



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 statement of financial position of Habib Metropolitan Bank Limited as at 31 December 2010 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.

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 2010 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 financial statements of the subsidiary company (Habib Metropolitan Financial Services Limited) for the year ended 31 December 2009 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated 10 February 2010.

Karachi: 1 March 2011

KPMG Taseer Hadi & Co
Chartered Accountants
Amyr Pirani

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	2010	2009
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	8	13,923,393	11,192,498
Balances with other banks	9	3,123,094	4,836,399
Lendings to financial institutions	10	3,190,399	150,000
Investments	11	100,849,146	111,379,520
Advances	12	119,827,636	102,293,132
Operating fixed assets	13	3,387,452	2,465,977
Deferred tax assets	14	1,869,087	825,465
Other assets	15	5,960,674	4,015,510
		252,130,881	237,158,501
LIABILITIES			
Bills payable	16	2,572,954	3,111,467
Borrowings	17	62,529,729	68,186,674
Deposits and other accounts	18	160,314,211	142,185,495
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities	19	6,403,670	4,923,208
		231,820,564	218,406,844
NET ASSETS		20,310,317	18,751,657
REPRESENTED BY			
Share capital	20	8,731,929	7,527,525
Reserves		8,151,443	7,587,835
Unappropriated profit		4,073,530	3,784,926
		20,956,902	18,900,286
Deficit on revaluation of assets - net of tax	21	(646,585)	(148,629)
		20,310,317	18,751,657
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 44 and annexures I & II form an integral part of these consolidated financial statements.

KASSIM PAREKH
Chairman

ANJUM IQBAL
Chief Executive

BASHIR ALI MOHAMMAD
Director

MOHAMEDALI R. HABIB
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010



	Note	2010	2009
		Rupees in '000	
Mark-up / return / interest earned	24	23,381,800	21,376,259
Mark-up / return / interest expensed	25	(16,407,604)	(14,636,228)
Net mark-up / interest Income		6,974,196	6,740,031
Provision against non-performing loans and advances	12.5	2,937,763	2,503,202
Provision for diminution in the value of investments	11.3	103,785	66,444
Bad debts written off directly	12.7.1	—	—
		(3,041,548)	(2,569,646)
Net mark-up / interest income after provisions		3,932,648	4,170,385
Non mark-up / interest income			
Fee, commission and brokerage income		1,599,799	1,276,162
Dividend income		559,546	438,287
Income from dealing in foreign currencies		1,775,133	1,532,500
Gain on sale/redemption of securities	26	245,455	206,514
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading		—	—
Other income	27	250,048	259,858
Total non mark-up / interest income		4,429,981	3,713,321
		8,362,629	7,883,706
Non mark-up / interest expenses			
Administrative expenses	28	4,199,115	3,550,647
Other provisions / write offs	19.1	38,922	—
Other charges	29	97,002	106,325
Total non mark-up / interest expenses		(4,335,039)	(3,656,972)
		4,027,590	4,226,734
Extraordinary / unusual items		—	—
Profit before taxation		4,027,590	4,226,734
Taxation - Current		(1,908,066)	(1,696,215)
- Prior years		(6,016)	(262)
- Deferred		695,861	216,306
	30	(1,218,221)	(1,480,171)
Profit after taxation		2,809,369	2,746,563
Unappropriated profit brought forward		3,784,926	3,091,767
Profit available for appropriation		6,594,295	5,838,330
			(Restated)
Basic and diluted earnings per share (Rupees)	31	3.22	3.15

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Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		Rupees in '000	
Profit after taxation for the year		2,809,369	2,746,563
Other comprehensive income		—	—
Comprehensive income transferred to equity		2,809,369	2,746,563
Components of comprehensive income not reflected in equity			
(Deficit)/Surplus on revaluation of investments		(845,712)	1,533,212
Deferred tax on revaluation of investments	14.1	347,756	(536,506)
		(497,956)	996,706
Total Comprehensive income		2,311,413	3,743,269

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CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010



	Note	2010	2009
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,027,590	4,226,734
Less: Dividend income		559,546	438,287
		3,468,044	3,788,447
Adjustments			
Depreciation	13.2	324,202	237,013
Provision against non-performing loans and advances	12.5	2,937,763	2,503,202
Provision against off-balance sheet obligations	19.1	38,922	—
Provision for diminution in the value of investments-net	11.3	28,910	(23,035)
Net (gain) on sale of fixed assets	27	(5,404)	(7,387)
		3,324,393	2,709,793
		6,792,437	6,498,240
(Increase) / decrease in operating assets			
Lendings to financial institutions		(3,040,399)	(51,824)
Advances		(20,472,267)	3,464,925
Other assets		(1,943,445)	(382,123)
		(25,456,111)	3,030,978
Increase / (decrease) in operating liabilities			
Bills payable		(538,513)	739,321
Borrowings		(5,229,374)	37,222,060
Deposits and other accounts		18,128,716	13,994,552
Other liabilities (excluding current taxation)		1,341,246	(1,240,337)
		13,702,075	50,715,596
		(4,961,599)	60,244,814
Income tax paid		(1,817,615)	(2,056,893)
		(6,779,214)	58,187,921
Net cash flows from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		10,705,753	(56,837,418)
Net investments in held-to-maturity securities		(1,050,000)	350,000
Dividend received		559,546	438,287
Investments in operating fixed assets		(1,250,644)	(1,086,464)
Proceeds from sale of fixed assets		10,371	8,971
		8,975,026	(57,126,624)
Net cash flows from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(750,651)	(37)
		(750,651)	(37)
Net cash flows from financing activities			
Increase in cash and cash equivalents			
		1,445,161	1,061,260
Cash and cash equivalents at the beginning of the year		14,124,969	12,947,153
Effect of exchange rate changes on cash and cash equivalents		107,732	224,288
		15,677,862	14,232,701
Cash and cash equivalents at end of the year	32		

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Reserves					Un-appropriated Profit	Total
	Share Capital	Share Premium	Statutory Reserve	Special Reserve	Revenue Reserve		
	Rupees in '000						
Balance as at 1 January 2009	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 owners recorded directly in equity							
Issue of bonus shares in the ratio of 25 shares for every 100 shares held for the year ended 31 December 2008	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
Changes in equity for the year ended 31 December 2010							
Total comprehensive income for the year ended 31 December 2010 – profit for the year	–	–	–	–	–	2,809,369	2,809,369
Transactions with owners recorded directly in equity							
Issue of bonus shares in the ratio of 16 shares for every 100 shares held for the year ended 31 December 2009	1,204,404	–	–	–	–	(1,204,404)	–
Cash dividend (Re. 1 per share)	–	–	–	–	–	(752,753)	(752,753)
	1,204,404	–	–	–	–	(1,957,157)	(752,753)
Transfer to statutory reserve	–	–	563,608	–	–	(563,608)	–
Balance as at 31 December 2010	8,731,929	2,550,985	3,860,097	240,361	1,500,000	4,073,530	20,956,902

The annexed notes 1 to 44 and annexures I & II form an integral part of these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010



1. STATUS AND NATURE OF BUSINESS

- 1.1** The Group comprises of Habib Metropolitan Bank Limited (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 135 (2009: 120) branches including 4 (2009: 4) Islamic banking branches and 8 (2009: 2) sub-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, Kheকাশan Clifton, Karachi. The Company is a corporate member of the Karachi Stock Exchange (Guarantee) Limited and engaged in equity brokerage services.

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 subsidiary company 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. 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 SBP shall prevail.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 and the forced sale value of the securities etc. as per 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 as 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) Impairment of non-financial assets (excluding deferred tax asset)

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

v) 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.

vi) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the 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".

vii) Defined benefits plan

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method, as more fully disclosed in note 34 to these consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Bank for the year ended 31 December 2009.

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 are carried at market value. Investments classified as held to maturity are carried at amortized cost whereas investment in a 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 decreases in the carrying value are 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 Bank 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 Bank 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

In accordance with the requirements of Islamic Financial Accounting Standard (IFAS) No. 2 for the accounting and financial reporting of "Ijarah", 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

have been reflected in note 12 to these consolidated financial statements under "Advances". Rental income on these Ijarahs is recognised in the Bank'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 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 Bank 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 Bank. 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 Bank to settle the obligation. The loss is charged to the profit and loss account net of expected recovery and is classified under other liabilities.

Other provisions are recognised when the Bank 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 Bank 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 recognised in 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 Bank operates a recognised provident fund scheme for all its regular employees, which is administered by the Board of Trustees. Contributions are made by the Bank 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 by the Islamic Banking branches and accounted for IFAS 2 (refer note 5.4) 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 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/commercial 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 unconsolidated 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 presents 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 (Other than loans & advances and investments)

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.

Details of the basis of determination of impairment against loans & advances and investments have been discussed in their respective notes.

5.17 Financial instruments

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

5.18 Murabaha

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Group and all documents relating to purchase belongs to the customer. However, the profit on that sale revenue not due for payment is deferred by recording a credit to the "Deferred Murahaba Income" account. Funds disbursed under Murhaba arrangements for purchase of goods are recorded as 'Advance against Murabaha'.

5.19 Diminishing Musharaka

In Diminishing Musharakah based financing, the Group enters into a Musharakah based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into period profit payment agreement for the utilization of the Group's Musharakah share by the customer.

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

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

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after February 01, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment 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 July 01, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on Group's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after January 01, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment will result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 01, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Group's financial statements.
- Improvements to IFRSs 2010 – In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 1, 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.
- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The amendment has no impact on the Group's financial statements.

7. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pakistani Rupees, which is Group'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	2010	2009
		Rupees in '000	
In hand			
Local currency		1,929,455	1,718,787
Foreign currencies		937,771	373,053
		2,867,226	2,091,840
With State Bank of Pakistan in			
Local currency current accounts	8.1	7,796,785	6,290,443
Foreign currency current account	8.2	74,706	34,599
Foreign currency deposit accounts			
– cash reserve accounts	8.3	779,722	688,928
– special cash reserve accounts	8.4	2,307,567	2,039,742
		10,958,780	9,053,712
With National Bank of Pakistan in			
Local currency current accounts		91,705	36,745
National Prize Bonds		5,682	10,201
		13,923,393	11,192,498

8.1 These accounts are maintained to comply with the statutory cash reserve requirements and include cash reserve account of Rs. 647,054 thousand (2009: 667,291 thousand) in respect of the Islamic Banking branches of the Group.

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

8.3 Represents cash reserve maintained with SBP against foreign currency deposits and include amount of Rs. 17,556 thousand (2009: 14,995 thousand) in respect of the Islamic Banking branches of the Group.

8.4 Represents special cash reserve maintained with SBP against foreign currency deposits and include amount of Rs. 21,067 thousand (2009: 17,943 thousand) in respect of the Islamic Banking branches of the Group.

9. BALANCES WITH OTHER BANKS		2010	2009
		Rupees in '000	
In Pakistan			
On current accounts		414,336	194,743
On deposit accounts	9.1	17,205	159
		431,541	194,902
Outside Pakistan			
On current accounts	9.2	978,819	1,356,074
On deposit accounts	9.3	1,712,734	3,285,423
		2,691,553	4,641,497
		3,123,094	4,836,399

9.1 This carry mark-up rate of 5.00% (2009: 5.00%) per annum.

9.2 Include balances in current accounts of Rs. 163,577 thousand (2009: Rs. 65,247 thousand) with branches of the holding company.

9.3 This carry mark-up rate of 0.15% (2009: 0.1053%) per annum.

10. LENDINGS TO FINANCIAL INSTITUTIONS	Note	2010	2009
		Rupees in '000	
Call money lendings	10.2	2,100,000	100,000
Repurchase agreement lendings (Reverse repo)	10.3	640,399	–
Letter of placements	10.4	450,000	50,000
		3,190,399	150,000
10.1 Particulars of lendings			
In local currency		3,190,399	150,000
		3,190,399	150,000

10.2 This carry mark-up rates ranging between 13.35% to 14.00% (2009: 12.25%) per annum and will mature upto 28 March 2011.

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

	Note	2010			2009		
		Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
(Rupees in'000)							
Market treasury bills	10.3.2	640,399	–	640,399	–	–	–

10.3.1 This lending carry mark-up rate of 13.90% (2009: Nil) per annum and will mature on 03 January 2011.

10.3.2 Market value of securities held as collateral against lendings to financial institutions as at 31 December 2010 amounted to Rs. 640.767 million (2009: Nil).

10.4 This represents clean placement with a Non-Banking Financial Institution, carrying mark-up rates ranging between 13.90% to 14.00% (2009: 14.00%) per annum and will mature by 7 January 2011.

