



Annual Report 2012

# From stepping stones to milestones.



BANK ALFALAH



Bank Alfalah Head Office - Karachi



# In the Name of Allah The Most Gracious, The Most Merciful

Annual Report 2012



# From work to teamwork.





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**From dreams  
to reality.**





# About the Bank

Bank Alfalah Limited was incorporated as a Public Limited Company on June 21, 1992 under the Companies Ordinance 1984. Its banking operations commenced from November 1, 1997. The Bank is owned and operated by the Abu Dhabi Group and is the sixth largest Bank in Pakistan.

Bank Alfalah conducts business through a network of 471 branches across 163 cities in Pakistan with an international presence in Afghanistan, Bangladesh, Bahrain and a representative office in the UAE. The Bank provides financial solutions to consumers, corporations, institutions and governments through a broad spectrum of products and services, including corporate and investment banking, consumer banking and credit, securities brokerage, commercial, SME, agri-finance, Islamic and asset financing.

Bank Alfalah looks ahead with optimism at the future – it aims to continue investing in its core strengths to provide 'best in class' products and services to its diverse range of clients.

# Company Information

## Board of Directors

H.H. Sheikh Hamdan Bin  
Mubarak Al Nahayan  
Chairman

Mr. Abdulla Khalil Al Mutawa  
Director

Mr. Abdulla Nasser Hawaileel  
Al-Mansoori  
Director

Mr. Khalid Mana Saeed  
Al Otaiba  
Director

Mr. Ikram Ul-Majeed Sehgal  
Director

Mr. Nadeem Iqbal Sheikh  
Director

Mr. Atif Bajwa  
Chief Executive Officer

## Board Audit Committee

Mr. Abdulla Khalil Al Mutawa  
Director

Mr. Khalid Mana Saeed  
Al Otaiba  
Director

Mr. Nadeem Iqbal Sheikh  
Director

Mr. Yasar Rashid  
Secretary

## Board Strategy and Finance Committee

Mr. Abdulla Khalil Al Mutawa  
Director

Mr. Khalid Mana Saeed  
Al Otaiba  
Director

Mr. Ikram Ul-Majeed Sehgal  
Director

Mr. Atif Bajwa  
Chief Executive Officer

Mr. M. Iftikhar Shabbir  
Secretary

## Board Risk Management Committee

Mr. Khalid Mana Saeed  
Al Otaiba  
Director

Mr. Abdulla Khalil Al Mutawa  
Director

Mr. Ikram Ul-Majeed Sehgal  
Director

Mr. Atif Bajwa  
Chief Executive Officer

Mr. Haroon Khalid  
Secretary

## Board Human Resource Management Committee

Mr. Abdulla Khalil Al Mutawa  
Director

Mr. Khalid Mana Saeed  
Al Otaiba  
Director

Mr. Nadeem Iqbal Sheikh  
Director

Mr. Atif Bajwa  
Chief Executive Officer

Mr. Mian Ejaz Ahmad  
Secretary





## Central Management Committee

Mr. Atif Bajwa  
Chairman

Mr. Bahauddin Khan  
Member

Mr. A. Wahid Dada  
Member

Mr. Faisal Farooq Khan  
Member

Mr. Khurram Hussain  
Member

Ms. Mehreen Ahmed  
Member

Mr. Mirza Zafar Baig  
Member

Mr. Mohammad Yousuf  
Member

Mr. Saad Ur Rahman Khan  
Member

Mr. Syed Ali Sultan  
Member

Mr. Abdul Rauf Danka  
Secretary

## Chief Operating Officer

Mr. Bahauddin Khan

## Company Secretary

Mr. Mian Ejaz Ahmad

## Chief Financial Officer

Mr. Mirza Zafar Baig

## Auditors

A. F. Ferguson & Co.  
Chartered Accountants

## Registered / Head Office

B. A. Building  
I. I. Chundrigar Road,  
Karachi, Pakistan.  
[www.bankalfalah.com](http://www.bankalfalah.com)

# Board of Directors



**H.H. Sheikh Hamdan Bin Mubarak Al Nahayan**

His Highness Sheikh Hamdan Bin Mubarak Al Nahayan is a prominent member of the ruling family of Abu Dhabi, UAE. He is Chairman Bank Alfalah and Alfalah Insurance Company Ltd.

His Highness currently serves as Minister of the UAE Federal Cabinet, President of the Higher Committee for UAE Civil Seaport & Airport Security along with his position as Chairman of the Board for National Transport Authority, Sheikh Zayed Housing Program and Royal Jet.

His Highness graduated from UAE University in Al Ain with a double major in Economics and Administration.



**Mr. Abdulla Nasser Hawaileel Al Mansoori**

Mr. Abdulla Nasser Hawaileel Al Mansoori is a prominent businessman of Abu Dhabi, UAE. He is Chairman of the Board, Al Nasser Holdings and Group Companies which is involved in petroleum sciences, retail, and industries in steel, power and dredging and real-estate. He was also Director of the National Investor, Abu Dhabi, UAE.

Mr. Abdulla Nasser Hawaileel holds a B.Sc. (Hons) degree in Electrical Engineering from Swansea University, UK.



**Mr. Abdulla Khalil Al Mutawa**

Mr. Abdulla Khalil Al Mutawa is the General Manager of H.E. Sheikh Suroor Bin Mohammad Al Nahyan (Private Office). He is a Board Member of 'Emirates Banks Association, UAE'. He is also a Director of Abu Dhabi Commercial Bank Ltd. and Alfalah Exchange Company, Abu Dhabi.

Mr. Abdulla Khalil Al Mutawa holds a B.Sc. degree in Business Administration from University of North Carolina at Charlotte, USA.



**Mr. Khalid Mana Saeed Al Otaiba**

Mr. Khalid Mana Saeed Al Otaiba is the Office Manager of His Excellency Dr. Mana Saeed Al Otaiba (Personal Advisor to His Highness the President of UAE). He is also Deputy Chairman of Al Otaiba Group of Companies.

Mr. Khalid is a Director of Alfalah Insurance Company Limited, Pakistan and holds a Bachelor of Arts & Science from Suffolk University of Massachusetts, Boston, USA.



**Mr. Ikram  
Ul-Majeed Sehgal**

Mr. Ikram Ul-Majeed Sehgal is the Chairman, Pathfinder Group, Chairman, Security & Management Service (Pvt) Limited and Wackenhut (Pvt) Limited, and Director, General Tyre & Rubber Company of Pakistan Limited. Mr. Sehgal is also an editorial columnist for English daily "The News" and Urdu daily "Jang" and a syndicated weekly columnist with newspapers in six countries.

Mr. Ikram Ul-Majeed Sehgal is a graduate from Pakistan Military Academy, Kakul.



**Mr. Nadeem  
Iqbal Sheikh**

Mr. Nadeem Iqbal Sheikh is the Chief Executive Officer of Nadeem Surgical Corporation (Pvt) Limited. Mr. Nadeem is former President of Sialkot, Chamber of Commerce and Industry and twice Chairman of Surgical Instruments Manufacturers Association of Pakistan, Sialkot. He is also a former member of the General Body of the Federation of Pakistan Chamber of Commerce and Industry, Karachi.

Mr. Nadeem Iqbal Sheikh holds a degree of M.A. (Economics) from F.C. College, Lahore.



**Mr. Atif Bajwa**

Mr. Atif Bajwa has been the President of Bank Alfalah since November 2011. Mr. Bajwa has diversified experience in Banking and has held various roles within and outside Pakistan, including President of the Abu Dhabi Group (Pakistan), MCB Bank and Soneri Bank in Pakistan, Regional Head for Citigroup for the Central and Eastern Europe region, Head of Consumer Banking for ABN AMRO's Asia Pacific region as well as Country Manager for ABN AMRO.

Atif received his education at Columbia University, New York.



# Management Committee



## Standing from left to right

- Mr. A. Wahid Dada • Mr. Mirza Zafar Baig • Mr. Saad Ur Rahman Khan
- Mr. Bahauddin Khan • Ms. Mehreen Ahmed • Mr. Mohammad Yousuf
- Mr. Atif Bajwa • Mr. Syed Ali Sultan • Mr. Faisal Farooq Khan • Mr. Khurram Hussain





**From inspiration  
to execution.**







## Chairman's Message



### We retain market leading positions in Consumer Banking, SME and Islamic Banking.

2012 marked a year of growth, transformation and progress for Bank Alfalah. Today, I am pleased to share that we are evolving at a rapid yet reasonable pace and there is great momentum and energy. The Bank enjoys approximately 7% of the market share with total assets in excess of Rs. 500 billion. We retain market leading positions in Consumer Banking, SME and Islamic Banking through an effective nation-wide distribution platform. In addition, we deliver through our 'client-first philosophy', have a loyal employee base and boast excellent brand positioning and awareness. Building upon these salient features, over the course of the year, we reached consensus on a strategic roadmap for the Bank, which we are already executing upon.

2012 culminated with a branch network of 471 branches across 163 cities and an overseas presence in Afghanistan, Bangladesh and Bahrain with a representative office in the UAE. The Bank currently also boasts an Islamic Banking branch network of 110 Islamic Banking branches.

During the course of the year, we introduced several customized product offerings, focused on creating operational efficiencies in our systems and procedures, improved transparency and controls and invested significantly

in developing a robust technology platform in order to keep up with the pace of change in today's world. Most importantly, we recruited talented people across the Bank who believe in working together to deliver results.

The overall balance sheet growth reflects effective management on both sides of the balance sheet. As at the year end 2012, deposits have crossed the Rs. 450 billion mark while loans and advances have increased by 18% over last year.

Profit before taxation for the year 2012 represents a growth of 25% over the last year with earnings per share improving by 30%. While the Bank's revenue continues to grow, contribution from fee based income has also significantly improved, growing by 36% over the previous year. The increase in non fund based income is testimony to the fact that the Bank's focus remains on continuously improving service quality and delivery across all business segments. We expect this growth momentum to continue going forward, as we add more branches to our expanding network.

