



Habib Metropolitan Bank

(Subsidiary of Habib Bank AG Zurich)

CONSOLIDATED ACCOUNTS

AUDITORS' REPORT TO THE MEMBERS



We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Habib Metropolitan Bank Limited ("the Bank") as at 31 December 2009 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. These consolidated financial statements include unaudited certified returns from the branches, except for 15 branches, which have been audited by us. The financial statements of subsidiary company Habib Metropolitan Financial Services Limited were audited by another firm of chartered accountants, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for the subsidiary, is based solely on the report of other auditor.

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

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

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

The consolidated financial statements of the Bank for the year ended 31 December 2008 were audited by another firm of Chartered Accountants whose report dated 2 March 2009 included a qualification to the effect that total assets of Rs. 2.76 million and net profit of Rs. 0.965 million pertained to a subsidiary company which had been incorporated in those consolidated financial statements by the management using the unaudited financial statements (however currently the company has been dissolved).

Karachi: March 1, 2010

KPMG Taseer Hadi & Co
Chartered Accountants
Amyr Pyrani

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	2009	2008 (Restated)
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	8	11,192,498	11,401,384
Balances with other banks	9	4,836,399	2,974,237
Lendings to financial institutions	10	150,000	98,176
Investments	11	111,379,520	53,335,855
Advances	12	102,293,132	108,261,259
Operating fixed assets	13	2,465,977	1,618,110
Deferred tax assets	14	825,465	1,145,665
Other assets	15	4,015,510	3,633,387
		237,158,501	182,468,073
LIABILITIES			
Bills payable	16	3,111,467	2,372,146
Borrowings	17	68,186,674	30,372,598
Deposits and other accounts	18	142,185,495	128,190,943
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities	19	4,923,208	6,523,998
		218,406,844	167,459,685
NET ASSETS			
		18,751,657	15,008,388
REPRESENTED BY			
Share capital	20	7,527,525	6,022,020
Reserves		7,587,835	7,039,936
Unappropriated profit		3,784,926	3,091,767
		18,900,286	16,153,723
Deficit on revaluation of assets - net of tax	21	(148,629)	(1,145,335)
		18,751,657	15,008,388
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 45 and annexures I, II & III form an integral part of these consolidated financial statements.

KASSIM PAREKH
Chairman

ANJUM IQBAL
Chief Executive

MOHAMEDALI R. HABIB
Director

BASHIR ALI MOHAMMAD
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009



	Note	2009	2008 (Restated)
		Rupees in '000	
Mark-up / return / interest earned	24	21,376,259	17,161,533
Mark-up / return / interest expensed	25	(14,636,228)	(11,826,422)
Net mark-up / interest Income		6,740,031	5,335,111
Provision against non-performing loans and advances	12.5	2,503,202	1,004,572
Provision for diminution in the value of investments	11.3	66,444	242,713
Bad debts written off directly	12.7.1	-	2,535
		(2,569,646)	(1,249,820)
Net mark-up / interest income after provisions		4,170,385	4,085,291
Non mark-up / interest income			
Fee, commission and brokerage income		1,276,162	1,185,599
Dividend income		438,287	655,845
Income from dealing in foreign currencies		1,532,500	1,698,169
Gain on sale/redemption of securities	26	206,514	170,941
Unrealized gain/(loss) on revaluation of investments classified as held-for-trading		-	-
Other income	27	259,858	220,742
Total non mark-up / interest income		3,713,321	3,931,296
		7,883,706	8,016,587
Non mark-up / interest expenses			
Administrative expenses	28	3,550,647	3,102,435
Other provisions / write offs		-	-
Other charges	29	106,325	147,150
Total non mark-up / interest expenses		(3,656,972)	(3,249,585)
		4,226,734	4,767,002
Extraordinary / unusual items		-	-
Profit before taxation		4,226,734	4,767,002
Taxation - Current		(1,696,215)	(2,002,336)
- Prior years		(262)	(29,186)
- Deferred		216,306	559,667
	30	(1,480,171)	(1,471,855)
Profit after taxation		2,746,563	3,295,147
Unappropriated profit brought forward		3,091,767	2,061,674
Profit available for appropriation		5,838,330	5,356,821
			(Restated)
Basic and diluted earnings per share- (Rupees)	31	3.65	4.38

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Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008 (Restated)
	Rupees in '000	
Profit after taxation for the year	2,746,563	3,295,147
Other comprehensive income	-	-
Comprehensive income transferred to equity	2,746,563	3,295,147
Components of comprehensive income not reflected in equity		
Surplus/(Deficit) on revaluation of investments	1,533,212	(1,848,158)
Deferred tax on revaluation of investments	(536,506)	646,875
	3,743,269	2,093,864

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CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009



	Note	2009	2008 (Restated)
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,226,734	4,767,002
Less: Dividend income		438,287	655,845
		3,788,447	4,111,157
Adjustments			
Depreciation	13.2	237,013	164,431
Provision against non-performing loans and advances	12.5	2,503,202	1,004,572
Provision for diminution in the value of investments	11.3	66,444	242,713
Net (gain) / loss on sale of fixed assets	27	(7,387)	103
		2,799,272	1,411,819
		6,587,719	5,522,976
(Increase) / decrease in operating assets			
Lendings to financial institutions		(51,824)	3,891,073
Advances		3,464,925	(19,439,022)
Other assets		(382,123)	(1,135,068)
		3,030,978	(16,683,017)
Increase / (decrease) in operating liabilities			
Bills payable		739,321	(837,895)
Borrowings from financial institutions		37,222,060	(239,618)
Deposits and other accounts		13,994,552	7,107,773
Other liabilities (excluding current taxation)		(1,329,816)	1,258,486
		50,626,117	7,288,746
		60,244,814	(3,871,295)
Income tax paid		(2,056,893)	(2,228,639)
		58,187,921	(6,099,934)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(56,837,418)	2,113,729
Net investments in held-to-maturity securities		350,000	4,200,000
Dividend received		438,287	655,845
Investments in operating fixed assets		(1,086,464)	(532,082)
Proceeds from sale of fixed assets		8,971	9,174
		(57,126,624)	6,446,666
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(37)	(501,122)
		(37)	(501,122)
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		1,061,260	(154,390)
Effect of exchange rate changes on cash and cash equivalents		12,947,153	12,751,362
		224,288	574,469
Cash and cash equivalents at end of the year	32	14,232,701	13,171,441

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Reserves					Un-appropriated Profit	Total
	Share Capital	Share Premium	Statutory Reserve	Special Reserve	Revenue Reserve		
	Rupees in '000						
Balance as at 1 January 2008	5,018,350	2,550,985	2,092,590	240,361	1,500,000	2,061,674	13,463,960
Effect of change in accounting policy – note 6.3	–	–	–	–	–	(103,549)	(103,549)
Balance as at 1 January 2008 – (re-stated)	5,018,350	2,550,985	2,092,590	240,361	1,500,000	1,958,125	13,360,411
Changes in equity for the year ended 31 December 2008							
Total comprehensive income for the year ended 31 December 2008 – profit for the year	–	–	–	–	–	3,295,147	3,295,147
Transactions with shareholders recognised directly in equity							
Issue of bonus shares in the ratio of 20 shares for every 100 shares held	1,003,670	–	–	–	–	(1,003,670)	–
Cash dividend (Re. 1 per share)	–	–	–	–	–	(501,835)	(501,835)
	1,003,670	–	–	–	–	(1,505,505)	(501,835)
Transfer to statutory reserve	–	–	656,000	–	–	(656,000)	–
Balance as at 31 December 2008	6,022,020	2,550,985	2,748,590	240,361	1,500,000	3,091,767	16,153,723
Changes in equity for the year ended 31 December 2009							
Total comprehensive income for the year ended 31 December 2009 – profit for the year	–	–	–	–	–	2,746,563	2,746,563
Transactions with shareholders recognised directly in equity							
Issue of bonus shares in the ratio of 25 shares for every 100 shares held	1,505,505	–	–	–	–	(1,505,505)	–
Transfer to statutory reserve	–	–	547,899	–	–	(547,899)	–
Balance as at 31 December 2009	7,527,525	2,550,985	3,296,489	240,361	1,500,000	3,784,926	18,900,286

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009



1. STATUS AND NATURE OF BUSINESS

- 1.1** The Group comprises of Habib Metropolitan Bank Ltd. (holding company) and Habib Metropolitan Financial Services Limited (wholly owned subsidiary company). The Group is engaged in providing Commercial Banking and brokerage services.
- 1.2** Habib Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on 3 August 1992 as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on all the three stock exchanges in Pakistan. The Bank operates 120 (2008: 110) branches including 4 (2008: 4) Islamic banking branches in Pakistan. The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company) which is incorporated in Switzerland. The registered office of the Bank is situated at Spencer's Building, I.I Chundrigar Road, Karachi.
- 1.3** Habib Metropolitan Financial Services Limited (the Company) was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Habib Metropolitan Bank Limited (the holding company). The registered office of the Company is located at 1st Floor, GPC 2, Block 5, Khekashan Clifton, Karachi. The Company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited and engaged in equity brokerage services.
- 1.4** During the year Habib Metropolitan Trade Services Limited (wholly owned subsidiary of Habib Metropolitan Bank Limited) was dissolved by members (voluntary winding up) on 10 November 2009. On dissolution of the subsidiary, net assets amounting to Rs.2,681 thousand were written off by the Group.

2. BASIS OF PRESENTATION

- 2.1** These consolidated financial statements comprise the financial statements of the bank and its subsidiary company. The financial statements of the subsidiary company have been prepared for the same reporting year as the bank using consistent accounting policies. The assets, liabilities, income and expenses of the subsidiaries companies have been consolidated on a line by line basis. Intra-group balances and transactions have been eliminated for the purpose of consolidation.
- 2.2** In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Bank from their customers and immediate resale to them at appropriate mark-up in price on a 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.
- 2.3 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except that certain investments are stated at market value and derivative financial instruments are carried at fair values as disclosed in notes 5.3 and 5.6 respectively.

3. STATEMENT OF COMPLIANCE

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

3.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for Banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. 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 SBP through various circulars.

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

The following standards, amendments and interpretations of approved accounting standard will be effective for accounting periods beginning on or after 1 January 2010.

- Revised IFRS 3 - Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the Group's financial statements.
- Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit and loss account. The application of the standard is not likely to have an effect on the Group's financial statements.
- IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Group's operations.

- IFRIC – 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a Group distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non-cash asset is distributed, the difference between the carrying amount and fair value is recognised in the profit and loss account. As the Group does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Group's financial statements.
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Group's 2010 financial statements. These amendments are unlikely to have an impact on the Group's financial statements.
- Amendment to IFRS 2 - Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in the consolidated financial statements. This amendment has no impact on the Group's financial statements.
- Amendment to IAS 32 - Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 01 February 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Group's financial statements.
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 01 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Group's financial statements.
- IAS 24 - Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after 01 January 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 01 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Group's financial statements.
- Improvement to IFRS 2008 – Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations – (effective for annual periods beginning on or after 01 July 2009). The amendments specify that if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in IFRS 5 are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary; and disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation. This amendment is not likely to have any impact on Group's financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

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

i) Classification of investments

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

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

The Group reviews its loan portfolio and debt securities classified as investments to assess amount of non-performing loans and advances and debt securities and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, the forced sale value of the securities and the requirement of the Prudential Regulations are considered. For portfolio impairment provision on consumer advances, the Bank follows the general provision requirement set out in Prudential Regulations. In addition the Bank also maintain a general provision against its loan portfolio discussed in note 5.4.

iii) Valuation and impairment of available-for-sale equity investments

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

iv) Income taxes

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

v) Fixed assets, depreciation and amortisation

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

vi) Defined benefits plan

Liability is determined on the basis of actuarial advice using the "Projected Unit Credit Method".

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2008, except for the changes mentioned in note 6 to these financial statements.

5.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks less overdrawn nostro and local bank accounts.

5.2 Lendings to / borrowings from financial institutions

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

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments and counter party liability is included in borrowing from financial institutions. The difference between sale and repurchase price is amortised as an expense over the term of the repo agreement.

Purchase under resale obligation

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

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

5.3 Investments

5.3.1 Investments are classified as follows:

Held-for-trading

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

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the positive intention and ability to hold till maturity.

Available-for-sale

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

5.3.2 Investments (other than held-for-trading) include transaction costs associated with the investments. In case of held for trading investments transaction costs are expensed in the profit and loss account.

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

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

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

Provision for diminution in the value of securities (other than Bonds and term finance certificates) is made after considering objective evidence of impairment, if any, in their value. Provision for diminution in value of Bonds and term finance certificates are made in accordance with the requirements of Prudential Regulations issued by State Bank of Pakistan.

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

5.4 Advances (including net investment in finance lease and ijarah arrangements)

Loans and advances

Loans and advances and net investments in finance lease are stated net of provision for loan losses against non - performing advances. Provision for loan losses is made in accordance with the Prudential Regulations issued by the SBP and is charged to profit and loss account. The Group also maintains general provision in addition to the requirements of the Prudential Regulations on the basis of management's assessment of credit risk characteristics and general banking risk such as nature of credit, collateral type, industry sector and other relevant factors. Murabaha receivables are stated at gross amount receivable less deferred income and provisions, if any.

Finance lease receivables

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

Ijarah receivables

In accordance with the requirements of Islamic Financial Accounting Standard (IFAS) No.2 for the accounting and financial reporting of "ijarah" effective 01 January 2009, ijarah arrangements by the Islamic Banking branches are accounted for as 'Assets held under ijarah' and are stated at cost less accumulated depreciation, residual value and impairment losses, if any. Accordingly assets subject to Ijarahs commencing on after 01 January 2009 have been reflected in note 12 to these consolidated financial statements under "Advances". Rental income on these Ijarahs is recognised in the Group's profit and loss account on a time proportion basis, while depreciation is calculated on Ijarah assets on a straight line basis over the period of Ijarah from the date of delivery of respective assets to mustajir (lessee) up to the date of maturity / termination of ijarah agreement and is charged to the profit and loss account. The classification and provisioning of Ijarah assets is done in line with the requirements laid down in the prudential regulations and are recognised in the profit and loss account.

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

5.5 Fixed assets

Tangible - Owned (operating)

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for land which are stated at cost less accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset at the rates specified in note 13.2. Depreciation on additions during the year is charged from the date of addition. In case of disposals during the year, the depreciation is charged up till the date of disposal. Depreciation on Ijarah assets referred to in note 12.10 above is calculated on a straight line basis over the period of Ijarah from the date of delivery of respective assets to the mustajir (lessee) up to the date of maturity / termination of ijarah agreed.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the profit and loss account in the year the asset is derecognized.

The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date.

Gain and loss on disposal of assets is included in income currently.

Intangible

These are stated at cost less accumulated amortization and impairment, if any. The cost of intangible assets are amortized from the month when the assets are available for intended use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

Capital work-in-progress

These are stated at cost less impairment losses, if any.

5.6 Derivative financial instruments

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

5.7 Provisions

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

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

5.8 Taxation

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

Current

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

Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rate that are expected to be applied on the temporary differences when they reverse, based on the tax rates that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against the related deficit / surplus in accordance with the requirements of IAS 12 "Income Taxes".

5.9 Employees' benefits

5.9.1 Retirement benefits

Defined benefit plan

The Group operates an approved funded gratuity scheme for all its permanent employees. Retirement benefits are payable to the members of the scheme on the completion of prescribed qualifying period of service under the scheme. Contribution is made in accordance with the actuarial recommendation.

The actuarial valuation is carried out annually as at the balance sheet date using "Projected Unit Credit Method". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of 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.

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

Defined contribution plan

The Group operates a recognised provident fund scheme for all its regular employees, which is administered by the Board of Trustees. Contributions are made by the Group and its employees, to the fund at the rate of 10% of basic salary.

5.9.2 Other benefits

Employee compensated absences

Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for estimated liability for annual leaves as a result of services rendered by the employees against unavailed leaves, as per term of service contract, up to balance sheet date.

5.10 Revenue recognition

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

a) Advances and investments

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

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

Dividend income is recognised when the Group's right to receive the dividend is established.

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

Income on bills discounted are recognised over the period of the bill.

b) Lease financing / Ijarah contracts

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

Rental income on Ijarahs executed on or after 01 January 2009 by the Islamic Banking branches is recognised in the profit and loss account on a time proportion basis.

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

c) Fees, brokerage and commission

Fees, commission and brokerage except income from letters of guarantee is accounted for on receipt basis. Income from letter of guarantee is recognised on an accrual basis over the period of the guarantee.

5.11 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 Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.12 Foreign currencies

Foreign currency transactions are translated into local currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the balance sheet date. Forward exchange

contracts including foreign exchange bills purchased, are revalued using forward exchange rates applicable to their respective remaining maturities. Exchange gains or losses are included in income currently.

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

5.13 Segment reporting

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

Business segments

a) Trading and sales

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

b) Retail banking

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

c) Commercial banking

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

Geographical segments

The Group conducts all its operations in Pakistan.

5.14 Dividend distribution and appropriations

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

5.15 Earnings per share

The Group present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. 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.

5.16 Impairment

At each balance sheet date, the Group reviews the carrying amount of its assets (other than deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of relevant asset is estimated. Recoverable amount is the greater of the net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognized as an expense immediately. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

6. CHANGES IN ACCOUNTING POLICES

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

IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 January 2009) - The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Further, under revised standard, an equity may present the components of profit or loss either as part of a single statement of comprehensive income or in a separate income statement. The Group has opted to present the components of profit or loss in a separate statement while a statement of comprehensive income is presented separately as permitted under revised IAS 1.

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

6.2 The State Bank of Pakistan, vide its IBD Circular No 1 dated 27 January 2009, has adopted IFAS No. 2 for the accounting and financial reporting of "Ijarah" with effect from 01 January 2009. This standard requires ijarah arrangements by the Islamic Banking branches to be accounted for as assets held under ijarah stated at cost less accumulated depreciation and impairment, if any. Accordingly, net assets / investments in Ijarahs during the period from 1 January 2009 to 31 December 2009 have been reflected in note No. 12 to these unconsolidated financial statements under "Advances". The rental income on these Ijarahs is recognized on accrual basis in the Group's profit and loss account. Depreciation is calculated on Ijarah assets on straight line basis over the period of Ijarah from the date of delivery of respective assets to mustajir (lessee) up to the date of maturity / termination of ijarah agreement and is charged to the profit and loss account. The classification and provisioning of Ijarah assets is done in line with the requirements laid down in SBP Prudential Regulations. As per the policy applied for all future contracts, the adoption of the standard effective from 01 January 2009 did not require any restatement. The financial impact of this change is not material.

6.3 The Group has decided to segregate the income earned on Foreign Documentary Bills Purchased (FDBP) into Income from dealing in foreign currencies and Discount Income, which is now recognized on amortization basis over the term of FDBP and reflected in the Group's mark-up/return / interest earned. Previously, the income was recognized as income from dealing in foreign currencies over the FDBP tenor. Although the impact of this change is not material, however the management believes it to be more appropriate accounting treatment, making the Group's financial statement more comparable. This change has been accounted for retrospectively in accordance with the requirements of International Accounting Standard 8 "Accounting Policies, changes in Accounting Estimates and Errors" and the corresponding figures of the earliest period presented have been restated accordingly. Due to this change, profit before tax for the year and unearned income as of the balance sheet date is higher by Rs. 82 million (2008: Rs.