	Note	2010			2009		
		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	11.7	20,327,803	24,133,119	44,460,922	36,395,925	34,383,407	70,779,332
Pakistan Investment Bonds	11.5	12,475,620	8,955,800	21,431,420	12,736,368	4,788,400	17,524,768
Ordinary Shares of listed companies		274,300	–	274,300	276,750	–	276,750
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
Listed Term Finance Certificates		2,282,470	–	2,282,470	1,911,435	–	1,911,435
Unlisted Term Finance Certificates		4,060,056	–	4,060,056	4,407,393	–	4,407,393
Sukuk Certificates / Bonds		18,192,348	–	18,192,348	8,118,738	–	8,118,738
Open end mutual funds		10,197,832	–	10,197,832	8,524,630	–	8,524,630
Close end mutual funds		67,000	–	67,000	129,055	–	129,055
		68,040,530	33,088,919	100,129,449	72,663,395	39,171,807	111,835,202
Held-to-maturity securities							
Certificate of Investments	11.6	1,050,000	–	1,050,000	–	–	–
		69,090,530	33,088,919	102,179,449	72,963,395	39,171,807	111,835,202
Investments at cost							
Provision for diminution in the value of investments	11.3	(255,932)	–	(255,932)	(227,022)	–	(227,022)
		68,834,598	33,088,919	101,923,517	72,436,373	39,171,807	111,608,180
Investments net of provision							
Deficit on revaluation of available-for-sale securities - net	21	(726,742)	(347,629)	(1,074,371)	(78,405)	(150,255)	(228,660)
		68,107,856	32,741,290	100,849,146	72,357,968	39,021,552	111,379,520

	Note	2010	2009
		Rupees in '000	
11.2 Investments by segments			
Federal Government Securities			
- Market Treasury Bills		44,460,922	70,779,332
- Pakistan Investment Bonds	11.5	21,431,420	17,524,768
- GOP Ijarah Sukuk		16,024,896	5,998,186
		81,917,238	94,302,286
Fully paid up Ordinary Shares			
- Listed Companies		274,300	276,750
- Unlisted Companies		123,101	123,101
		397,401	399,851
Fully paid up Preference Shares			
- Listed company		40,000	40,000
Term Finance Certificates and Sukuk Certificates / Bonds			
- Listed Term Finance Certificates		2,282,470	1,995,353
- Unlisted Term Finance Certificates		4,060,056	4,372,433
- Sukuk Certificates / Bonds		2,167,452	2,071,594
		8,509,978	8,439,380
Mutual Funds			
- Open end		10,197,832	8,524,630
- Close end		67,000	129,055
		10,264,832	8,653,685
Certificates of Investments			
		1,050,000	-
Investments at cost			
		102,179,449	111,835,202
Provision for diminution in the value of investments			
	11.3	(255,932)	(227,022)
Investments - net of provisions			
		101,923,517	111,608,180
Deficit on revaluation of available-for-sale securities – net			
	21	(1,074,371)	(228,660)
Investments after revaluation of available-for-sale securities			
		100,849,146	111,379,520

11.3 Particulars of provision for diminution in the value of investments	2010	2009
	Rupees in '000	
- Opening balance	227,022	250,057
- Charge for the year	103,785	66,444
- Reversal of provision upon disposal of investments	(74,875)	(89,479)
- Closing balance	255,932	227,022

**11.3.1 Particulars of provision in respect of
type and segment**

Available-for-sale securities

Fully paid-up ordinary shares

Listed companies	48,223	38,110
Unlisted companies	38,356	36,835

Listed Term Finance Certificates	93,507	23,611
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Sukuk Certificates and Bonds	28,803	24,053
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Mutual Funds

Open end	7,905	22,695
Close end	39,138	81,718

255,932	227,022
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11.4 Information relating to investments in federal government securities, ordinary and preference shares of listed and unlisted companies, open and close 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 consolidated financial statements.

11.5 These carry markup rates ranging from 8.00% to 14.00% per annum and will mature upto 3 September 2019. These includes Rs. 158.500 million as at 31 December 2010 (2009: Rs. 158.500 million) pledged with State Bank of Pakistan and National Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

11.6 These carry markup rates ranging from 13.90% to 13.95% per annum and will mature upto 9 March 2011.

11.7 These carry markup rates ranging from 12.24% to 13.25% per annum and will mature upto 28 July 2011.

	Note	2010	2009
		Rupees in '000	
12. ADVANCES			
Loans, cash credits, running finances, etc. In Pakistan		100,914,709	86,998,347
Net investment in finance lease / ijarah financing In Pakistan	12.2	906,984	1,385,434
Net assets in Ijarah under IFAS 2	12.10	901,886	212,552
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		6,344,275	4,810,638
Payable outside Pakistan		18,282,153	13,515,637
		24,626,428	18,326,275
Advances – gross		127,350,007	106,922,608
Provision against non-performing advances			
- specific		(7,463,452)	(4,204,731)
- general		(58,919)	(424,745)
	12.5	(7,522,371)	(4,629,476)
Advances – net of provisions		119,827,636	102,293,132
12.1 Particulars of advances – gross			
12.1.1 In local currency		107,434,187	95,623,555
In foreign currencies		19,915,820	11,299,053
		127,350,007	106,922,608
12.1.2 Short term (for upto one year)		109,318,646	92,746,494
Long term (for over one year)		18,031,361	14,176,114
		127,350,007	106,922,608

12.2 Net investment in finance lease / ijarah financing

	2010				2009			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	263,870	637,168	2,901	903,939	129,421	1,300,450	–	1,429,871
Residual value	12,068	114,768	579	127,415	17,168	104,009	–	121,177
Minimum lease payments	275,938	751,936	3,480	1,031,354	146,589	1,404,459	–	1,551,048
Financial charges for future periods	(22,790)	(101,020)	(560)	(124,370)	(14,690)	(150,924)	–	(165,614)
Present value of minimum lease payments	253,148	650,916	2,920	906,984	131,899	1,253,535	–	1,385,434

12.3 Advances include Rs. 10,961,145 thousand (2009 : Rs.6,364,335 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	2010			2009		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	(Rupees in '000)					
Substandard	348,017	73,725	73,725	230,099	32,426	32,426
Doubtful	2,417,408	836,356	836,356	1,082,445	405,567	405,567
Loss	8,195,720	6,553,371	6,553,371	5,051,791	3,766,738	3,766,738
	10,961,145	7,463,452	7,463,452	6,364,335	4,204,731	4,204,731

12.4 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

In accordance with BSD Circular No. 2 dated 27 January 2009 issued by the State Bank of Pakistan, during the year the Bank has further availed the benefit of FSV against the non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 676.720 million and profit after taxation for the year ended 31 December 2010 would have been lower by approximately Rs. 439.868 million. As of 31 December 2010, had the benefit of FSVs not taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,980.219 million and accumulated profit would have been lower by Rs. 1,287.142 million. This amount of Rs. 1,287.142 million is not available for the distribution of cash and stock dividend to the shareholders.

12.5 Particulars of provision against non-performing advances:

	Note	2010			2009		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		4,204,731	424,745	4,629,476	1,083,785	1,046,320	2,130,105
Charge for the year		3,826,217	–	3,826,217	3,203,349	–	3,203,349
Reversals		(522,628)	(365,826)	(888,454)	(78,572)	(621,575)	(700,147)
Net charge for the year		3,303,589	(365,826)	2,937,763	3,124,777	(621,575)	2,503,202
Amount written off	12.7	(44,868)	–	(44,868)	(3,831)	–	(3,831)
Closing balance	12.6	7,463,452	58,919	7,522,371	4,204,731	424,745	4,629,476

12.5.1 General provision includes provision of Rs. 22.117 million (2009: Rs. 16.195 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:

	2010			2009		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	<u>7,463,452</u>	<u>58,919</u>	<u>7,522,371</u>	<u>4,204,731</u>	<u>424,745</u>	<u>4,629,476</u>

12.7 Particulars of write-offs:

	2010	2009
	Rupees in '000	
12.7.1 Against provisions	44,868	3,831
Directly charged to profit and loss account	-	-
	<u>44,868</u>	<u>3,831</u>
12.7.2 Write-offs of Rs. 500,000/- and above	44,023	3,249
Write-offs of below Rs. 500,000/-	845	582
	<u>44,868</u>	<u>3,831</u>

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 2010 is enclosed as Annexure II.

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

	2010	2009
	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	620,908	583,277
Loans granted during the year	323,171	261,532
Repayments	(253,545)	(223,901)
Balance at end of year	<u>690,534</u>	<u>620,908</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	1,740,927	1,550,222
Loans granted during the year	30,558,362	28,110,309
Repayments	(30,100,823)	(27,919,604)
Balance at end of year	<u>2,198,466</u>	<u>1,740,927</u>

12.10 Net book value of investments in Ijarah under IFAS - 2 is net of depreciation of Rs. 219.988 million (2009: Rs. 43.947 million).

	Note	2010	2009
Rupees in '000			
13. OPERATING FIXED ASSETS			
Capital work-in-progress	13.1	550,779	88,673
Property and equipment	13.2	2,801,923	2,342,554
Intangible Assets	13.3	34,750	34,750
		3,387,452	2,465,977
13.1 Capital work-in-progress			
Civil works	13.1.1	85,797	85,879
Equipments		13,732	2,794
Advances against purchase of properties		451,250	—
		550,779	88,673

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 01 January 2010	Additions/ (deletions)	As at 31 December 2010	As at 01 January 2010	Charge for the year/ (deletions)	As at 31 December 2010	As at 31 December 2010	
Rupees in '000								
Freehold land	22,690	—	22,690	—	—	—	22,690	—
Leasehold land	50,688	—	50,688	—	—	—	50,688	—
Buildings / office premises	1,952,173	402,970	2,355,143	364,186	71,584	435,770	1,919,373	4
Furniture, fixtures, office and computer equipment	555,736	171,107 (15,846)	710,997	244,109	131,982 (14,208)	361,883	349,114	15 & 25
Vehicles	9,997	7,215 (4,152)	13,060	5,686	1,874 (824)	6,736	6,324	20
Leasehold improvements	558,596	207,246 (493)	765,349	193,345	118,762 (492)	311,615	453,734	20
2010	3,149,880	788,538 (20,491)	3,917,927	807,326	324,202 (15,524)	1,116,004	2,801,923	

	COST			DEPRECIATION			BOOK VALUE	Rate of depreciation %
	As at 01 January 2009	Additions/ (deletions)	As at 31 December 2009	As at 01 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	

13.2.1 The cost of fully depreciated assets still in use is Rs. 138,241 thousand (2009: Rs. 114,958 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	Sale Proceed	Mode of Payment	Particulars of purchaser
Vehicles	560	555	900	Best available Quotation	Mr. Eijaz Abdul Sattar (Son of deceased employee)
Vehicles	489	484	278	As per Bank policy	Mr. Mohammad Ali Pasha (Bank's ex employee)
Vehicles	411	402	501	As per Bank policy	Mr. Mohammad Ali Pasha (Bank's ex employee)
Vehicles	432	424	561	As per Bank policy	Mr. Abdul Aziz Memon (Bank's employee)
Vehicles	343	339	–	As per Bank policy	Mr. Abdul Aziz Memon (Bank's employee)
Vehicles	343	339	–	As per Bank policy	Mr. Usman N. Abedin, (Bank's employee)
	2,578	2,543	2,240		

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 (2009: Rs. 27,875 thousand).

14. DEFERRED TAX ASSETS

	2010	2009
	Rupees in '000	
Deferred tax debits arising in respect of:		
– Deficit on revaluation of investment securities	427,787	80,031
– Provision against diminution in the value of investments	65,760	43,827
– Provisions against non-performing advances (including off-balance sheet obligations)	1,818,804	1,060,149
– Pre operation expenses	759	759
	2,313,110	1,184,766
Deferred tax credits arising due to:		
– Accelerated tax depreciation	(444,023)	(359,301)
	(444,023)	(359,301)
Net deferred tax asset recognised by the bank	1,869,087	825,465

14.1. Reconciliation of deferred tax assets

Deferred debits arising in respect of	Balance as at 01 January 2008	Recognised in profit & loss account	Recognised in equity	Balance as at 31 December 2009	Recognised in profit & loss account	Recognised in equity	Balance as at 31 December 2010
Rupees in '000							
Deficit on revaluation of investment	616,537	–	(536,506)	80,031	–	347,756	427,787
Provision against diminution in value of investments	87,520	(43,693)	–	43,827	21,933	–	65,760
Provision against non-performing advances - note 30.3 (including off-balance sheet obligations)	745,537	314,612	–	1,060,149	758,655	–	1,818,804
Pre operation expenses	1,214	(455)	–	759	–	–	759
	<u>1,450,808</u>	<u>270,464</u>	<u>(536,506)</u>	<u>1,184,766</u>	<u>780,588</u>	<u>347,756</u>	<u>2,313,110</u>
Deferred credits arising due to							
Accelerated tax depreciation	(251,781)	(107,520)	–	(359,301)	(84,727)	–	(444,023)
Net investment in finance lease	(53,362)	53,362	–	–	–	–	–
	<u>(305,143)</u>	<u>(54,158)</u>	<u>–</u>	<u>(359,301)</u>	<u>(84,727)</u>	<u>–</u>	<u>(444,023)</u>
	<u>1,145,665</u>	<u>216,306</u>	<u>(536,506)</u>	<u>825,465</u>	<u>695,861</u>	<u>347,756</u>	<u>1,869,087</u>

2010 2009
Rupees in '000

15. OTHER ASSETS

Income / mark-up accrued in local currency	3,689,121	2,984,163
Income / mark-up accrued in foreign currencies	22,122	49,498
Advances, deposits, advance rent and other prepayments	285,503	309,488
Branch adjustment account	–	387
Unrealized gain on forward foreign exchange contracts	1,360,030	432,357
Receivable from the SBP against encashment of Government Securities	30,617	42,275
Stationery and stamps on hand	31,287	25,912
Advance payments against Ijarah	196,073	20,320
Advance payments against Diminishing Musharaka	82,135	–
Advance payments against Murabaha	207,991	133,051
Others	52,795	18,059
	<u>5,960,674</u>	<u>4,015,510</u>

16. BILLS PAYABLE

In Pakistan	2,572,954	3,111,467
	<u>2,572,954</u>	<u>3,111,467</u>

	Note	2010	2009
		Rupees in '000	
17. BORROWINGS			
In Pakistan		61,172,031	66,304,447
Outside Pakistan		1,357,698	1,882,227
		62,529,729	68,186,674
17.1 Particulars of borrowings in respect of currencies			
In local currency		61,172,031	66,304,447
In foreign currencies		1,357,698	1,882,227
		62,529,729	68,186,674
17.2 Details of borrowings			
Secured			
Borrowings from the State Bank of Pakistan			
- under export refinance scheme		25,710,819	24,820,596
- under long term financing - export oriented projects		1,300,872	1,858,677
- under long term financing facility - locally manufactured plant and machinery		1,418,938	677,608
Repurchase agreement borrowings	17.2.1	28,430,629	27,356,881
	17.2.2	32,630,475	38,807,235
		61,061,104	66,164,116
Unsecured			
Call borrowings	17.2.3	100,000	100,000
Overdrawn nostro accounts		1,357,698	1,755,865
Overdrawn local bank accounts		10,927	40,331
Other short term borrowing		-	126,362
		1,468,625	2,022,558
		62,529,729	68,186,674

17.2.1 These carrying mark-up rates ranging between 4.00% to 9.50% (2009: 4.00% to 7.70%) 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 carry mark-up rates ranging between 12.70% to 13.00% (2009: 12.00% to 12.40%) per annum, with maturities upto 17 March 2011.