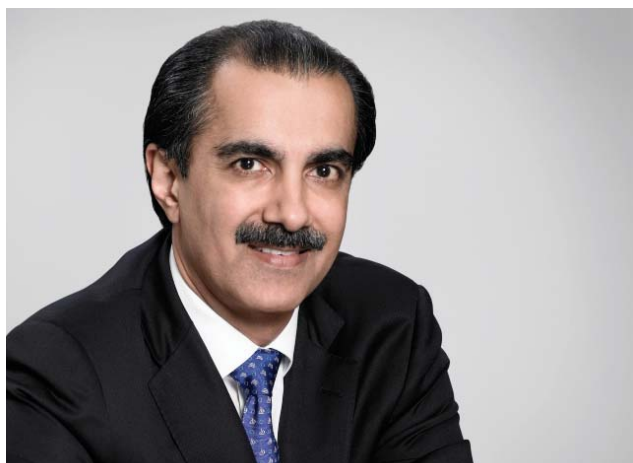
As we look ahead with excitement and optimism, we hope to continue to capitalize on our key strengths in order to successfully deliver upon our promise to our stakeholders.

On behalf of the Board, I would like to take this opportunity to extend our appreciation for the commitment and support of the Bank's employees – it is their efforts which enable us to reach new heights each day.

**H.H. Sheikh Hamdan Bin Mubarak Al Nahayan**  
Chairman



# Directors' Report to the Shareholders



This year, we intend to further expand our footprint, in order to enhance access and convenience for our customers.

## Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Directors' Report of the Bank along with the audited financial statements and auditors' report thereon for the year ended December 31, 2012.

## Economic Review

In view of the many challenges that have consistently been posing threats to economic growth, Pakistan's economy had a lackluster performance in 2011-12. The significant headwinds faced included the sharp increase in fuel and commodity prices amidst the energy crisis, global recessionary trends, weak capital inflows, fiscal imbalances and the external account deficit. Additionally, imbalance on the external front placed severe pressure on the exchange rate and resulted in the Rupee depreciating against the USD. Amidst these challenges, the country managed to maintain its exports to last year's level, which had seen phenomenal growth. Capital flows into Pakistan, however, remained affected by the global recessionary trend as well as by a weak investment climate within the country.

The year under review witnessed significant cuts in the discount rate, which fell from 12% at the start of the year to 9.5% at the year end. Although private sector credit off-take has been rising more recently, it has been sluggish over 2012 and not sufficient to result in an investment-led growth. Furthermore, increased borrowing by the government to meet its budgetary deficit has resulted in higher than planned broad monetary growth.

The Gross Domestic Product growth during the fiscal year 2011-2012 was approximately 3.7% as compared to 3.0% in the previous year. The low levels of private sector gross capital formation and slowing global economy are likely to result in Pakistan's GDP growth



staying below 4% in the current fiscal year ending June 2013. Persisting energy shortages coupled with the poor law and order situation are constraining growth potential due to under-utilization of installed productive capacity, whilst also adversely affecting potential private sector investment. The overall economy has an inherent potential to grow by 6-7% annually, but almost 3% is clipped-off due to lack of adequate energy supply.

The key challenges faced by the Central Bank are managing the balance of payments position and containing the resurgence of inflation. In addition, the State Bank of Pakistan is working towards tackling the challenges of financial exclusion of some important sectors of the economy, with an aim to develop an efficient and sustainable market-based financial structure in order to meet the financial needs of the relatively marginalized sectors of the economy.

## Banking Sector Review

The country's Banking sector has endured a testing period over the last few years, plagued by high NPLs. Continuous monetary easing and a weaker loan market have led to significant decline in the sector's Net Interest Margins.

Following a cumulative cut of 450bps in the discount rate from Q3 2011, the banking sector has been experiencing declining spreads. To partially counteract the impact of lower asset yields, deposit rates at the higher end have been adjusted downwards. In order to improve overall yields, banks are expected to be more active in increasing lending, though risk management will need to be paramount given the uncertain political and economic circumstances expected during the first half of 2013.

Meanwhile, uncertain market liquidity conditions induced by the significant deterioration in the external

account, declining trend of foreign inflows, and a higher currency to deposit ratio, led to volatility in short term interest rates. However, other market interest rates, such as KIBOR and Weighted Average Lending Rate (WALR), fundamentally followed the policy rate reductions. Following the discount rate cuts, banks have been cautiously realizing gains on debt securities in 2012. The potential to realize these gains going forward in 2013 is expected to provide overall stability to earnings.

## The Bank's Performance

2012 marked the 15th anniversary of Bank Alfalah – an important milestone for the Bank having already achieved the sixth largest position by size in the sector. Starting off with just 3 branches in 1997, today Bank Alfalah operates with a nation-wide footprint of 471 branches across 163 cities in order to provide creative, customized financial solutions to over 1 million consumers, corporations, institutions and government organisations.

The year was a particularly significant one in the Bank's history - a year of transformation, productivity and forward-looking change in order to maximize value for our shareholders. Over the last year, we have drawn upon our strengths and witnessed increasing successes whilst attempting to positively tackle periodic challenges. We have reassessed our operating priorities, whilst ensuring that our overall growth trajectory sustains its momentum. I am proud to report that the Bank has emerged well by following its strategic roadmap, despite the challenging macro-economic environment. We have closed the year with solid financial results, premier industry-wise rankings and robust expansion and growth. Due to the efforts of our entire team, I am pleased to report that our deposits, advances and profitability have all witnessed significant growth over the last year. These are mentioned in more detail in the operating results analysis below.



## Branch Network

As part of our 2012 branch expansion plan, we have added 65 new branches to our already vast branch network. As of year-end 2012, we stand at a network of 471 branches which include 110 Islamic Banking branches, 7 foreign branches (5 in Bangladesh and 2 in Afghanistan) and 1 offshore banking unit in Bahrain. This year, we intend to further expand our footprint, in order to enhance access and convenience for our customers.

An important landmark in the network expansion plan has been to cross the '100 Branches' mark for our Islamic Banking Group. Bank Alfalah's Islamic Banking continues to be a vibrant identity, offering a comprehensive range of Shariah compliant products and services.

## Customer Service Quality

On the client front, we are aware that a 'cookie-cutter' approach does not work effectively. To this end we have segmented our product offering so as to ensure a unique strategy for each type of client, based on their specific needs. The introduction of a diverse range of products in 2012 bears testimony to this very fact. Similarly, during the year our Credit Cards business underwent a major system upgrade. The new platform will enable us to venture into chip-based cards, internet acquiring and advanced portfolio management in order to better serve our customers. On the merchant acquiring front, we remain the largest acquirer of plastics in the country and have recently entered into an agreement with UnionPay China as well to accept their cards on our POS terminals in Pakistan. I am pleased to report that today Bank Alfalah is viewed as Pakistan's premier Consumer Bank with top rankings in Credit Cards, Autos, Merchant Acquiring and Home Finance.

In addition, we retain our focus on the SME sector and are proud to be one of the leading SME banks in the country - SME banking and agri-finance pose promising opportunities and address sectors that are the backbone of our economy. The SME sector contributes 30% towards the country's GDP, employs more than 70 percent of the non-agricultural workforce, accounts for 35% of the value added in the manufacturing industry and generates 25% of export earnings. However, SME lending constitutes only 16% of total lending and only 4% of total banking customers. We believe that SME's would like to see a more comprehensive banking approach to their business issues and not just a lending focused sales effort from banks. While access to capital is invariably an issue, more pressing needs are non-lending. We aim to continue investing in these areas through tailored solutions, whilst remaining cognizant of and appropriately managing the risks involved.

As part of our Business Plan and keeping in view the potential of the SME sector in Pakistan's economy, we are currently undertaking a pilot project, in collaboration with IFC and support from SBP, to remodel our SME strategy and better cater to this niche segment. We are optimistic that this endeavor will allow us to better assess and understand the specific needs of SME businesses and enable us to offer a holistic yet bespoke SME-centric business management platform. Such an offering shall not only support the borrowing requirements of SME's but will also offer products and services to support their transactional and advisory requirements.

Bank Alfalah is one of the select banks engaged in Government-to-Person payment schemes in Pakistan. Our collaboration with NADRA and the Government of Pakistan continues on these projects which include the Watan Card Programme, Benazir Income Support Programme, Waseela-e- Rozgar Scheme to name a few. We are actively involved in pursuing newer

mandates such as The World Food Program's cash support scheme and various other government and social sector projects.

On the service front, our 'client-first' philosophy has and continues to remain our top-most priority – we are operating with the belief that our success follows if our clients are served well and are hence harnessing a solution and delivery driven approach. During 2012, we have introduced voice of the client surveys to solicit candid client feedback with a view to improving existing processes and controls, reducing turn-around time and enhancing our overall 'customer experience'.

Most importantly, we have also taken steps to boost investor confidence by enhancing transparency, systems and controls across the Bank. Our core banking system has changed from a decentralized one - we have implemented new procedures and systems at all our conventional branches and in the upcoming months, our Islamic branches will follow suit. Transactional services will become faster as a consequence of this change and hence customer interface should be more efficient.

All these efforts have been well received as is evident from the continuing improvement in our customer base. The confidence of the market in our strategy is increasingly being reflected in our share price. Looking ahead, we are confident that we are now putting in place strong technology and control platforms which should enable us to remain ahead of competition.

## **Human Resource & Administration**

I am also pleased to share with you the progress we have made on our key priority of attracting the very best talent at the Bank. During 2012, we have introduced relevant management changes to our leadership team. Our senior management comprises individuals with vast local and global experience in the

financial services industry. I am confident that with their support, we will continue to deliver upon our promise to our shareholders and build a brand that we are all proud to be a part of.

It is pertinent to mention that during the last quarter of 2012, a minor fire broke out at the Bank's Head Office in Karachi. The situation was however, brought under control very quickly with the combined efforts of our dedicated staff administration team and the rescue fire brigade personnel. As part of our proactive safety and security measures, all employees were evacuated out of the building promptly and there was fortunately no injury or employee incident.

The Bank remained committed to ensuring that continuity of service and transactions was maintained at all times for our customers without any disruption, via alternate branch locations. In line with the Bank's service philosophy, our teams were available both on-site and via our 24/7 Call Centre to provide necessary assistance and customer services. What is truly noteworthy is that within a day, the affected branch was also made operational and business remained as usual. This was a true test of the Bank's Continuity of Business plans and we are proud that it was met with great success.

I wish to take this opportunity to thank the law enforcement agencies, fire fighters and most importantly those of our employees who played a key role themselves in supporting the rescue operations to help other staff members. This was truly remarkable and praiseworthy and these individuals (both internal and external) were recognized through an employee awards night in December 2012.