23 million; 2007: lower by Rs. 159 million) and Rs. 53 million (2008: Rs. 135 million; 2007: lower by Rs. 159 million) respectively.

The restated balance sheet for three years have been given in Annexure III to these financial statements.

7. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pakistani Rupees, which is Bank's functional currency. Except as indicated, financial information presented in Pakistani Rupees has been rounded to nearest thousand.

8. CASH AND BALANCES WITH TREASURY BANKS

	Note	2009	2008
Rupees in '000			
In hand			
Local currency		1,718,787	1,967,601
Foreign currencies		373,053	463,180
		2,091,840	2,430,781
With State Bank of Pakistan in			
Local currency current accounts	8.1	6,290,443	6,871,297
Foreign currency current account	8.2	34,599	17,984
Foreign currency deposit accounts			
- cash reserve accounts	8.3	688,928	510,976
- special cash reserve accounts	8.4	2,039,742	1,515,923
		9,053,712	8,916,180
With National Bank of Pakistan in			
Local currency current accounts		36,745	49,433
National Prize Bonds		10,201	4,990
		11,192,498	11,401,384

8.1 These accounts are maintained to comply with the statutory cash reserve requirements and include cash reserve account of Rs. 667,291 thousand (2008: 941,386 thousand) in respect of the Islamic banking branches of the Bank.

8.2 Represents US Dollar collection / settlement account with the SBP.

8.3 Represents cash reserve maintained with SBP against foreign currency deposits.

8.4 Represents special cash reserve maintained with SBP against foreign currency deposits and is non-remunerated (2008: 0.90% per annum).

	Note	2009	2008
Rupees in '000			
9. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		194,743	233,385
On deposit account	9.1	159	8,019
		194,902	241,404
Outside Pakistan			
On current accounts	9.3	1,356,074	1,204,020
On deposit accounts	9.2 & 9.3	3,285,423	1,528,813
		4,641,497	2,732,833
		4,836,399	2,974,237

9.1 This carry mark-up rate of 5.00% (2008: 5.00%) per annum.

9.2 This carries mark-up rate of 0.1053% (2008: 1.00% to 2.75%) per annum.

9.3 Include balances in current and deposit accounts of Rs. 65,247 thousand (2008: Rs. 22,649 thousand) and Rs. Nil (2008: Rs. 971,485 thousand) respectively with branches of the holding company.

10. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	10.2	100,000	–
Repurchase agreement lendings (Reverse repo)	10.3	–	98,176
Letter of placements	10.4	50,000	–
		150,000	98,176
10.1 Particulars of lendings			
In local currency		150,000	98,176
		150,000	98,176

10.2 This carry mark-up rate of 12.25% (2008:14.00%) per annum and will mature on 25 February 2010.

10.3 Securities held as collateral against lending to financial institutions (Reverse repo)

	2009			2008		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in'000)					
Pakistan Investment Bonds	–	–	–	98,176	–	98,176

10.4 This represents clean placement with Non-Banking Financial Institution, carrying mark-up at rate of 14.00% (2008:NIL) per annum and will mature on 14 January 2010.

	Note	2009			2008		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000							
11. INVESTMENTS							
11.1 Investments by types							
Available-for-sale securities							
Market Treasury Bills		36,395,925	34,383,407	70,779,332	25,869,803	6,480,493	32,350,296
Pakistan Investment Bonds	11.5	12,736,368	4,788,400	17,524,768	10,924,261	–	10,924,261
Ordinary Shares of listed companies		276,750	–	276,750	63,713	–	63,713
Ordinary Shares of un-listed companies		123,101	–	123,101	123,101	–	123,101
Preference Shares of listed company		40,000	–	40,000	40,000	–	40,000
Preference Shares of unlisted company		–	–	–	25,000	–	25,000
Listed Term Finance Certificates		1,911,435	–	1,911,435	1,396,963	–	1,396,963
Unlisted Term Finance Certificates		4,407,393	–	4,407,393	1,316,642	–	1,316,642
Sukuk Certificates/Bonds		8,118,738	–	8,118,738	2,200,000	–	2,200,000
Open end mutual funds		8,524,630	–	8,524,630	6,380,460	–	6,380,460
Close end mutual funds		129,055	–	129,055	177,348	–	177,348
		72,663,395	39,171,807	111,835,202	48,517,291	6,480,493	54,997,784
Held-to-maturity securities							
Certificate of Investments		–	–	–	350,000	–	350,000
Investments at cost		72,663,395	39,171,807	111,835,202	48,867,291	6,480,493	55,347,784
Provision for diminution in the value of investments	11.3	(227,022)	–	(227,022)	(250,057)	–	(250,057)
Investments net of provision		72,436,373	39,171,807	111,608,180	48,617,234	6,480,493	55,097,727
Deficit on revaluation of available-for-sale investments - net	21	(78,405)	(150,255)	(228,660)	(1,745,971)	(15,901)	(1,761,872)
Investments after revaluation of available-for-sale investments		72,357,968	39,021,552	111,379,520	46,871,263	6,464,592	53,335,855

	Note	2009	2008
		Rupees in '000	
11.2 Investments by segments			
Federal Government Securities			
- Market Treasury Bills		70,779,332	32,350,296
- Pakistan Investment Bonds	11.5	17,524,768	10,924,261
		88,304,100	43,274,557
Fully paid up Ordinary Shares			
- Listed Companies		276,750	63,713
- Unlisted Companies		123,101	123,101
		399,851	186,814
Fully paid up Preference Shares			
- Listed company		40,000	40,000
- Unlisted company		—	25,000
		40,000	65,000
Term Finance Certificates and Sukuk certificates / Bonds			
- Listed Term Finance Certificates		1,911,435	1,396,963
- Unlisted Term Finance Certificates		4,407,393	1,316,642
- Sukuk Certificates / Bonds		8,118,738	2,200,000
		14,437,566	4,913,605
Mutual Funds			
- Open end		8,524,630	6,380,460
- Closed end		129,055	177,348
		8,653,685	6,557,808
Certificates of Investments			
		—	350,000
Investments at cost			
		111,835,202	55,347,784
Provision for diminution in the value of investments			
		(227,022)	(250,057)
Investments - net of provisions			
	11.3	111,608,180	55,097,727
Deficit on revaluation of available-for-sale investments – net			
	21	(228,660)	(1,761,872)
Investments after revaluation of available-for-sale investment			
		111,379,520	53,335,855

11.3 Particulars of provision for diminution in the value of investments	2009	2008
	Rupees in '000	
- Opening balance	250,057	7,344
- Charge for the year	66,444	242,713
- Reversals	(89,479)	-
- Closing balance	<u>227,022</u>	<u>250,057</u>
11.3.1 Particulars of provision in respect of type and segment		
Available-for-sale securities		
- Ordinary shares of listed companies	38,110	37,780
- Ordinary shares of unlisted companies	36,835	11,361
- Listed term finance certificates	23,611	11,458
- Sukuk Certificates / Bonds	24,053	-
- Open end mutual funds	22,695	107,824
- Closed end mutual funds	81,718	81,634
	<u>227,022</u>	<u>250,057</u>

11.4 Information relating to investments in Federal Government Securities, ordinary and preference shares of listed and unlisted companies, open and closed end mutual funds, listed and unlisted Term Finance Certificates and Sukuk certificates / Bonds required to be disclosed as part of the financial statements under the SBP's BSD Circular No. 4, dated 17 February 2006, is given in Annexure "I" and is an integral part of these financial statements.

11.5 Pakistan Investment Bonds includes Rs. 158.500 million as at 31 December 2009 (2008: Rs. 158.500 million) pledged with State Bank of Pakistan and National Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

	Note	2009	2008
		Rupees in '000	
12. ADVANCES			
Loans, cash credits, running finances, etc. In Pakistan		86,998,347	85,304,478
Net investment in finance lease/ijarah financing In Pakistan	12.2	1,385,434	2,560,428
Net assets in Ijarah under IFAS 2	12.10	212,552	-
Bills discounted and purchased (excluding Market treasury bills) Payable in Pakistan		4,810,638	5,382,542
Payable outside Pakistan		13,515,637	17,143,916
		<u>18,326,275</u>	<u>22,526,458</u>
Advances – gross		106,922,608	110,391,364
Provision against non-performing advances - specific		(4,204,731)	(1,083,785)
- general		(424,745)	(1,046,320)
	12.5	<u>(4,629,476)</u>	<u>(2,130,105)</u>
Advances – net of provisions		<u>102,293,132</u>	<u>108,261,259</u>

		2009	2008
		Rupees in '000	
12.1	Particulars of advances – gross		
12.1.1	In local currency	95,623,555	95,931,381
	In foreign currencies	11,299,053	14,459,983
		106,922,608	110,391,364
12.1.2	Short term (for upto one year)	92,746,494	98,883,595
	Long term (for over one year)	14,176,114	11,507,769
		106,922,608	110,391,364

12.2 Net investment in finance leases/ijarah financing

	2009				2008			
	Not later than one year	Later than one & less than five years	Over five years	Total	Not later than one year	Later than one & less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	129,421	1,300,450	–	1,429,871	1,039,658	1,721,523	–	2,761,181
Residual value	17,168	104,009	–	121,177	51,782	117,760	–	169,542
Minimum lease payments	146,589	1,404,459	–	1,551,048	1,091,440	1,839,283	–	2,930,723
Financial charges for future periods	(14,690)	(150,924)	–	(165,614)	(124,032)	(246,263)	–	(370,295)
Present value of minimum lease payments	131,899	1,253,535	–	1,385,434	967,408	1,593,020	–	2,560,428

12.3 Advances include Rs. 6,364,335 thousand (2008: Rs. 1,747,599 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	2009								
	Classified Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Substandard	230,099	–	230,099	32,426	–	32,426	32,426	–	32,426
Doubtful	1,082,445	–	1,082,445	405,567	–	405,567	405,567	–	405,567
Loss	5,051,791	–	5,051,791	3,766,738	–	3,766,738	3,766,738	–	3,766,738
	6,364,335	–	6,364,335	4,204,731	–	4,204,731	4,204,731	–	4,204,731
	2008								
	Classified Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Substandard	715,558	–	715,558	178,890	–	178,890	178,890	–	178,890
Doubtful	231,698	–	231,698	142,088	–	142,088	142,088	–	142,088
Loss	800,343	–	800,343	762,807	–	762,807	762,807	–	762,807
	1,747,599	–	1,747,599	1,083,785	–	1,083,785	1,083,785	–	1,083,785

12.4 Amendments in prudential regulations in respect of provisioning against non-performing loans

In accordance with BSD Circular No. 2 dated 27 January 2009 issued by the State Bank of Pakistan, the Bank has availed the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio). The State Bank of Pakistan vide its Circular dated 20 October 2009 has further increased the limit for consideration of FSV benefit from 30% to 40% and has also allowed the FSV of industrial property for calculation of provisioning requirement. Had the benefit of FSV not been availed by the Bank, the specific provision against non-performing advances would have been higher and consequently profit before taxation and advances (net of provisions) as at 31 December 2009 would have been lower by approximately Rs. 1,303.499 million. Increase in profit is not available for the distribution of cash and stock dividend to share holders.

12.5 Particulars of provision against non-performing advances:

	2009			2008		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	1,083,785	1,046,320	2,130,105	700,981	516,274	1,217,255
Charge for the year	3,203,349	–	3,203,349	531,254	530,046	1,061,300
Reversals	(78,572)	(621,575)	(700,147)	(56,728)	–	(56,728)
Net charge for the year	3,124,777	(621,575)	2,503,202	474,526	530,046	1,004,572
Amount written off	12.7 (3,831)	–	(3,831)	(91,722)	–	(91,722)
Closing balance	12.6 4,204,731	424,745	4,629,476	1,083,785	1,046,320	2,130,105

12.5.1 General provision includes provision of Rs. 16.195 million (2008: Rs. 23.051 million) made against consumer portfolio in accordance with the Prudential Regulations issued by SBP at 1.5% of fully secured and at 5% of the unsecured consumer portfolio. For the remaining balance of general provision refer note 5.4

12.6 Particulars of provision against non-performing advances:

	2009			2008		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	4,204,731	424,745	4,629,476	1,083,785	1,046,320	2,130,105

12.7 Particulars of write offs:

	2009	2008
	Rupees in '000	
12.7.1 Against provisions	3,831	91,722
Directly charged to profit and loss account	–	2,535
	3,831	94,257
12.7.2 Write offs of Rs. 500,000/- and above	3,249	89,950
Write offs of below Rs. 500,000/-	582	4,307
	3,831	94,257

12.8 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 Rs. 500,000 or above allowed to the persons during the year ended 31 December 2009 is enclosed as Annexure II.

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

	Note	2009	2008
Rupees in '000			
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
Balance at beginning of year		583,277	486,031
Loans granted during the year		261,532	336,935
Repayments		(223,901)	(239,689)
Balance at end of year		<u>620,908</u>	<u>583,277</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		1,550,222	754,000
Loans granted during the year		28,110,309	17,650,494
Repayments		(27,919,604)	(16,854,272)
Balance at end of year		<u>1,740,927</u>	<u>1,550,222</u>

12.10 Net book value of investments in Ijarah under IFAS - 2 is net of depreciation of Rs. 43.947 million (2008: NIL).

13. OPERATING FIXED ASSETS

Capital work-in-progress	13.1	88,673	130,697
Property and equipment	13.2	2,342,554	1,452,663
Intangible Assets	13.3	34,750	34,750
		<u>2,465,977</u>	<u>1,618,110</u>
13.1 Capital work-in-progress			
Civil works	13.1.1	85,879	50,716
Equipments		2,794	3,731
Advances against purchase of property for own use		–	76,250
		<u>88,673</u>	<u>130,697</u>

13.1.1 This represents renovations being carried out at the branches.

13.2 Property and equipment

	COST			DEPRECIATION			BOOK VALUE		Rate of depreciation %
	As at 1 January 2009	Additions/ (deletions)	As at 31 December 2009	As at 1 January 2009	Charge for the year/ (deletions)	As at 31 December 2009	As at 31 December 2009		
Rupees in '000									
Freehold land	22,690	–	22,690	–	–	–	22,690	–	
Leasehold land	7,488	43,200	50,688	–	–	–	50,688	–	
Buildings/office premises	1,136,635	815,538	1,952,173	313,909	50,277	364,186	1,587,987	4	
Furniture, fixtures, office and computer equipment	404,424	156,634 (5,322)	555,736	150,610	98,425 (4,926)	244,109	311,627	15 & 25	
Vehicles	9,494	2,013 (1,510)	9,997	4,493	1,515 (322)	5,686	4,311	20	
Leasehold improvements	447,493	111,103	558,596	106,549	86,796	193,345	365,251	20	
2009	2,028,224	1,128,488 (6,832)	3,149,880	575,561	237,013 (5,248)	807,326	2,342,554		

	COST			DEPRECIATION			BOOK VALUE	Rate of depreciation %
	As at 1 January 2008	Additions/ (deletions)	As at 31 December 2008	As at 1 January 2008	Charge for the year/ (deletions)	As at 31 December 2008	As at 31 December 2008	
	Rupees in '000							
Freehold land	22,690	–	22,690	–	–	–	22,690	–
Leasehold land	7,488	–	7,488	–	–	–	7,488	–
Buildings/office premises	1,130,769	5,866	1,136,635	278,668	35,241	313,909	822,726	4
Furniture, fixtures, office and computer equipment	230,436	180,702 (6,714)	404,424	93,089	62,354 (4,833)	150,610	253,814	15 & 25
Vehicles	9,357	8,778 (8,641)	9,494	4,213	1,525 (1,245)	4,493	5,001	20
Leasehold improvements	299,126	150,719 (2,352)	447,493	43,590	65,311 (2,352)	106,549	340,944	20
2008	1,699,866	346,065 (17,707)	2,028,224	419,560	164,431 (8,430)	575,561	1,452,663	

13.2.1 The cost of fully depreciated assets still in use is Rs.114,958 thousand (2008: Rs. 99,188 thousand).

13.2.2 Details of fixed assets deleted with original cost or book value in excess of Rs.1,000 thousand or Rs.250 thousand respectively whichever is lower are as follows:

Particulars	Cost	Book Value	Sales proceed	Mode of disposal	Particulars of Purchaser
	Rupees in '000				
Vehicles	578	554	662	Insurance claim	Adamjee Insurance Co. Ltd, Karachi
	312	299	643	Insurance claim	Adamjee Insurance Co. Ltd, Karachi
	<u>890</u>	<u>853</u>	<u>1,305</u>		

13.3 Intangible assets

13.3.1 It represents the Membership Card of Karachi Stock Exchange of Pakistan.

13.3.2 The cost of fully amortised intangible assets (computer software) still in use is Rs. 27,875 thousand (2008: Rs. 27,875 thousand).