17.2.3 This is an unsecured borrowing from Financial Institution, carrying mark-up at the rate of 12.60% (2009: 12.25%) per annum and will mature on 3 January 2011.

18. DEPOSITS AND OTHER ACCOUNTS	Note	2010	2009
		Rupees in '000	
Customers			
Fixed deposits		69,954,427	63,745,868
Savings deposits		38,873,120	39,879,767
Current accounts (non-remunerative)		37,316,518	33,250,907
Others		1,818,566	1,478,044
		147,962,631	138,354,586
Financial institutions			
Remunerative deposits		11,975,440	3,693,545
Non-remunerative deposits		376,140	137,364
		12,351,580	3,830,909
		160,314,211	142,185,495
18.1 Particulars of deposits			
In local currency		144,632,822	128,735,874
In foreign currencies		15,681,389	13,449,621
		160,314,211	142,185,495
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,720,511	2,983,665
Mark-up / return / interest payable in foreign currencies		23,081	8,500
Unearned commission and income on bills discounted		119,288	158,948
Accrued expenses		259,512	251,593
Current taxation (provisions less payments)		426,814	328,627
Provision against off-balance sheet obligations	19.1	38,922	-
Unclaimed dividend		3,150	1,049
Unrealized loss on forward foreign exchange contracts		628,822	157,400
Branch adjustment account		181	-
Workers' welfare fund	29.1	123,008	137,060
Excise duty payable		26,368	21,078
Locker deposits		313,297	271,593
Advance against Diminishing Musharaka		37,067	33,661
Advance rental for Ijarah		17,743	10,316
Security deposits against leases/ Ijarah		437,229	402,380
Sundry creditors		67,395	28,314
Others		161,282	129,024
		6,403,670	4,923,208
19.1 Provision against off-balance sheet obligations			
Opening balance		-	-
Charge for the year		38,922	-
Closing balance		38,922	-

20. SHARE CAPITAL

20.1 Authorised capital

2010	2009		2010	2009
Number of shares			Rupees in '000	
<u>1,200,000,000</u>	<u>1,200,000,000</u>	Ordinary shares of Rs. 10/- each	<u>12,000,000</u>	<u>12,000,000</u>

20.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs. 10/- each		
<u>30,000,000</u>	30,000,000	- issued for cash	<u>300,000</u>	300,000
<u>92,500,000</u>	92,500,000	- issued upon amalgamation	<u>925,000</u>	925,000
<u>750,692,900</u>	<u>630,252,500</u>	- issued as bonus shares	<u>7,506,929</u>	<u>6,302,525</u>
<u>873,192,900</u>	<u>752,752,500</u>		<u>8,731,929</u>	<u>7,527,525</u>

20.3 As of the balance sheet date, Habib Bank AG Zurich – Switzerland (the holding company) held 445,328 thousand (2009: 383,904 thousand) ordinary shares of Rs.10/- each (51% holding).

21. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX

Available-for-sale securities

Federal Government Securities

Market Treasury Bills	(132,003)	27,645
Pakistan Investment Bonds	(1,140,910)	(264,249)
GOP Ijarah Sukuk	73,714	69,785

Fully paid-up ordinary shares

Listed Shares	(775)	31,317
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Term Finance Certificates

Listed	(46,592)	(108,839)
Unlisted	(4,915)	(3,162)

Sukuk Certificates and Bonds

	(30,806)	(88,985)
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Mutual Funds

Open end	189,476	107,649
Close end	18,440	179

Related deferred tax asset - net

	<u>(1,074,371)</u>	<u>(228,660)</u>
	<u>427,786</u>	<u>80,031</u>
	<u>(646,585)</u>	<u>(148,629)</u>

22. CONTINGENCIES AND COMMITMENTS	2010	2009
	Rupees in '000	
22.1 Direct credit substitutes		
Bank guarantees of indebtedness in favour of:		
– Banking companies and other financial institutions	238,522	106,518
22.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	9,351,603	7,384,640
ii) Banking companies and other financial institutions	261,415	184,431
iii) Others	3,711,022	6,521,564
	13,324,040	14,090,635
22.3 Trade-related contingent liabilities		
Letters of credit	49,231,412	33,926,635
Acceptances	10,313,588	8,815,049
22.4 Commitments in respect of forward exchange contracts		
Purchase	55,991,653	25,374,364
Sale	68,631,860	29,690,658
22.5 Commitments in respect of Repurchase agreement borrowings	–	4,655,405
22.6 Commitments in respect of operating leases		
Not later than one year	59,698	85,563
Later than one year and not later than five years	30,291	67,481
	89,989	153,044
<p>The Group has entered into non-cancellable lease agreements with a Modaraba which has been duly approved by the Religious Board as Ijarah transactions. The monthly rental instalments are spread over a period of 72 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.</p>		
22.7 Commitments for the acquisition of operating fixed assets	62,154	14,884
22.8 Claims against bank not acknowledged as debt	2,229,910	1,634,510
22.9 Commitments in respect of forward lendings		
<p>The Bank makes commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn.</p>		
22.10 Commitments in respect of syndicate financing	253,691	593,191
22.11 Commitments in respect of investment in Sukuk certificates and Term Finance Certificates	48,572	294,696

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 Group 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).

24. MARK-UP / RETURN / INTEREST EARNED

	2010	2009
	Rupees in '000	
On loans and advances to:		
Customers	11,811,187	10,117,082
Financial institutions	36,534	1,651,511
	<u>11,847,721</u>	<u>11,768,593</u>
On investments in:		
Available-for-sale securities	10,725,848	8,909,983
Held-to-maturity securities	97,011	26,328
	<u>10,822,859</u>	<u>8,936,311</u>
On deposits with financial institutions	551,173	533,639
On securities purchased under resale agreements	160,047	137,716
	<u>23,381,800</u>	<u>21,376,259</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits and other accounts	10,812,762	9,531,641
Securities sold under repurchase agreements	3,292,775	3,530,426
Other short term borrowings	2,115,233	1,456,924
Long term borrowings	186,834	117,237
	<u>16,407,604</u>	<u>14,636,228</u>

26. GAIN ON SALE / REDEMPTION OF SECURITIES - NET

Federal Government Securities		
Market Treasury Bills	(2,450)	20,864
Pakistan Investment Bonds	-	33,528
Fully paid-up ordinary shares		
Listed companies	63,965	40,048
Sukuk Certificates	1,188	-
Mutual Funds		
Open-end and Close-end	182,752	112,074
	<u>245,455</u>	<u>206,514</u>

27. OTHER INCOME

	Note	2010	2009
		Rupees in '000	
Rent on properties		18,354	8,492
Net gain/(loss) on sale of fixed assets		5,404	7,387
Recovery of expenses from customers	27.1	120,893	116,772
Others	27.2	105,397	127,207
		250,048	259,858

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.

28. ADMINISTRATIVE EXPENSES

Salaries, allowances, etc.		1,899,528	1,581,127
Contractual staff		97,229	83,216
Charge for defined benefit plan	34.4	58,708	40,094
Contribution to defined contribution plan		72,883	61,479
Directors' fees		6,120	6,650
Brokerage and commission		70,486	67,303
Rent, taxes, insurance, electricity etc.		550,995	442,004
Legal and professional charges		54,575	34,034
Communication		135,048	119,947
Repairs and maintenance		126,054	116,933
Rentals of operating leases		87,205	130,628
Stationery and printing		67,593	55,036
Management fee		141,175	134,640
Advertisement and publicity		47,168	34,702
Donations	28.1	35,855	33,100
Auditors' remuneration	28.2	3,095	2,604
Depreciation	13.2	324,202	237,013
Security charges		70,360	57,993
Travelling and conveyance		41,207	38,371
Computer software maintenance		53,528	44,467
Motor car running		42,043	31,159
Cartage, handling and freight charges		35,630	35,264
Ijarah payments		3,844	3,787
Net assets of a subsidiary written off		–	2,681
Others		174,584	156,415
		4,199,115	3,550,647

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 University Foundation, 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	8,200	6,600
Raast Welfare Society	6,000	–
Aziz Tabba Foundation (Tabba Heart Institute)	1,200	–
Bait-ul-Sukoon Cancer Hospital	1,000	–
Habib University Foundation	1,000	1,000

DONEE

2010 2009
Rupees in '000

Mohamedali Habib Welfare Trust	1,000	1,200
Al-Sayyeda Benevolent Trust	960	960
Habib Medical Trust	960	3,500
Habib Poor Fund	960	960
RahmatBai Habib Food & Clothing Trust	960	960
RahmatBai Habib Widows & Orphan Trust	960	960
Abbas-e-Alamdar Hostel	860	960
Sindh Institute of Urology and Transplantation (SIUT)	750	500
Al-Asad Welfare Trust	600	250
Pakistan Memon Educational & Welfare Society	600	600
Abdul Sattar Edhi Foundation	500	500
Hussaini Foundation	500	—
Memon Educational Board	500	450
Pakistan Memon Women Educational Society	500	450
The Institute of Business Administration (I.B.A.)	500	500
Young President Organization	500	—
Zehra Homes	480	—
Marie Adelaide Leprosy Centre	450	500
Dhoraji Association	375	—
Al-Umeed Rehabilitation Association	250	300
Anjuman Behbood-e-Samat-e-Atfal	250	250
Bantva Memon Jamat	250	200
Bantva Memon Rahat Committee	250	200
Developments in Literacy	250	—
Fatimiyah Education Network (KPSIAJ)	250	500
Pak Medical and Welfare Trust (Paknight Clinic)	250	250
Rotary Club of Karachi Continental	250	250
Shaukat Khanum Memorial Trust	250	500
SOS Childrens Village of Pakistan	250	250
The Kidney Centre	250	500
The Layton Rahmatulla Benevolent Trust	250	500
Ahmed Abdullah Foundation (MA Ayesha Memorial Centre)	200	200
Combined Military Hospital (C.M.H.)	200	—
Kashmir Education Foundation	200	300
Special Olympics Pakistan	200	—
The Medical Aid Foundation	200	250
Sada Welfare Foundation	175	—
Bantva Anjuman Himayat-e-Islam	150	125
Academy of Quaranic Studies	120	120
Memon Health and Education Foundation	—	4,800
Bait-ul-Sukoon	—	250
Chiniot Anjuman Islamia	—	250
Kiran Patient Welfare Association	—	250
Spencers Eye Hospital	—	250
	34,760	31,845

	Note	2010	2009
		Rupees in '000	
28.2 Auditors' remuneration			
Audit fee		1,430	1,200
Auditors' remuneration of a subsidiary (Ernst & Young Ford Rhodes & Sidat Hyder & Co.)		—	334
Review of half-yearly financial statements		482	400
Special audit certifications and sundry advisory services		742	600
Out-of-pocket expenses		441	70
		3,095	2,604

29. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan		216	325
Workers' Welfare Fund	29.1	96,786	106,000
		97,002	106,325

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.

30. TAXATION

For the year			
- Current		1,908,066	1,696,215
- Deferred		(695,861)	(216,306)
		1,212,205	1,479,909
For prior year(s)			
- Current		6,016	262
- Deferred		—	—
		6,016	262
	30.2	1,218,221	1,480,171

30.1(a) Habib Metropolitan Bank Limited

Income tax assessments of the Bank have been finalised upto the tax year 2007 (corresponding to the accounting year ended 31 December 2006). Income tax returns for the tax years 2008, 2009 and 2010 (corresponding to the accounting years ended 31 December 2007, 2008 and 2009) filed under section 120 of Income Tax Ordinance have been selected for audit by the Income Tax authorities who vide respective years' assessment orders disallowed certain expenses and provisions against which the Bank's appeals are pending with Appellate Tribunal Inland Revenue (ATIR) and Commissioner Inland Revenue (Appeals). However, adequate provisions are being held by the Bank.