## Operating Results

	2012	2011
	----- Rupees in '000' -----	
<b>Balance Sheet</b>		
Shareholders' Equity	25,689,740	22,839,886
Total Deposits	457,118,723	401,247,886
Total Assets	536,466,694	468,173,802
Advances – net	233,933,358	198,468,512
Investments – net	189,486,762	166,531,768
<b>Profit and Loss Account</b>		
Profit before provisions and taxation	10,340,570	9,757,522
Provision against loans and advances (net)	(1,848,535)	(1,864,510)
Provision for diminution in value of investments	(1,708,833)	(2,459,294)
	(3,557,368)	(4,323,804)
Profit before taxation	6,783,202	5,433,718
Taxation	(2,227,081)	(1,930,588)
Profit after taxation	4,556,121	3,503,130
<b>Earnings per share (Rupees)</b>	3.38	2.60

Building on the momentum from 2011, the Bank's performance has continued to improve, leading to solid results for the year 2012. Despite the challenging macro-economic and business environment, the Bank's Balance Sheet has improved significantly, with total assets increasing by 15% vis-a-vis the year end 2011 position. Deposits registered a year on year growth of 14%, closing at the level of Rs. 457,118.723 million and this growth has resulted in gross advances to deposits ratio being maintained at 54%. The volume growth in earning assets has compensated for the declining yields that prevailed throughout the year, and despite pressure on net interest margins due to significant interest rate cuts and devaluation of the Rupee, the registered spreads have been adequate.

The Bank's profit before taxation stood at Rs. 6,783,202 million as compared to Rs. 5,433,718 million for the year 2011. This represents a growth of 25% over the last year figures and as a result, earnings per share are reported at Rs. 3.38 as against Rs. 2.60 reported last year,

reflecting a growth of 30%. Total revenue was recorded at Rs. 53,361 million, as against Rs. 49,666 million for 2011, with contribution from fee based revenue improving by 36% over the previous year. During the year, the Bank has also realized significant capital gains through its money market operations.

Administrative expenses have registered a growth of 10%. During the year, the Bank has introduced certain key measures to curtail the rising operating costs due to inflationary pressures, energy crises and currency depreciation. The administrative costs have remained well within the budgeted levels anticipated at the start of the year.

Costs for new branches added to the network have been adequately managed. With branches expected to be added to the already expanding network, the bank intends to focus on introducing further efficiency measures to manage the anticipated costs going forward. The Bank's liquidity remained strong. Net

Investments have increased by 14% from 2011 and constitute 35% of the total assets as of 2012.

The NPL formation for the Bank was 16% for the year, due to one off additions of certain large corporate exposures. However, the loans to NPL ratio of 8.9% continues to be lower than that of the overall industry in general, with NPL coverage prudently maintained at 63%.

The Bank is currently adequately capitalized. Also, during the current year, the Bank successfully managed the Pre-IPO subscription amounting to Rs. 3,750 million of its Fifth, Rated, Listed and un-secured Sub-Ordinated Term Finance Certificates. The issue has a total size of Rs. 5,000 million and the response has been overwhelming. The instrument has been rated AA- by PACRA, in line with the ratings for the Bank's TFCs issued in prior years. With the issue of this listed instrument offering competitive returns, the Bank has further cemented its reputation of being a trusted avenue for investors, having previously managed four issues successfully. As of February 20th 2012, the IPO stage also stands closed, and we are proud to report a significant over-subscription to the offer.

The Bank's strategy is to focus on continued performance improvement by concentrating on addressing customer needs and creating an efficient operating platform. Our 2012 results are reflective of the disciplined execution of our overall strategy, despite the tough operating environment.

## Credit Rating

PACRA, a premier rating agency of the country, has rated the Bank 'AA' (double A), Entity Rating for the Long Term and A1+ (A one plus) for the Short Term. These ratings denote a very low expectation of credit risk, a strong capacity for timely payment of financial commitments in the long term and the highest capacity for timely repayment in the short term, respectively. The unsecured subordinated debt (Term Finance Certificates) of the Bank has been awarded a credit rating of AA- (double A minus).

## Corporate Governance

1. During the current year, as part of the listing regulations of the Stock Exchanges the SECP has promulgated the revised Code of Corporate Governance 2012 for public listed companies. The Bank has implemented significant requirements of the revised Code, relevant for the year ended December 31, 2012. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed as part of the Annual Report.
2. Statement under clause XVI of the Code:
  - a) The financial statements, prepared by the management of the Bank, present the Bank's state of affairs fairly, the result of its operations, cash flows and changes in equity;
  - b) Proper books of accounts of the bank have been maintained;
  - c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
  - d) International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.



- e) The system of internal control is sound in design and has been effectively implemented and monitored; and
- f) There are no significant doubts about the Bank's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations duly adopted by the State Bank of Pakistan vide BSD Circular No. 5 dated June 13, 2002.
- h) Summarized key operating and financial data of last eight years has been presented as part of the Annual Report.
- i) Book value of investments and placements by Staff Provident Fund and Staff Gratuity Fund based on the respective audited accounts is:
- |                      |  |
|----------------------|--|
| Staff Provident Fund | Rs. 2,555.797 million<br>(December 31, 2012) |
| Staff Gratuity Fund  | Rs. 905.217 million<br>(December 31, 2011)   |
- j) The number of Board and Board Committee meetings held during the year 2012 and the attendance by each director was as follows:
- k) During the current year, The Bank arranged an orientation course/session for its Directors to acquaint them with the Code of Corporate Governance, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the listed companies for and on behalf of shareholders. Furthermore, as per the directives of the Code, Mr. Nadeem Iqbal Sheikh has completed all five parts of the Corporate Governance Leadership Skills Program offered by the Pakistan Institute of Corporate Governance under the Directors Training Programme during the year.
- l) The pattern of shareholding is attached as part of the Annual report.
- m) There are no loans, TFCs, sukuks or any other debt instruments in which the bank is in default or likely to default.
- n) Trading pattern in the shares of the Bank, by directors, executives, their spouses and minor children have been disclosed as part of the Annual Report.

S. No	Name of Director	Board of Directors Meetings	Board Audit Committee Meetings	Board Credit Finance and HR Committee*	Board Strategy and Finance Committee Meetings*	Board Human Resource Committee Meetings*	Board Risk Management Committee Meetings
	<b>No of meetings held</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>4</b>
1	H. H. Sheikh Mubarak Al Nahayan	5	N/A	N/A	N/A	N/A	N/A
2	Mr. Abdulla Nasser Hawaileel Al Mansoori	4	N/A	N/A	N/A	N/A	N/A
3	Mr. Abdulla Khalil Al Mutawa	5	5	4	2	2	4
4	Mr. Khalid Mana Saeed Al Otaiba	5	5	4	2	2	4
5	Mr. Ikram Ul-Majeed Sehgal	5	N/A	N/A	2	N/A	3
6	Mr. Nadeem Iqbal Sheikh	5	5	4	N/A	2	N/A
7	Mr. Atif Bajwa	5	N/A	N/A	2	2	1

\*During the year, the Board Credit Finance and Human Resource Committee was reconstituted, and two separate Committees constituted, as Board Strategy and Finance Committee and Board Human Resource Committee.

## Risk Management

The Risk Management Division of the Bank continues to play a key role in enhancing the risk oriented culture within the Bank, looking after Credit Risk, Market Risk, Information Technology Security Risk and Operational Risk.

In the Credit Risk Area, a Loan Origination System was introduced in 2011, which entailed system based movement of credit line proposals. This endeavor has improved the Bank's response time to businesses on their credit facility requests. During the year, further enhancements to the Internal Rating System were introduced, most notably, the group rating criteria.

Also during the year, RMD developed a statistically validated obligor rating model for Credit Cards and Auto Finance and judgmentally developed behavior based models for the same products.

A comprehensive Information Security roadmap for the next 3 years has been developed, which will strengthen the information security environment within the Bank.

The adherence to Risk-appetite statement approved by the Board is regularly monitored by RMD. Further the compliance of regulatory & internal limits is also monitored and any deviations are highlighted to the competent authorities for ratification and necessary guidance.

For Market Risk Management, advanced monitoring and measurement tools such as Early Warning Indicators and Value-at-Risk models are in place. A dynamic and well defined limits structure, in line with the overall risk appetite of the Bank, seeks to reduce volatility in operating performance under adverse market conditions.

On the Operational Risk front, a web based Operational Loss Database & Key Risk Indicator support modules are in place. The Risk & Control Self Assessment framework, implemented in 2008 continues to be in place to measure and monitor operational risk levels and mitigate operational losses.

## Corporate Social Responsibility

The Bank remains committed to supporting the communities where we live and operate through a 'Beyond Philanthropy' approach. Through the year we have partnered various community organisations in order to create measurable, sustainable change. Our key areas of focus in 2012 included education, healthcare, sports and youth development and the preservation of Pakistan's heritage monuments. A total of Rs. 39.200 million was contributed towards corporate citizenship via donations during the year, with committed donations standing at Rs. 97.000 million as at the year end.

## Subsidiary Company

Bank Alfalah Limited has 97.18% shareholding in Alfalah Securities (Private) Limited.

## Dividend

The Directors recommend the payment of Cash dividend @ 20% subject to the approval of the shareholders.





## External Auditors

The Audit Committee has suggested the name of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the Bank for the next term. The Board of Directors, based on the suggestion of the Audit Committee, recommended the name of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors for the next term. The retiring auditors, being A.F. Ferguson and Co., have served as external auditors for the years 2008 to 2012, and are required to be rotated after serving as auditors for five consecutive years. The external auditor's appointment shall be subject to approval in the forthcoming Annual General Meeting.

On behalf of the management of the Bank and the Board, I would like to thank and appreciate the retiring auditors for the services and support extended throughout the period of their appointment.

## Looking Ahead

As we look to the future, we have put in place a sound 'go-forward' strategy for the Bank. Despite the challenging external environment, we remain optimistic and firmly believe that lucrative opportunities continue to exist and must be cultivated. Therefore, we will continue to execute upon both our broad strategic roadmap as well as our specific priorities in order to deliver results, as the two are inextricably linked.

Our focus remains on continuing to strengthen our balance sheet, further developing an efficient and robust operating platform, retaining our emphasis on introducing customized product offerings and improving the overall control environment. Additionally, we will continue to bolster client relationships, explore cross sell opportunities and provide value added solutions to our customers.

