Amendment) - Employee Benefits, is mandatory for the bank's accounting period beginning on or after January 1, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. As the bank does not intend to change the accounting policy adopted for recognition of actuarial gains and losses, adoption of this amendment only impacts the format and extent of disclosure presentation in the financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2006 which are not considered relevant nor have any significant effect on the bank's operations are not detailed in these financial statements.

47.3 Standards, interpretations and amendments to published approved accounting standard that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2007 are either not relevant to Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain increased disclosure in certain cases:

IAS 1 - Presentation of financial statements - amendments relating capital disclosures	effective from accounting period beginning on or after January 1, 2007
IFRS 2 - Share based payment	effective from accounting period beginning on or after January 1, 2007
IFRS 3 - Business combinations	effective from accounting period beginning on or after January 1, 2007

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

IFRS 5 - Non-current assets held for sale and discontinued operations	effective from accounting period beginning on or after January 1, 2007
IFRS 6 - Exploration for and evaluation of mineral resources	effective from accounting period beginning on or after January 1, 2007
IFRIC 8 - Scope of IFRS 2 - share based payments	effective for accounting period beginning on or after May 1, 2006
IFRIC 9 - Reassessment of embedded derivatives	effective for accounting period beginning on or after June 1, 2006
IFRIC 10 - Interim financial reporting and impairment	effective for accounting period beginning on or after November 1, 2006
IFRIC 11 - Group and treasury share transactions	effective for accounting period beginning on or after March 1, 2007
IFRIC 12 - Services concession arrangements	effective for accounting period beginning on or after January 1, 2008

47.4 Comparatives

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year.

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Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

Nahayan Mabarak Al Nahayan
Chairman