	2009	2008
	Rupees in '000	
14. DEFERRED TAX ASSETS		
Deferred tax debits arising in respect of:		
– Deficit on revaluation of investment securities	80,031	616,537
– Provision against diminution in the value of investments	43,827	87,520
– Provisions against non-performing advances	1,060,149	745,537
– Pre operation expenses	759	1,214
	<u>1,184,766</u>	<u>1,450,808</u>
Deferred tax credits arising due to:		
– Accelerated depreciation	(359,301)	(251,781)
– Net investment in finance lease	–	(53,362)
	<u>(359,301)</u>	<u>(305,143)</u>
Net deferred tax asset recognised by the Group	<u>825,465</u>	<u>1,145,665</u>

14.1. Reconciliation of deferred tax

Deferred debits arising in respect of	Balance as at 1 January 2007	Recognised in profit and loss account	Recognised in equity	Balance as at 31 December 2008	Recognised in profit and loss account	Recognised in equity	Balance as at 31 December 2009
Rupees in '000							
Deficit on revaluation of investment	(30,338)	–	646,875	616,537	–	(536,506)	80,031
Provision against diminution in value of investments	–	87,520	–	87,520	(43,693)	–	43,827
Provision against non-performing advances - note 30.3 & 30.4	426,036	319,501	–	745,537	314,612	–	1,060,149
Others	–	1,214	–	1,214	(455)	–	759
	<u>395,698</u>	<u>408,235</u>	<u>646,875</u>	<u>1,450,808</u>	<u>270,464</u>	<u>(536,506)</u>	<u>1,184,766</u>
Deferred credits arising due to							
Accelerated tax depreciation	(196,443)	(55,338)	–	(251,781)	(107,520)	–	(359,301)
Net investment in finance lease	(260,132)	206,770	–	(53,362)	53,362	–	–
	<u>(456,575)</u>	<u>151,432</u>	<u>–</u>	<u>(305,143)</u>	<u>(54,158)</u>	<u>–</u>	<u>(359,301)</u>
	<u>(60,877)</u>	<u>559,667</u>	<u>646,875</u>	<u>1,145,665</u>	<u>216,306</u>	<u>(536,506)</u>	<u>825,465</u>

2009 **2008**
Rupees in '000

15. OTHER ASSETS

Income / mark-up accrued in local currency	2,984,163	2,550,397
Income / mark-up accrued in foreign currencies	49,498	37,077
Advances, deposits, advance rent and other prepayments	329,808	226,894
Branch adjustment account	387	–
Unrealized gain on forward foreign exchange contracts	432,357	723,759
Receivable from the SBP against encashment of Government Securities	42,275	43,100
Stationery and stamps on hand	25,912	23,770
Advance payments against Murabaha	133,051	2,106
Others	18,059	26,284
	<u>4,015,510</u>	<u>3,633,387</u>

16. BILLS PAYABLE

In Pakistan	<u>3,111,467</u>	<u>2,372,146</u>
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17. BORROWINGS

In Pakistan	66,304,447	29,226,433
Outside Pakistan	1,882,227	1,146,165
	<u>68,186,674</u>	<u>30,372,598</u>

17.1 Particulars of borrowings in respect of currencies

In local currency	66,304,447	29,226,433
In foreign currencies	1,882,227	1,146,165
	<u>68,186,674</u>	<u>30,372,598</u>

	Note	2009	2008
Rupees in '000			
17.2 Details of borrowings			
Secured			
Borrowings from the State Bank of Pakistan			
- under export refinance scheme		24,820,596	20,550,658
- under long term financing - export oriented projects		1,858,677	1,923,101
- under long term financing facility - locally manufactured plant and machinery		677,608	314,780
	17.2.1	27,356,881	22,788,539
Repurchase agreement borrowings	17.2.2	38,807,235	6,379,879
		66,164,116	29,168,418
Unsecured			
Call borrowing	17.2.3	100,000	–
Overdrawn nostro accounts		1,755,865	1,146,165
Overdrawn local bank accounts		40,331	58,015
Other short term borrowing	17.2.4	126,362	–
		2,022,558	1,204,180
		68,186,674	30,372,598

17.2.1 This carries mark-up rates ranging between 4.00% to 7.70% (2008: 4.00% to 7.00%) per annum which is payable quarterly or upon maturity of loans, whichever is earlier.

17.2.2 These have been borrowed from financial institutions and are secured against Federal Government Securities and carries mark-up rates ranging between 12.00% to 12.40% (2008: 11.50% to 14.90%) per annum, with maturities upto June 2010.

17.2.3 This is an unsecured borrowing from Financial Institution, carrying mark-up at the rate of 12.25% (2008: NIL) per annum and will mature on 25 February 2010.

17.2.4 This is an unsecured borrowing from Financial Institution in foreign currency, carrying mark-up at the rate of 1.00% (2008: NIL) per annum and will mature on 22 March 2010.

18. DEPOSITS AND OTHER ACCOUNTS

	2009	2008
Rupees in '000		
Customers		
Fixed deposits	63,745,868	62,433,208
Savings deposits	39,879,767	29,654,843
Current accounts (non-remunerative)	33,250,907	31,196,681
Others	1,478,044	1,804,139
	138,354,586	125,088,871
Financial institutions		
Remunerative deposits	3,693,545	2,955,987
Non-remunerative deposits	137,364	146,085
	3,830,909	3,102,072
	142,185,495	128,190,943
18.1 Particulars of deposits		
In local currency	128,735,874	117,826,455
In foreign currencies	13,449,621	10,364,488
	142,185,495	128,190,943

	Notes	2009 Rupees in '000	2008 (Restated)
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		2,983,665	3,859,012
Mark-up / return / interest payable in foreign currencies		8,500	29,739
Unearned commission and income on bills discounted		158,948	243,917
Accrued expenses		251,593	228,066
Current taxation (provisions less payments)	30	328,627	735,160
Unclaimed dividend		1,049	1,086
Unrealized loss on forward foreign exchange contracts		157,400	353,450
Branch adjustment account		-	1,679
Workers' Welfare Fund	29.1	137,060	125,862
Excise duty payable		21,078	9,754
Locker deposits		271,593	216,024
Advance against diminishing musharaka		33,661	152,490
Advance rental for Ijara		10,316	12,877
Security deposits against leases/ Ijara		402,380	475,672
Sundry creditors		28,314	51,470
Others		129,024	27,740
		4,923,208	6,523,998

20. SHARE CAPITAL

20.1 Authorised capital

2009	2008		2009	2008
Number of shares			(Rupees in '000)	
1,200,000,000	1,200,000,000	Ordinary shares of Rs 10/- each	12,000,000	12,000,000

20.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs10/- each				
30,000,000	30,000,000	- issued for cash	300,000	300,000
92,500,000	92,500,000	- issued upon amalgamation	925,000	925,000
630,252,500	479,702,000	- issued as bonus shares	6,302,525	4,797,020
752,752,500	602,202,000		7,527,525	6,022,020

20.3 As of the balance sheet date, Habib Bank AG Zurich – Switzerland (the holding company) held 383,904 thousand (2008: 307,123 thousand) ordinary shares of Rs.10/- each (51% holding).

21. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX

	2009	2008
	(Rupees in '000)	
Available-for-sale securities		
Market Treasury Bills	27,645	(77,273)
Pakistan Investment Bonds	(264,249)	(1,316,755)
Listed Shares	31,317	(337)
Term Finance Certificates	(112,001)	12,605
Sukuk Certificates/Bonds	(19,200)	17,925
Mutual Funds	107,828	(398,037)
	<u>(228,660)</u>	<u>(1,761,872)</u>
Related deferred tax assets-net	80,031	616,537
	<u>(148,629)</u>	<u>(1,145,335)</u>

22. CONTINGENCIES AND COMMITMENTS

22.1 Direct credit substitutes

Bank guarantees of indebtedness in favour of:

– Banking companies and other financial institutions	106,518	1,900
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22.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:

i) Government	7,384,640	7,967,160
ii) Banking companies and other financial institutions	184,431	95,529
iii) Others	6,496,564	2,034,386

	<u>14,065,635</u>	<u>10,097,075</u>
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22.3 Trade-related contingent liabilities

Letter of credits

	33,926,635	23,253,326
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Acceptances

	8,815,049	8,105,504
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22.4 Commitments in respect of forward exchange contracts

Purchase

	25,374,364	13,207,319
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Sale

	29,690,658	25,402,670
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22.5 Commitments in respect of Repurchase agreement borrowings

	4,655,405	–
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22.6 Commitments in respect of operating leases

Not later than one year

	85,563	134,082
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Later than one year and not later than five years

	67,481	128,625
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	<u>153,044</u>	<u>262,707</u>
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The Group has entered into non-cancellable lease agreements with a Modaraba which has been duly approved by the Religious Board as Ijara transactions. The monthly rental instalments are spread over a period of 34 months. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

	2009	2008
	Rupees in '000	
22.7 Commitments for the acquisition of operating fixed assets	14,884	33,250
22.8 Claims against Group not acknowledged as debt	1,634,510	249,714
22.9 Commitments in respect of forward lendings		
The Group makes commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn.		
22.10 Commitments in respect of syndicate financing	593,191	1,940,529
22.11 Commitments in respect of investment in Sukuk certificates and Tem finance certificates	294,696	1,442,970

23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the Group's policy, these contracts are reported on their fair value at the balance sheet date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealized gains and losses on these contracts are recorded on the balance sheet under "other assets / other liabilities".

These products are offered to the Group's customers to protect from unfavourable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the Group's Asset and Liability Committee (ALCO).

	2009	2008
	Rupees in '000	
24. MARK-UP / RETURN / INTEREST EARNED		(Restated)
On loans and advances to:		
Customers	10,117,082	10,974,697
Financial institutions	1,651,511	73,163
	11,768,593	11,047,860
On investments in:		
Available-for-sale securities	8,909,983	4,822,076
Held-to-maturity securities	26,328	340,412
	8,936,311	5,162,488
On deposits with financial institutions	533,639	632,689
On securities purchased under resale agreements	137,716	318,496
	21,376,259	17,161,533

	Note	2009	2008
		Rupees in '000	
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits and other accounts		9,531,641	9,042,788
Securities sold under repurchase agreements		3,530,426	1,698,624
Other short term borrowings		1,456,924	972,183
Long term borrowings		117,237	112,827
		<u>14,636,228</u>	<u>11,826,422</u>
26. GAIN ON SALE / REDEMPTION OF SECURITIES			
Federal Government Securities			
Market Treasury Bills		20,864	141
Pakistan Investment Bonds		33,528	—
Fully paid-up ordinary shares			
Listed companies		40,048	657
Mutual Funds			
Open-end and Closed-end		112,074	170,143
		<u>206,514</u>	<u>170,941</u>
27. OTHER INCOME			
Rent on property		8,492	1,405
Net gain/(loss) on sale of fixed assets		7,387	(103)
Recovery of expenses from customers	27.1	116,772	104,567
Others	27.2	127,207	114,873
		<u>259,858</u>	<u>220,742</u>

27.1 Includes courier, telex, postage and other charges recovered from customers.

27.2 Includes income from various general banking services such as cheque book charges, cheque return charges, cheque handling charges, rent of lockers etc.

	Note	2009	2008
		Rupees in '000	
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		1,581,127	1,368,770
Contract staff		83,216	67,595
Charge for defined benefit plan	34	40,094	33,690
Contribution to defined contribution plan		61,479	50,290
Non-executive directors' fees, allowances and other expenses		6,650	190
Brokerage and commission		67,303	58,937
Rent, taxes, insurance, electricity etc.		442,004	389,171
Legal and professional charges		34,034	25,200
Communication		119,947	112,015
Repairs and maintenance		116,933	113,358
Rentals of operating leases		130,628	167,006
Stationery and printing		55,036	50,119
Management fee		134,640	112,170
Advertisement and publicity		34,702	34,469
Donations	28.1	33,100	24,166
Auditors' remuneration	28.2	2,604	4,096
Depreciation	13.2	237,013	164,431
Security charges		57,993	47,810
Travelling and conveyance		38,371	38,761
Computer software maintenance		44,467	53,541
Motor car running		31,159	25,472
Cartage, handling and freight charges		35,264	30,400
Ijarah Payments		3,787	2,197
Net assets of subsidiary written off	1.4	2,681	-
Others		156,415	128,581
		3,550,647	3,102,435

28.1 None of the directors, executives and their spouses had any interest in the donations disbursed during the year except for donations paid to Habib Medical Trust and Habib Poor Fund. Detail of Donations paid in excess of Rs. 100,000 to a single party during the year are as follows:

DONEE

The Citizens Foundation	6,600	6,620
Memon Health and Education Foundation	4,800	-
Habib Medical Trust	3,500	960
Mohammadali Habib Welfare Trust	1,200	-
Habib University Foundation	1,000	-
Abbas-e-Alamdar Hostel	960	984
Al Sayyeda Benevolent Trust	960	960
Habib Poor Fund	960	960
Rahmatbai Habib Food & Clothing Trust	960	960
Rahmatbai Habib Widow & Orphans Trust	960	960
Pakistan Memon Educational & Welfare Society	600	600
Abdul Sattar Edhi Foundation	500	500
Fatimiyah Education Network	500	500
Marie Adelaide Leprosy Centre	500	450
Shaukat Khanum Memorial Trust	500	500
SIUT Trust	500	500
The Institute of Business Administration	500	500
The Kidney Centre	500	500
The Layton Rehmatulla Benevolent Trust	500	500

DONEE	2009	2008
	Rupees in '000	
Zehra Homes	500	250
Memon Educational Board	450	400
Pakistan Memon Women Educational Society	450	400
Al-Umeed Rehabilitation Association	300	400
Kashmir Education Foundation	300	300
Al-Asad Welfare Trust	250	–
Anjuman Behbood-e-Samat-e-Atfal	250	250
Bait-ul-Sukoon	250	100
Chiniot Anjuman Islamic	250	–
Kiran Patient Welfare Association	250	250
Pak Medical and Welfare Trust	250	250
Rotary Club of Karachi Continental	250	–
SOS Children Village of Pakistan	250	–
Spencers Eye Hospital	250	250
The Medical Aid Foundation	250	–
Ahmed Abdullah Foundation	200	200
Bantva Memon Jamat	200	200
Bantva Memon Rahat Committee	200	200
Bantva Anjuman Himayat-e-Islam	125	125
Academy of Quranic studies	120	120
Alamgir Welfare Trust International	100	100
Chhipa Welfare Association	100	–
Dar-ul-Sukun	100	250
Friend of Burns Centre	100	–
HOPE (Health Oriented Preventive Education)	100	–
IDA Rieu Poor Welfare Association	100	200
PAKTURK International	100	–
Patients Welfare Association	100	100
Poor Patients Aid Society Civil Hospital Karachi	100	–
Rising Sun-Education & Welfare Society	100	50
The Society for the Prevention & Cure of Blindness	100	100
Developments in Literacy	–	200
Imam Zainul Abedin (A.S) Hospital	–	100
Lahore University of Management Sciences	–	500
Madarsa Jafria	–	168
Milestone Charitable Trust	–	110
Sada Welfare Foundation	–	100
Safina-e-Ahleibait	–	174
Sun Development Foundation	–	113
Tabba Heart Institute	–	500
Vasavad Memon Anjuman	–	100
	32,945	23,514
28.2 Auditors' remuneration		
Audit fee	1,200	1,200
Auditors' remuneration of subsidiary (Ernst & Young Ford Rhodes & Sidat Hyder & Co)	334	223
Review of half-yearly financial statements	400	300
Special audit certifications and sundry advisory services	600	350
Tax services	–	1,792
Out-of-pocket expenses	70	231
	2,604	4,096

	Note	2009 Rupees in '000	2008
29. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		325	21,288
Workers' Welfare Fund	29.1	106,000	125,862
		106,325	147,150

29.1 Under the Worker's Welfare Ordinance (WWF) 1971, the Bank is liable to pay workers' welfare fund @ 2% of accounting profit before tax or taxable income, whichever is higher.

			(Restated)
30. TAXATION			
For the year			
- Current		1,696,215	2,002,336
- Deferred		(216,306)	(559,667)
		1,479,909	1,442,669
For the prior year(s)			
- Current		262	29,186
- Deferred		-	-
		262	29,186
	30.2	1,480,171	1,471,855

30.1 Income tax assessments of the Bank have been finalised upto the tax year 2006 (corresponding to the accounting year ended 31 December 2005). The Bank has filed income tax return for the tax year 2009 (corresponding to the accounting year ended 31 December 2008) and the same is deemed to be assessed in terms of section 120 of the Income Tax Ordinance, 2001. Certain appeals are pending for the tax years 2007 and 2008 (corresponding to the accounting years ended 31 December 2006 and 31 December 2007). However, adequate provisions are being held by the Bank.

			(Restated)
30.2 Relationship between tax expense and accounting profit			
Profit before tax		4,226,734	4,767,002
Tax at the applicable rate of 35% (2008: 35%)		1,479,357	1,668,451
Tax effect of income taxed at reduced rate		(118,045)	(166,530)
Tax effect permanent differences		115,818	(59,252)
Tax effect for prior years		262	29,186
Others		2,779	-
Tax charge for the year		1,480,171	1,471,855

30.3 The Finance Act, 2009, has made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. The deduction for provisions for doubtful and loss categories of advances and off balance sheet items is allowed upto a maximum of 1% of total advances. The amount of bad debts classified as OAEM (in agriculture) and Substandard under Prudential Regulation issued by State Bank of Pakistan would not be allowed as an expense. Provisioning in excess of 1% of total advances would be allowed to be carried over to succeeding years. Therefore, the management has carried out an exercise at period end and concluded that they would be able to get deduction of provision in excess of 1% of total advances and have recognised deferred tax asset on such provision amounting to Rs. 746.943 million.

30.4 The amendments introduced in the Seventh Schedule do not provide for any transitional mechanism i.e. how and when the provision for bad debts disallowed up to tax year 31 December 2008 (financial year ended 31 December 2007) would be allowed as a deduction. The matter was taken up by the Pakistan Banks Association (PBA) and the Institute of Chartered Accountants of Pakistan (ICAP) with the Federal Board of Revenue (FBR). FBR vide its letter reference F.No. 4(1)ITP/2008-49 dated 23 December 2009 has informed ICAP that it has decided to insert a new Rule 8(a) to allow for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off.

However, to date no SRO has been issued to incorporate the agreed amendments to the Seventh Schedule. The Bank has treated the FBR commitment as effective. Accordingly, the tax charge for the current and prior period and deferred tax has been recognized on the basis of amendments agreed by FBR vide its above referred letter.

	Note	2009	2008 (Restated)
Rupees in '000			
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation		<u>2,746,563</u>	<u>3,295,147</u>
			(Restated)
			(Number in '000)
Weighted average number of ordinary shares	31.1	<u>752,753</u>	<u>752,753</u>
			(Restated)
			Rupees
Basic and diluted earnings per share		<u>3.65</u>	<u>4.38</u>

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

		2009	2008
Rupees in '000			
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	8	<u>11,192,498</u>	11,401,384
Balances with other banks	9	<u>4,836,399</u>	2,974,237
Overdrawn nostro accounts	17.2	<u>(1,755,865)</u>	(1,146,165)
Overdrawn local banks accounts	17.2	<u>(40,331)</u>	(58,015)
		<u>14,232,701</u>	<u>13,171,441</u>

		2009	2008
Number			
33. STAFF STRENGTH			
Permanent		<u>1,659</u>	1,491
Temporary/on contractual basis		<u>478</u>	460
Bank's own staff strength at the end of the year		<u>2,137</u>	1,951
Outsourced		<u>578</u>	536
Total Staff Strength		<u>2,715</u>	<u>2,487</u>

34. DEFINED BENEFIT PLAN

34.1 General description

The benefits under the funded gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service. The benefit is equal to one month's last basic salary drawn for each year of eligible service subject to a maximum of 24 months last drawn basic salary. The minimum qualifying period for eligibility under the plan is five years of continuous service.