As we move ahead, specifically, our aim is for Bank Alfalah to become the most efficient transaction bank in the country, to take an important position in corporate, commercial and SME banking, to help develop a vibrant capital market, to retain our premier positions in Islamic and Consumer Banking and to reach out to a wider customer base using state-of-the-art technology platforms. There is scope for further innovation and we are fortunate that our shareholders are extremely supportive of our new initiatives. One such example is our planned 2013 launch of branchless banking and internet banking in Pakistan, in order to reduce the gap between the 'banked' and the 'yet-to-be-banked'.

I am fortunate to be supported by a highly talented and experienced leadership team that believes in working collectively to deliver upon our common goals. Our staff across the country is dedicated and committed to being the best and to delivering high quality service to customers. However, the economic environment remains challenging and operational risk is considerably high. This coupled with the rapid pace of shifting customer demands means it is all the more important to adapt and manage change in order to stay ahead of competition.

I am proud of all that the Bank has achieved over 2012 and am optimistic about the future. In the days to come, we hope to build upon these foundations and create a company which is strategic and calculated in its risk taking and works towards achieving a balanced scorecard. We aim to promote a workplace environment where we take responsibility for our actions and promote respect, inclusiveness and uncompromised integrity - create a company which can survive through good times and bad.

We gain inspiration from our past but the future holds even greater opportunities. The world may be witnessing divergence in a number of ways - however, Bank

Alfalah will continue to focus on creating convergence for all our stakeholders including our institutional clients, retail and Islamic Banking customers, regulators, community and shareholders in order to leverage existing business trends, enable progress, contribute to Pakistan's economic growth and most importantly, maximize value for our shareholders.

Thank you for your continued support.

## Acknowledgement

On behalf of the Bank, I would like to thank the State Bank of Pakistan, Ministry of Finance and other regulatory authorities for their continuous guidance and support. I would also like to take this opportunity to thank our valued customers for their continued patronage. Most importantly, we would like to express our gratitude to our shareholders for their valued guidance and oversight. The Chairman of our Group visited Pakistan earlier this year and during his visit, reiterated the Group's commitment to the Bank and to Pakistan - this was a significant vote of confidence for our employees, customers and other stakeholders at large.

Last, but certainly not the least, I would like to acknowledge the tireless efforts of our employees across the Bank and their families whose enthusiasm and dedication have enabled us to successfully deliver upon our 'common purpose' and achieve these results.



### **Atif Bajwa**

Director & Chief Executive Officer

March 03, 2013

Abu Dhabi

We gain inspiration from our past but the future holds even greater opportunities.



## Eight Year Financial Summary

	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Operational Results</b>									
Total Income	14,515	24,416	31,822	35,789	40,743	42,238	49,666	53,361	
Operating Expenses	4,344	5,918	8,289	9,957	11,002	12,754	14,215	15,519	
Profit before Income Tax and Provision	2,966	3,264	6,906	5,310	5,028	5,604	9,758	10,342	
Profit before Income Tax	2,563	2,566	4,536	1,795	1,016	1,369	5,434	6,783	
Profit after Taxation	1,702	1,763	3,130	1,301	897	968	3,503	4,556	
<b>Balance Sheet</b>									
Shareholders' Equity	6,738	10,573	13,767	14,609	19,770	19,727	22,840	25,690	
Total Assets	248,314	275,686	328,895	348,991	389,070	411,484	468,174	536,467	
Advances - net of provision	118,864	149,999	171,199	191,790	188,042	207,153	198,469	233,933	
Investments -net of provision	57,416	56,502	88,492	75,973	99,159	113,426	166,532	189,487	
Deposits and other accounts	222,345	239,509	273,174	300,733	324,760	354,015	401,248	457,119	
<b>Others</b>									
Imports	116,210	119,937	184,305	190,289	197,304	254,705	286,550	322,633	
Exports	71,847	70,844	79,090	93,406	100,493	132,277	191,820	192,132	
<b>Ratios</b>									
Capital Adequacy	%	8.66	9.48	9.85	8.03	12.46	10.53	11.60	12.67
Profit before tax ratio (PBT/Gross mark up income)	%	20.93	12.11	17.59	5.80	2.86	3.65	12.27	14.72
Gross spread ratio (Net mark up income / gross mark up income )	%	41.17	28.12	35.54	33.82	30.67	36.44	42.01	40.32
Income / Expense ratio	Times	3.34	4.13	3.84	3.59	3.70	3.31	3.49	3.44
Return on average equity (ROE)	%	30.65	20.37	25.72	9.17	5.22	4.90	16.46	18.90
Return on average assets (ROA)	%	0.84	0.67	1.04	0.38	0.24	0.24	0.80	0.91
Advances / Deposit Ratio	%	53.46	62.63	62.67	63.77	57.90	58.52	49.46	51.18
Cash Dividends	%	12.00	-	-	15.00	-	8.00	17.50	-
Stock Dividend	%	-	33.33	30.00	23.00	12.50	-	-	-
Book Value per share excluding revaluation of Assets	Rs.	22.46	21.15	21.18	18.27	14.65	14.62	16.93	19.04
Book Value per share including revaluation of Assets	Rs.	24.88	24.48	24.95	21.32	16.41	16.53	19.11	22.42
Basic Earnings per Share	Rs.	3.92	2.91	3.92	1.41	0.71	0.72	2.60	3.38
No of Employees (Other than outsourced)	No.	5,218	6,543	7,371	7,584	7,462	7,571	7,580	7,124

# From lifestyle to lifetime.







# Consumer Banking and Retail Banking

The macro economic situation coupled with the socio-economic environment prevailing in the country continues to pose challenges to the Consumer Business at large. Simultaneously the Consumer Business underwent a strategic management change at the Bank. However, despite the obstacles faced by the business, Consumer Banking continued to demonstrate growth and profitability in 2012. Through a multi-pronged strategy for 2012, the business focused on enhancing systems & efficiencies and consolidating portfolios, whilst maintaining a leadership position and an enhanced focus on collections and recovery. The Consumer Business has successfully achieved all three of the aforementioned goals whilst maintaining the highest levels of customer service and its leadership position in Consumer Finance.

During the year the Credit Cards business underwent a major system upgrade to a new version. The new platform will enable the business to venture into chip-based cards, internet acquiring and advanced portfolio management. On the acquiring front, we have been the leader in generating maximum spend on our machines. During the year, various spend campaigns and alliances were also launched which created value-add in order to successfully meet our customers' expectations.

The Auto Finance business has also achieved many milestones during 2012. The business was able to maintain its market leadership position and entered into major alliances with the two leading OEMs of the country, which is a reflection of our commitment to the Pakistani market and of the trust that our business partners place in the business. Auto Finance has become a star product of our offering with a promise to deliver the best to its customers and remain the first choice in the market.

During 2012 the Consumer Business has focused on enhancing its Consumer risk management, capabilities and controls across the spectrum. The collection and recoveries unit has been revamped and a specialized approach towards all products has been adopted, whilst ensuring uncompromised efficiencies and effectiveness.

# Credit Cards

## What We Offer

Credit Cards, an integral part of the Consumer Finance division, is the market leader, both in the cards issuance and acquiring businesses. The product ranges from credit cards, debit cards and prepaid cards, to a wide network of point of sales (POS) terminals for card acceptance.

## Product Suite

### Credit Cards

- Platinum
- Gold
- Classic
- Titanium

### Debit Cards

- Royal Platinum
- Gold
- Classic

### Pre-paid

- Payroll Card

## What Sets it Apart

Both on issuing (cards) and acquiring (card acceptance), the Bank enjoys a market leader position, the Bank has always maintained this position through aggressive business expansion and a unique, innovative range of products. Our 'client-first' philosophy of excellent customer service is the key to our success.

# Home Finance

In alignment with the Bank's objective to provide value-added solutions to our customers, coupled with the encouraging results of our various other Consumer product offerings, the Bank launched Home Finance in 2003, in order to support the financing needs of those customers who were keen to have their own homes.

Home Financer is a term loan facility repayable in monthly installments, secured by equitable or registered mortgage of the property financed.

We have been offering this product in all those areas where the title transfer process is transparent and property is easily accessible, marketable and chargeable and has good future prospects. The mortgage market in Pakistan has witnessed changes over the years where the peak time of 2004 till 2006 was the result of low mark up rates and high investment in real estate. Since then these two major factors, coupled with high inflation, adversely impacted this sector to significantly reduce quality real estate activity.

In view of these changed dynamics, Bank Alfalah has been pursuing selective financing options to retain their presence in the market whilst remaining cognizant of the risks involved.



# Auto Finance

Bank Alfalah Auto Finance has always focused on fulfilling the aspirational needs of our customers, by providing them with the highest value at affordable rates. The Bank has been committed to this endeavor and has forged alliances with leading OEMs of the country.

Over the years, we have set exemplary operations standards which reaffirm our stance on providing clients with maximum value for their money. Keeping in view changing customer preferences, the Bank offers the most competitive mark-up rates in the market and provides a chance to customers to transform their dreams into reality by purchasing a car of their choice. The product has played a key role in creating strong brand recognition for the Bank in the market. Car Financing has not only become a star product for the Bank, but has also provided us with the impetus to successfully launch other consumer products.

In keeping with this positive spirit, we embark ahead to continue creating and enhancing value for our customers.

# Retail Banking

Starting off with just a handful of branches in 1997, today Bank Alfalah operates with a nation-wide footprint of 471 branches across 163 cities in order to provide access and convenience to customers across the nation and beyond. The Bank has targeted its presence in all the key residential areas of the large and medium size cities as well as in rural segments. Further, our branches are also situated in key commercial hubs in order to serve diverse segments of the business community including commercial trading / industrial manufacturing & processing, commodity & agriculture financing amongst others.

As part of the Bank's 2012 branch expansion plan, 65 new branches were added to our already vast branch network. As of year-end 2012, we stand at a network of 471 branches which include 110 Islamic Banking branches, 7 foreign branches (5 in Bangladesh and 2 in Afghanistan) and 1 offshore banking unit in Bahrain. This year, we intend to further expand our footprint in the country in order to enhance access and convenience for our customers.

The Bank is also focusing on enhancing 'customer experience' through improvements in service quality. Our service vision is to rank amongst the top 3 banks in the market in terms of Customer Experience, excellence in the way we understand, interact with, sell to and facilitate our customers.

2012 has been about implementing a strategic base for us to drive our vision from. Going forward, 2013 will focus on delivering upon our pledge to our customers to ensure we become their primary bank of choice in the market. We are committed to ensuring we remain an accessible, convenient, one-stop-shop for all our customers.