30.1(b) Habib Metropolitan Financial Services Limited

The Company has filed return of total income for the tax year 2010 (financial year ended 31 December 2009) which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes. Return of total income for the tax year 2009 (financial period ended 31 December 2008) was selected for audit by the taxation authorities and the assessment order passed by the Additional Commissioner of Inland Revenue has disallowed the allocation of expenses of Rs. 7.708 million against income under the head "Profit on debts" and setting off of prior year's business loss of Rs. 0.867 million. The company has filed an appeal against assessment order with the Commissioner Inland Revenue (Appeals), the proceedings of which are still pending. However, adequate provision is being held against the above disallowances.

	Note	2010	2009
Rupees in '000			
30.2 Relationship between tax expense and accounting profit			
Profit before tax		4,027,590	4,226,734
Tax at the applicable rate of 35% (2009: 35%)		1,409,657	1,479,357
Tax effect of income taxed at reduced rate		(212,704)	(2,227)
Tax effect for prior years		6,016	262
Others		15,252	2,779
Tax charge for the year		1,218,221	1,480,171

30.3 Through Finance Act, 2010 certain amendments have been introduced in Seventh Schedule to the Income Tax Ordinance, 2001. The provision for advances & off balance sheet items will now be allowed at 5% of total gross advances for consumer and SMEs (as defined in SBP prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs will be allowed upto 1% of such total gross advances.

Further a new Rule 8(A) has been introduced in Seventh Schedule 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.

With reference to allowability of provision, the management has carried out an exercise at period end and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 1,818.804 million.

				2010	2009
				Rupees in '000	
31. BASIC AND DILUTED EARNINGS PER SHARE					
Profit after taxation				2,809,369	2,746,563
				(Number in '000)	(Restated)
Weighted average number of ordinary shares (in'000)	31.1			873,193	873,193
				Rupees	(Restated)
Basic and diluted earnings per share				3.22	3.15

31.1 The weighted average number of shares for 2009 have been adjusted for the effect of bonus shares issued during the year.

				2010	2009
				Rupees in '000	
32. CASH AND CASH EQUIVALENTS					
Cash and balances with treasury banks	8			13,923,393	11,192,498
Balances with other banks	9			3,123,094	4,836,399
Overdrawn nostro accounts	17.2			(1,357,698)	(1,755,865)
Overdrawn local banks accounts	17.2			(10,927)	(40,331)
				15,677,862	14,232,701

33. STAFF STRENGTH

	Note	2010	2009
		Number	
Permanent		1,974	1,659
Temporary / on contractual basis		394	478
Bank's own staff strength at the end of the year		<u>2,368</u>	<u>2,137</u>
Outsourced		579	578
Total Staff Strength		<u>2,947</u>	<u>2,715</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 2010 using "Projected Unit Credit Actuarial Cost Method". The main assumptions used for the actuarial valuation were as follows:

	2010	2009
Discount rate – percent (per annum)	14	13
Expected rate of return on plan assets – percent (per annum)	15	13
Long term rate of salary increase – percent (per annum)	14	13

34.3 Reconciliation of defined benefit plan

		2010	2009
		Rupees in '000	
Fair value of plan assets	34.6	337,025	250,760
Present value of defined benefit obligation	34.7	(420,087)	(355,096)
Unrecognised actuarial loss		83,062	104,336
		<u>-</u>	<u>-</u>

34.4 Movement in defined benefit plan

		2010	2009
Opening balance		-	-
Charge for the year	34.5	58,708	40,094
Contribution to the fund		(58,708)	(40,094)
Closing balance		<u>-</u>	<u>-</u>

34.5 Charge for defined benefit plan

Current service cost		36,542	28,504
Interest cost		46,162	39,497
Expected return on plan assets		(32,599)	(30,845)
Actuarial loss recognised		8,603	3,551
Negative past service cost		-	(613)
		<u>58,708</u>	<u>40,094</u>

	Note	2010	2009
		Rupees in '000	
34.6 Movement in fair value of plan assets			
Opening balance		250,760	205,633
Expected return on plan assets		32,599	30,845
Actuarial (gain) / loss recognized	34.8	14,060	(4,529)
Benefits paid		(19,102)	(21,283)
Contribution to the fund		58,708	40,094
Closing balance		337,025	250,760
34.7 Movement in present value of defined benefit obligation			
Opening balance		355,096	263,311
Current service cost		36,541	28,504
Interest cost		46,162	39,497
Actuarial loss recognized	34.8	1,390	45,067
Benefits paid		(19,102)	(21,283)
Closing balance		420,087	355,096
34.8 Annual actuarial loss recognised			
Experience loss on obligation		1,390	45,067
Experience (gain) / loss on plan assets		(14,060)	4,529
Net (gain) recognised during the year		(12,671)	49,596
34.9 Actual return on plan assets			
		46,659	26,316

34.10 Plan assets comprise the following:	2010		2009	
	Rupees in '000	%	Rupees in '000	%
Government Securities	1,500	0.45%	179,997	71.78%
Bank Deposits	335,525	99.55%	70,763	28.22%
	337,025	100%	250,760	100%

34.11 Historical Information	2010	2009	2008	2007	2006
	Rupees in '000				
Present value of defined benefit obligation	420,087	355,096	263,311	240,826	165,137
Fair value of plan assets	(337,025)	(250,760)	(205,633)	(189,481)	(187,976)
Deficit/(Surplus)	83,062	104,336	57,678	51,345	(22,839)
Actuarial (gain) / loss on obligation	1,390	45,067	(9,754)	41,318	13,243
Actuarial (gain) / loss on assets	(14,060)	4,529	13,329	(7,650)	6,514

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	
	2010	2009	2010	2009	2010	2009
	Rupees in '000					
Fees	–	–	6,120	6,650	–	–
Managerial remuneration	45,000	42,000	–	–	903,218	696,923
Charge for defined benefit plan	250	243	–	–	2,794	1,970
Contribution to defined contribution plan	3,600	3,600	–	–	37,077	27,905
Utilities	–	–	1,129	1,074	–	–
Bonus	–	3,000	–	–	111,729	86,706
Others	3,600	3,600	5,263	2,593	4,074	3,882
	52,450	52,443	12,512	10,317	1,058,892	817,386
Number of persons	1	1	8	8	565	434

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				
2010				
Total income *	12,725,565	8,170,578	12,787,917	33,684,060
Total expenses *	9,473,010	8,035,998	12,147,462	29,656,470
Net income	3,252,555	134,580	640,455	4,027,590
Segment assets (gross)	114,140,451	1,181,566	136,808,864	252,130,881
Segment non performing loans	79,096	16,884	10,865,165	10,961,145
Segment provision required	63,423	13,947	7,386,082	7,463,452
Segment liabilities	34,592,948	100,509,523	96,718,093	231,820,564
Segment return on net assets (%)	11.15%	8.13%	9.35%	13.36%
Segment cost of funds (%)	8.30%	8.00%	8.88%	11.76%
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%

* Includes inter-segment income and expenses

39. TRANSACTIONS WITH RELATED PARTIES

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

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

31 December 2010

	Holding Company	Associates	Key Management Personnel	Retirement Benefit Plans	Total
	Rupees in '000				
Deposits					
At beginning of the year	19,450	3,531,415	46,038	850,526	4,447,429
Received during the year	10,155,609	401,599,525	192,382	4,451,142	416,398,658
Repaid during the year	(10,081,985)	(401,910,557)	(177,927)	(4,067,783)	(416,238,252)
At end of the year	93,074	3,220,383	60,493	1,233,885	4,607,835
Advances					
At beginning of the year	–	1,740,927	15,553	–	1,756,480
Disbursed during the year	–	30,558,362	12,371	–	30,570,733
Repaid during the year	–	(30,100,823)	(5,595)	–	(30,106,418)
At end of the year	–	2,198,466	22,329	–	2,220,795
Bank balances held by the Bank	164,431	57,588	–	–	222,019
Over drawn bank balances held by the Bank	(48,942)	(763,041)	–	–	(811,983)
Management fee payable for technical and consultancy services *	137,100	–	–	–	137,100
Prepayments	–	14,789	–	–	14,789
Transaction-related contingent liabilities	–	1,023,991	–	–	1,023,991
Trade-related contingent liabilities	–	2,002,067	–	–	2,002,067
Advance received against prepaid card	–	1,609	–	–	1,609
Advance received against insurance premium	–	54	–	–	54
Receivable against sale of securities	–	20,907	–	–	20,907
Payable against purchase of securities	–	(12,163)	–	–	(12,163)
Investments available for sale**	–	32,758	–	–	32,758

* Management fee is as per the agreement with the holding company.

** Shares of Thal Limited

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	7,215	–	28,117,524
Repaid during the year	–	(27,919,604)	(3,071)	–	(27,922,675)
At end of the year	–	1,740,927	15,553	–	1,756,480
Bank balances held by the Bank	65,602	7,641	–	–	73,243
Over drawn bank balances held by the Bank	(34,727)	(1,137)	–	–	(35,864)
Management fee payable for technical and consultancy services *	126,400	–	–	–	126,400
Prepayments	–	13,891	–	–	13,891
Transaction-related contingent liabilities	–	944,168	–	–	944,168
Trade-related contingent liabilities	–	1,343,662	–	–	1,343,662
Advance received against prepaid card	–	2,907	–	–	2,907
Advance received against insurance premium	–	60	–	–	60
Receivable against sale of securities	–	7,715	–	–	7,715
Payable against purchase of securities	–	–	–	–	–
Investments available for sale	–	–	–	–	–

* Management fee is as per the agreement with the holding company.

Transactions during the year

For the year ended 31 December 2010

	Holding Company	Associates	Key Management Personnel	Directors' fee	Retirement Benefit Plans	Total
	Rupees in '000					
Mark-up/return/interest earned	-	95,960	1,386	-	-	97,346
Mark-up/return/interest expensed	-	542,461	7,530	-	115,648	665,639
Commission / Brokerage / Bank charges recovered	-	14,139	-	-	-	14,139
Rent income	-	938	-	-	-	938
Salaries and allowances	-	-	123,290	-	-	123,290
Directors' fees	-	-	-	6,120	-	6,120
Contribution to defined benefit plan	-	-	-	-	58,708	58,708
Contribution to defined contribution plan	-	-	-	-	72,883	72,883
Bank charges paid	2,329	8,067	-	-	-	10,396
Rent expenses	-	16,127	-	-	-	16,127
Insurance premium expenses	-	30,778	-	-	-	30,778
Maintenance, Electricity, Stationery and Entertainment	-	22,655	-	-	-	22,655
Management fee expense for technical and consultancy services *	141,175	-	-	-	-	141,175
Donation	-	2,920	-	-	-	2,920
Share registration charges	-	1,384	-	-	-	1,384

* Management fee is as per the agreement with the holding company.

Transactions during the year

	For the year ended 31 December 2009					
	Holding Company	Associates	Key Management Personnel	Directors' fee	Retirement Benefit Plans	Total
	Rupees in '000					
Mark-up/return/interest earned	3,840	136,292	993	–	–	141,125
Mark-up/return/interest expensed	–	420,964	1,753	–	72,151	494,868
Commission / Brokerage / Bank charges recovered	–	17,296	–	–	–	17,296
Rent income	–	853	–	–	–	853
Salaries and allowances	–	–	122,739	–	–	122,739
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 paid	2,936	8,934	–	–	–	11,870
Rent expenses	–	16,885	–	–	–	16,885
Insurance premium expenses	–	29,046	–	–	–	29,046
Maintenance, Electricity, Stationery and Entertainment	–	11,039	–	–	–	11,039
Management fee expense for technical and consultancy services *	134,640	–	–	–	–	134,640
Donation	–	5,460	–	–	–	5,460
Share registration charges	–	1,402	–	–	–	1,402

* Management fee is as per the agreement with the holding company.

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 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 investments in the equity of subsidiary companies engaged in banking and financial activities and deficit on revaluation of available-for-sale securities.

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

Detail of the Group's eligible capital (on consolidated basis) is as follows:

40.3 Regulatory Capital Base	2010	2009
	Rupees in '000	
Tier I Capital		
Shareholders capital	8,731,929	7,527,525
Balance in share premium account	2,550,985	2,550,985
Reserves	5,600,458	5,036,850
Un-appropriated profit (Net of Losses)	4,073,530	3,784,926
Less: Deficit on account of revaluation of available-for-sale securities	(1,074,371)	(228,660)
Book value of Intangible Assets	(34,750)	(34,750)
Total Tier I Capital	19,847,781	18,636,876
Tier II Capital		
General provision subject to 1.25% of total risk weighted assets	22,117	424,745
Total Tier II Capital	22,117	424,745
Eligible Tier III Capital	-	-
Total regulatory capital base	19,869,898	19,061,621

40.4 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. 7 billion (free of losses) by the end of financial year 2010.