34.2 Principal actuarial assumptions

The latest actuarial valuation was carried out on 31 December 2009 using "Projected Unit Credit Actuarial Cost Method". The main assumptions used for the actuarial valuation were as follows:

	Note	2009	2008
Discount rate – percent (per annum)		13	15
Expected rate of return on plan assets – percent (per annum)		13	15
Long term rate of salary increase – percent (per annum)		13	15

34.3 Reconciliation of defined benefit plan

		2009	2008
Rupees in '000			
Fair value of plan assets	34.6	250,760	205,633
Present value of defined benefit obligation	34.7	(355,096)	(263,311)
Unrecognised actuarial loss		104,336	58,291
Unrecognised past service cost		–	(613)
		–	–

34.4 Movement in defined benefit plan

Opening balance		–	5,548
Charge for the year	34.5	40,094	(33,690)
Contribution to the fund		(40,094)	28,142
Closing balance		–	–

34.5 Charge for defined benefit plan

Current service cost		28,504	25,765
Interest cost		39,497	24,083
Expected return on plan assets		(30,845)	(18,948)
Actuarial loss recognised		3,551	3,404
Negative past service cost		(613)	(614)
		40,094	33,690

34.6 Movement in fair value of plan assets

Opening balance		205,633	189,481
Expected return on plan assets		30,845	18,948
Actuarial loss recognized	34.8	(4,529)	(13,329)
Benefits paid		(21,283)	(17,609)
Contribution to the fund		40,094	28,142
Closing balance		250,760	205,633

	Note	2009 Rupees in '000	2008
34.7 Movement in present value of defined benefit obligation			
Opening balance		263,311	240,826
Current service cost		28,504	25,765
Interest cost		39,497	24,083
Actuarial loss/(gain) recognized	34.8	45,067	(9,754)
Benefits paid		(21,283)	(17,609)
Closing balance		<u>355,096</u>	<u>263,311</u>
34.8 Annual actuarial loss			
Experience loss/(gain) recognised on obligation		45,067	(9,754)
Experience loss on plan assets		4,529	13,329
Total loss recognised during the year		<u>49,596</u>	<u>3,575</u>
34.9 Actual return on plan assets			
		<u>26,316</u>	<u>5,619</u>

34.10 Plan assets comprise the following:	2009		2008	
	Rupees in '000	%	Rupees in '000	%
Government Securities	179,997	72%	170,746	83%
Bank Deposits	70,763	28%	34,887	17%
	<u>250,760</u>	<u>100%</u>	<u>205,633</u>	<u>100%</u>

34.11 Historical Information	2009	2008	2007	2006	2005
	Rupees in '000				
Present value of defined benefit obligation	355,096	263,311	240,826	165,137	62,317
Fair value of plan assets	(250,760)	(205,633)	(189,481)	(187,976)	(59,894)
Deficit/(Surplus)	<u>104,336</u>	<u>57,678</u>	<u>51,345</u>	<u>(22,839)</u>	<u>2,423</u>
Actuarial loss/(gain) on obligation	45,067	(9,754)	41,318	13,243	14,530
Actuarial loss/(gain) on assets	4,529	13,329	(7,650)	6,514	(7,564)

35. DEFINED CONTRIBUTION PLAN

The general description of the plan is included in note 5.9

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President & Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	Rupees in '000					
Fees	–	–	6,650	190	–	–
Managerial remuneration	42,000	12,948	–	–	696,923	506,000
Charge for defined benefit plan	243	975	–	–	1,970	1,266
Contribution to defined contribution plan	3,600	1,170	–	–	27,905	21,869
Rent and house maintenance	–	1,586	–	–	–	–
Utilities	–	111	1,074	810	–	–
Bonus	3,000	3,562	–	–	86,706	71,465
Others	3,600	103,411	2,593	3,010	3,882	2,482
	52,443	123,763	10,317	4,010	817,386	603,082
Number of persons	1	2	8	7	434	330

36.1 The Chief Executive, Executive Director and certain executives are provided with free use of cars and household equipment in accordance with their terms of employment. The Chief Executive is also provided with unfurnished accommodation, club subscription and leave fare assistance.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, and have been disclosed in Annexure "I".

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.4.

The maturity and repricing profile and effective rates are stated in notes 41.6 and 41.5 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.

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trade & Sales	Retail Banking	Commercial Banking	Total
Rupees in '000				
2009				
Total income *	10,641,557	7,402,430	12,597,394	30,641,381
Total expenses *	9,781,345	7,166,994	9,466,308	26,414,647
Net income	860,212	235,436	3,131,086	4,226,734
Segment assets (gross)	122,176,333	1,022,583	113,959,585	237,158,501
Segment non performing loans	13,250	16,621	6,334,464	6,364,335
Segment provision required	13,250	12,163	4,179,318	4,204,731
Segment liabilities	40,725,620	92,324,565	85,356,659	218,406,844
Segment return on net assets (%)	8.71%	8.02%	11.05%	10.40%
Segment cost of funds (%)	8.01%	7.76%	8.31%	7.92%
2008				
Total income *	6,487,793	5,256,831	13,428,603	25,173,227
Total expenses *	5,370,005	4,981,799	10,054,421	20,406,225
Net income (loss)	1,117,788	275,032	3,374,182	4,767,002
Segment assets (gross)	54,382,817	1,163,573	126,921,683	182,468,073
Segment non performing loans	15,000	2,986	1,729,613	1,747,599
Segment provision required	3,750	1,369	1,078,666	1,083,785
Segment liabilities	6,248,329	71,505,213	89,706,143	167,459,685
Segment return on net assets (%)	11.93%	7.35%	10.58%	9.22%
Segment cost of funds (%)	9.87%	6.97%	7.92%	7.21%

* Includes inter-segment revenues and expenses

39. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with companies under common directorship, directors, employee benefit plans and key management personnel.

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.

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

	31 December 2009				
	Holding Company	Associates	Key Management Personnel	Retirement Benefit Plans	Total
	Rupees in '000				
Deposits					
At beginning of the year	8,111	1,608,912	7,536	631,304	2,255,863
Received during the year	11,408,758	325,627,006	162,776	2,173,822	339,372,362
Repaid during the year	(11,397,419)	(323,704,503)	(124,274)	(1,954,600)	(337,180,796)
At end of the year	19,450	3,531,415	46,038	850,526	4,447,429
Advances					
At beginning of the year	–	1,550,222	11,409	–	1,561,631
Disbursed during the year	–	28,110,309	7,202	–	28,117,511
Recovered during the year	–	(27,919,604)	(3,071)	–	(27,922,675)
At end of the year	–	1,740,927	15,540	–	1,756,467
Bank balances	30,875	6,504	–	–	37,379
Management fee payable for technical and consultancy services	126,400	–	–	–	126,400
Prepayments	–	13,891	–	–	13,891
Trade related contingent liabilities	–	2,287,830	–	–	2,287,830
Advance received against prepaid card	–	2,907	–	–	2,907
Advance received against insurance premium	–	60	–	–	60

	31 December 2008				
	Holding Company	Associates	Key Management Personnel	Retirement Benefit Plans	Total
	Rupees in '000				
Deposits					
At beginning of the year	66,719	3,188,774	15,384	480,409	3,751,286
Received during the year	13,103,757	257,685,945	138,682	1,020,256	271,948,640
Repaid during the year	(13,162,365)	(259,265,807)	(146,530)	(869,361)	(273,444,063)
At end of the year	8,111	1,608,912	7,536	631,304	2,255,863
Advances					
At beginning of the year	–	754,000	16,828	–	770,828
Given during the year	–	17,650,494	985	–	17,651,479
Recovered during the year	–	(16,854,272)	(6,404)	–	(16,860,676)
At end of the year	–	1,550,222	11,409	–	1,561,631
Bank balances	990,756	6,440	–	–	997,196
Management fee payable for technical and consultancy services	112,170	–	–	–	112,170
Prepayments	–	12,059	–	–	12,059
Trade related contingent liabilities	–	1,256,265	–	–	1,256,265
Advance received against insurance premium	–	56	–	–	56

Transactions during the year

	For the year ended 31 December 2009					Total
	Holding Company	Associates	Key Management Personnel	Directors' fee	Retirement Benefit Plans	
	Rupees in '000					
Mark-up/return/interest earned	3,840	136,292	993	–	–	141,125
Management fee expense for technical and consultancy services	134,640	–	–	–	–	134,640
Mark-up/return/interest expensed	–	420,964	1,753	–	72,151	494,868
Commission / Brokerage / Bank charges recovered	–	14,509	–	–	–	14,509
Rent income	–	853	–	–	–	853
Remuneration	–	–	112,140	–	–	112,140
Directors' fees	–	–	–	6,650	–	6,650
Contribution to defined benefit plan	–	–	–	–	40,094	40,094
Contribution to defined contribution plan	–	–	–	–	61,479	61,479
Bank charges	2,936	8,934	–	–	–	11,870
Insurance premium expenses	–	29,046	–	–	–	29,046
Rent expenses	–	16,885	–	–	–	16,885
Maintenance, Electricity, Stationery & Entertainment	–	11,039	–	–	–	11,039

Transactions during the year	For the year ended 31 December 2008					
	Holding Company	Associates	Key Management Personnel	Directors' fee	Retirement Benefit Plans	Total
	Rupees in '000					
Mark-up/return/interest earned	66,391	99,835	774	–	–	167,000
Management fee expense for technical and consultancy services	112,170	–	–	–	–	112,170
Mark-up/return/interest expensed	–	284,520	244	–	17,591	302,355
Commission / Brokerage / Bank charges recovered	–	8,206	–	–	–	8,206
Rent income	–	767	–	–	–	767
Remuneration	–	–	169,848	–	–	169,848
Directors' fees	–	–	–	190	–	190
Contribution to defined benefit plan	–	–	–	–	33,690	33,690
Contribution to defined contribution plan	–	–	–	–	50,290	50,290
Bank charges	1,741	4,450	–	–	–	6,191
Insurance premium expenses	–	26,062	–	–	–	26,062
Rent expenses	–	3,599	–	–	–	3,599
Maintenance, Electricity, Stationery & Entertainment	–	1,411	–	–	–	1,411

40. CAPITAL ASSESSMENT AND ADEQUACY

40.1 Scope of Applications

The Basel II Framework is applicable to the Bank both at the consolidated level (comprising of wholly owned subsidiary – Habib Metropolitan Financial Services Limited) and also on a stand alone basis.

40.2 Capital Structure

Bank's and it's subsidiary's regulatory capital has two tiers:

Tier 1 capital, which includes fully issued, subscribed and paid up capital, balance in share premium account, general reserves as per the financial statements and net un-appropriated profits, etc after deductions for book value of intangible asset and deficit on revaluation of available-for-sale investments.

Tier 2 capital of the Bank and it's subsidiary includes general provisions for loan losses (up to a maximum of 1.25 % of risk weighted assets) only.

Detail of the Bank and its subsidiary's eligible capital (on consolidated basis) is as follows:

	2009	2008 *(Re-stated)
	Rupees in '000	
Tier I Capital		
Shareholders' capital / assigned capital	7,527,525	6,022,020
Balance in share premium account	2,550,985	2,550,985
Reserves	5,036,850	4,488,951
Un-appropriated profits (Net of losses)	3,784,926	3,091,767
Less: Book value of intangible asset	(34,750)	(34,750)
Deficit on account of revaluation of available-for-sale investments	(228,660)	(1,761,872)
Total Tier I Capital	18,636,876	14,357,101
Tier II Capital		
General provision subject to 1.25% of total risk weighted assets	424,745	1,046,320
Total Tier II Capital	424,745	1,046,320
Eligible Tier III Capital	—	—
Total regulatory capital base	19,061,621	15,403,421

* Corresponding figures are based on the audited return required to be submitted by the Bank to the State Bank of Pakistan by 31 March 2009 and have been adjusted for the effect of change in accounting policy mentioned in note 6.3.

40.3 Objectives of Managing Capital

The objectives of the Bank's capital management are to ensure that the Bank complies with the regulatory capital requirement and maintain healthy capital ratios in order to support its business and maximise shareholders' value. Further, Capital Management aims to ensure that there is sufficient capital to meet the capital requirements of the Bank as determined by the underlying business strategy and the minimum requirements of the SBP.

Externally Imposed Capital Requirements

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

Furthermore the Banks are required to increase their minimum paid up capital to Rs 10 billion (free of losses) in a phased manner by the end of financial year 2013.

The paid up capital of the Bank for the year ended 31 December 2009 was Rs. 7.527 billion and is in compliance with the SBP requirements for the said year. In addition, the Banks are also required to maintain the minimum Capital Adequacy Ratio (CAR) of 10% of the Risk Weighted Assets of the Bank.

The Bank's and its subsidiary's CAR as at 31 December 2009 was 12.03%.

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

40.4 Capital Requirements and Risk Weighted Assets

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

	Capital Requirements		Risk Weighted Assets	
	2009	2008 *(Restated)	2009	2008 *(Restated)
	Rupees in '000			
Credit risk				
Portfolios subject to standardised approach (Simple)				
Cash and cash equivalents	–	–	–	–
Government of Pakistan and SBP	3,460	–	34,599	–
Public Sector Entities	273,271	66,899	2,732,710	743,321
Banks	288,819	342,357	2,888,191	3,803,968
Corporate	8,626,388	8,550,953	86,263,882	95,010,590
Retail	466,783	452,613	4,667,828	5,029,028
Residential mortgage finance	16,696	12,939	166,963	143,772
Past due loans	196,353	16,265	1,963,525	180,722
Listed, unlisted equity investments and regulatory capital instruments issued by other banks, held in banking book	145,928	59,547	1,459,283	661,629
Claims on fixed assets	243,123	23,840	2,431,227	264,892
All other assets	1,160,863	903,754	11,608,627	10,041,710
Off Balance Sheet - Non market related	2,603,663	1,310,943	26,036,632	14,566,035
Off Balance Sheet - Market related	68,294	79,113	682,941	879,029
Market risk				
Capital requirement for portfolios subject to Standardised Approach				
Interest rate risk	28,726	20,325	287,263	225,838
Foreign exchange risk	132,830	13,748	1,328,300	152,752
Equity position risk	–	–	–	–
Operational risk				
Capital requirement for operational risks subject to Basic Indicator Approach				
	1,588,808	1,296,789	15,888,082	14,408,767
	15,844,005	13,150,085	158,440,053	146,112,053
Capital adequacy ratio				
Total eligible regulatory capital held (note 40.2)	(a) 19,061,621	15,403,421		
Total risk weighted assets (note 40.4)	(b) 158,440,053	146,112,053		
Capital Adequacy Ratio	(a)/(b) 12.03%	10.54%		

* Corresponding figures are based on the audited return required to be submitted by the Bank to the State Bank of Pakistan by 31 March 2009 and have been adjusted for the effect of change in accounting policy mentioned in note 6.3.

41. RISK MANAGEMENT

Risk management aspects are embedded in the Bank's strategy, organization structure and processes. The Bank has adopted a cohesive risk management structure for credit, operations, liquidity and market risk to strengthen the process and system from the foundation as controls are more effective and valuable when built into the process. Effective risk management is considered essential in the preservation of the assets and long-term profitability of the Bank. Clear guidelines and limits, which are under regular review, are backed up by a system of internal controls and independent audit inspections. Internal reporting / MIS are additional tools for measuring and controlling risks. Separation of duties is also embedded in the Bank's system and organization.

41.1 Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises principally in relation to the lending and trade finance business carried out by the Bank.

As per Basel II methodology the gross credit risk weighted exposure incorporating relevant credit conversion factor is Rs. 141 billion (2008: Rs. 131 Billion) as depicted in note 41.

The Bank's strategy is to minimize credit risk through a strong pre-disbursement credit analysis, approval and risk measurement process added with product, geography and customer diversification. The Bank, as its strategic preference, extends trade and working capital financing, so as to keep the major portion of exposure (funded and non-funded) on a short-term, self-liquidating basis. Major portion of the Bank credit portfolio is priced on flexible basis with pricing reviewed on periodic basis.

The Bank's credit policy / instructions defines the credit extension criteria, the credit approval and monitoring process, the loan classification system and provisioning policy

The Bank continually assesses and monitors credit exposures. The Bank follows both objective and subjective criteria of SBP regarding loans classification. The subjective assessment process is based on management's judgement with respect to the borrower's character, activity, cash flow, capital structure, security, quality of management and delinquency.

41.1.1 Segmental Information

Segment by class of business

	2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	Percent	Rs. in '000	Percent	Rs. in '000	Percent
Textile	57,006,461	53.32	5,690,494	4.00	8,051,843	6.75
Exports / imports	9,173,047	8.58	5,190,611	3.65	4,755,391	3.99
Chemical and pharmaceuticals	4,792,207	4.48	2,342,727	1.65	3,122,702	2.62
Wholesale and retail trade	2,596,024	2.43	4,481,478	3.15	622,163	0.52
Electronics and electrical appliances	2,332,130	2.18	796,604	0.56	398,971	0.33
Services	2,280,877	2.13	9,127,481	6.42	299,554	0.25
Automobile and transportation equipment	1,924,047	1.80	4,093,908	2.88	1,252,946	1.05
Power (electricity), gas, water, sanitary	1,804,987	1.69	1,862,519	1.31	6,693,128	5.61
Transport, storage and communication	3,091,877	2.89	1,342,757	0.94	315,649	0.26
Construction	1,164,271	1.09	1,086,826	0.76	517,346	0.43
Individuals	1,205,121	1.13	49,819,584	35.04	54,424	0.05
Cement	1,367,909	1.28	108,985	0.08	623,416	0.52
Financial	1,885,178	1.76	1,739,530	1.22	59,862,279	50.17
Footwear and leather garments	1,296,469	1.21	2,143,981	1.51	32,423	0.03
Sugar	510,984	0.48	605,735	0.43	42,650	0.04
Insurance	23,544	0.02	707,453	0.50	41,453	0.03
Mining and quarrying	31,679	0.03	94,240	0.07	1,911	0.01
Agriculture, forestry, hunting and fishing	33,690	0.03	90,078	0.06	158,629	0.13
Others	14,402,106	13.47	50,860,504	35.77	32,477,711	27.22
	106,922,608	100.00	142,185,495	100.00	119,324,589	100.00

Segment by sector

	2009					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	Percent	Rs. in '000	Percent	Rs. in '000	Percent
Public /Government	3,782,722	3.54	16,250,958	11.43	804,819	0.67
Private	103,139,886	96.46	125,934,537	88.57	118,519,770	99.33
	106,922,608	100.00	142,185,495	100.00	119,324,589	100.00

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

	2009		2008	
	Classified Advances	Specific provision held	Classified Advances	Specific provision held
	Rupees in '000			
Textile	2,819,174	1,738,670	438,306	384,982
Footwear and leather garments	597,909	461,430	30,752	30,752
Wholesale and retail trade	556,352	337,823	2,490	2,490
Electronics and electrical appliances	477,225	380,387	625,836	172,884
Construction	231,135	78,439	–	–
Transport, storage and communication Services	119,649	73,858	–	–
Exports / imports	100,458	70,666	–	–
Automobile and transportation equipment	101,445	27,244	1,000	1,000
Individuals	62,547	62,547	31,934	31,934
Chemical and pharmaceuticals	54,311	54,311	79,684	58,452
Agriculture, forestry, hunting and fishing	1,042	1,042	1,042	1,042
Others	600	600	58,995	58,995
	1,242,488	917,714	477,560	341,254
	6,364,335	4,204,731	1,747,599	1,083,785

Details of non-performing advances and specific provisions by sector

	2009		2008	
	Classified Advances	Specific provision held	Classified Advances	Specific provision held
	Rupees in '000			
Private	6,364,335	4,204,731	1,747,599	1,083,785
	6,364,335	4,204,731	1,747,599	1,083,785

Geographical segment analysis

	2009			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	4,226,734	237,158,501	18,751,657	119,324,589

Total assets employed include intra group items of Rs. 66 million.

41.1.2 Credit risk - General disclosures Basel II specific

The Bank uses the 'Standardised Approach' in calculation of credit risk and capital requirements.

Credit Risk: Disclosures for portfolio subject to the standardised approach & supervisory risk weights in the IRB approach – Basel II specific.