# Agri-finance

## Overview

The importance of agriculture cannot be overemphasized for the economy of Pakistan, as it constitutes approximately 23% of the GDP of Pakistan and accounts for 42.1% of the total employed labor force in Pakistan. Keeping in view the fact that a progressive and well developed agricultural sector can play a pivotal role in accelerating the overall pace of development of the country and in alleviating poverty, the Bank commenced its agri-finance business in 2003. The key objective of this was to enable farmers to meet their working capital requirements for various lines of business, which lie within the ambit of agriculture, as advised by the SBP. Our Agri Finance Program "Alfalah Zari Sahulat" offers finance facilities covering an entire spectrum of farming and non-farming needs with a wide range of products on short, medium and long term repayment tenures at affordable markup rates and flexible repayment solutions.

## Business Milestones / Highlights

Under the arrangement of Commodity Operations Financing (COF) to the M/s Punjab Food Dept, the Bank acted as PFD's (Punjab Food Department) Funds disbursing agent for wheat procurement for the year 2012-13. This exercise included field team mobilization, introduction of a 'Farmers Account' with simple account opening formalities to facilitate NTBs, and opening of facilitation desks at PFD's counters, managed by designated branches to guide and facilitate farmers through the lengthy documentation process. This increased the outreach and awareness about the Bank and its products.

# From investment to advancement.





# Corporate & Investment Banking

We try to meet the evolving financial requirements of our clients by providing them with a one umbrella solution and a single point of contact to serve their banking needs.

The key aim of our Corporate and Investment Banking Group is to contribute to the sustainable growth of our Institutional clients and become their most trusted partner by providing them with a diversified spectrum of sophisticated, customized financial solutions. These include Working Capital Finance, Loans, Trade Finance, Transaction Banking/Cash Management and Investment Banking Services.

Our experienced Corporate and Investment Banking team believes in working collectively to deliver upon our common goals. We try to meet the evolving financial requirements of our clients by providing them with a one umbrella solution and a single point of contact to serve their banking needs. This ensures the seamless delivery of quality service and dedicated relationship management.

We continuously seek innovative opportunities to add value and fuel economic growth, whilst appropriately fulfilling public duty and remaining cognizant of our social responsibility.

## Working Capital Finance / Loans

At times, businesses can experience challenges with the availability of finances as a result of the difference in timings of cash inflows and outflows, up-gradation of existing facilities and business expansion.

Our dedicated team of relationship managers can structure tailor-made credit solutions to meet your specific short-term or long-term funding requirements. Our loans are provided at competitive rates and are structured to enhance your profitability by matching the repayment schedule with cash flows available to repay the debt.

We offer working capital finance through both overdraft facilities as well as via working capital loans in order to help clients better manage their liquidity position and ensure the smooth operations of their business.

## Trade Finance

We offer a range of trade services specifically designed to match the requirements of our Corporate clients. Our Trade Finance team comprises of seasoned, professional Industry specialists to provide clients' with expert advice and guidance. Further, the team is strongly supported by a wide correspondents' global network. Some of our key trade finance facilities include:

- Letter of Credit
- Import Finance
- Export Finance
- Bank Guarantee

## Capital Market Operations

We also provide Capital Market services to various clients; some of our key offerings include:

- Bankers to Issue for Initial Public Offerings (IPOS)
- Offer for Sale of Shares (OFS)
- Right Share Issues
- Dividend Redemption

The Bank also provides the requisite MIS for all IPOS / dividend transactions through a prescribed format based on the client's requirements.

## Investment Banking

Our Investment Banking team led by experienced professionals is well equipped to support clients through:

1. Leveraged and structured finance
2. Project and infrastructure financing (Recourse & Non-recourse based)
3. Debt syndication (Conventional and Islamic both)
4. Capital Market issues (listing and private placement of corporate bonds, sukuk, commercial papers, preference shares, right shares in addition to initial and secondary public offering of ordinary shares)
5. Secondary market trading of tradable instruments







**From start-up  
to build-up.**





# Small & Medium Enterprises

Today, in Pakistan, the SME sector contributes 30% towards the country's GDP, employs more than 70 percent of the non-agricultural workforce, accounts for 35% of the value added in the manufacturing industry and generates 25% of export earnings.

Despite the backdrop of such significant contributions to the economy, only 4% of SMEs have currently taken loans from the Banking sector, hence financial inclusion is extremely low, especially vis-a-vis Bangladesh or India, where 32% and 33% of SMEs have access to bank loans respectively. Moreover, SME lending accounts for only 6% of total credit in Pakistan. According to the latest survey conducted by the State Bank of Pakistan, 51% of SMEs found it very challenging to borrow from banks, whilst 31% do not even have a bank account and 85% resort to informal sources of financing for meeting their working capital requirements. The key factor underlying such low market penetration is the considerably cautious approach adopted by the financial sector towards this market segment.

Historically BAFL has been a significant contributor towards the development of the SME sector since 2007.

However, the attrition in our SME portfolio is in line with the declining trend of SME finance by all banks/DFIs. The depletion in SME financing can be attributed to adverse economic conditions, the worsening law & order situation, shortages and rise in the cost of utilities and growing NPLs.

## **Network Expansion Focused on SME Business Centers & Hubs**

Therefore, being fully cognizant of the current situation on-the-ground, we have been pursuing a focused approach for enhancing our outreach by increasing our footprint across all the major cities and SME centric business hubs in Pakistan. As part of our Annual Branch Expansion Plan 2012, we have opened twenty seven new Conventional Banking branches in thirteen major cities including Karachi, Lahore, Islamabad, Faisalabad, Sialkot, Gujranwala, Peshawar, Haripur, Quetta, Sargodha & Gujrat, along with twelve branches in new geographical locations. The new cities added to our rapidly expanding conventional banking network include Hunza, Shinkiari, Batkhela, Ghazi, Gojra Mandi Bahuddin, Hussain Sugar Mills, Haveli Lakha, Gagoo Mandi, Rajanpur, Mirpur Mathelo, Moro & Kandhkot. All these new locations are based within SME centric environments and shall be leveraged in order to tap into possibilities of offering financial access and solutions to SMEs in these regions.

## **Bank Alfalah's Initiative with IFC on an SME Advisory Project**

In keeping with our business focus as well viewing the potential of the SME sector in the economy, we are currently undertaking a pilot project in collaboration with the IFC as well as via support from the State Bank of Pakistan, in order to remodel our SME strategy and better cater to this niche segment through customized solutions. We are optimistic that this endeavor will allow us to better assess and understand the specific needs of SME businesses and enable us to offer a holistic yet bespoke SME-centric business management platform. Such an offering shall not only support the borrowing requirements of SME's but will also offer products and services to support their transactional and advisory requirements. Both

local and foreign IFC experts are currently fully engaged with us to create a business model which will be helpful in introducing new, refined products & services and in bolstering capacity building efforts by addressing capital and technology related issues. This is likely to result in a robust core banking business intelligence solution in order to better cater to the needs of the entire SME customer base, both current and prospective.





## Our 'Go-forward' Strategy for the SME Sector

As we are fully cognizant of the dynamics of the SME sector through our experience of being an active player in this domain, our approach is two-pronged: both addressing granular issues whilst continuously evolving our overall strategy in order to create a comprehensive business model, which is vertically & horizontally aligned to the business requirements of SMEs, rather than solely undertaking a lending focused sales effort.

While access to capital invariably remains an issue, we are equally focused on the non-lending requirements of the sector, including liability and trade business management along with non financial advisory solutions.

A low touch, low cost web/computer assisted 'Do It Yourself' (DIY) offering is also part of our upcoming menu, with a view to scaling up SME customers for better management of their businesses.

The techniques & tools under consideration to service these customer requirements also include a patent IFC SME Tool Kit for a complete business & inventory management solution.

Considering the potential this vibrant sector has to offer, SME is a priority for Bank Alfalah. The eventual aim is to positively impact financial inclusion and fuel economic growth by transforming SMEs into profitable business ventures.

The eventual aim is to positively impact financial inclusion and fuel economic growth by transforming SMEs into profitable business ventures.

**From faith  
to trust.**





# Islamic Banking

We have recently achieved the centennial Islamic branch milestone and currently boast a network of 110 Islamic Banking branches spread across the country.

Bank Alfalah remains the number 2 Islamic Bank in the country. Our Islamic Banking Group (IBG) offers Shariah compliant products and services to customers who desire to invest their funds and perform transactions based on Islamic Banking principles. IBG has been a success story right from inception and today, generates an operating profit in excess of Rs 1.6 billion. We have recently achieved the centennial Islamic branch milestone and currently boast a network of 110 Islamic Banking Branches spread across the country. Our network strategy is to offer Islamic Banking services at locations where Conventional Banking presence is limited in order to increase financial access in Pakistan. This has resulted in multiple benefits for the Bank as firstly, it has enabled us to establish our presence at new, unexplored locations and secondly, enabled us to successfully capture significant market share by offering a full suite of customized Islamic Banking products.

An Islamic Bank customer can receive earnings on his / her deposit in several ways: through returns on his capital when that capital is employed in a business venture; through profit-sharing when his capital is part of the capital that is employed in a partnership, and through rental earnings on an asset that has partially been financed by his capital. Hence, in order to meet customer expectations, Shariah compliant products like Modaraba, Murabaha, Ijarah, Musharaka, Salam and Istisna are offered which eliminate Riba by undertaking these transactions and earning halal profit.

## Future Plans

Looking ahead, our major initiative for 2013 will be the implementation of a new core banking software Temenos T 24 for our Islamic branches. This will significantly improve our customer interface and will boost our efforts for offering e-banking facilities such as internet banking, branchless banking and cash management services amongst others in 2013.



**From local  
to global.**







## International Banking

In addition to its operations in Pakistan, the Bank has a geographical presence in Asia Pacific (including South Asia) and the Middle East with branches in Afghanistan and Bangladesh and a wholesale banking unit in Bahrain as well as a representative office in the UAE. With a broad spectrum of banking products and services, the Bank continues to provide financial solutions to clients in these countries.

As we look ahead, the Bank aims to continue expanding its international footprint, in order to provide greater access and convenience to customers in different geographical regions.



# Afghanistan Operations

The Bank commenced operations in Afghanistan in 2005, with the opening of its first branch in Kabul. Subsequently, operations were expanded with the opening of a branch in Herat in 2006.