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 2010 was Rs. 8.732 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 CAR as at 31 December 2010 was 10.77%.

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

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	
	2010	2009	2010	2009
	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	42,539	273,271	425,392	2,732,710
Banks	373,694	288,819	3,736,937	2,888,191
Corporate	9,954,906	8,626,388	99,549,060	86,263,882
Retail	480,391	466,783	4,803,913	4,667,828
Residential mortgage finance	18,291	16,696	182,912	166,963
Past due loans	374,141	196,353	3,741,405	1,963,525
Listed, unlisted equity investments and regulatory capital instruments issued by other banks	187,656	145,928	1,876,555	1,459,283
Claims on fixed assets	335,270	243,123	3,352,702	2,431,227
All other assets	1,338,418	1,160,863	13,384,178	11,608,627
Off Balance Sheet - Non market related	2,858,051	2,603,663	28,580,508	26,036,632
Off Balance Sheet - Market related	108,962	68,294	1,089,620	682,941
Market risk				
Capital requirement for portfolios subject to Standardised Approach				
Interest rate risk	84,355	22,981	1,054,438	287,263
Foreign exchange risk	289,062	106,264	3,613,275	1,328,300
Equity position risk	—	—	—	—
Operational risk				
Capital requirement for operational risks subject to Basic Indicator Approach				
	1,525,051	1,271,047	19,063,138	15,888,082
	17,970,786	15,493,933	184,454,033	158,440,053
Capital adequacy ratio				
Total eligible regulatory capital held (note 40.2)	(a) 19,869,898	19,061,621		
Total risk weighted assets (note 40.4)	(b) 184,454,033	158,440,053		
Capital Adequacy Ratio	(a)/(b) 10.77%	12.03%		

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

	2010		2009	
	Classified Advances	Specific provision held	Classified Advances	Specific provision held
Rupees in '000				
Agriculture, forestry, hunting and fishing	–	–	600	600
Automobile and transportation equipment	124,986	59,847	62,547	62,547
Chemical and pharmaceuticals	23,869	4,750	1,042	1,042
Construction	12,478	7,317	231,135	78,439
Electronics and electrical appliances	736,082	710,787	477,225	380,387
Exports / Imports	473,189	267,807	101,445	27,244
Footwear and leather garments	584,795	448,315	597,909	461,430
Individuals	74,636	53,184	54,311	54,311
Services	142,434	65,122	100,458	70,666
Textile	7,496,087	4,888,071	2,819,174	1,738,670
Transport, storage and communication	21,029	2,695	119,649	73,858
Wholesale and retail trade	747,097	574,964	556,352	337,823
Others	524,463	380,593	1,242,488	917,714
	10,961,145	7,463,452	6,364,335	4,204,731

Details of non-performing advances and specific provisions by sector

	2010		2009	
	Classified Advances	Specific provision held	Classified Advances	Specific provision held
Rupees in '000				
Private	10,961,145	7,463,452	6,364,335	4,204,731

Geographical segment analysis

	2010			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
Rupees in '000				
Pakistan	4,027,590	252,130,881	20,310,317	200,415,391

Total assets employed include intra group items of Rs. 164.431 million.

41.1.2 Credit risk - General disclosures Basel II specific

The Group 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 Group uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Group 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

Exposures	2010				
	JCR-VIS	PACRA	S & P	Fitch	Moody's
Corporate	P	P	–	–	–
Banks	P	P	P	P	–
Sovereigns	–	–	P	–	–
SME's	P	P	–	–	–
Securitisation	–	–	–	–	–
Others	–	–	–	–	–

41.2 Credit Exposures subject to Standardised Approach

Exposures	Rating Category	31 December 2010			31 December 2009		
		Amount Outstanding	Deduction CRM	Net Amount	Amount Outstanding	Deduction CRM	Net Amount
Rupees in '000							
Corporate	1	5,195,236	9,416	5,185,820	5,659,216	25,545	5,633,671
	2	439,200	–	439,200	666,050	–	666,050
	3, 4	–	–	–	–	–	–
	5, 6	77,224	–	77,224	119,824	–	119,824
Claims on banks with original maturity of 3 months or less		3,451,025	640,399	2,810,626	2,860,959	–	2,860,959
Retail		8,683,790	248,421	8,435,369	8,280,409	523,423	7,756,986
Public sector entities	1	1,296,689	–	1,296,689	386,044	–	386,044
Others		130,048,916	–	130,048,916	131,396,864	–	131,396,864
Unrated		132,436,049	5,180,114	127,255,935	116,575,416	1,148,878	115,426,538

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 under the 'Simple Approach' to Credit Risk Mitigation as per SBP guidelines are used by the Bank and includes cash margin, lien on deposits, saving certificates, GOP guarantees and securities against lendings (reverse repo).

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

Investments 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 Group's investment in equity is conservative and is driven by yield optimization and portfolio diversification objectives. As such the Group does not conduct 'trading' activities in equities.

The Group 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	—	341,300
Equity Investments - Others	—	123,101
Total Value	—	464,401

The cumulative realized gain of Rs. 245.436 million from sale of equity securities/certificates of mutual funds and units of open end mutual funds; however unrealized loss of Rs. 646.585 million was recognized in the balance sheet in respect of “Available-for-sale” 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 Group'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 Group asset allocation guidelines inclusive of equity investments. While Market Risk limits are in place and are monitored effectively, the Group 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 Group's business model for foreign exchange risk is to serve trading activities of its clients in an efficient and cost effective manner. The Group is not in the business of actively trading and market making activities. A conservative risk approach and the Group'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.

2010				
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)				
Pakistan Rupee	225,451,755	214,747,729	12,640,207	23,344,233
United States Dollar	23,323,761	14,120,387	(12,814,830)	(3,611,456)
Euro	1,826,123	1,219,658	(485,055)	121,410
Great Britain Pound	403,782	1,529,336	1,154,996	29,442
Asian Currency unit	565,990	193,278	–	372,712
Japanese Yen	39,054	7,511	(28,678)	2,865
Arab Emirates Dirham	153,364	102	(144,741)	8,521
Canadian Dollar	335,411	–	(319,051)	16,360
Australian Dollar	–	735	–	(735)
Saudi Riyal	982	–	–	982
Other Currencies	30,659	1,828	(2,848)	25,983
	26,679,126	17,072,835	(12,640,207)	(3,033,916)
	252,130,881	231,820,564	–	20,310,317

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
Japanese 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

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 Group'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 Group'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 Group based on the earlier of contractual repricing or maturity date is as follows:

	Effective Yield/ Interest Rate %	Exposed to Yield/Interest risk										Non-interest bearing financial instruments
		2010										
		Total	Upto 1 month	Over 1 month to 3 months	over 3 months to 6 months	over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
Rupees in '000												
On balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	—	—	—	—	—	—	—	—	—	—	—	13,923,393
Balances with other banks	3,123,094	1,729,939	—	—	—	—	—	—	—	—	—	1,393,155
Lendings to financial institutions	3,190,399	1,090,399	2,100,000	—	—	—	—	—	—	—	—	—
Investments	100,849,146	836,978	20,275,255	34,535,081	13,281,318	4,909,138	3,637,708	1,393,468	11,326,758	—	—	10,653,442
Advances	119,827,636	6,156,830	45,577,599	22,684,482	23,879,671	4,970,622	4,233,813	4,904,834	3,702,869	219,223	—	3,497,693
Other assets	—	—	—	—	—	—	—	—	—	—	—	5,359,020
		9,814,146	67,952,854	57,219,563	37,160,989	9,879,760	7,871,521	6,298,302	15,029,627	219,223	—	34,826,703
Liabilities												
Bills payable	—	—	—	—	—	—	—	—	—	—	—	2,572,954
Borrowings	62,529,729	25,443,293	21,128,980	11,869,021	—	—	388,063	1,077,465	1,254,282	—	—	1,368,625
Deposits and other accounts	160,314,211	41,712,641	26,355,796	32,279,468	11,256,483	1,596,977	1,939,485	3,918,698	1,736,070	—	—	39,518,593
Other liabilities	5,746,154	—	—	—	—	—	—	—	—	—	—	5,746,154
		67,155,934	47,484,776	44,148,489	11,256,483	1,596,977	2,327,548	4,996,163	2,990,352	—	—	49,206,326
On-balance sheet gap		(57,341,788)	20,468,078	13,071,074	25,904,506	8,282,783	5,543,973	1,302,139	12,039,275	219,223	(14,379,623)	
Off-balance sheet financial instruments												
Forward Purchase	55,991,653	—	—	—	—	—	—	—	—	—	—	55,991,653
Forward Sale	(68,631,860)	—	—	—	—	—	—	—	—	—	—	(68,631,860)
Off-balance sheet gap	(12,640,207)	—	—	—	—	—	—	—	—	—	—	(12,640,207)
Total yield / interest risk sensitivity gap	2,469,433	(57,341,788)	20,468,078	13,071,074	25,904,506	8,282,783	5,543,973	1,302,139	12,039,275	219,223	(27,019,830)	
Cumulative yield / interest risk sensitivity gap	2,469,433	(57,341,788)	(36,873,710)	(23,802,636)	2,101,870	10,384,653	15,928,626	17,230,765	29,270,040	29,489,263	2,469,433	

	Effective Yield/Interest Rate %	Exposed to Yield/Interest risk										Non-interest bearing 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	Over 10 years		
On balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	—	11,192,498	—	—	—	—	—	—	—	—	—	—	11,192,498
Balances with other banks	0.11% to 5.00%	4,836,399	3,285,582	—	—	—	—	—	—	—	—	—	1,550,817
Lendings to financial institutions	12.6%	150,000	50,000	100,000	—	—	—	—	—	—	—	—	—
Investments	8.00% to 16.25%	111,379,520	888,487	21,694,590	31,399,999	25,737,420	7,476,182	3,663,759	3,335,471	7,871,227	282,494	9,029,891	
Advances	1.25% to 25.00%	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	362,544	2,234,999	
Other assets	—	3,661,907	—	—	—	—	—	—	—	—	—	—	3,661,907
		233,513,456	6,367,818	61,316,902	59,303,057	42,050,320	10,988,878	7,561,539	7,207,312	10,402,480	645,038	27,670,112	
Liabilities													
Bills payable	—	3,111,467	—	—	—	—	—	—	—	—	—	—	3,111,467
Borrowings	5.00% to 12.40%	68,186,674	34,891,730	11,495,072	14,884,140	4,379,447	7,801	285,709	1,351,389	891,386	—	—	
Deposits and other accounts	0.30% to 16.67%	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
Other liabilities	—	4,346,508	—	—	—	—	—	—	—	—	—	—	4,346,508
		217,830,144	96,572,747	32,543,820	19,939,091	16,735,595	1,095,950	1,454,456	4,917,250	2,245,086	—	—	42,326,149
On-balance sheet gap		15,683,312	(90,204,929)	28,773,082	39,363,966	25,314,725	9,892,928	6,107,083	2,290,062	8,157,394	645,038	(14,656,037)	
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		16,022,423	(90,204,929)	28,773,082	39,363,966	25,314,725	9,892,928	6,107,083	2,290,062	8,157,394	645,038	(14,316,926)	
Cumulative yield / interest risk sensitivity gap		16,022,423	(90,204,929)	(61,431,847)	(22,067,881)	3,246,844	13,139,772	19,246,855	21,536,917	29,694,311	30,339,349	16,022,423	

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

	December 31 2010	December 31 2009
Reconciliation to total assets		
Total financial assets	246,272,688	233,513,456
Add: Non financial assets		
Operating fixed assets	3,387,452	2,465,977
Deferred tax assets	1,869,087	825,465
Other assets	601,654	353,603
	5,858,193	3,645,045
Balance as per balance sheet	252,130,881	237,158,501
Reconciliation to total liabilities		
Total financial liabilities	231,163,048	217,830,144
Add: Non financial liabilities		
Other liabilities	657,516	576,700
Balance as per balance sheet	231,820,564	218,406,844

41.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to raise funds to meet its commitments. ALCO manages the liquidity position on a continuous basis.

The Group's liquidity model is based on "self-reliance" with an extensive branch network to diversify the Group deposit base. The Group's liquidity profile generally comprises of short-term, secured assets, in line with the Group's credit strategy. Long term investments and loans are generally kept at an amount lower than the Group's capital / reserves.

The contractual maturities of assets and liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Assets and liabilities that do not have contractual maturity and can be exercised at any time / payable on demand have been classified in the first bucket, except that investments in equity securities, certain other liabilities and other assets are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

The maturity profile set out below has been prepared as required by IAS on the basis of contractual maturities, except for products that do not have a contractual maturity which are shown in the first bucket. The maturity profile of current and saving deposits that do not have a contractual maturity are considered, as determined by the Assets and Liabilities Management Committee (ALCO) keeping in view the historical behavioural pattern of these accounts, by the Group as stable core source of funding of its operations. These deposits are not expected to fall below the current year's level.