The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on - balance sheet and off - balance sheet exposures. The methodology applied for using External Credit Assessment Institutions (ECAI's) inclusive of the alignment of alpha numerical scale of each agency used with risk bucket is as per SBP Basel II guidelines as is given below:

Types of Exposures and ECAI's used	2009				
	JCR-VIS	PACRA	S & P	Fitch	Moody's
Exposures					
Corporate	✓	✓	–	–	–
Banks	✓	✓	✓	✓	–
Sovereigns	–	–	–	–	✓
SME's	–	–	–	–	–
Securitisation	–	–	–	–	–
Others	✓	✓	–	–	–

41.2 Credit Exposures subject to Standardised Approach

Exposures	Rating Category	31 December 2009			31 December 2008		
		Amount Outstanding	Deduction CRM	Net Amount	Amount Outstanding	Deduction CRM	Net Amount
Rupees in '000							
Corporate	1	5,659,306	25,545	5,633,761	4,420,359	–	4,420,359
	2	666,050	–	666,050	875,302	–	875,302
	3, 4	–	–	–	47,031	–	47,031
	5, 6	119,824	–	119,824	–	–	–
Claims on banks with original maturity of 3 months or less		2,860,959	–	2,860,959	7,373,311	5,822,956	1,550,355
Retail		8,280,409	523,423	7,756,986	7,710,422	343,005	7,367,417
Public sector entities	1	386,044	–	386,044	900,000	–	900,000
Others		131,396,864	–	131,396,864	75,802,671	556,924	75,245,747
Unrated		116,575,326	1,148,878	115,426,448	113,336,685	3,561,812	109,774,873

Credit risk: Disclosures with respect to credit risk mitigation for Standardised and IRB Approaches – Basel II specific

The forms of collateral that are deemed to eligible collateral under the 'Simple Approach' to Credit Risk Mitigation as per SBP guidelines are used by HMB and primarily includes cash, government and rated debt securities.

The Bank applies SBP specified haircut to collateral for Basel II Credit Risk Mitigation. Collateral Management is embedded in the Bank's risk taking and risk management policy and procedures. A standard credit granting procedure exists which has been well-disseminated down the line, ensuring proper pre-sanction evaluation, adequacy of security, pre-examination of charge / control documents and monitoring of each exposure on an ongoing basis.

Collateral information is recorded diligently in the Bank's main processing systems by type of collateral, amount of collateral against relevant credit exposures. A cohesive accounting / risk management system facilitates effective collateral management for Basel II reporting.

Banking Book

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

Equity position risk in the banking book-Basel II specific

Investment in equities is governed by the Board of Directors' approved investment policies which restricts the equity portfolio as well as individual investments to avoid risk of concentration and excessive specific scrip holding. The Bank's investment in equity is conservative and is driven by yield optimization and portfolio diversification objectives. As such the Bank does not conduct 'trading' activities in equities.

The Bank books the equity at cost and has adopted the 'mark to market' approach for equity valuation as per SBP guidelines which for Basel – II purposes prescribe 100% risk weight for listed equity and 150% risk weight for unlisted equity instruments (refer note 11 and annexure I for investment in listed and unlisted shares).

Composition of equity investments

	Held for Trading	Available for sale
	Rupees in '000	
Equity Investments - Publicly Traded	-	405,805
Equity Investments - Others	-	123,101
Total Value	-	528,906

The cumulative realized gain of Rs. 206.381 million from sale of equity securities/certificates of mutual funds and units of open end mutual funds; however unrealized loss of Rs. 148.629 million was recognized in the balance sheet in respect of "AFS" securities.

41.3 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions.

The Board of Directors oversees the Bank's strategy for market risk exposures. Asset and Liability Committee (ALCO) which comprises of senior management oversees the balance sheet of the Bank and performs oversight function to ensure sound asset quality, liquidity and pricing. The investment policy amongst other aspects covers the Bank asset allocation guidelines inclusive of equity investments. While Market Risk limits are in place and are monitored effectively, the Bank has also formalized liquidity and market risk management policies which contain action plans to strengthen the market risk management system and a middle office function has been implemented which oversees limit adherence. Market risk can be further categorised into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

41.4 Foreign exchange risk

Foreign Exchange Risk is the probability of loss resulting from adverse movement in exchange rates.

The Bank's business model for foreign exchange risk is to serve trading activities of its clients in an efficient and cost effective manner. The Bank is not in the business of actively trading and market making activities. A conservative risk approach and the Bank's business strategy to work with export oriented clients gives the ability to meet its foreign exchange needs generally and frequently provide foreign exchange to the inter-bank market.

2009				
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)				
Pakistan Rupee	218,078,944	203,044,246	4,316,294	19,350,992
United States Dollar	16,515,611	11,870,307	(5,623,070)	(977,766)
Euro	1,782,050	1,511,246	(240,344)	30,460
Great Britain Pound	201,049	1,483,019	1,274,919	(7,051)
Asian Currency unit	449,373	143,431	–	305,942
Japanes Yen	23,481	349,290	338,538	12,729
Arab Emirates Dirham	86,413	69	(68,247)	18,097
Canadian Dollar	3,144	1,308	29	1,865
Australian Dollar	730	–	–	730
Saudi Riyal	114	3,916	–	(3,802)
Other Currencies	17,592	12	1,881	19,461
	19,079,557	15,362,598	(4,316,294)	(599,335)
	237,158,501	218,406,844	–	18,751,657

2008				
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)				
Pakistan Rupee	162,768,603	155,932,019	12,193,446	19,030,030
United States Dollar	15,893,994	9,450,305	(10,695,455)	(4,251,766)
Euro	2,368,099	938,481	(1,401,238)	28,380
Great Britain Pound	1,077,179	1,077,853	(1,716)	(2,390)
Asian Currency unit	216,075	56,937	–	159,138
Japanes Yen	72,008	3,984	(60,521)	7,503
Arab Emirates Dirham	51,781	106	(41,909)	9,766
Canadian Dollar	4,551	–	–	4,551
Australian Dollar	4,091	–	–	4,091
Saudi Riyal	1,905	–	1,905	3,810
Other Currencies	9,787	–	5,488	15,275
	19,699,470	11,527,666	(12,193,446)	(4,021,642)
	182,468,073	167,459,685	–	15,008,388

41.5 Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Bank's interest rate exposure is low due to the short-term nature of the majority of business transactions. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Optimization of yield is achieved through the Bank's investment strategy which aims on attaining a balance between yield and liquidity under the strategic guidance of ALCO. The advances and deposits of the Bank are reprised on a periodic basis based on interest rates scenario. Details of the interest rate profile of the Bank based on the earlier of contractual repricing or maturity date is as follows:

		Exposed to Yield/Interest risk									
		Rupees in '000									
Effective Yield/Interest Rate %	On balance sheet financial instruments	Total	Upto 1 month	Over 1 month to 3 months	over 3 months to 6 months	over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Non-interest bearing financial instruments
	Assets										
	Cash and balances with treasury banks	11,192,498	-	-	-	-	-	-	-	-	11,192,498
	Balances with other banks	4,836,399	3,285,582	-	-	-	-	-	-	-	1,550,817
	Lendings to financial institutions	150,000	50,000	100,000	-	-	-	-	-	-	-
	Investments	111,379,520	-	16,936,131	28,656,523	25,742,212	8,611,009	5,503,436	3,335,471	13,127,049	9,029,891
	Advances	102,293,132	2,143,749	39,522,312	27,903,058	16,312,900	3,512,696	3,897,780	3,871,841	2,531,253	2,234,999
	Other assets	3,706,150	-	-	-	-	-	-	-	-	3,706,150
	Liabilities										
	Bills payable	233,557,699	5,479,331	56,558,443	56,559,581	42,055,112	12,123,705	9,401,216	7,207,312	15,658,302	27,714,355
	Borrowings	3,111,467	-	-	-	-	-	-	-	-	3,111,467
	Deposits and other accounts	68,186,674	34,891,730	11,495,072	14,884,140	4,379,447	7,801	285,709	1,351,389	891,386	-
	Other liabilities	142,185,495	61,681,017	21,048,748	5,054,951	12,356,148	1,088,149	1,168,747	3,565,861	1,353,700	34,868,174
		3,624,083	-	-	-	-	-	-	-	-	3,624,083
	On-balance sheet gap	217,107,719	96,572,747	32,543,820	19,939,091	16,735,595	1,095,950	1,454,456	4,917,250	2,245,086	41,603,724
		16,449,980	(91,093,416)	24,014,623	36,620,490	25,319,517	11,027,755	7,946,760	2,290,062	13,413,216	800,342
	Off-balance sheet financial instruments										
	Forward Purchase	25,374,364	-	-	-	-	-	-	-	-	25,374,364
	Forward Commitment of repurchase agreement borrowings	4,655,405	-	-	-	-	-	-	-	-	4,655,405
	Forward Sale	(29,690,658)	-	-	-	-	-	-	-	-	(29,690,658)
	Off-balance sheet gap	339,111	-	-	-	-	-	-	-	-	339,111
	Total yield / interest risk sensitivity gap	16,789,091	(91,093,416)	24,014,623	36,620,490	25,319,517	11,027,755	7,946,760	2,290,062	13,413,216	800,342
	Cumulative yield / interest risk sensitivity gap	16,789,091	(91,093,416)	(67,078,793)	(30,458,303)	(5,138,786)	5,888,969	13,835,729	16,125,791	29,539,007	30,339,349

2008

	Effective Yield/Interest Rate %	Exposed to Yield/Interest risk																																																																																																																																																																																																																																																																																	
		Upto 1 month	Over 1 month to 3 months	over 3 months to 6 months	over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	Non-interest bearing financial instruments																																																																																																																																																																																																																																																																								
On balance sheet financial instruments		Rupees in '000																																																																																																																																																																																																																																																																																	
Assets												Cash and balances with treasury banks	0.90%	1,515,923	—	—	—	—	—	—	—	—	—	9,885,461	Balances with other banks	5.00% - 9.00%	1,537,310	—	—	—	—	—	—	—	—	—	1,436,927	Lendings to financial institutions	14.00%	98,176	—	—	—	—	—	—	—	—	—	—	Investments	8.00% - 18.52%	14,672,758	14,919,676	4,898,611	241,520	580,610	6,107,249	1,748,880	3,587,603	704,490	5,874,458	Advances	3.50% - 24.50%	11,563,503	34,357,137	25,126,271	25,042,765	3,484,922	3,171,198	2,124,877	1,995,856	730,916	663,814	Other assets		—	—	—	—	—	—	—	—	—	—	3,374,646	Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010
Cash and balances with treasury banks	0.90%	1,515,923	—	—	—	—	—	—	—	—	—	9,885,461	Balances with other banks	5.00% - 9.00%	1,537,310	—	—	—	—	—	—	—	—	—	1,436,927	Lendings to financial institutions	14.00%	98,176	—	—	—	—	—	—	—	—	—	—	Investments	8.00% - 18.52%	14,672,758	14,919,676	4,898,611	241,520	580,610	6,107,249	1,748,880	3,587,603	704,490	5,874,458	Advances	3.50% - 24.50%	11,563,503	34,357,137	25,126,271	25,042,765	3,484,922	3,171,198	2,124,877	1,995,856	730,916	663,814	Other assets		—	—	—	—	—	—	—	—	—	—	3,374,646	Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010												
Balances with other banks	5.00% - 9.00%	1,537,310	—	—	—	—	—	—	—	—	—	1,436,927	Lendings to financial institutions	14.00%	98,176	—	—	—	—	—	—	—	—	—	—	Investments	8.00% - 18.52%	14,672,758	14,919,676	4,898,611	241,520	580,610	6,107,249	1,748,880	3,587,603	704,490	5,874,458	Advances	3.50% - 24.50%	11,563,503	34,357,137	25,126,271	25,042,765	3,484,922	3,171,198	2,124,877	1,995,856	730,916	663,814	Other assets		—	—	—	—	—	—	—	—	—	—	3,374,646	Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																									
Lendings to financial institutions	14.00%	98,176	—	—	—	—	—	—	—	—	—	—	Investments	8.00% - 18.52%	14,672,758	14,919,676	4,898,611	241,520	580,610	6,107,249	1,748,880	3,587,603	704,490	5,874,458	Advances	3.50% - 24.50%	11,563,503	34,357,137	25,126,271	25,042,765	3,484,922	3,171,198	2,124,877	1,995,856	730,916	663,814	Other assets		—	—	—	—	—	—	—	—	—	—	3,374,646	Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																						
Investments	8.00% - 18.52%	14,672,758	14,919,676	4,898,611	241,520	580,610	6,107,249	1,748,880	3,587,603	704,490	5,874,458	Advances	3.50% - 24.50%	11,563,503	34,357,137	25,126,271	25,042,765	3,484,922	3,171,198	2,124,877	1,995,856	730,916	663,814	Other assets		—	—	—	—	—	—	—	—	—	—	3,374,646	Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																			
Advances	3.50% - 24.50%	11,563,503	34,357,137	25,126,271	25,042,765	3,484,922	3,171,198	2,124,877	1,995,856	730,916	663,814	Other assets		—	—	—	—	—	—	—	—	—	—	3,374,646	Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																															
Other assets		—	—	—	—	—	—	—	—	—	—	3,374,646	Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																											
Liabilities													Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																								
Bills payable		29,387,670	49,276,813	30,024,882	25,284,285	4,065,532	9,278,447	3,873,757	5,583,459	1,435,406	21,235,306	Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																					
Borrowings	7.50%-14.00%	—	—	—	—	—	—	—	—	—	—	—	Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																	
Deposits and other accounts	0.50%-19.50%	13,898,625	—	13,596,991	2,185,154	691,828	—	—	—	—	—	2,372,146	Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																														
Other liabilities		27,648,978	22,353,612	12,865,331	16,731,421	5,064,899	2,542,846	3,066,410	2,413,732	2,413,732	—	33,089,982	4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																											
4,867,509		—	—	—	—	—	—	—	—	—	—	4,867,509	On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637	Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																								
On-balance sheet gap		165,803,196	41,547,603	22,353,612	18,916,575	5,756,727	2,542,846	3,066,410	2,413,732	2,413,732	40,329,637																																																																																																																																																																																																																																																																								
Off-balance sheet financial instruments													Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																																																	
Forward Purchase		—	—	—	—	—	—	—	—	—	—	—	Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																																																														
Forward Sale		—	—	—	—	—	—	—	—	—	—	—	Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																																																																											
Off-balance sheet gap		13,207,319	—	—	—	—	—	—	—	—	—	(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																																																																																								
(25,402,670)		—	—	—	—	—	—	—	—	—	—	(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																																																																																																				
(12,195,351)		—	—	—	—	—	—	—	—	—	—	Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)	Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																																																																																																																
Total yield / interest risk sensitivity gap		1,447,010	(12,159,933)	26,923,201	6,367,710	(1,691,195)	6,735,601	807,347	3,169,727	(978,326)	(19,094,331)																																																																																																																																																																																																																																																																								
Cumulative yield / interest risk sensitivity gap		1,447,010	(12,159,933)	14,763,268	24,693,538	23,002,343	29,737,944	30,545,291	33,715,018	32,736,692	1,447,010																																																																																																																																																																																																																																																																								

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

	December 31 2009	December 31 2008
Reconciliation to total assets		
Total financial assets	233,557,699	179,445,557
Add: Non financial assets		
Operating fixed assets	2,465,977	1,618,110
Deferred tax asset	825,465	1,145,665
Other assets	309,360	258,741
	3,600,802	3,022,516
Balance as per balance sheet	237,158,501	182,468,073
Reconciliation to total liabilities		
Total financial liabilities	217,107,719	165,803,196
Add: Non financial liabilities		
Deferred tax liability	1,299,125	1,656,489
Other liabilities	1,299,125	1,656,489
	2,598,250	3,312,978
Balance as per balance sheet	219,705,969	169,116,174

2008

	Rupees in '000									
	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
Assets										
Cash and balances with treasury banks	11,401,384	-	-	-	-	-	-	-	-	-
Balances with other banks	2,974,237	-	-	-	-	-	-	-	-	-
Lending to financial institutions	98,176	-	-	-	-	-	-	-	-	-
Investments	53,335,855	16,377,081	4,898,611	241,520	580,610	6,107,249	1,748,880	3,587,603	704,490	
Advances	108,261,259	10,479,718	25,126,271	26,790,364	3,484,922	3,171,198	2,124,877	1,995,856	730,916	
Operating fixed assets	1,618,110	68,170	158,588	164,676	329,352	487,983	333,422	-	34,750	
Other assets	1,145,665	105,484	43,952	248,437	259,882	460,864	-	-	-	
	3,633,387	3,486,863	-	123,807	-	-	-	9,375	13,342	
Liabilities										
	182,468,073	44,991,113	53,515,163	27,568,804	4,654,766	10,227,294	4,207,179	5,592,834	1,483,498	
Bills payable	2,372,146	-	-	-	-	-	-	-	-	
Borrowings	30,372,598	-	13,596,991	2,185,154	691,828	-	-	-	-	
Deposits and other accounts	128,190,943	29,003,752	22,936,871	21,697,407	7,695,810	5,066,270	4,379,020	4,895,017	4,904,271	
Other liabilities	6,523,998	-	844,460	-	737,499	-	-	-	229,023	
	167,459,685	48,596,312	37,378,322	23,882,561	9,125,137	5,066,270	4,379,020	4,895,017	5,133,294	
Net assets	15,008,388	(3,605,199)	(7,150,900)	3,686,243	(4,470,371)	5,161,024	(171,841)	697,817	(3,649,796)	
Share capital	6,022,020									
Reserves	7,039,936									
Unappropriated profit	3,091,767									
Deficit on revaluation of assets - net of tax	(1,145,335)									
	15,008,388									

41.7 Operational risk

The Bank operates in a controlled manner and operations risk is generally managed effectively. With the evolution of operations risk management into a separate distinct discipline, the Bank's strategy is to further strengthen the risk management system along new industry standards.

The Bank's operations risk management strategy takes guidance from Basel – II, Committee of Sponsoring Organization of Treadway Commission (COSO) publications, the SBP guidelines and standard industry practices. The operational risk management manual addresses enterprise wide risk drivers inclusive of technology infrastructure, software hardware and I.T security.

While broadening risk awareness and assuring regulatory compliance, internal audit department of the Bank is an important pillar of the Bank's risk management and controls infrastructure, performing continuous reviews to improve the quality of the Bank's internal control environment, ensuring an effective balance in safety and performance of processes and adding value towards the bank's risk mitigation endeavours.

The Bank's Business Continuity Plan includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The Bank's operational risk management infrastructure has been further strengthened through the establishment of a separate operational and risk control unit.

41.8 Operational risk – Disclosures Basel II specific

The Bank uses Basic Indicator Approach (BIA) for regulatory capital at risk calculation for operational risk. Under BIA the capital charge for operational risk is a fixed percentage of average positive annual gross income of the bank over the past three years. Figures of capital charge of operation risk for the year is Rs. 1,271,047 thousand (2008: Rs. 1,152,701 thousand).