Since inception, the Bank's Afghanistan Operations have been providing a variety of banking products and services to a diverse range of clients. The efforts in this regard have yielded positive results and all key performance indicators i.e. deposits, advances business volumes and profitability have shown solid levels of growth in Afghanistan, despite the nation's adverse conditions on social, legal, and economic fronts.

## Product and Service Offering

- Deposit Accounts:
- Savings/Current Deposits
- FCY Deposits
- Term Deposits
- Local/Foreign Remittances
- Corporate Financing
- Structured Loans
- Working Capital Financing
- Trade Finance Solutions
- Payroll Solutions
- ATM's
- Debit Cards/Credit Cards
- Lockers

## Target Market/Sectors

- Government agencies
- Foreign Citizens
- Non-Government Organizations
- Local Businesses:
- Construction
- Trading/Logistics
- Telecom
- FMCG's

- Retail Operations
- Local Residents
- Armed Forces of US, Afghanistan, and other nations

## Value Addition for Customers

- Providing financial solutions to customers in a professional and personalized manner which enables them to enjoy international standards of banking services at their convenience.
- Presence in two major business hubs of Afghanistan i.e. Kabul and Herat.
- Maintaining a strong network of correspondent banks in the USA, UK and Europe for International Fund Transfers.
- Comparative pricing for financial solutions.
- Provision of both Conventional and Islamic Modes of Financing.
- Bank Alfalah in Afghanistan is the only VISA enabled Bank in the country, making it convenient for customers to carry out transactions in the country as well as abroad through utilization of our VISA Debit/ATM Card, and a network of POS Machines in Kabul and Herat.

## Initiatives/Accomplishments in 2012

### Establishment of relationship with UNO

- Successfully established a relationship with the United Nations and its associated Missions (UNAMA and UN Habitat) in Afghanistan. Enabled ATM/Debit Card Transactions, Account Opening, Fund Transfers, Payroll Disbursement, and Cash Transport for UNO Agencies and staff all over Afghanistan.

### Customer awareness week

- Keeping with the tradition of continuous improvement in Customer Service standards, "Customer Care week" was celebrated by the Bank in Kabul and Herat.



## Training & Development Programs

### Background

Maintaining the tradition of continuous development and capacity building of its employees, TDC Bank Alfalah Limited extended its training scope to its overseas operations. The objective of this initiative was to:

1. Provide training/awareness to our staff
2. To fulfill corporate and socio-economic responsibilities by providing training facilities to staff of other banks
3. Capacity building of the Banking sector in Afghanistan

### Areas of Training

1. Cash
2. Business Communication
3. Administration and HR Management
4. Remittances

### Other banks which nominated their staff to this training session:

- New Kabul Bank
- Afghan united Bank
- Arian Bank
- First Micro Finance Bank
- Bank Milli Afghan
- Azizi Bank
- Afghanistan International Bank

Afghanistan Institute of Banking and Finance (AIBF) extended their full support and appreciated this outstanding effort of Bank Alfalah, in contributing towards the socio-economic responsibilities.

All key performance indicators i.e. deposits, advances, business volumes and profitability have shown solid levels of growth in Afghanistan,

# Bahrain Operations

Bank Alfalah Limited commenced operations in The Kingdom of Bahrain in 2007 with the establishment of a Wholesale Banking Unit (WBU). As per its distinct nature as a legal and business entity, WBU Bahrain focuses on providing a unique set of products and services to a diverse client base. The Banking & Finance Sector in Bahrain has remained one of the key contributors to the Kingdom's real GNP, contributing over 25% during 2012. Despite a certain level of social and political instability in the nation, the key economic sectors have maintained a positive outlook. This state of affairs has allowed WBU Bahrain to actively tap into the local and regional market, and augment its business volumes and income through multiple channels.

## Product and Service Offering

- Borrowing & Placements
- Foreign Currency Transactions (for clients as well as other Bank Alfalah Operations)

## Corporate & Investment

- Syndications (Conventional and Islamic)
- Investments (Bonds and Credit Link Notes)

## Trade Finance

- LC Advising & Adding Confirmation.
- Discounting & Re-discounting of Import LCs & FBPs
- Risk Participation with other banks on confirmation of LCs (Secondary Market)

## Deposits of Individuals/Corporates

- SB Accounts, CA & TDRs.
- Cash Management (inward and outward remittances)

## Target Market

Being an offshore unit, WBU Bahrain focuses on the following segments for achieving its strategic objectives and augmenting business volumes:

- Other Banks (Main focus on banks in Bahrain, GCC Region, South Asia, South East Asia)
- Large/Medium Sized Corporations
- High Net worth Individuals from Bahrain
- Individuals/Corporations from GCC Region
- Individuals/Corporations from Pakistan/Afghanistan/Bangladesh that have business interests in Bahrain

## Value Addition for Customers

WBU Bahrain utilizes its strategic location and product/service offering to provide tailor made financial solutions to its customers. Being placed in a major hub of financial activity in the Middle East, the Unit leverages its network and associations with other Banks in the region to facilitate trade transactions for customers over a wide geographic span. Furthermore, the sound financial standing of the unit enables it to offer lucrative lending options to customers, whilst at the same time utilizing its linkages in the market to put together syndication deals for parties that seek a high volume loan.

In addition, WBU Bahrain also capitalizes on the availability of both conventional and Islamic modes of banking to create viable options for customers, depending on their financing needs or requirements for placement of funds.





# Bangladesh Operations

Bank Alfalah Limited commenced its operations in Bangladesh in 2005 after the acquisition of the operations of Shamil Bank of Bahrain in Bangladesh. The Bank operates through a network of 5 branches across the country, with a presence in almost every major city.

## Product and Service Offering

### Deposit Accounts:

- Corporate Salary Accounts
- Savings Accounts
- Current Accounts
- Foreign Currency Accounts
- Fixed Deposit Accounts
- Alfalah Savings Plan (ASP)
- Special Notice Deposit (SND) Accounts
- Alfalah Monthly Premium Account
- Alfalah Rising Star Account (School Banking )
- Debit Cards
- ATM's

### Corporate Financing

- Syndications (Conventional + Islamic)
- Structured finance
- Loans & Advances
- Advisory Services
- Trade Finance Services
- Renewed focus on SME

### Treasury

- Foreign Exchange Transactions
- Money Market Operations

## Value Addition for Customers

- Debit/ATM Card convenience powered by VISA and Omnibus network
- SMS Alerts on transactions
- Attractive discounts and promotions on the Visa Debit Card through channel partners in Bangladesh
- Availability of both Conventional and Islamic modes of Banking to facilitate customer needs and expectations

## New Initiatives During 2012

Offsite ATM-the first-ever offsite ATM booth of the Bank in Bangladesh was established in Sylhet's commercial hub to provide services at the convenience of the customer. This is likely to further boost the CASA drive of the Bank's Sylhet branch.

Market Storming – After a market storming campaign was completed in Dhaka, Chittagong & Sylhet, Dhan mondi Market Storming took place in the month of September 2012 to generate referrals for prospective account opening. Senior management, branch staff and sales people were fully engaged in this activity.

Customer Survey (rating individual transactions) – A customer survey was conducted internally at all branches to rate staff in accordance with the services provided, through a drop box system in order to determine the loopholes in customer services. This was done in order to create internal alerts and hence focus on areas of development to improve service quality levels.

Alfalah Salary Account (ASA) – this was launched in order to cater to Corporate customers, to enable them to open salary accounts of their employees with the Bank and receive preferential services.

# From responsibility to community.





# Corporate Citizenship

We aim to work with community partners and improve peoples' lives by going 'beyond philanthropy' and converting simple ideas into opportunities.

Responsible Finance and Sustainability through a 'Beyond Philanthropy' approach are key agenda priorities for Bank Alfalah as well as for the Abu Dhabi Group. The Bank is committed to growing in alignment with the principle of 'responsible finance'. We aim to work with community partners and improve peoples' lives by going 'beyond philanthropy' and converting simple ideas into opportunities – the eventual aim is to serve our role as responsible corporate citizens and give back to the communities where we live and operate.

The Bank's two-pronged social governance approach incorporates financial investment towards meaningful community causes coupled with employee volunteer programs in order to create measurable, sustainable impact in our communities. We support both infrastructural development as well as capacity building endeavours in alignment with the motto of 'giving back to our communities'.

## Focus Areas

Bank Alfalah's mission is to support economic empowerment and inclusion in our communities with a focus on innovation and sustainable opportunities. We aim to achieve a triple bottom line (social, environmental and economic) impact. Key community investments are made in the following focus areas:

- Healthcare and the Environment
- Education/ Vocational training
- Sports and Youth Development
- Microfinance and Entrepreneurship





## Some of our Key Corporate Citizenship Initiatives Include

- **Entrepreneurship**

The Bank has joined hands with the AllWorld Network for the Pakistan Fast Growth 100 (Pakistan100) Program. The AllWorld Network Inc., co-founded by Professor Michael Porter of Harvard Business School, launched the Pakistan 100 in 2012. This is a pioneering effort to showcase and rank the most innovative and dynamic fast-growth private companies in Pakistan.

The medium-scale enterprise sector is the engine to fuel future economic growth by creating the next wave of employment, driving the economy and fostering prosperity. Further, with the Bank's focus on SME and entrepreneurship on the business and community fronts, this is an exciting opportunity to support a unique global initiative that recognizes rising and established entrepreneurs in Pakistan and beyond. This is another side of Pakistan that must be heard - a forward-looking story of innovation, ambition, and achievement.

- **Heritage preservation through upgrading and maintaining the historical infrastructure of Pakistan. Some such projects include**

- i) Historical Preservation of Shahdin Manzil, Lahore
- ii) Beautification and maintenance of 2 and 3 Swords in Karachi
- iii) Building and maintenance of Tamgha Chawk and Shamsheer Chawk in Lahore in the Cantonment Area, Aziz Bhatti Road, Lahore with the support of the Pakistan Army. Tamgha Chowk is a monument where the top 6 awards (Civil + Military) of Pakistan are displayed, whilst Shamsheer Chowk demonstrates the protection of the country by the Army.
- iv) Maintenance of Liberty Roundabout, Lahore

- **Supporting Sports in Pakistan**

Bank Alfalah plays a key role in nurturing sports in including Cricket, Polo and Skiing with a view to youth and community development in Pakistan. Going forward the Bank will continue to focus on developing sports and encouraging emerging talent in the country.