2010

Maturities of assets and liabilities	Rupees in '000									
	Total	Upto 1 month	Over 1 month to 3 months	over 3 months to 6 months	over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
Assets										
Cash and balances with treasury banks	13,923,393	13,923,393	-	-	-	-	-	-	-	-
Balances with other banks	3,123,094	3,123,094	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,190,399	1,090,399	2,100,000	-	-	-	-	-	-	-
Investments	100,849,146	10,761,647	15,099,904	33,166,072	13,599,546	6,912,033	5,268,724	3,031,229	13,009,991	-
Advances	119,827,636	9,158,449	46,073,673	22,684,482	23,879,671	4,970,622	4,233,813	4,904,834	3,702,869	219,223
Operating fixed assets	3,387,452	30,237	60,474	90,712	181,423	362,846	413,458	217,720	448,170	1,582,412
Deferred tax assets	1,869,087	(5,920)	(11,605)	(16,833)	412,660	1,120,587	480,105	88,535	(109,755)	(88,687)
Other assets	5,960,674	3,812,907	1,088,655	405,950	630,700	3,134	-	18,328	-	1,000
	252,130,881	41,894,206	64,411,101	56,330,383	38,704,000	13,369,222	10,396,100	8,260,646	17,051,275	1,713,948
Liabilities										
Bills payable	2,572,954	2,572,954	-	-	-	-	-	-	-	-
Borrowings	62,529,729	26,811,918	21,128,980	11,869,021	-	-	388,063	1,077,465	1,254,282	-
Deposits and other accounts	160,314,211	106,049,906	26,355,796	7,460,796	11,256,483	1,596,977	1,939,485	3,918,698	1,736,070	-
Other liabilities	6,403,670	4,263,013	542,232	179,071	668,579	-	437,229	313,297	-	-
	231,820,564	139,697,791	48,027,008	19,508,888	11,925,311	1,596,977	2,764,777	5,309,460	2,990,352	-
Net assets / (liabilities)	20,310,317	(97,803,585)	16,384,093	36,821,495	26,778,689	11,772,245	7,631,323	2,951,186	14,060,923	1,713,948
Share capital	8,731,929									
Reserves	8,151,443									
Unappropriated profit	4,073,530									
Deficit on revaluation of assets - net of tax	(646,585)									
	20,310,317									

2009

	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
Rupees in '000									
Assets									
Cash and balances with treasury banks	11,192,498	—	—	—	—	—	—	—	—
Balances with other banks	4,836,399	—	—	—	—	—	—	—	—
Lendings to financial institutions	150,000	100,000	—	—	—	—	—	—	—
Investments	111,379,520	16,964,057	28,690,437	25,832,083	8,850,854	5,670,852	6,333,272	9,717,250	282,494
Advances	102,293,132	4,378,748	27,903,058	16,312,900	3,512,696	3,897,780	3,871,841	2,531,253	362,544
Operating fixed assets	2,465,977	21,241	63,721	127,444	254,887	254,654	256,820	251,385	1,193,345
Deferred tax assets	825,465	—	—	825,465	—	—	—	—	—
Other assets	4,015,510	3,395,493	174,926	297,723	630	—	18,225	—	1,000
Total	237,158,501	32,912,600	56,784,729	43,395,615	12,619,067	9,823,286	10,480,158	12,499,888	1,839,383
Liabilities									
Bills payable	3,111,467	—	—	—	—	—	—	—	—
Borrowings	68,186,674	11,495,072	14,884,140	4,379,447	7,801	285,709	1,351,389	891,386	—
Deposits and other accounts	142,185,495	21,048,748	5,054,951	12,356,148	1,088,149	1,168,747	3,565,861	1,353,700	—
Other liabilities	4,923,208	3,233,198	205,730	756,344	—	—	673,973	—	—
Net assets	218,406,844	137,785,586	20,144,821	17,492,159	1,095,950	1,454,456	5,591,223	2,245,086	—
Share capital	18,751,657	(104,872,986)	36,639,908	25,903,456	11,523,117	8,368,830	4,888,935	10,254,802	1,839,383
Reserves	7,527,525								
Unappropriated profit	7,587,835								
Deficit on revaluation of assets - net of tax	3,784,926								
	(148,629)								
Total	18,751,657								

41.7 Operational risk

The Group 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 Group's strategy is to further strengthen the risk management system along new industry standards.

The Group'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 Group is an important pillar of the Group's risk management and controls infrastructure, performing continuous reviews to improve the quality of the Group's internal control environment, ensuring an effective balance in safety and performance of processes and adding value towards the Group's risk mitigation endeavors.

The Group's Business Continuity Plan includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The Group'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 Group 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 Group over the past three years. Figures of capital charge of operation risk for the year is Rs. 1,525,051 thousand (2009: Rs. 1,271,047 thousand).

42. KEY ISLAMIC BANKING OPERATIONS

42.1 The Bank is operating 4 (2009: 4) Islamic banking branches in Pakistan. The balance sheet and profit and loss account of these branches as at 31 December 2010 and for the year are as follows:

BALANCE SHEET

As at 31 December 2010

2010 2009
Rupees in '000

ASSETS

Cash and balances with treasury banks	713,721	729,330
Balances with and due from financial institutions	–	478
Investments	8,949,438	7,740,463
Financing and receivables		
– Murabaha	2,955,742	2,069,501
– Ijarah	1,340,624	1,196,447
– Diminishing Musharaka	495,831	418,286
– Export Refinance Murabaha	443,775	–
– Foreign Documentary Bills Purchased	229,866	–
Due from head office	–	110,924
Other assets	936,743	501,465
	16,065,740	12,766,894

LIABILITIES

Bills payable	91,025	31,952
Deposits and other accounts		
– Current accounts	1,089,391	734,112
– Saving accounts	3,132,614	4,543,425
– Term deposits	5,120,843	4,425,802
– Deposit from financial institutions -remunerative	3,922,899	1,370,586
– Deposits from financial institutions-non-remunerative	2,946	509
Borrowings	468,775	–
Due to head office	198,331	–
Other liabilities	898,358	780,998
	14,925,182	11,887,384

NET ASSETS

1,140,558 **879,510**

REPRESENTED BY:

Islamic banking fund	802,141	602,106
Unappropriated profit	313,875	253,690
	1,116,016	855,796
Surplus on revaluation of assets	24,542	23,714
	1,140,558	879,510

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2010

2010 2009
Rupees in '000

Profit / return on financing, investments and placements earned	1,473,761	1,105,397
Profit / return on deposits and other dues expensed	1,165,652	843,867
Net spread earned	308,109	261,530
Provision against non performing financing	4,043	–
Provision for diminution in the value of investments	–	–
Provision for consumer financing – Ijarah	(358)	(669)
Bad debts written off directly	–	–
	3,685	(669)
Net spread after provisions	304,424	262,199
OTHER INCOME		
Fee, commission and brokerage income	23,279	14,004
Dividend income	10,634	28,966
Income from dealing in foreign currencies	19,732	5,544
Gain on sale/redemption of securities	10,677	445
Unrealized gain/(loss) on revaluation of investments classified as held-for-trading	–	–
Other income	27,303	16,183
Total other income	91,625	65,142
	396,049	327,341
OTHER EXPENSES		
Administrative expenses	82,174	73,651
Other provisions / write offs	–	–
Other charges	–	–
Total other expenses	82,174	73,651
	313,875	253,690
Extraordinary / unusual items	–	–
PROFIT BEFORE TAXATION	313,875	253,690
42.2 Remuneration to Sha'ria Advisor	1,485	1,444
42.3 Charity Fund		
Opening balance	–	–
Additions during the year	33	–
Payments/utilization during the year	–	–
Closing balance	33	–

43. GENERAL

43.1 The Board of Directors in its meeting held on March 1, 2011 has proposed bonus share issue in the proportion of 20 shares for every 100 shares held amounting to Rs. 1,746,386 thousand (2009: bonus and cash dividend amounting to Rs. 1,957,157 thousand) for approval by the shareholders in forthcoming Annual General Meeting. The consolidated financial statements for the year ended 31 December 2010 do not include the effect of bonus issue, which will be accounted for in the consolidated financial statements for the year ending 31 December 2011.

43.2 These consolidated 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.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 1, 2011 by the Board of Directors of the Bank.

KASSIM PAREKH
Chairman

ANJUM IQBAL
Chief Executive

BASHIR ALI MOHAMMAD
Director

MOHAMEDALI R. HABIB
Director

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

1. MARKET TREASURY BILLS

These securities have a maturity period of 1 year, with yield ranging between --.--% to ---.--% (2009: 11.25% to 13.88%) per annum.

2. PAKISTAN INVESTMENT BONDS

These securities have a maturity period of 3 to 10 years with interest rates ranging between -% to --% (2009: 8% to 14%) per annum.

3. FULLY PAID-UP ORDINARY SHARES - LISTED

	No. of shares of Rs. 10/- each		Paid-up Value		Market Value		Cost		Rating	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Adamjee Insurance Company Limited	243,800	218,000	2,438	2,180	21,333	26,263	25,748	24,718	AA	AA
Bank Alfalah Limited	1,495,000	—	14,950	—	16,759	—	17,227	—	AA	—
Bank Al Habib Limited	709,084	562,355	7,091	5,624	25,711	14,119	18,320	15,980	AA+	AA+
Engro Chemical Pakistan Limited	—	110,000	—	1,100	—	20,160	—	19,533	—	AA
Fatima Fertilizers Company Limited	5,000,000	—	50,000	—	56,400	—	70,500	—	**	—
Fauji Fertilizers Company Limited	346,258	364,258	3,463	3,643	43,580	37,493	25,010	26,310	**	**
HUB Power Company Limited	—	1,770	—	18	—	55	—	29	—	AA+
ICI Pakistan Limited	135,000	50,000	1,350	500	19,472	8,424	23,052	8,435	**	**
Jahangir Siddiqui & Co. Limited	395,000	—	3,950	—	4,306	—	10,974	—	AA+	—
Jahangir Siddiqui Investment Company Limited	200,992	380,992	2,010	3,810	1,343	5,475	3,205	6,316	A+	**
Kot Addu Power Company Limited	403,042	285,000	4,030	2,850	16,396	13,073	18,425	13,185	**	**
Lucky Cement Limited	—	340,000	—	3,400	—	22,522	—	22,909	—	**
MCB Bank Limited	—	90,000	—	900	—	19,771	—	20,105	—	AA+
National Bank of Pakistan Limited	210,000	100,000	2,100	1,000	16,132	7,437	15,589	7,920	AAA	AAA
Nishat Mills Limited	—	120,000	—	1,200	—	8,388	—	7,210	—	A+
Oil and Gas Development Corporation Limited	—	325,000	—	3,250	—	35,948	—	24,240	—	**
Pakistan Petroleum Limited	—	272,920	—	2,729	—	51,743	—	49,298	—	**
Soneri Bank Limited	695,059	579,216	6,951	5,792	5,776	6,412	13,480	12,322	AA-	AA-
Standard Chartered Modaraba Limited	—	94,000	—	940	—	851	—	805	—	AA+
Thal Limited	251,500	—	2,515	—	32,578	—	32,770	—	**	—
United Bank Limited	—	290,000	—	2,900	—	16,951	—	17,435	—	AA+
					259,786	295,085	274,300	276,750		

**Ratings are not available

4. FULLY PAID-UP ORDINARY SHARES - UNLISTED

	Percentage of Holding	Number of shares held	Cost	Breakup value of Investment	Based on Audited Financial statements	Name of Chief Executive	Credit Rating
			Rupees in '000				
Khushali Bank Limited	1.47%	2,500,000	25,000	30,450	31 December 09	Mr. Mohammad Ghalib Nishtar	A-
Pakistan Export Finance Guarantee Limited	5.26%	1,136,088	11,361	—	—	Mr. S. M. Zaeem	**
DHA Cogen Limited	1.77%	5,000,000	50,000	24,950	30 June 09	Mr. Michael Yap	**
Dawood Family Takatuf Limited	4.67%	3,500,000	35,000	33,055	31 December 09	Mr. Abdul Halim Nasri	**
Society for World Wide Inter Bank Fund Transfer (SWIFT)	—	14	1,740	3,758	31 December 09	Mr. Lazaro Campos	**
			123,101				

** Ratings are not available

5. FULLY PAID-UP PREFERENCE SHARES - LISTED

	2010	2009
	Rupees in '000	
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% (2009: 9.25%) per annum on cumulative basis and have a market value of Rs.7,200 thousand (2009: 28,000 thousand) at 31 December 2010.