42. KEY ISLAMIC BANKING OPERATIONS

42.1 The Bank is operating 4 (2008: 4) Islamic banking branches in Pakistan. The balance sheet and profit and loss account of these branches as at December 31, 2009 and for the year are as follows:

BALANCE SHEET As at 31 December 2009

	2009	2008
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	729,330	986,565
Balances with and due from financial institutions	478	478
Investments	7,740,463	1,429,020
Financing and receivables		
– Murabaha	2,069,501	2,322,967
– Ijarah	1,196,447	1,804,204
– Diminishing musharaka	418,286	1,184,840
Due from Head Office	110,924	198,271
Other assets	501,465	192,465
	12,766,894	8,118,810
LIABILITIES		
Bills payable	31,952	33,231
Deposits and other accounts		
– Current accounts	734,112	434,020
– Saving accounts	4,543,425	847,305
– Term deposits	4,425,802	2,527,470
– Deposit from financial institutions -remunerative	1,370,586	2,781,327
– Deposits from financial institutions-non-remunerative	509	17,423
Due to Head Office	–	–
Other liabilities	780,998	669,817
	11,887,384	7,310,593
NET ASSETS	879,510	808,217
REPRESENTED BY:		
Islamic banking fund	602,106	601,977
Unappropriated profit	253,690	217,220
	855,796	819,197
Surplus / (Deficit) on revaluation of assets	23,714	(10,980)
	879,510	808,217

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

2009 2008
Rupees in '000

Profit / return on financing, investments and placements earned	1,104,621	682,388
Profit / return on deposits and other dues expensed	843,867	455,143
Net spread earned	260,754	227,245
Provision against non performing financing	-	4,826
Provision for diminution in the value of investments	-	-
Provision for consumer financing ijarah	(669)	575
Bad debts written off directly	-	-
	(669)	5,401
Net spread after provisions	261,423	221,844
OTHER INCOME		
Fee, commission and brokerage income	14,004	12,201
Dividend income	28,966	20,470
Income from dealing in foreign currencies	5,544	14,670
Gain on sale/redemption of securities	-	-
Unrealized gain/(loss) on revaluation of investments classified as held-for-trading	-	-
Other income	17,404	13,526
Total other income	65,918	60,867
	327,341	282,711
OTHER EXPENSES		
Administrative expenses	73,651	65,491
Other provisions / write offs	-	-
Other charges	-	-
Total other expenses	73,651	65,491
Extra ordinary / unusual items	253,690	217,220
PROFIT BEFORE TAXATION	253,690	217,220
42.2 Remuneration to Sha'ria Advisor/Board	1,444	1,045
42.3 Charity Fund		
Opening balance	-	43
Additions during the year	-	1
Payments/utilizaion during the year	-	(44)
Closing balance	-	-

43. RECLASSIFICATION

In addition to the change in accounting policy mentioned in note 6.3 to these financial statements, following corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison. The significant reclassifications are given below:

From	To	2008	2007
		Rupees in '000	
Other assets	Operating fixed assets	54,447	–
Borrowings	Deposits and other accounts	62,946	74,150
Other assets	Other liabilities	353,450	–
Other assets	Operating fixed assets	34,750	–

44. GENERAL

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

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 1, 2010 by the Board of Directors of the Bank.

KASSIM PAREKH
Chairman

ANJUM IQBAL
Chief Executive

MOHAMEDALI R. HABIB
Director

BASHIR ALI MOHAMMAD
Director

ANNEXURE "I" AS REFERRED TO IN NOTE 11.4 OF THE FINANCIAL STATEMENTS

1. MARKET TREASURY BILLS

These securities have maturity period of 1 year, with yield ranging between 11.25% to 13.88 % (2008: 9.75% to 13.85%) per annum.

2. PAKISTAN INVESTMENT BONDS

These securities have maturity period of 3 to 10 years with interest rates ranging between 8% to 14% (2008: 8% to 14%) per annum.

3. FULLY PAID-UP ORDINARY SHARES - LISTED

	No. of shares of Rs. 10/- each		Paid-up Value		Market Value Rupees in '000		Cost		Rating	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Adamjee Insurance Company Limited	218,000	5,000	2,180	50	26,263	509	24,718	949	AA	AA
Allied Bank Limited	-	1	-	-	-	-	-	-	-	AA
Arif Habib Bank Limited	-	19	-	-	-	-	-	-	-	A
Arif Habib Limited	-	208	-	2	-	18	-	16	-	**
Arif Habib Securities Limited	-	13,653	-	137	-	574	-	617	-	A+
Askari Bank Limited	-	20	-	-	-	-	-	-	-	AA
Attock Refinery Limited.	-	1	-	-	-	-	-	-	-	AA
Bank Al Habib Limited	562,355	130,200	5,624	1,302	14,119	3,238	15,980	4,370	AA+	AA
Bank Alfalah Limited	-	16	-	-	-	-	-	-	-	AA
Bank Islami Pakistan Limited	-	54	-	1	-	-	-	-	-	A-
Bosicor Pakistan Limited	-	41	-	-	-	-	-	-	-	**
Crescent Steel and Allied Products Limited	-	6	-	-	-	-	-	-	-	A+
D. G. Khan Cement Company Limited	-	5	-	-	-	-	-	-	-	**
D.S. Industries Limited.	-	999	-	10	-	15	-	13	-	**
Dewan Cement Limited	-	6	-	-	-	-	-	-	-	BB
Engro Chemical Pakistan Limited	110,000	19,703	1,100	197	20,160	1,901	19,533	2,042	AA	AA
Fauji Cement Company Limited.	-	11	-	-	-	-	-	-	-	**

	2009		2008		2009		2008		2009		2008	
	No. of shares of Rs. 10/- each	Paid-up Value	Market Value Rupees in '000	Cost	Breakup Value of Investment	Based on Audited Financial statements	Name of Chief Executive	Credit Rating	2009	2008	2009	2008
Soneri Bank Limited	579,216	474,768	6,412	5,222	12,322	12,322	12,322	AA-	AA-	AA-	AA-	AA-
Standard Chartered Modaraba	94,000	-	851	-	805	-	-	AA+	AA+	AA+	AA+	**
Sui Southern Gas Company Limited	-	4	-	-	-	-	-	-	-	-	-	AA-
The Bank of Punjab	-	9	-	-	-	-	-	-	-	-	-	AA-
TRG Pakistan Limited	-	42	-	-	-	-	-	-	-	-	-	A2
United Bank Limited	290,000	10	16,951	-	17,435	-	-	AA+	AA+	AA+	AA+	A1+
WorldCall Telecom Limited	-	109	-	1	-	-	-	-	-	-	-	A+
			295,085	32,916	276,750	63,713						

**Ratings are not available

4. FULLY PAID-UP ORDINARY SHARES - UNLISTED

	Percentage of Holding	Number of shares held	Cost	Rupees in '000		Based on Audited Financial statements	Name of Chief Executive	Credit Rating
				Breakup Value of Investment	Cost			
Khushali Bank Limited	1.47%	2,500,000	25,000	27,575	31 December 08	Mr. Ghalib Nishtar	A-	
Pakistan Export Finance Guarantee Limited	5.26%	1,136,088	11,361	-	-	Mr. S. M. Zaeem	**	
DHA Cogen Limited	0.0018%	5,000,000	50,000	24,950	30 June 09	Mr. Michael Yap	**	
Dawood Family Takaful Limited	4.67%	3,500,000	35,000	34,580	31 December 08	Mr. Abdul Halim Nasri	**	
Society for World Wide Inter Bank Fund Transfer (SWIFT)	-	14	1,740	3,997	31 December 08	Mr. Lazaro Campos	**	
			123,101					

** Ratings are not available

5. FULLY PAID-UP PREFERENCE SHARES - LISTED

	2009	2008
Chenab Limited		
Preference shares of Rs. 10/- each	4,000,000	4,000,000
	40,000	40,000

These are non-voting, cumulative preference shares and carry preferred dividend of 9.25% (2008:9.25%) per annum on cumulative basis and have a market value of Rs. 28,000 thousand (2008: 32,600 thousand) at 31 December 2009.

6. TERM FINANCE CERTIFICATES - LISTED

	No. of certificates of Rs. 5,000/- each		Market Value				Cost				Rating	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Allied Bank Limited I	10,000	10,000	48,381	54,516	49,940	49,960	AA-	AA-			AA-	AA-
Allied Bank Limited II	59,839	—	267,780	—	299,195	—	A+	A+			A+	N/A
Askari Bank Limited I	5,000	5,000	24,092	24,965	24,955	24,965	AA-	AA-			AA-	AA-
Askari Bank Limited II	2,000	2,000	9,596	9,988	9,984	9,988	AA-	AA-			AA-	AA-
Askari Bank Limited III	15,000	—	73,018	—	75,000	—	AA-	AA-			AA-	AA-
Bank Al Habib Limited I	23,000	20,000	105,362	99,840	111,414	99,840	AA-	AA-			AA-	AA-
Bank Al Habib Limited II	10,000	10,000	49,950	50,660	49,950	49,970	AA-	AA-			AA-	AA-
Engro Chemical Pakistan Limited - Perpetual	24,000	24,000	92,926	123,310	99,920	123,310	AA	AA			AA	AA
Engro Chemical Pakistan Limited - IPO	20,000	20,000	116,551	99,960	119,316	99,960	AA	AA			AA	AA
First Financial Receivables Securitization Limited	5,000	5,000	18,312	22,908	18,743	22,908	AA-	AA-			AA-	AA-
IGI Investment Bank Limited	10,000	10,000	24,828	37,485	24,990	37,485	A+	A+			A+	A+
Jahangir Siddiqi & Company Limited	10,000	10,000	51,147	49,960	49,940	49,960	AA+	AA+			AA+	AA+
NIB Bank Limited	13,400	13,400	61,454	66,987	66,960	66,987	A+	A+			A+	A+
Orix Leasing Pakistan Limited II	10,000	10,000	41,809	55,467	41,633	49,970	AA+	AA+			AA+	AA+
Orix Leasing Pakistan Limited III	40,000	2,000	177,000	200,000	200,000	200,000	AA+	AA+			AA+	AA+
Pak Arab Fertilizer Limited	20,000	20,000	93,841	99,980	99,940	99,980	AA	AA			AA	AA
Pakistan Mobile Communication (Private) Limited	27,380	30,000	132,157	30,000	132,786	30,000	AA-	AA-			AA-	N/A
Royal Bank of Scotland	1,974	1,974	9,748	9,856	9,852	9,856	AA-	AA-			AA-	AA-
Sitara Energy Limited	—	11,273	—	56,364	—	56,364	—	—			—	N/A
Soneri Bank Limited	17,000	17,000	81,821	84,881	84,847	84,881	A+	A+			A+	A+
Standard Chartered Bank Limited	4,742	1,974	23,697	24,639	23,682	23,690	AAA	AAA			AAA	AAA
Trust Investment Bank Limited	5,000	5,000	4,792	10,000	5,000	10,000	A	A			A	A
Trust Leasing Company Limited	—	4,000	—	4,300	—	4,000	—	—			—	A
United Bank Limited I	10,000	10,000	44,284	48,525	49,904	49,923	AA	AA			AA	AA
United Bank Limited II	6,500	—	27,978	—	22,703	—	AA	AA			AA	AA
United Bank Limited III	5,000	5,000	24,656	26,991	24,970	24,980	AA	AA			AA	AA
World Call Telecom Limited II	3,600	3,600	11,732	17,986	11,990	17,986	AA-	AA-			AA-	AA-
World Call Telecom Limited III	41,995	20,000	197,912	100,000	203,821	100,000	AA-	AA-			AA-	AA-
			1,814,824	1,409,568	1,911,435	1,396,963						

6.1 Other particulars of listed term finance certificates are as follows:

	Coupon Rate	Payment	Maturity Date
Allied Bank Limited I	6 months KIBOR plus 190 bps	Semi annually	6-Dec-14
Allied Bank Limited II	6 months KIBOR plus 85 bps	Semi annually	28-Aug-19
Askari Bank Limited I	6 months KIBOR plus 250 bps	Semi annually	4-Feb-13
Askari Bank Limited II	6 months KIBOR plus 150 bps	Semi annually	31-Oct-13
Askari Bank Limited III	6 months KIBOR plus 150 bps	Semi annually	18-Nov-19
Bank Al Habib Limited I	FIXED @ 10.00% per annum	Semi annually	15-Jul-12
Bank Al Habib Limited II	6 months KIBOR plus 195 bps	Semi annually	7-Feb-15
Engro Chemical Pakistan Limited - IPO	6 months KIBOR plus 155 bps	Semi annually	30-Nov-15
Engro Chemical Pakistan Limited - Perpetual	6 months KIBOR plus 170 bps	Semi annually	18-Sep-18
First Financial Receivables Securitization Limited	6 months KIBOR plus 225 bps	Semi annually	27-Dec-13
IGI Investment Bank Limited	6 months KIBOR plus 200 bps	Semi annually	10-Jul-11
Jahangir Siddiqi & Company Limited	6 months KIBOR plus 325 bps	Semi annually	21-May-12
NIB Bank Limited	6 months KIBOR plus 170 bps	Semi annually	5-Mar-16
Orix Leasing Pakistan Limited II	3 months KIBOR plus 275 bps	Quarterly	25-May-12
Orix Leasing Pakistan Limited III	6 months KIBOR plus 115 bps	Semi annually	15-Jan-13
Pak Arab Fertilizer Limited	6 months KIBOR plus 150 bps	Semi annually	28-Feb-13
Pakistan Mobile Communication (Private) Limited	6 months KIBOR plus 150 bps	Semi annually	28-Oct-13
Royal Bank of Scotland	6 months KIBOR plus 225 bps	Semi annually	19-Feb-13
Sitara Energy Limited	6 months KIBOR plus 165 bps	Semi annually	13-Nov-13
Soneri Bank Limited	3 months KIBOR plus 115 bps	Quarterly	5-May-13
Standard Chartered Bank Limited	6 months KIBOR plus 160 bps	Semi annually	1-Feb-13
Trust Investment Bank Limited	6 months KIBOR plus 200 bps	Semi annually	15-Nov-10
Trust Leasing Company Limited	6 months KIBOR plus 325 bps	Semi annually	17-Jul-09
United Bank Limited I	6 months KIBOR plus 200 bps	Semi annually	10-Aug-12
United Bank Limited II	FIXED @ 9.49% per annum	Semi annually	15-Mar-13
United Bank Limited III	6 months KIBOR plus 170 bps	Semi annually	8-Sep-14
World Call Telecom Limited II	6 months KIBOR plus 160 bps	Semi annually	28-Nov-11
World Call Telecom Limited III	6 months KIBOR plus 275 bps	Semi annually	7-Oct-13

7. TERM FINANCE CERTIFICATES - UNLISTED

	2009	2008	2009	2008	2009	2008	2009	2008
	No. of certificates of Rs. 5,000/- each		Cost Rupees in '000		Rating			
Avari Hotels Limited (Chief Executive: Mr. Bryan Dinshawji Avari)	20,000	10,133	100,000	50,667	A-			A-
Bank Al Falah Limited (Chief Executive: Mr. Sirajuddin Aziz)	15,000	—	75,000	—	AA-			**
Bank Al Habib Limited (Chief Executive: Mr. Abbas D. Habib)	20,000	—	99,960	—	**			**
Bunny's Limited (Chief Executive: Mr. Rafaqat)	1,020	—	5,100	—	**			**
Faisalabad Electric Supply Corporation (Chief Executive: Mr. Ahmed Saeed Akhtar)	67,000	67,000	335,000	335,000	**			**
Gujranwala Electric Power Corporation (Chief Executive: Mr. Rana Muhammad Ashraf)	67,000	67,000	335,000	335,000	**			**
Islamabad Electric Supply Corporation (Chief Executive: Mr. Raja Abdul Ghafoor)	67,000	67,000	335,000	335,000	**			**
Jamshoro Joint Venture Limited (Chief Executive: Mr. Iqbal Z Ahmed)	—	11,000	—	6,875	-			A
New Allied Electronics Industries (Private) Limited (Chief Executive: Mr. Mian Pervaiz Akhtar)	10,000	10,000	23,611	45,833	D			**
Pak HY Oils Limited (Chief Executive: Mr. Tariq Paracha)	12,000	—	60,000	—	**			**
Pakistan International Airlines Corporation Limited (Chief Executive: Mr. Mohammad Ajjaz Haroon)	27,411	38,700	137,028	137,057	**			**
Pakistan Mobile Communication (Private) Limited (Chief Executive: Mr. Rashid Khan)	8,000	8,000	39,944	39,960	AA-			**
Power Holding (Private) Limited (Government of Pakistan)	568,600	—	2,843,000	—	**			**
Security Leasing Corporation Limited (Chief Executive: Mr. Mohammad Khalid Ali)	10,000	10,000	18,750	31,250	**			**
			4,407,393	1,316,642				

**Ratings not available

7.1 Other particulars of Unlisted term finance certificates are as follows:

	Coupon Rate	Payment	Maturity Date
Avari Hotels Limited	6 months KIBOR plus 325 bps	Semi annually	1-Nov-14
Bank Al Habib Limited	Fixed @ 15.50% per annum	Quarterly	15-Jun-17
Bank Alfalah Limited	6 months KIBOR plus 250 bps	Semi annually	2-Dec-17
Bunny's Limited	6 months KIBOR plus 250 bps	Semi annually	1-Dec-13
Faisalabad Electric Supply Corporation	6 months KIBOR plus 23 bps	Semi annually	3-Jun-11
Gujranwala Electric Power Corporation	6 months KIBOR plus 23 bps	Semi annually	3-Jun-11
Islamabad Electric Supply Corporation	6 months KIBOR plus 23 bps	Semi annually	3-Jun-11
Jamshoro Joint Venture Limited	6 months KIBOR plus 300 bps	Quarterly	18-Mar-21
New Allied Electronics Industries (Private) Limited	6 months KIBOR plus 250 bps	Semi annually	21-May-12
Pak HY Oils Limited	6 months KIBOR plus 140 bps	Semi annually	15-Jan-13
Pakistan International Airlines Corporation Limited	6 months KIBOR plus 85 bps	Semi annually	19-Feb-13
Pakistan Mobile Communication (Private) Limited	6 months KIBOR plus 285 bps	Semi annually	31-May-13
Power Holding (Private) Limited	6 months KIBOR plus 200 bps	Semi annually	18-Sep-14
Security Leasing Corporation Limited	6 months KIBOR plus 245 bps	Semi annually	28-Mar-11