# Notice of the 21st Annual General Meeting

**NOTICE** is hereby given that the 21st Annual General Meeting of Bank Alfalah Limited will be held on 29th March 2013 at 10:00 AM at Pearl Continental Hotel, Karachi, to transact the following business:

## Ordinary Business

1. To confirm the Minutes of the Extra-Ordinary General Meeting held on 5th June 2012
2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended December 31, 2012 together with Directors' Report and Auditors' Report thereon including post-facto approval of remuneration paid to non-executive directors for attending Board and Board Committees meetings reported at Notes No. 27 and 36 of the Annual Accounts, as required under SBP Prudential Regulations.
3. To appoint Auditors of the Bank for the year 2013 and fix their remuneration.
4. To approve as recommended by the Board of Directors, payment of cash dividend at the rate of Rs. 2/- per share, i.e. 20%.

## Special Business

5. To consider and approve Employees Stock Option Scheme (ESOS) of the Bank and to pass the following Special Resolution:

**RESOLVED** that the Bank Alfalah Limited – Employees Share Option Scheme (ESOS) as recommended by the Board of Directors, and as presented before the shareholders, be and is hereby approved and adopted and the Bank is hereby authorized to implement the ESOS, subject to procurement of other regulatory approval(s) required for the implementation of ESOS.

**FURTHER RESOLVED** that the Compensation Committee (defined in the Scheme) is hereby authorized to make such modifications to the ESOS as may be directed by the Securities and Exchange Commission of Pakistan and modifications (if any) shall also be deemed to have been approved by the shareholders through this resolution.

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

By Order of the Board

**MIAN EJAZ AHMAD**  
Company Secretary

Karachi: March 08, 2013



## NOTES

1. The statement of material facts under Section 160(1)(b) of the Companies Ordinance 1984 relating to the aforesaid Special Business to be transacted at the Annual General Meeting is being sent to the Members with the Notice.
2. The Share Transfer Books of the Bank will be closed from 22nd March 2013 to 29th March 2013 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. F. D. Registrar Services (SMC-Pvt) Limited, situated at Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi, before the close of business on 21st March 2013 will be treated in time for the purpose of above entitlement to the transferees.
3. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.
4. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Bank, F.D. Registrar Services (SMC-Pvt) Limited, Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I.Chundrigar Road, Karachi, not less than 48 hours before the time of the Meeting.
5. Those shareholders, whose shares are deposited with Central Depository Company of Pakistan Ltd. (CDC) are requested to bring their original Computerized National Identity Card (CNIC) alongwith participant's ID number and their account/sub-account numbers in CDC to facilitate identification at the time of Annual General Meeting. In case of Proxy, attested copies of proxy's CNIC or passport, Account and Participant's I.D. numbers must be deposited alongwith the Form of Proxy with our Share Registrar as per paragraph No. 4 above. In case of Proxy for corporate members, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier to the Share Registrar).
6. Shareholders are requested to notify change in their address, if any, to our Share Registrar, F.D. Registrar Services (SMC-Pvt) Limited.

## **Statement of Material Facts Under Section 160 (1) (B) of the Companies Ordinance 1984 and Rule 6 of the Employee Stock Option Scheme Rules; Concerning the Agenda item No. 5 of AGM**

1. The Board of Directors of Bank Alfalah Limited (BAFL) has approved the 'Employee Share Option Scheme' (the Scheme). The Scheme has been structured in accordance with the Public Companies (Employees Stock Option Scheme) Rules, 2001 (the ESOS Rules). Subject to the shareholders of BAFL adopting the Scheme vide the passage of special resolution; the scheme will be presented to the SECP for approval.

2. The purpose of the Scheme is to reward, motivate and retain high performance executives and officers of BAFL.
3. The Scheme will be administered and superintended by a Compensation Committee constituted from amongst the Board of Directors, who are neither on the payroll nor are employees of BAFL (the Compensation Committee).
4. The salient features of the Scheme include:

(i) Total number of options to be granted:

The maximum number of ordinary shares of par value of Rs. 10/- of BAFL (the Shares) which may be issued and allocated pursuant to the Scheme, shall not in aggregate exceed 40,474,689 (Forty Million Four Hundred and Seventy Four Thousand, Six Hundred and Eighty Nine) Shares (representing 3% of the existing ordinary share capital of the Bank), provided the number of Shares may be adjusted in terms provided in the Scheme to account for any issue of bonus or right Shares or any other re-organization of BAFL's Share capital.

(ii) Identification of classes of employees entitled to participate in the Scheme:

The Compensation Committee shall at its discretion select employees who have contributed or could contribute to the success of BAFL (the Designated Employees) from amongst the Eligible Employees. "Eligible Employee" means:

- a) all regular employees who are from time to time on the payroll of BAFL working in Pakistan or out of Pakistan who have completed at least 06 months of service;
- b) any employee who has three years or less left before retirement would not be eligible, however, exceptions may be granted by the Compensation Committee in cases of outstanding performers, critical resources, and employees with high retention need; and
- c) all Executive Directors, including the Chief Executive Officer who are members of the Board and also on the payroll of BAFL;

(iii) Requirement of vesting and period of vesting:

The Designated Employee is required to remain in the employment of BAFL in order to exercise his right of option, except under limited circumstances prescribed in the Scheme. The initial vesting period shall be one year for the date the Designated Employee becomes entitled to participate in the Scheme (Date of Grant). Following the end of such one year period, the Designated Employees will be entitled to exercise 33.33% (thirty three and one third of one percent) of the options granted to them. The remaining 66.66% percent of the options will be exercised over subsequent two years in equal proportion, provided they remain in the employment of the BAFL.



(iv) Maximum period within which any option shall be vested:

The Maximum period in which the Designated Employee shall exercise his right of option shall be three years from the Date of Grant.

(v) Exercise Price or Pricing Formula:

The exercise price (i.e the price payable by the Designated Employee for exercising his/her option to acquire Shares in pursuance of the Scheme) will be 60% of the market price of share on the Date of Grant.

(vi) Exercise period and process of exercise:

The initial exercise period shall be a period of one month after the initial vesting period of one year. The second and third exercise period shall also be of one month after a gap of eleven (11) months from the expiry of the preceding exercise period. The exercise of option shall be exercised by the option holder, by a notice in writing in the prescribed format accompanied by the full exercise price.

(vii) Appraisal process for determining the Designated Employees and the number of options to be give to such Designated Employees:

The Compensation Committee at its discretion shall select the Designated Employees to be offered the options and the number of options to be granted to such employees. For this purpose consideration will be given on the performance and the contribution of such Designated Employees and a balanced score card / key performance based appraisal process will also be carried out. The decision of the Compensation Committee shall be final

5. The accounting treatment of the Scheme in the BAFL's books of account will be in accordance with accounting policies specified in Rule 13 of the ESOS Rules.
6. Under rule 6 (1) of the ESOS Rules, the Scheme is required to be approved by the shareholders of BAFL by passing a special resolution in the general meeting. The Annual General Meeting of the shareholders of BAFL for the above purpose will be held at Perl Continental Hotel, Karachi on 29th March 2013 to consider and if thought fit, agree, approve, and adopt the Scheme by passage of a special resolution.
7. No Director (other than the Chief Executive) is an employee or on the payroll of BAFL and are thus not entitled to participate in the Scheme. The Chief Executive is interested in the Scheme to the extent he may become entitled to benefits under the Scheme.
8. A copy of the said Employees Stock Option Scheme is being sent to the members along with this Notice of AGM.



# Statement of Compliance with the Code of Corporate Governance

## For the Year Ended December 31, 2012

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. G-1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan, and in the Regulation No. 35 (Chapter XI) of the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Bank encourages representation of independent non-executive directors and Directors representing minority interests on its Board of Directors. At present the board includes:

Category	Names
Non-Executive Directors (4)	H. H. Sheikh Hamdan Bin Mubarak Al Nahayan
	Mr. Abdulla Nasser Hawaileel Al Mansoori
	Mr. Abdulla Khalil Al Mutawa
	Mr. Khalid Mana Saeed Al Otaiba
Independent Directors (2)	Mr. Ikram Ul-Majeed Sehgal
	Mr. Nadeem Iqbal Sheikh
Executive Directors (1)	Mr. Atif Bajwa (Chief Executive Officer)

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
3. All the resident Directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, no casual vacancy occurred on the Board.
5. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. The same is also placed on the Bank's website.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, and non-executive directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Bank arranged an orientation course/session for its directors to acquaint them with the Code of Corporate Governance, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Bank for and on behalf of shareholders. Furthermore, as per the directives of the Code, Mr. Nadeem Iqbal Sheikh has completed all five parts of the Corporate Governance Leadership Skills Program offered by the Pakistan Institute of Corporate Governance under the Directors Training Programme during the year.



10. The Board approved the appointments of Mr. Mirza Zafar Baig as Chief Financial Officer of the Bank and Mr. Mian Ejaz Ahmad as Company Secretary of the Bank during the year, including their remuneration and terms and conditions of employment. Both appointments were made during the year, prior to the retirements of Mr. Zahid Ali H. Jamall and Mr. Hamid Ashraf, who were previously serving as Chief Financial Officer and Company Secretary respectively. Furthermore, there was no new appointment of the Head of Internal Audit during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of 3 members, all of whom are non-executive Directors. The appointment of the Chairman of the Committee, not being an independent Director, has been specifically conveyed and relaxed by the Securities and Exchange Commission of Pakistan.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Bank and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource Committee. It comprises of 4 members, of whom 3 members are non-executive Directors and the Chairman of the Committee is a non-executive Director.
18. The Board has set up an effective internal audit function conversant with the policies and procedures of the Bank.
19. The Statutory Auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to Directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and On behalf of the Board

**Atif Bajwa**

Director and Chief Executive Officer  
March 03, 2013  
Abu Dhabi

# Auditors' Review Report to the Members on the Statement of Compliance with the Best Practices of the Code of Corporate Governance

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

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

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

Regulation 35 (x) of the Listing Regulation notified by the Karachi, Lahore and Islamabad Stock Exchanges requires the Bank to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices recording proper justification for using such alternate pricing mechanism. All such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended December 31, 2012.