6. TERM FINANCE CERTIFICATES - LISTED

	No. of certificates of Rs. 5,000/- each		Market Value Rupees in '000		Cost		Rating	
	2010	2009	2010	2009	2010	2009	2010	2009
Allied Bank Limited I	10,000	10,000	49,031	48,381	49,920	49,940	AA-	AA-
Allied Bank Limited II	59,839	59,839	287,711	267,780	299,075	299,195	AA-	A+
Al Zamin Leasing Modaraba Limited	10,000	10,000	39,583	46,540	39,583	48,958	**	A
Askari Bank Limited I	5,000	5,000	24,805	24,092	24,945	24,955	AA-	AA-
Askari Bank Limited II	2,000	2,000	9,776	9,596	9,980	9,984	AA-	AA-
Askari Bank Limited III	15,000	15,000	76,095	73,018	74,970	75,000	AA-	AA-
Bank Al Falah Limited IV	15,000	15,000	75,750	72,780	74,970	75,000	AA-	AA-
Bank Al Habib Limited I	23,000	23,000	108,807	105,362	112,691	111,414	AA	AA-
Bank Al Habib Limited II	10,000	10,000	49,680	49,950	49,930	49,950	AA	AA-
Bank Al Habib Limited III	20,000	20,000	100,060	99,960	99,880	99,960	AA	**
Engro Chemical Pakistan Limited - IPO	20,000	20,000	97,902	92,926	99,880	99,920	AA	AA
Engro Chemical Pakistan Limited - Perpetual	24,000	24,000	106,200	116,551	119,394	119,316	AA	AA
Faysal Bank Limited I	7,994	-	38,745	-	39,367	-	AA-	-
Faysal Bank Limited II	30,000	-	150,000	-	150,000	-	AA	-
Financial Receivables Securitization Limited	5,000	5,000	14,417	18,312	14,578	18,743	A+	AA-
IGI Investment Bank Limited	10,000	10,000	12,478	24,828	12,495	24,990	A+	A+
Jahangir Siddiqi & Company Limited	10,000	10,000	50,149	51,147	49,920	49,940	AA	AA+
NIB Bank Limited	33,388	13,400	162,395	61,454	159,865	66,960	A+	A+
Orix Leasing Pakistan Limited II	10,000	10,000	24,780	41,809	24,980	41,633	AA+	AA+
Pak Arab Fertilizer Limited	30,000	20,000	136,807	93,841	139,907	99,940	AA	AA
Pak HY Oils Limited	12,000	12,000	60,000	45,000	60,000	60,000	**	**
Pakistan Mobile Communication (Private) Limited	27,380	27,380	119,514	132,157	133,862	132,786	A+	AA-
Royal Bank of Scotland	1,974	1,974	7,350	9,748	7,389	9,852	AA-	AA-
Soneri Bank Limited	17,000	17,000	83,354	81,821	84,813	84,847	A+	A+
Standard Chartered Bank Limited	4,742	4,742	22,703	23,697	22,491	23,682	AAA	AAA
Trust Investment Bank Limited	-	5,000	-	4,792	-	5,000	-	A
United Bank Limited I	10,000	10,000	46,103	44,284	49,885	49,904	AA	AA
United Bank Limited II	6,500	6,500	28,474	27,978	25,759	22,703	AA	AA
United Bank Limited III	5,000	5,000	24,920	24,656	24,960	24,970	AA	AA
United Bank Limited IV	9,994	-	47,542	-	45,550	-	AA	-
World Call Telecom Limited II	3,600	3,600	5,962	11,732	5,995	11,990	A	AA-
World Call Telecom Limited III	41,996	41,995	174,783	197,912	175,436	203,821	A	AA-
			2,235,876	1,902,104	2,282,470	1,995,353		

**Rating are available

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

	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
Al Zamin Leasing Modaraba	6 months KIBOR plus 190 bps	Monthly	12-May-12
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 Alfalah Limited IV	6 months KIBOR plus 250 bps	Semi annually	2-Dec-17
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
Bank Al Habib Limited III	Fixed @ 15.50% per annum	Quarterly	15-Jun-17
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
Faysal Bank Limited I	6 months KIBOR plus 140 bps	Semi annually	12-Nov-13
Faysal Bank Limited II	6 months KIBOR plus 225 bps	Semi annually	27-Dec-17
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	6 months KIBOR plus 150 bps	Semi annually	25-May-12
Pak Arab Fertilizer Limited	6 months KIBOR plus 150 bps	Semi annually	28-Feb-13
Pak HY Oils Limited	6 months KIBOR plus 225 bps	Semi annually	15-Jan-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 190 bps	Semi annually	19-Feb-13
Soneri Bank Limited	6 months KIBOR plus 160 bps	Semi annually	5-May-13
Standard Chartered Bank Limited	6 months KIBOR plus 160 bps	Semi annually	1-Feb-13
United Bank Limited I	Fixed @ 8.45% per annum	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
United Bank Limited IV	6 months KIBOR plus 115 bps	Semi annually	14-Feb-18
World Call Telecom Limited II	6 months KIBOR plus 275 bps	Semi annually	28-Nov-11
World Call Telecom Limited III	6 months KIBOR plus 160 bps	Semi annually	7-Oct-13

7. TERM FINANCE CERTIFICATES - UNLISTED

	2010	2009	2010	2009	2010	2009
	No. of certificates of Rs. 5,000/- each	Cost Rupees in '000	Rating			
Avari Hotels Limited (Chief Executive: Mr. Brayen Dinshawji Avari)	20,000	20,000	A-	100,000	A-	A-
Bunny's Limited (Chief Executive: Mr. Rafaqat)	1,020	1,020	**	5,100	**	**
Faisalabad Electric Supply Corporation (Chief Executive: Mr. Ahmed Saeed Akhtar)	67,000	67,000	**	335,000	**	**
Gujranwala Electric Power Corporation (Chief Executive: Mr. Rana Muhammad Ashraf)	67,000	67,000	**	335,000	**	**
Islamabad Electric Supply Corporation (Chief Executive: Mr. Raja Abdul Ghafoor)	67,000	67,000	**	335,000	**	**
New Allied Electronics Industries (Private) Limited (Chief Executive: Mr. Mian Pervaiz Akhtar)	10,000	10,000	**	23,611	**	D
Orix Leasing Pakistan Limited III (Chief Executive: Mr. Teizoon Kisat)	40,000	40,000	AA+	200,000	AA+	AA+
Pakistan International Airlines Corporation Limited (Chief Executive: Mr. Mohammad Alijaz Haroon)	27,411	27,411	**	137,028	**	**
Pakistan Mobile Communication (Private) Limited (Chief Executive: Mr. Rashid Khan)	8,000	8,000	AA-	39,944	AA-	AA-
Power Holding (Private) Limited (Government of Pakistan)	568,600	568,600	**	2,843,000	**	**
Security Leasing Corporation Limited (Chief Executive: Mr. Mohammad Khalid Ali)	10,000	10,000	**	18,750	**	**
				4,060,056		
				4,372,433		

**Ratings are 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
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
New Allied Electronics Industries (Private) Limited	3 months KIBOR plus 275 bps	Quarterly	21-May-12
Orix Leasing Pakistan Limited III	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	Fixed @ 6% per annum	Monthly	28-Mar-11

8. SUKUK CERTIFICATES / BONDS

	No. of certificates of Rs. 5,000/- each		Cost Rupees in '000		Rating	
	2010	2009	2010	2009	2010	2009
Amreli Steel (Private) Limited	16,000	16,000	80,000	80,000	A	A
Engro Chemical Pakistan Limited	20,000	20,000	95,712	94,837	AA	**
Engro Chemical Pakistan Limited	10,000	—	50,000	—	AA	—
Engro Foods Limited	20,000	20,000	100,000	100,000	A-	A-
GOP Ijara Sukuk-1st Issue	60,000	60,000	300,000	300,000	**	**
GOP Ijara Sukuk-2nd Issue	220,000	220,000	1,118,248	1,118,248	**	**
GOP Ijara Sukuk-3rd Issue	360,000	360,000	1,827,792	1,827,792	**	**
GOP Ijara Sukuk-4th Issue	560,000	560,000	2,800,698	2,801,105	**	**
GOP Ijara Sukuk-5th Issue	2,000,000	—	10,000,000	—	**	**
Hag Bahu Sugar Mills Limited	8,100	8,100	20,250	40,500	**	**
K.S.Sulemanji Esmailji & Sons (Private) Limited	30,000	30,000	142,500	142,500	**	**
Liberty Power Technology Limited	101,096	41,061	505,482	205,304	**	**
Maple Leaf Cement Factory Limited	21,000	21,000	98,363	96,213	**	**
Maple Leaf Cement Factory Limited	788	—	3,938	—	**	**
Sitara Energy Limited	9,864	11,273	49,318	56,364	**	**
Sitara Per Oxide Limited	20,000	20,000	93,750	100,000	**	**
Sui Southern Gas Company Limited	80,000	80,000	318,640	397,417	AA	**
Three Star Hosiery Mills Limited	1,900	1,900	9,500	9,500	**	**
WAPDA 1st Issue	50,000	50,000	250,000	250,000	**	**
WAPDA 2nd Issue	70,000	90,000	350,000	450,000	**	**
			18,192,348	8,069,780		

**Ratings not available

8.1 Other particulars of Sukuk certificates and bonds are as follows:

	Coupon Rate	Payment	Maturity Date
Amreli Steel (Private) Limited	3 months KIBOR plus 250 bps	Quarterly	9-Dec-16
Engro Chemical Pakistan Limited	6 months KIBOR plus 211 bps	Semi annually	6-Sep-15
Engro Chemical Pakistan Limited	6 months KIBOR plus 150 bps	Semi annually	30-Jun-17
Engro Foods Limited	6 months KIBOR plus 69 bps	Semi annually	13-Jan-17
GOP Ijara Sukuk-1st Issue	* 13.27% per annum	Semi annually	26-Sep-11
GOP Ijara Sukuk-2nd Issue	* 14.16% per annum	Semi annually	29-Dec-11
GOP Ijara Sukuk-3rd Issue	* 12.69% per annum	Semi annually	11-Mar-12
GOP Ijara Sukuk-4th Issue	* 12.64% per annum	Semi annually	17-Sep-12
GOP Ijara Sukuk-5th Issue	* 13.11% per annum	Semi annually	15-Nov-13
Hag 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	18-Mar-21
Maple Leaf Cement Factory Limited	3 months KIBOR plus 100 bps	Quarterly	3-Dec-13
Maple Leaf Cement Factory Limited	3 months KIBOR plus 100 bps	Quarterly	31-Mar-12
Sitara Energy Limited	3 months KIBOR plus 115 bps	Semi annually	16-May-13
Sitara Per Oxide Limited	3 months KIBOR plus 115 bps	Quarterly	19-Aug-16
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 1st Issue	6 months KIBOR plus 35 bps	Semi annually	22-Apr-12
WAPDA 2nd Issue	6 months KIBOR plus 25 bps	Semi annually	13-Jul-17

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

9. OPEN END MUTUAL FUNDS

	2010		2009		2010		2009		2010		2009	
	No. of Units		Rupees in '000		Net Asset Value		Rupees in '000		Cost		Rating	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
ABL Cash Fund	35,523,653	—	355,560	—	360,000	—	—	—	—	AA + (f)	—	—
ABL Income Fund	67,151,651	61,974,248	672,161	620,319	678,266	625,000	625,000	625,000	625,000	A+(f)	A+(f)	A+(f)
Arif Habib DOW Jones Safe Pak Titans 15 Index Fund	400,000	—	22,816	—	20,000	—	—	—	—	A**	—	—
AKD Index & Tracker Fund	—	1,516,896	—	12,150	—	12,000	12,000	12,000	12,000	—	**	**
AKD Opportunity Fund	—	787,852	—	34,153	—	34,000	34,000	34,000	34,000	—	**	**
Alfalal GHP Cash Fund	99,999	—	50,096	—	50,000	—	—	—	—	**	—	—
Alfalal GHP Principal Protected Fund	586,704	538,637	31,641	29,006	25,000	25,000	25,000	25,000	25,000	**	**	**
Askari Asset Allocation Fund	—	307,714	—	19,195	—	28,565	28,565	28,565	28,565	—	**	**
Askari Income Fund	—	2,765,910	—	293,795	—	290,918	290,918	290,918	290,918	—	3 - Star	3 - Star
Askari Sovereign Cash Fund	2,370,918	—	247,663	—	250,000	—	—	—	—	**	—	—
Atlas Income Fund	—	390,930	—	201,786	—	200,789	200,789	200,789	200,789	—	3 - Star	3 - Star
Atlas Money Market Fund	449,107	—	231,515	—	220,000	—	—	—	—	**	—	—
BMA Empress Cash Fund	9,549,448	—	100,983	—	100,000	—	—	—	—	AA + (f)	—	—
Crosby Dragon Fund	—	888,844	—	95,924	—	100,000	100,000	100,000	100,000	—	**	**
Faysal Saving & Growth Fund	5,601,093	494,951	588,955	50,935	575,184	50,184	50,184	50,184	50,184	A+(f)	A	A
First Habib Income Fund	989,707	—	101,603	—	100,000	—	—	—	—	**	—	—
First Habib Stock Fund	—	150,000	—	14,830	—	15,000	15,000	15,000	15,000	—	**	**
HBL Income Fund	1,555,615	4,448,476	156,433	437,419	152,297	450,000	450,000	450,000	450,000	A (f)	A	A
HBL Money Market Fund	1,385,410	—	142,588	—	140,000	—	—	—	—	AA + (f)	—	—
IGI Income Fund	728,235	726,392	73,436	76,663	75,000	75,000	75,000	75,000	75,000	A (f)	**	**
IGI Islamic Fund	—	198,906	—	20,040	—	20,000	20,000	20,000	20,000	—	**	**
IGI Money Market Fund	1,518,516	—	152,783	—	150,000	—	—	—	—	AA + (f)	—	—
JS Cash Fund	987,362	—	100,405	—	100,000	—	—	—	—	AA + (f)	—	—
JS Fund of Fund	638,376	1,043,125	60,933	107,630	54,429	100,000	100,000	100,000	100,000	4 - Star	**	**
JS Income Fund	—	4,879,477	—	503,464	—	500,000	500,000	500,000	500,000	—	**	**
KASB Income Opportunity Fund (Formerly KASB Liquid Fund)	1,617,562	—	135,750	—	169,924	—	—	—	—	**	—	—
KASB Liquid Fund	—	3,583,840	—	317,487	—	376,480	376,480	376,480	376,480	—	**	**
Lakson Income Fund	589,709	—	59,116	—	60,000	—	—	—	—	**	**	**
Lakson Money Market Fund	3,462,380	1,501,356	346,460	152,126	350,000	150,000	150,000	150,000	150,000	**	**	**
MCB Cash Management Optimizer	8,254,124	—	843,634	—	800,000	—	—	—	—	**	—	—
MCB Dynamic Allocation Fund	—	237,819	—	19,190	—	19,000	19,000	19,000	19,000	—	**	**
MCB Dynamic Cash Fund	5,789,266	6,990,342	604,864	723,181	600,058	730,000	730,000	730,000	730,000	**	3 - Star	3 - Star
Meezan Cash Fund	11,621,527	501,500	596,068	26,319	550,000	25,000	25,000	25,000	25,000	AA + (f)	AA	AA
Meezan Islamic Income Fund	6,050,044	5,801,479	310,669	294,889	300,000	300,000	300,000	300,000	300,000	A (f)	A+	A+
Meezan Sovereign Fund	8,559,253	—	439,774	—	435,000	—	—	—	—	AA + (f)	—	—
MSF Perpetual	35,152,428	27,144,183	1,743,580	1,394,125	1,677,566	1,250,467	1,250,467	1,250,467	1,250,467	3 - Star	**	**
Nafa Cash Fund	37,900,466	59,463,049	386,100	604,549	380,936	600,457	600,457	600,457	600,457	A (f)	3 - Star	3 - Star
Nafa Stock Fund	—	9,772,715	—	70,442	—	70,000	70,000	70,000	70,000	—	—	—