8. SUKUK CERTIFICATES / BONDS

	2009	2008	2009	2008	2009	2008	2009	2008
	No. of certificates of Rs. 5,000/- each		Cost Rupees in '000		Rating			
Al Zamin Leasing Modaraba	10,000	10,000	48,958	50,000	A	A		
Amreli Steel (Private) Limited	16,000	—	80,000	—	A	**		
Engro Chemical Pakistan Limited	20,000	—	94,837	—	**	**		
Engro Foods Limited	20,000	—	100,000	—	A-	**		
GOP Ijara Sukuk-1st Issue	60,000	—	300,000	—	**	**		
GOP Ijara Sukuk-2nd Issue	220,000	—	1,118,248	900,000	**	**		
GOP Ijara Sukuk-3rd Issue	360,000	—	1,827,792	—	**	**		
GOP Ijara Sukuk-4th Issue	560,000	—	2,801,105	—	**	**		
Haq Bahu Sugar Mills Limited	8,100	—	40,500	—	**	**		
K.S.Sulemanji Esmailji & Sons (Private) Limited	30,000	30,000	142,500	150,000	**	**		
Liberty Power Technology Limited	10,000	—	50,000	—	**	**		
Liberty Power Technology Limited	31,061	—	155,304	—	**	**		
Maple Leaf Cement Limited	21,000	—	96,213	—	**	**		
Sitara Per Oxide Limited	11,273	—	56,364	—	**	**		
Sitara Per Oxide Limited	20,000	20,000	100,000	100,000	**	**		
Sui Southern Company Limited	50,000	60,000	248,403	300,000	**	**		
Sui Southern Gas Company Limited	30,000	—	149,014	—	**	**		
Three Star Hosiery Mills Limited	1,900	—	9,500	—	**	**		
WAPDA 2nd Issue	90,000	90,000	450,000	450,000	**	**		
WAPDA 1st Issue	50,000	50,000	250,000	250,000	**	**		
			8,118,738	2,200,000				

**Ratings not available

8.1 Other particulars of Sukuk Certificates / Bonds

	Coupon Rate	Payment	Maturity Date
Al Zamin Leasing Modaraba	6 months KIBOR plus 190 bps	Semi annually	12-May-12
Amreli Steel (Private) Limited	3 months KIBOR plus 175 bps	Quarterly	9-Dec-16
Engro Chemical Pakistan Limited	6 months KIBOR	Semi annually	6-Sep-15
Engro Foods Limited	6 months KIBOR plus 69 bps	Semi annually	13-Jan-17
GOP Ijara Sukuk-1st Issue	* 13.03%	Semi annually	26-Sep-11
GOP Ijara Sukuk-2nd Issue	* 14.76%	Semi annually	29-Dec-11
GOP Ijara Sukuk-3rd Issue	* 12.58%	Semi annually	11-Mar-12
GOP Ijara Sukuk-4th Issue	* 12.53%	Semi annually	17-Sep-12
Haq Bahu Sugar Mills Limited	6 months KIBOR plus 325 bps	Semi annually	13-Aug-11
K.S.Sulemanji Esmailji & Sons (Private) Limited	3 months KIBOR plus 140 bps	Quarterly	30-Jun-14
Liberty Power Technology Limited	3 months KIBOR plus 300 bps	Quarterly	19-Aug-13
Liberty Power Technology Limited	6 months KIBOR plus 300 bps	Quarterly	18-Mar-21
Maple Leaf Cement Limited	6 months KIBOR plus 170 bps	Semi annually	3-Dec-13
Sitara Per Oxide Limited	6 months KIBOR plus 115 bps	Semi annually	16-May-13
Sitara Per Oxide Limited	6 months KIBOR plus 190 bps	Semi annually	10-Feb-13
Sui Southern Company Limited	3 months KIBOR plus 20 bps	Quarterly	31-Dec-12
Sui Southern Gas Company Limited	3 months KIBOR plus 20 bps	Quarterly	31-Dec-12
Three Star Hosiery Mills Limited	6 months KIBOR plus 325 bps	Semi annually	4-Aug-13
WAPDA 2nd Issue	6 months KIBOR plus 25 bps	Semi annually	13-Jul-17
WAPDA 1st Issue	6 months KIBOR plus 35 bps	Semi annually	22-Apr-12

*These rates are based on Reuters sheet applicable for next six months.

9. OPEN ENDED MUTUAL FUNDS

	No. of Units		Net Asset Value		Rupees in '000		Cost		Rating	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
ABL Income Fund	61,974,248	2,500,000	620,319	25,022	625,000	25,000			A+(f)	A(f)
AKD Index & Tracker Fund	1,516,896	1,582,913	12,150	8,611	12,000	15,000			**	5-Star
AKD Opportunity Fund	787,852	811,646	34,153	23,944	34,000	50,000			**	**
Alfalah GHP Principal Protected Fund	538,637	500,000	29,006	23,890	25,000	25,000			**	**
Askari Asset Allocation Fund	307,714	629,050	19,195	37,815	28,565	60,000			**	**
Askari Income Fund	2,765,910	6,702,795	293,795	635,693	290,918	705,000			3 - Star	5-Star
Atlas Income Fund	390,930	394,750	201,786	188,568	200,789	200,000			**	4-Star
Crosby Dragon Fund	888,844	—	95,924	—	100,000	—			**	**
Faysal Saving & Growth Fund	494,951	1,479,874	50,935	153,285	50,184	150,000			A	A+(f)
First Habib Stock Fund	150,000	—	14,830	—	15,000	—			**	**
HBL Income Fund	4,448,476	4,346,613	437,419	413,493	450,000	450,000			A	**
IGI Income Fund	726,392	—	76,663	—	75,000	—			**	**
IGI Islamic Fund	198,906	—	20,040	—	20,000	—			**	**
JS Fund of Fund	1,043,125	—	107,630	—	100,000	—			**	**
JS Income Fund	4,879,477	4,953,704	503,464	499,631	500,000	500,000			**	5-Star
KASB Liquid Fund	3,583,840	7,002,677	317,487	636,263	376,480	745,000			**	5-Star
Lakson Money Market Fund	1,501,356	—	152,126	—	150,000	—			**	**
MCB Dynamic Allocation Fund	237,819	250,000	19,190	13,762	19,000	25,000			**	**
MCB Dynamic Cash Fund	6,990,342	6,990,342	723,181	689,885	730,000	730,000			**	**
Meezan Cash Fund	501,500	—	26,319	—	25,000	—			3 - Star	**
Meezan Islamic Income Fund	5,801,479	5,772,472	294,889	280,037	300,000	300,000			AA	A(f)
MSF Perpetual	27,144,183	8,425,300	1,394,125	371,893	1,250,467	370,460			A+	**
Nafa Cash Fund	59,463,049	37,189,583	604,549	356,630	600,457	400,000			**	A(f)
Nafa Islamic Multi Asset Fund	—	2,500,000	—	21,312	—	25,000			3 - Star	**
Nafa Stock Fund	9,772,715	3,216,727	70,442	17,117	70,000	40,000			**	**
National Investment Trust	3,125,000	—	94,531	—	100,000	—			**	**
NIT Government Bond	10,000,000	—	101,335	—	100,000	—			**	**
Pakistan Income Enhancement Fund	2,935,995	—	148,767	—	150,000	—			**	**
Pakistan Income Fund	3,790,032	6,054,073	192,761	292,109	200,000	300,000			**	5 - Star
Pakistan Stock Market Fund	1,176,471	368,351	72,353	13,832	72,000	25,000			3 - Star	**
UBL Islamic Income Fund	499,790	150,000	49,949	13,985	50,000	15,000			**	**
UBL Principal Protected Plan - I	211,686	190,721	20,939	17,095	25,000	25,000			**	**
UBL Principal Protected Plan - II	656,256	—	62,448	—	50,000	—			**	**
Unit Trust Of Pakistan	1,753,627	—	200,808	—	200,000	—			**	**
United Growth & Income Fund	14,133,173	7,850,919	1,435,190	751,105	1,404,770	800,000			A	A(f)
United Money Market Fund	—	4,106,743	—	389,622	—	400,000			**	A+(f)
United Stock Advantage Fund (Class - A)	1,159,420	—	98,991	—	100,000	—			**	**
UTP Islamic Fund	65,765	—	25,140	—	25,000	—			4 - Star	**
			8,622,829	5,874,599	8,524,630	6,380,460				

** Ratings not available

10. TERM FINANCE CERTIFICATES - LISTED

	2009		2008		2009		2008		2009		2008	
	Number of Units		Rupees in '000		Market Value		Cost		Rating		Rating	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
BMA Principal Guaranteed Fund - I	-	5,517,697	-	49,659	-	49,575	-	49,575	**	**	**	**
JS Large Capital Fund (Formerly UTP Large Capital Fund)	2,820,500	2,820,500	12,974	9,279	27,959	27,959	27,959	27,959	**	**	**	**
Meezan Balanced Fund	2,500,000	2,500,000	15,250	12,700	25,000	25,000	25,000	25,000	**	**	5 - Star	5 - Star
Pakistan Strategic Allocation Fund	3,416,000	3,087,000	15,167	8,582	32,150	30,868	30,868	30,868	4 - Star	4 - Star	4 - Star	4 - Star
PICIC Energy Fund	4,200,000	4,200,000	19,908	15,162	42,000	42,000	42,000	42,000	**	**	**	**
PICIC Growth Fund	42,000	42,000	599	332	1,946	1,946	1,946	1,946	**	**	**	**
			63,898	95,714	129,055	177,348	129,055	177,348				

** Ratings not available

11. Break-up value per ordinary share of Habib Metropolitan Financial Services Limited (subsidiary company) based on its audited financial statements as of 31 December 2009 amounted to Rs. 10.37 (2008: Rs. 10.05) per share.

**ANNEXURE III AS REFERRED TO NOTE 6.3 OF THE FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET**

	2009	2008 (Restated)	2007 (Restated)
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	11,192,498	11,401,384	10,201,545
Balances with other banks	4,836,399	2,974,237	3,691,183
Lendings to financial institutions	150,000	98,176	3,989,249
Investments	111,379,520	53,335,855	61,735,716
Advances	102,293,132	108,261,259	89,826,806
Operating fixed assets	2,465,977	1,618,110	1,294,486
Deferred tax assets	825,465	1,145,665	-
Other assets	4,015,510	3,633,387	2,128,703
	237,158,501	182,468,073	172,867,688
LIABILITIES			
Bills payable	3,111,467	2,372,146	3,210,041
Borrowings	68,186,674	30,372,598	29,917,483
Deposits and other accounts	142,185,495	128,190,943	121,140,539
Sub-ordinated loans	-	-	-
Liabilities against assets subject to finance lease	-	-	-
Deferred tax liabilities	-	-	60,874
Other liabilities	4,923,208	6,523,998	5,122,392
	218,406,844	167,459,685	159,451,329
NET ASSETS	18,751,657	15,008,388	13,416,359
REPRESENTED BY:			
Share capital	7,527,525	6,022,020	5,018,350
Reserves	7,587,835	7,039,936	6,383,936
Unappropriated profit	3,784,926	3,091,767	1,958,125
	18,900,286	16,153,723	13,360,411
(Deficit) / Surplus on revaluation of (assets) / liability - net of tax	(148,629)	(1,145,335)	55,948
	18,751,657	15,008,388	13,416,359
CONTINGENCIES AND COMMITMENTS			

BRANCH NETWORK

REGISTERED OFFICE AND HEAD OFFICE

Ground Floor, Spencer's Building,
G.P.O. Box 1289, I.I. Chundrigar Road,
Karachi-74200, Pakistan
Phones : (021) 3263 6740 (20 Lines)
Fax : (021) 3263 0405 - 3262 0716
U.A.N. : 111-14-14-14 and 111-18-18-18

14th Floor, Saima Trade Towers 'A',
I.I. Chundrigar Road, Karachi-74200,
Pakistan.
Phones : (021) 3227 1935 (14 Lines)
Fax : (021) 3227 1950

SWIFT : MPBLPKKA
URL : www.hmb.com.pk
E-mail : info@hmb.com.pk

KARACHI

Main Branch:

Ground Floor,
Spencer's Building, I.I. Chundrigar Road,
G.P.O Box 1289 Karachi.
Phone : (021) 3263 6740 (20 Lines)
UAN : (021) 111-18-18-18
Fax : (021) 3263 0404-5
SWIFT : MPBLPKKA

Cloth Market:

BR 1/43, Metro Centre,
Bombay Bazar, Kharadar,
P.O. Box 6453, Karachi.
Phones : (021) 3231 3712 (3 Lines)
: (021) 3231 3763, 3231 3927
Fax : (021) 3231 3715
SWIFT : MPBLPKKA011

Paper Market:

Plot No. 7,8 R-6, Altaf Hussain Road,
New Challi, Karachi.
Phones : (021) 3221 0562 (6 Lines)
Fax : (021) 3221 0568
SWIFT : MPBLPKKA013

Gulshan-e-Iqbal:

Plot No. 118/B/A-XV, Block 10-A,
Main Rashid Minhas Road, Near Drive-in Cinema,
Gulshan-e-Iqbal, Karachi.
Phones : (021) 3402 1651 (3 Lines)
: (021) 3402 1654
Fax : (021) 3402 1655

Shahrah-e-Faisal:

Siddique Sons Tower 3, Jinnah Society,
Near Shaheed-e-Millat Flyover,
Shahrah-e-Faisal, Karachi.
Phones : (021) 3452 8395 (3 Lines)
: (021) 3452 2920
Fax : (021) 3438 3498
SWIFT : MPBLPKKA012

Jodia Bazar:

7- Mehboob Chamber,
Adamjee Haji Dawood Road,
Jodia Bazar, Karachi.
Phones : (021) 3243 7187, 3241 1925,
: (021) 3243 7909, 3243 8157
Fax : (021) 3243 0056
SWIFT : MPBLPKKA015

Karachi Stock Exchange:

Old Stock Exchange Building,
Stock Exchange Road,
Karachi.
Phones : (021) 3240 1921 (3 Lines)
Fax : (021) 3240 1925

M. A. Jinnah Road:

Corner Abdullah Haroon Road,
Karachi.
Phones : (021) 3273 7617 (4 Lines)
Fax : (021) 3273 7621
SWIFT : MPBLPKKA020

North Napier Road:

Plot W.O.1/33, North Napier Road,
Near Dandia Bazar, Karachi
Phones : (021) 3273 7603 (4 Lines)
Fax : (021) 3273 7607
SWIFT : MPBLPKKA021

Karimabad

Sohni Bridal Shopping Centre,
BS-6, Block-4, F.B. Area,
Karachi.
Phones : (021) 3634 5236 (2 Lines)
: (021) 3634 9446, 3680 2262
Fax : (021) 3634 9447

SITE:

3/9-B-2, Metro Chowrangi,
S. 1. T. E., Karachi.
Phones : (021) 3256 4101 (3 Lines)
: (021) 3256 4104, 32564793
Fax : (021) 3256 4100
SWIFT : MPBLPKKA023

DHA:

1-C, Khayaban-e-Shamsheer,
Phase V, Karachi.
Phones : (021) 3585 7404 (3 Lines)
: (021) 3585 7407
Fax : (021) 3585 7403

Timber Market:

5, Siddiq Wahab Road, Timber Market,
Karachi.
Phones : (021) 3276 8411 (3 Lines)
: (021) 3276 8415
Fax : (021) 3276 8414

Korangi:

Showroom No. 2, Plot No. 27 & 28,
Sector No. 16, Near Vita Chowrangi,
Korangi Industrial Area, Karachi.
Phones : (021) 3507 8861-64
Fax : (021) 3507 8865

Saddar:

SB-4/4, Zaibunissa Street, Saddar,
Karachi.
Phones : (021) 3521 6308 (2 Lines)
: (021) 3521 6433
Fax : (021) 3521 6434

Alamgir Road:

25, Central Commercial Area,
Main Alamgir Road, Bahadurabad,
Karachi.
Phones : (021) 3494 8805 (3 Lines)
: (021) 3494 8810
Fax : (021) 3494 8803

Ittehad:

86-C, 11th Commercial Street,
D.H.A. Phase 11 Ext., Karachi.
Phones : (021) 3589 7623 (2 Lines)
: (021) 3538 2109
: (021) 3538 2110
Fax : (021) 3588 6872

North Karachi Industrial Area:

ST-5, Gabol Town,
Federal 'B' Area, Karachi.
Phones : (021) 3695 7569, 3693 3461 (3 Lines)
: (021) 3693 3234, 3693 3235
Fax : (021) 3695 7570

Hyderi:

7-A, Mustafa Market,
Block G, Barkat-e-Hyderi, Karachi,
Phones : (021) 3664 0774 (3 Lines)
Fax : (021) 3664 0777

Dhoraji Colony:

Madni Pride, Block 7 & 8,
C.P. Berar, C.H.S.,
Dhoraji Colony, Karachi.
Phones : (021) 3494 9535 - 44 - 64
: (021) 3494 9556
Fax : (021) 3494 9592

Gulshan Chowrangi:

FL 4/S, Hamid Square,
Block 3, Gulshan-e-Iqbal, Karachi.
Phones : (021) 3480 0790 (3 Lines)
Fax : (021) 3480 0789

Khalid Bin Walid Road:

Khalid Bin Walid Road,
F/168/A, Madina Mall, Block-3,
PECHS, Karachi.
Phones : (021) 3439 0191 (3 Lines)
Fax : (021) 3439 0190

Ceramic Market:

485/486, Rizvia Society,
Nazimabad, Karachi.
Phones : (021) 3660 0546 (3 Lines)
: (021) 3670 1001
Fax : (021) 3660 7462

Landhi:

15 Milestone, National Highway,
Landhi-4, Karachi.
Phones : (021) 3502 4901 (4 Lines)
: (021) 3769 0866
Fax : (021) 3502 5200

Paposh Nagar:

6-A, Block V-A Nazimabad No. 5,
Karachi.
Phones : (021) 3670 0001 (4 Lines)
Fax : (021) 3670 0005

Textile Plaza:

Nadeem Cloth Market,
M.A. Jinnah Road, Karachi.
Phones : (021) 3242 2476 (2 Lines)
: (021) 3242 2415 (2 Lines)
: (021) 3241 3964
Fax : (021) 3241 6148

Water Pump:

57, Nawaz Court, Block-16,
FedeTal "B" Area, Karachi
Phones : (021) 3681 2577 (2 Lines)
: (021) 3632 3028
Fax : (021) 3633 4557

Shershah:

D-283/1, S.I.T.E. Area,
Trans Lyari Quarter, Karachi.
Phones : (021) 3258 6301 (3 Lines)
Fax : (021) 3258 6305

University Road:

NED University Campus, Gate No. 1,
University Road, Gulshan-e-Iqbal,
Karachi.
Phones : (021) 9926 1191-93 (3 Lines)
Fax : (021) 9926 1195

Boat Basin:

GPC-2, Bl-5 KDA Scheme No. 5,
Clifton, Karachi.
Phones : (021) 3587 9734 (3 Lines)
: (021) 3587 9737
Fax : (021) 3587 9738

HBZ Plaza:

HBZ Plaza, I.I. Chundrigar Road,
P.O. Box 1424, Karachi-74200.
Phones : (021) 3263 3311-30
Fax : (021) 3263 1418-19
SWIFT : MPBLPKKA 052

Mereweather Tower:

GK-7/99, Tower Mention,
M.A Jinnah Road , Opp. M.W. Tower,
Karachi
Phones : (021) 3240 1981-5
Fax : (021) 3243 8295
SWIFT : MPBLPKKA 056

Clifton:

S-2, Uzma Arcade, Block-7,
Khayaban-e-Iqbal, KDA Scheme 5,
Clifton Karachi
Phones : (021) 3587 7831-5
Fax : (021) 3583 2019
SWIFT : MPBLPKKA 057

City Court:

Premises No, 5 & 7, Court Chamber,
Syedna Tahir Saifuddin Road,
Opp. City Court, Karachi.
Phones : (021) 3272 9991-4
: (021) 3272 0106-8
Fax : (021) 3272 9805
SWIFT : MPBLPKKA 058

Plaza Square:

Shopp # 1 & 1B, Ground Floor,
Naseeb Building No. 37/1, Plaza Square,
M.A. Jinnah Road, Karachi
Phones : (021) 3273 7183-5
(021) 3275 0623
Fax : (021) 3273 7187
SWIFT : MPBLPKKA 059

Hussainabad:

R-479/2, Ground Floor, Federal "B" Area
Karachi.
Phones : (021) 3682 4048-51
Fax : (021) 3682 4052
SWIFT : MPBLPKKA 060

Marriot Road:

MR - 1/37-G-5, Jelani Manzil,
Marriot Road Karachi.
Phone : (021) 3247 3509
(021) 3247 3359
(021) 3247 3586
Fax : (021) 3247 3550
SWIFT : MPBLPKKA 063

Industrial Area Korangi:

Plot No. SC-8 (ST-17) Sector - 15,
Korangi Township, Karachi.
Phone : (021) 3511 4055-60
(021) 3832 0007-8
Fax : (021) 3511 4053

Business Avenue:

Business Avenue, 26/A, Block - 6,
Shahrah-e-Faisal Karachi.
Phone : (021) 3439 1420-25
Fax : (021) 3439 1428
SWIFT : MPBLPKKA 065

Preedy Street:

Shop # 12, 15, 16 & 17, Plot # 273/1,
Coronation Building, Artillery Maidan,
Preedy Street, Saddar Karachi.
Phone : (021) 3272 6391
(021) 3274 3394-6
(021) 3274 3406
Fax : (021) 3274 3408
SWIFT : MPBLPKKA 066

Bahadurabad:

Prime Arcade,
Bahadur Shah Zafar Road,
Bahadurabad, Karachi.
Phone : (021) 3494 9316, 3493 3677
(021) 3413 0936, 3413 0937
Fax : (021) 3493 3729
SWIFT : MPBLPKKA 0687

Khayaban-e-Shahbaz:

Plot No. 6/2, Survey, No. 26,
Khayaban-e-Shahbaz Lane 2,
Phase VI D.H.A. Karachi.
Phone : (021) 3534 2036, 3584 7314
(021) 3425 4774
Fax : (021) 3584 7126
SWIFT : MPBLPKKA 070

North Nazimabad:

Shop No. 6/7 & 8, Kameez Market,
North Nazimabad Karachi.
Phone : (021) 3663 9404
(021) 3663 9262
(021) 3663 9816
(021) 3663 6291
Fax : (021) 3663 6427
SWIFT : MPBLPKKA 071

Mission Road:

Plot Survey No. 1, Shop No. 2,
Popular Tiles Building,
Mission Road Karachi.
Phone : (021) 3273 6656
(021) 3276 2291
Fax : (021) 3276 6293
SWIFT : MPBLPKKA 073

Mangopir Road:

D-22, Mangopir Road,
S.I.T.E. Karachi.
Phone : (021) 3259 4025-27
(021) 3259 4028
Fax : (021) 3259 4029
SWIFT : MPBLPKKA 076

Phase II, D.H.A :

Plot Bearing No. 12-C Korangi Road,
Phase II, D.H.A. Karachi.
Phone : (021) 3539 6989-91
Fax : (021) 3539 6996

Gulistan - e - Johar:

Shop No. B-5/1, 1 Plot No. FI-22,
Block-15 Gulistan-e-Johar, Karachi.
Phone: (021) 3403 0271-13
Fax: (021) 3403 0274

Soldier Bazar:

Rodrigues Street,
Soldier Bazar, Karachi.
Phone : (021) 3224 1545-7
(021) 32241549
Fax : (021) 32241548

U.P. More:

Block 11-B, U.P. More, Karachi.
Phone : (021) 3696 4692-3
(021) 3696 4694
Fax : (021) 3696 4695

Allama Iqbal Road:

Plot No. 946, 947 - C,
P.E.C.H.S, Allama Iqbal Road,
Karachi.
Phone : (021) 3430 1061-4
Fax : (021) 3430 1065

Lines Area:

Mubarak Shaheed Road, Opp 602
Workshop Store No. 3, Lines Area Karachi.
Phones : (021) 3279 3282-84 (3Lines)
(021) 3279 3285
Fax : (021) 3279 3286

Gulshan-e-Maymar:

Plot No. SB-001, Sector - X,
Sub Sector - II, Gulshan-e-Maymar,
Karachi.
Phones : (021) 3683 3453-4
Fax : (021) 3683 3455

PIB Colony:

Plot, No. 389, PIB Colony
Karachi.
Phones : (021) 3486 0561-3
Fax : (021) 3486 0565

Nishtar Road:

Plot No. LR-10, Shop No. 1,
Nishtar Road Karachi.
Phones : (021) 3273 0693-97
Fax : (021) 3273 0686

Malir City:

Plot No. Ls-33, Street No.32,
Sector 4, Liaquat Market,
Malir Town Ship, Karachi.
Phones : (021) 3411 4087-89
Fax : (021) 3411 4152

West Wharf:

Show Room No. 7 & 8,
Pak Chamber, West Wharf Road,
Karachi.
Phones : (021) 3231 4752-54
Fax : (021) 3231 4253

Civil Lines:

Mehran Estate, Plot No. 18/15,
Survey Sheet No. C.L.17,
Civil Lines Quarters, Karachi.
Phones : (021) 3562 2590-2
Fax : (021) 3562 2594

Gizri Road:

Plot No. K7-35 & 37,
Choudhary Khaliq-uz-Zaman Road,
Karachi.
Phones : (021) 3582 2871-2

Stadium Road:

Shop No. A, Plot No. SB-11,
KDA Scheme No. 1-A (Extension),
Stadium Road, Karachi
Phone : (021) 3486 0061-4
Fax : (021) 3486 0065

Stargate:

Near Stargate, Shahrah-e-Faisal
Karachi.
Phone : (021) 3460 1352-4
Fax : (021) 3460 1351

Khayaban-e-Bokhari:

Plot # 24-C, Khayaban-e-Bokhari,
Phase-VI, D.H.A., Karachi.
Phone : (021) 3524 2701-3
(021) 3524 2704
Fax : (021) 3524 2705

Safoora Goth:

Plot # 7/7, Block 4, Scheme - 36
University Road, Near Safoora Goth, Karachi.
Phone : (021) 3466 0236-8
: (021) 3466 0240
Fax : (021) 3466 0239

Liaquatabad:

G-5, G-8 & G-9, Commercial SITE #11,
Industrial Area Liaquatabad, Karachi.
Phone : (021) 3491 4121-3
Fax : (021) 3491 4128

Shahrah-e-Quaideen:

103-K, Block-2, P.E.C.H.S.,
Shahrah-e-Quaideen, Karachi.
Phone : (021) 3452 9531
Fax : (021) 3452 3079

Port Qasim:

Plot # W-21/2 & 3, North Western Zone,
Port Qasim, Karachi.
Phone : (021) 3475 0232
Fax : (021) 3475 0231

Hassan Square:

Plot # Fl-4, Block No. 13-D, Karim Square,
Shah Suleman Road, Karachi.
Phone : (021) 3498 0126-27
Fax : (021) 3498 0166

Saba Avenue:

Plot # 12-C, Badar Commercial Area,
Street 6, Phase V, DHA, Karachi
Phone : (021) 3524 4113-5
Fax : (021) 3524 4116

Sub-branch Navy Housing Society:

Navy Housing Scheme, Clifton
Karachi.
Phone : (021) 3529 3714

Mohammad Ali Society:

Plot # 2A, Mohammad Ali
Memorial Housing Society
Sharah-e-Faisal Karachi.
Phone : (021) 3454 4044-6
Fax : (021)

Garden East:

Bell View Tower
Garden East, Nishter Road,
Karachi
Phone : (021) 3225 5362-4
Fax : (021) 3225 5367

Zamzama:

3-E, 8th Zamzama Lane,
Phase V, DHA, Karachi.
Phone : (021) 3530 2177-80
Fax : (021)

QUETTA:

Shahrah-e-Iqbal,
G.P.O. Box 185, Quetta.
Phones : (081) 284 5302,
(081) 284 5308
UAN : (081) 111-18-18-18
Fax : (081) 282 4209
Cable : BANKMETRO

HYDERABAD:

F-66, Risala Road,
P.O. Box No. 182, Hyderabad.
Phones : (022) 278 3893, 784087
UAN : (022) 111-18-18-18
Fax : (022) 278 3894

SUKKUR:

B-2558 Shaheed Gunj, Sukkur
Phones : (071) 562 0432-35
Fax : (071) 562 0484

HUB**Hub Chowki:**

Shops # 1,2,3, & 4, Survaj # 97/111,
Mouza Bairut, Main RCD Road,
Tehsil Hub, Distt. Lasbella, Baluchistan.
Phone : (0853) 363 701-2
Fax : (0853) 363 705

LAHORE**Main Branch:**

Associated House,
7-Egerton Road, Lahore.
Phones : (042) 3627 9062 (4 Lines)
: (042) 3627 8812, 3630 6902
: (042) 3630 7715-16, 3630 4383
: (042) 3630 8301
UAN : (042) 111-18-18-18
Fax : (042) 36279061
SWIFT : MPBLPKKA002

Gulberg:

85, D-1, Main Boulevard, Gulberg-III,
G.P.O Box No. 54660, Lahore.
Phones : (042) 3587 2091 (4 Lines)
: (042) 3575 5151, 3575 5252
Fax : (042) 3575 4480

Circular Road:

83-Circular Road, Lahore.
Phones (042) 3767 2634 (5 Lines)
Fax (042) 3767 2631

Defence DHA:

9-Z, Defence Housing Authority, Lahore,
Phones : (042) 3589 4162 (3 Lines)
Fax : (042) 3589 3878

Badami Bagh:

38-R-359, Circular Road, Lahore.
Phones : (042) 3772 3471
: (042) 3773 1413 (3 Lines)

Model Town Link Road:

207-B, Bl-A, Model Town Link Road,
Lahore.
Phones : (042) 3520 1635 (3 Lines)
(042) 3520 3657
Fax : (042) 3520 3658

Sub-branch Makro Model Town Link Road:

Makro-Habib, Model Town Link Road,
Lahore
Phones : (042) 3591 6951-52
Fax : (042) 3591 6934

Davis Road:

14-B, Davis Road, (Sir Aga Khan Road)
P.O.Box 2276, Lahore.
Phone : (042) 3627 9020 (5 Lines)
(042) 3630 7613
Fax : (042) 3636 8392
SWIFT : MPBLPKKA053

Main Boulevard:

19-B, Main Boulevard, Gulberg
Lahore.
Phone : (042) 3587 8475-9
Fax : (042) 3587 8473

Baghbanpura:

Plot # 277, G.T. Road,
Baghbanpura, Lahore.
Phone : (042) 3685 6532-4
Fax : (042) 3685 6535

Raiwind Road:

9 KM Raiwind Road, Bhoitian Chowk,
Khewat No. 840, Khatoni No. 1251,
Khasra No. 1907-10, Lahore.
Phone : (042) 3532 3151-5
Fax : (042) 3532 3152
SWIFT MPBLPAAK069

Garden Town:

Ibrahim Trade Center,
1-A1, Albak Block,
New Garden Town Lahore.
Phone : (042) 3594 1636-8
(042) 3594 1631
Fax : (042) 3594 1632
SWIFT : MPBLPKKA074

Ravi Road:

75-76, Ravi Road,
Datagunj Buksh Town,
Lahore.
Phone : (042) 3770 3106-7
(042) 3770 5201
Fax : (042) 3770 5202
SWIFT : MPBLPKKA075

Shahrah-e-Quaid-e-Azam:

Bank Square, Lahore.
Phone : (042) 3723 5725 (4 Lines)
(042) 3723 5703
Fax : (042) 3723 5704

Urdu Bazar:

Outside Lohari Gate, 213
Circular Road, Lahore.
Phone : (042) 3736 1274-7
Fax : (042) 3736 1273

Ferozpur Road:

19 K.M. Ferozpur Road,
Mouza Attari, Lahore.
Phone : (042) 3580 9344-50
Fax : (042) 3580 8570

Johar Town:

Plot No. 654, Block G/1,
Johar Town Scheme, Lahore.
Phone : (042) 3529 0902
Fax : (042) 3529 0903

Walton Road:

E-65, Zaman Colony,
Walton Road, Lahore.
Phone : (042) 3660 1325-26
Fax : (042) 3660 1324

Lahore Cantt:

1186 - Tufail Road, Saddar,
Lahore Cantt, Lahore.
Phone : (042) 3660 4801-3
Fax : (042) 3660 4804

Iqbal Town:

19 - Hunza Block, Main Boulevard,
Iqbal Town, Lahore.
Phone : (042) 3529 6719
Fax : (042) 3529 6819

Brandreth Road:

39 Brandreth Road, Lahore.
Phone : (042) 3738 1107
Fax : (042) 3738 1106

Gulshan-e-Ravi:

173, Block-A, Gulshan-e-Ravi,
Lahore.
Phone : (042) 3740 2112
Fax : (042) 3740 2113

Shadman:

119, Shadman Colony # 1,
Lahore.
Phone : (042) 3756 1261-2
Fax : (042) 3753 6472

PESHAWAR

Main Branch:

95-A, Saddar Road, Peshawar.
Phone : (091) 527 0904 (3 Lines)
: (091) 527 5784, 275709
UAN : (091) 111-18-18-18
Fax : (091) 5275624

Khyber Bazar:

Haroon Mansion, Khyber Bazar,
Old City, Peshawar.
Phone : (091) 256 6682-84
Fax : (091) 256 6685

MIRPUR (A.K)

Ejaz Plaza, Allama Iqbal Road,
Mirpur, Azad Kashmir.
Phones : (058274) 43435, 48039-40
(058274) 45719
Fax : (058274) 43677

SIALKOT

Main Branch:

Allama Iqbal Chowk, Railway Road,
G.P.O. Box 2626, Sialkot.
Phones : (052) 458 002, 458 0037
: (052) 460 4905, 460 2451
: (052) 459 3572
UAN : (052) 111-18-18-18
Fax : (052) 458 8024
SWIFT : MPBLPKKA006

Small Industrial Estate:

27-28-A, Small Industrial Estate,
Sialkot.
Phones : (052) 325 4720, 325 4799
Fax : (052) 325 4738

MULTAN:

85-A, Qasim Road,
P.O. Box No- 108, Multan Cantt.
Phones : (061) 458 3515 (3 Lines)
: (061) 478 5719 - 20
LAN : (061) 111-18-18-18
Fax : (061) 4583518

Ghalla Mandi:

Chowk Shah Abbas,
New Ghalla Mandi,
Vehri road Multan.
Phone : (061) 624 4905-6
Fax : (061) 624 4907

FAISALABAD:

Main Branch:

P/64, Taj Plaza, Kotwali Road, Faisalabad.
Phones : (041) 264 9902 (5 Lines)
UAN : (041) 111-18-18-18
Fax : (041) 264 9901
SWIFT : MPBLPKKA009

Sargodha Road:

P-61, Opp. Punjab Medical College,
Faisalabad.
Phones : (041) 881 3291-6
Fax : (041) 881 3409
SWIFT : MPBLPKKA054

Susan Road:

7- Main Susan Road,
Madina Town, Faisalabad.
Phones : (041) 850 2153-6
Fax : (041) 850 2159
SWIFT : MPBLPKKA054

ISLAMABAD:

Islamabad:

24-D, Rashid Plaza,
Jinnah Avenue, Islamabad.
Phones : (051) 227 4088 (3 Lines)
: (051) 227 7438
UAN : (051) 111-18-18-18
Fax : (051) 227 4082
SWIFT : MPBLPK010

F-10 Markaz:

F-10, Markaz Branch,
1-k, 10th Avenue, F-10, Islamabad
Phones : (051) 210 2515-16
Fax : (051) 210 2514

RAWALPIND:

Main Branch:

186/2, Bank Road, Rawalpindi Cantt.
Phones : (051) 511 0178 - 81 - 82
: (051) 551 7013,
(051) 511 0177
Fax : (051) 579 4376

Murree Road:

NM - 1066 - 6th Road Chowk,
Murree Road Rawalpindi.
Phone : (051) 445 2061-2
Fax : (051) 4452317

RAHIM YAR KHAN:

7-8, Shahi Road, Rahim Yar Khan
Phone (068) 588 3493, 587 2876-79
Fax (068) 587 4193

KASUR:

Railway Road, Kasur.
Phones : (0492) 925 0053, 276 4606
: (0492) 276 5331
Fax : (0492) 925 0090

GUJRANWALA:

Main G.T. Road, Opposite
City Top Hotel, Gujranwala.
Phones : (055) 384 5467 (3 Lines)
: (055) 325 1997
Fax : (055) 384 5466

KAMOKE:

Al-Madni Plaza, G.T. Road,
Kamoke, Lahore.
Phone : (055) 681 4185

BAHAWALPUR

Yazman Mandi:

Bahawalpur Road-Yazman Mandi,
Distt. Bahawalpur.
Phone : (062) 270 3042-3
Fax : (062) 270 3041

KHANPUR:

Mouza Kachi Jamal,
Opp. New Sabzi Mandi,
Jethe Butla road, Khanpur.
Phone : (068) 557 1872-5
Fax : (068)

Islamic Banking Branches:

KARACHI:

Al Falah Court:

Al-Falah Court, I.I. Chundrigar Road,
Karachi.
Phone : (021) 221 5360-3
Fax : (021) 221 5358
SWIFT : MPBLPKKA 71

Zaibunisa Street:

SB-4f4, 2nd Floor, Zaibunnisa Street,
Saddar, Karachi
Phones (021) 565 0711 (4 Lines)
Fax (021) 565 0650

Rashid Minhas Road:

Plot No. FL-3/15, KDA Scheme No. 24
Rashid Minhas Road,
Gulshan-e-Iqbal, Karachi.
Phone : (021) 481 9985-8
(021) 497 9264
Fax : (021) 481 9989
SWIFT : MPBLPKKA 72

LAHORE:

Gulberg:

House No. 85- D-1,
Gulberg-III, Lahore.
Phone : (042) 578 9942-4
(042) 578 9940
Fax : (042) 578 9941

I/We _____
of _____
being member (s) of Habib Metropolitan Bank Limited and holding _____
ordinary shares, as per Register folio _____
hereby appoint _____ Folio No. _____
of _____
or failing him _____ Folio No. _____
of _____
another member of the Bank to vote for me/us and on my/our behalf at the 18th Annual General Meeting
of the Bank to be held on March 29, 2010 and at any adjournment thereof.
As Witness my/our hand this _____ day of March 2010.

REVENUE
STAMP
RS. 5

SIGNATURE OF MEMBER(S)

A member entitled to attend General Meeting is entitled to appoint proxy to attend and vote instead of him. A proxy should be a member of the Bank. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

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

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