	2009		2010		2009		2010		2009		2010		2009	
	No. of Units		Net Asset Value	Rupees in '000	Cost		Rating							
National Investment Trust	3,125,000		98,188	94,531	100,000	100,000	5 - Star	2 - Star						
NIT Government Bond Fund	10,299,204		108,344	101,335	100,000	100,000	**	**						
Pakistan Income Enhancement Fund	3,917,158		202,008	148,767	200,000	150,000	**	**						
Pakistan Income Fund	2,826,827		150,755	192,761	149,172	200,000	5 - Star	3 - Star						
Pakistan Stock Market Fund	—	1,176,471	—	72,353	—	72,000	—	3 - Star						
PICIC Income Fund	1,990,151		199,324	—	200,000	—	A +(f)	—						
UBL Islamic Income Fund	—	499,790	—	49,949	—	50,000	—	—						
UBL Liquidity Plus Fund	9,394,347		941,283	—	950,000	—	AA +(f)	—						
UBL Principal Protected Plan - I	220,663		22,110	20,939	25,000	25,000	**	—						
UBL Principal Protected Plan - II	—	656,256	—	62,448	—	50,000	—	—						
UBL Savings Income Fund	994,805		101,804	—	100,000	—	**	—						
Unit Trust Of Pakistan	—	1,753,627	—	200,808	—	200,000	—	—						
United Growth & Income Fund	—	14,133,173	—	1,435,190	—	1,404,770	—	—						
United Stock Advantage Fund	—	—	—	—	—	—	—	—						
(Class - A)	—	1,159,420	—	98,991	—	100,000	—	A						
UTP Islamic Fund	—	65,765	—	25,140	—	25,000	—	—						4 - Star
			10,379,402	8,622,829	10,197,832	8,524,630								

**Ratings are not available

10. CLOSE END MUTUAL FUNDS

	2009		2010		2009		2010		2009		2010		2009	
	Number of Units		Market Value	Rupees in '000	Cost		Rating							
JS Large Capital Fund (Formerly UTP Large Capital Fund)	—	2,820,500	—	12,974	—	27,959	—	**						
Meezan Balanced Fund	2,500,000		18,750	15,250	25,000	25,000	**	**						
Pakistan Strategic Allocation Fund	—	3,416,000	—	15,167	—	32,150	—	—						4 - Star
PICIC Energy Fund	4,200,000		27,552	19,908	42,000	42,000	**	**						**
PICIC Growth Fund	—	42,000	—	599	—	1,946	—	—						**
			46,302	63,898	67,000	129,055								

**Ratings are 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 2010 amounted to Rs. 10.08 (2009: Rs. 10.37) per share.

ANNEXURE "II" AS REFERRED TO IN NOTE 12.8 OF THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEFS
OF RS. 500,000/- OR ABOVE PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2010

S. No.	Name and address of the borrower	Name of Individuals/ partners/directors (with NIC No.)	Father's/Husband's Name	Outstanding liabilities at beginning of the year			Principal written-off	Interest/ mark-up written off	Total
				Principal	Interest/ mark-up	Total			
1	2	3	4	5	6	7	8	9	10
				(Rupees in '000)					
1.	Hiltex Industries R-8, 3rd Floor, F.R.Chamber, Jodia Bazar, Karachi	Mr. Irfan Iakha 42201-1307586-5	Mr. Ilyas Lakha	2,179	703	2,882	2,179	703	2,882
2.	Mr. Abdul Sattar Flat No.207, Data Apartment Jam Street, Garden West, Karachi	Mr. Abdul Sattar 42301-0898539-1	Mr. Muhammad	3,563	-	3,563	3,563	-	3,563
3.	Mst. Bilqees D-61, Block-4, Kehkashan, Clifton, Karachi	Mst. Bilqees 42301-0888154-2	Mr. Yousuf Muhammad	806	-	806	806	-	806
4.	Win Win Garment B-110, Sector 6-F, Mehran Town, EBM Cause Way Korangi, Karachi	Mr. Ashfaq Ahmed 42101-1373386-3 Mr. Sohail Ahmed 42201-4333473-7 Mr. Muhammad Asif 42201-5936256-1	Mr. Mehmood Hussain	18,077	1,392	19,469	5,026	1,392	6,418
5.	Mana & Co. C-1/D-4, Sector 16 Korangi Industrial Area, Karachi	Mr. Maqsood Hussain 42000-0543492-1	Mr. Jaffar Ali Sagarwala	28,661	545	29,206	28,661	545	29,206
6.	Global Links Bahadurshah Center, Opp Urdu Bazar, Karachi	Mr. Iftikhar Nisar 42000-0363847-3 Mrs. Aliya Iftikhar 42301-4098268-6	Mr. Nisar Ahmed Mr. Iftikhar Nisar	5,160	749	5,909	1,798	749	2,547

REGISTERED OFFICE AND HEAD OFFICE

Ground Floor, Spencer's Building,
G.P.O. Box 1289, I.I. Chundrigar Road,
Karachi - 74200, Pakistan
Phones : (021) 32363 6740 (20 Lines)
Fax : (021) 32363 0404 - 32363 0405
U. A. N. : 111-14-14-14

14th Floor, Saima Trade Towers 'A',
I. I. Chundrigar Road, Karachi - 74200
Pakistan
Phones : (021) 3227 1935 (9 Lines)
Fax : (021) 3227 1950
U. A. N. : 111-14-14-14

SWIFT : MPBLPKKA
URL : www.hmb.com.pk
email : 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 6740-8
Fax: : (021) 3263 0404-5
U.A.N. : 111-14-14-14
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 Chowranghi,
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 Chowranghi,
Korangi Industrial Area, Karachi.
Phones : (021) 3507 8861-64
Fax : (021) 3507 8865

Saddar:

SB-4/4, Zaibunnisa 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 Chowranghi:

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, BI-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 3311-16
Fax : (021) 3263 1418-19
U.A.N. : 111-14-14-14

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) 3274 3394-7
: (021) 3274 3406
Fax : (021) 3274 3398
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, Kaneez 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
: (021) 3259 4029
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. Fl-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 # 717, 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) 3439 2701-2
Fax : (021) 3491 4128

Shahrah-e-Quaideen:

103-K, Block-2, P.E.C.H.S.,
Shahrah-e-Quaideen, Karachi.
Phone : (021) 3439 2704-5
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 # FI-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) 3530 2174

Chandni Chowk:

Showroom No. 2, Plot No. Sc-12
Chandni Chowk (Old Sabzi Mandi)
University Road, KDA Scheme No. 7
Karachi.
Phone : (021) 3412 0721-3
Fax : (021) 3412 0725

Khayaban-e-Sehar:

Plot # C-5-C, Khayaban-e-Sehar,
DHA Phase VII, Karachi.
Phone : (021) 3524 1804,
(021) 3524 1810,
(021) 3524 1813
Fax : (021) 3524 1821

Sub-branch Sunset Boulevard:

2-D, Gizri Boulevard, Phase IV,
DHA, Karachi.
Phone : (021) 3587 5051,
(021) 3587 5056-80
Fax : (021) 3587 5060

Khayaban-e-Tanzeem:

Plot # C-2-C, Khayaban-e-Tanzeem
Phase V, DHA, Karachi.
Phone : (021) 3529 4963-4
Fax: : (021) 3529 4963

Bohri Bazar:

G/3, Plot # SB-7/32, Bohri Bazar
Saddar, Karachi.
Phone : (021) 3562 2184-6
Fax: : (021) 3562 2188

Mithadar:

Allahdina Street, Mithadar,
Bartan Gali, Karachi.
Phone : (021) 3250 0221-223

Sub-branch Ch. Khaleeq uz Zaman Road:

Plot # G-21/29, Block 8,
KDA Scheme # 5, Clifton, Karachi.
Phone : (021) 3254 4091

Dalmia Road:

Ground Floor, Apollo Centre,
Unit No. 3, Dalmia Road, Karachi.
Phone : (021) 3810 7915-19

Sub branch Tipu Sultan Road:

Shop # 10 & 11, Plot # 14-D,
Sky Garden Apartments,
M.A.C.H.S. Karachi.
Phone : (021) 3430 1691-95

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:

Risala Road:

F-66, Risala Road, P.O. Box No. 182,
Hyderabad.
Phone : (021) 278 3893, 784087
U.A.N. : (022) 111-18-18-18
Fax : (022) 278 3894

Latifabad:

Plot # 3, Block D, Unit # 7,
Latifabad, Hyderabad.
Phone : (021) 3430 1691-95

SUKKUR:

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

HUB

Hub Chowki:

Shops # 1,2,3, & 4, Survay # 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, Bhoptian Chowk,
Khwat 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, Aibak 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

Ferozepur 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

Shahdara:

Plot # N-127 R/1380/A, Village Kot Begum,
Opp. Rustam Sohrab Cycle Factory,
Shahdara, Lahore.
Phone : (042) 3791 9174-7
Fax : (042) 3791 9172

Shahalam Market:

45 Shahalam Market, Lahore
Phone : (042) 3737 7192
(042) 3737 7194-6
Fax : (042) 3737 7193

Sub branch Bedian Road:

Main Bedian Road, Village Lidhar,
Lahore Cantt, Lahore.
Phone : (042) 3574 0814-15
Fax : (042) 3574 0816

Sub branch Azam Cloth Market:

Shop # F-2183-A/1, Chora Khooh,
Usman Farooq Bazar, Azam Cloth
Market, Lahore
Phone : (042) 3763 2982-6
(042) 3763 2988
Fax : (042) 3763 2989

Sub branch Wapda Town:

New Commercial Plaza, Main
Boulevard, Wapda Town, Lahore
Phone : (042) 3595 5263-64
Fax : (042) 3595 5262

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

DADYAL:

Plot # 39, Arra Jattan, Dadyal Road,
Azad Kashmir.
Phone : (05827) 465 803-4
Fax : (05827) 465 805

SIALKOT**Main Branch:**

Allama Iqbal Chowk, Railway Road,
G.P.O. Box 2626, Sialkot.
Phones : (052) 458 8002, 458 0037
(052) 460 4905, 460 2451
(052) 459 3571-2
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

Sohawa:

B VIII - 59/1/4Rh, Circular Road,
Sohawa, Daska, Sialkot
Phone : (052) 661 3034
(052) 661 3036-7
Fax : (052) 661 3039

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

I-9:

Plot # 412, Industrial Area,
Sector I-9, Islamabad
Phone : (051) 485 9121-23
Fax : (051) 485 9125

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.
Phone : (049) 276 4606
Fax : (049) 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

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

KAMOKE:

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

BAHAWALPUR**Bahawalpur:**

B-6-188, Plot # 128, Block B,
Model Town, Ghalla Mandi Road,
Bahawalpur.
Phone : (062) 288 9901-2
Fax : (062) 288 9905

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)

OKARA:

Ghulam-e-Mustafa Center,
Revenue Estate, Chack # 1-A/4-L,
M. A. Jinnah Road, Tehsil & District
Okara.
Phone : (044) 252 6103-4
Fax : (044) 252 6105

HASILPUR:

68/B, Baldia Road, Hasilpur.
Phone : (062) 244 1033-4
Fax : (062) 244 1050

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, Zaibunisa 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

PROXY FORM



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 my / our behalf at the 19th Annual General Meeting of the Bank to be held on March 30, 2011 and at any adjournment thereof.

As witness my / our hand this _____ day of March 2011.

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 meeting.