## **A. F. Ferguson & Co.**

Chartered Accountants

Engagement Partner: **Salman Hussain**

Karachi

Dated: March 06, 2013



## Statement on Internal Controls

This Statement of Internal Controls is based on an ongoing process designed to identify the significant risks in achieving the bank's policies, aims and objectives and to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been continuously in place for the year ended December 31, 2012.

It is the responsibility of the bank's management to establish and maintain an adequate and effective system of Internal Control and every endeavor is made to implement sound control procedures and to maintain a suitable control environment.

The Board of Directors have instituted an effective Internal Audit Division which not only monitors compliance with the bank's policies, procedures and controls and reports significant deviations regularly to the Board Audit Committee but also regularly reviews the adequacy of the overall Internal Control system. The observations and weaknesses pointed out by the external auditors are also addressed promptly and necessary steps are taken by the management to eliminate such weaknesses.

The Bank has adopted the internationally accepted COSO Internal Control - Integrated Framework. A reputable advisory firm has been appointed to provide services on implementation of SBP guidelines on Internal Controls over Financial Reporting.

In order to ensure consistency in the process of compliance with the relevant guidelines the Bank has followed a structured roadmap. Accordingly, the Bank has completed a detailed documentation of the existing processes and controls, together with a comprehensive gap analysis of the control design and development of implemented remediation plans for the gaps.

While concerted efforts have always been made to comply with the SBP Guidelines issued, the identification, evaluation, and management of risks within each of the Bank's key activities, and their continued evaluation and changes to procedures remains an ongoing process.

Furthermore, the bank has developed a comprehensive management testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

In accordance with SBP directives, the Bank has completed all stages of Internal Control Over Financial Reporting (ICFR) as of September 30, 2012. The Bank's external auditors, as required by the SBP's BSD Circular No. 03 of 2010, submitted a "Long Form Report" to the SBP on the status of the implementation of the SBP guidelines on internal controls as of September 30, 2012.

The system of Internal Control is designed to manage rather than eliminate the risk failure to achieve the bank's business strategies and policies. It can therefore only provide reasonable and not absolute assurance against material misstatement and loss.

The management believes that the bank's existing system of Internal Control is considered reasonable in design and is being effectively implemented and monitored. In addition, further Internal Control improvements are expected from the bank's adoption of COSO framework, as described above.

The Bank has successfully completed one cycle of SBP's Internal Control over Financial Reporting exercise and the process shall continue going forward, under the SBP Internal Control Guidelines.

For and behalf of the Board.

**Atif Bajwa**

Director & Chief Executive Officer  
March 03, 2013  
Abu Dhabi



**From today  
to tomorrow.**





# Financial Statements 2012

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# Auditors' Report to the Members

We have audited the annexed statement of financial position of **Bank Alfalah Limited** (the bank) as at December 31, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the un-audited certified returns from the branches except for thirty five branches which have been audited by us and seven branches and one offshore banking unit audited by auditors abroad and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches and the offshore banking unit have been found adequate for the purposes of our audit;
- (b) in our opinion:
  - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the bank's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the bank and the transactions of the bank which have come to our notice have been within the powers of the bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2012, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

## **A. F. Ferguson & Co.**

Chartered Accountants

Engagement Partner: **Salman Hussain**

Dated: March 06, 2013

Karachi



# Statement of Financial Position

As at December 31, 2012

	Note	2012	2011
------(Rupees in '000)-----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	58,044,054	50,882,662
Balances with other banks	7	26,720,993	17,424,487
Lendings to financial institutions	8	876,870	7,765,407
Investments - net	9	189,486,762	166,531,768
Advances - net	10	233,933,358	198,468,512
Fixed assets	11	13,747,520	13,388,683
Deferred tax assets	12	384,601	421,825
Other assets	13	13,272,536	13,290,458
		536,466,694	468,173,802
<b>LIABILITIES</b>			
Bills payable	14	8,430,910	5,403,453
Borrowings	15	21,227,834	18,168,978
Deposits and other accounts	16	457,118,723	401,247,886
Sub-ordinated loans	17	5,874,742	7,148,693
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	18	13,567,083	10,427,754
		506,219,292	442,396,764
<b>NET ASSETS</b>		<u>30,247,402</u>	<u>25,777,038</u>
<b>REPRESENTED BY</b>			
Share capital	19	13,491,563	13,491,563
Reserves		5,636,549	4,100,264
Unappropriated profit		6,561,628	5,248,059
		25,689,740	22,839,886
Surplus on revaluation of assets - net of tax	20	4,557,662	2,937,152
		<u>30,247,402</u>	<u>25,777,038</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman



# Profit and Loss Account

For the Year Ended December 31, 2012

	Note	2012	2011
		------(Rupees in '000)-----	
Mark-up / return / interest earned	23	46,079,918	44,298,178
Mark-up / return / interest expensed	24	27,500,056	25,687,485
Net mark-up / interest income		18,579,862	18,610,693
Provision against loans and advances - net	10.5	1,848,535	1,864,510
Provision for diminution in the value of investments	9.22	1,708,833	2,459,294
Bad debts written off directly	10.6	1,164	5,696
		3,558,532	4,329,500
<b>Net mark-up / interest income after provisions</b>		15,021,330	14,281,193
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		2,536,717	2,148,239
Dividend income		349,061	191,708
Income from dealing in foreign currencies		1,309,703	1,115,417
Gain on sale of securities - net	25	1,328,000	140,093
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net	9.24	1,511	(11,053)
Other income	26	1,756,348	1,783,309
Total non mark-up / interest income		7,281,340	5,367,713
		22,302,670	19,648,906
<b>Non mark-up / interest expenses</b>			
Administrative expenses	27	15,204,036	13,832,096
(Reversal) / provision against off-balance sheet obligations	18.3	(22,005)	-
Provision against other asset	13.3	130,504	183,161
Other charges	28	206,933	199,931
Total non mark-up / interest expenses		15,519,468	14,215,188
		6,783,202	5,433,718
Extra ordinary / unusual items		-	-
<b>Profit before taxation</b>		6,783,202	5,433,718
Taxation	29		
- Current		3,141,909	3,263,249
- Deferred		(754,828)	(1,377,661)
- Prior years		(160,000)	45,000
		2,227,081	1,930,588
<b>Profit after taxation</b>		4,556,121	3,503,130
Unappropriated profit brought forward		5,248,059	2,415,860
Transferred from surplus on revaluation of fixed assets - net of tax		29,695	29,695
Profit available for appropriation		9,833,875	5,948,685
		(Rupees)	
<b>Basic / diluted earnings per share</b>	30	3.38	2.60

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman



# Statement of Comprehensive Income

For the Year ended December 31, 2012

	Note	2012	2011
		------(Rupees in '000)-----	
Profit after taxation		4,556,121	3,503,130
<b>Other comprehensive income</b>			
Exchange difference on translation of net investments in foreign branches		625,061	(419,495)
Comprehensive income - transferred to statement of changes in equity		<u>5,181,182</u>	<u>3,083,635</u>
<b>Components of comprehensive income not reflected in equity</b>			
Surplus / (Deficit) on revaluation of available for sale securities - net of tax		<u>1,207,494</u>	<u>387,859</u>
<b>Total comprehensive income</b>		<u><u>6,388,676</u></u>	<u><u>3,471,494</u></u>

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

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Director

\_\_\_\_\_  
Chairman

# Cash Flow Statement

For the Year Ended December 31, 2012

	Note	2012	2011
------(Rupees in '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		6,783,202	5,433,718
Less: Dividend income		(349,061)	(191,708)
		<u>6,434,141</u>	<u>5,242,010</u>
<b>Adjustments</b>			
Depreciation	27	1,201,068	1,690,968
Amortisation	27	157,454	182,816
Provision against loans and advances - net	10.5	1,848,535	1,864,510
Provision for diminution in value of investments	9.22	1,708,833	2,459,294
(Reversal) / provision against off-balance sheet obligations	18.3	(22,005)	-
Provision against other assets	13.3	130,504	183,161
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net	9.24	(1,511)	11,053
Bad debts written-off directly	10.6	1,164	5,696
Gain on sale of fixed assets - net	26	(2,438)	(16,291)
Charge for defined benefit plan	27	255,975	230,502
		<u>5,277,579</u>	<u>6,611,709</u>
		<u>11,711,720</u>	<u>11,853,719</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		6,118,052	(4,394,400)
Held for trading securities		7,649,018	(10,151,080)
Advances		(37,314,545)	6,813,828
Other assets (excluding tax recoverable and dividend receivable)		77,921	(919,361)
		<u>(23,469,554)</u>	<u>(8,651,013)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		3,027,457	881,920
Borrowings		2,999,686	4,441,847
Deposits and other accounts		55,870,837	47,232,575
Other liabilities		3,761,669	569,202
		<u>65,659,649</u>	<u>53,125,544</u>
		<u>53,901,815</u>	<u>56,328,250</u>
Gratuity paid		(255,975)	(230,502)
Income tax paid		(3,701,816)	(1,822,835)
<b>Net cash generated from operating activities</b>		<u>49,944,024</u>	<u>54,274,913</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(27,250,009)	(57,100,559)
Net investments in held to maturity securities		(1,703,643)	12,918,897
(Investment) / redemption in associated companies		(1,500,000)	103,196
Investment in subsidiary company		-	(750,000)
Dividend income received		311,300	209,666
Investments in fixed assets		(1,186,413)	(1,069,044)
Proceeds from sale of fixed assets		22,897	27,423
<b>Net cash used in investing activities</b>		<u>(31,305,868)</u>	<u>(45,660,421)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Redemption of sub-ordinated loans		(1,273,951)	(418,499)
Dividend paid		(2,361,023)	-
<b>Net cash used in financing activities</b>		<u>(3,634,974)</u>	<u>(418,499)</u>
Exchange difference on translation of the net investments in foreign branches		625,061	(419,495)
<b>Increase in cash and cash equivalents</b>		<u>15,628,243</u>	<u>7,776,498</u>
Cash and cash equivalents at the beginning of the year		69,927,497	62,150,999
<b>Cash and cash equivalents at the end of the year</b>	31	<u>85,555,740</u>	<u>69,927,497</u>

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman



# Statement of Changes in Equity

For the Year Ended December 31, 2012

	Share capital	Capital Reserve		Revenue Reserve	Total
		Statutory reserve *	Exchange translation reserve	Unappropriated profit	
------(Rupees in ' 000)-----					
Balance at January 1, 2011	13,491,563	2,961,132	858,001	2,415,860	19,726,556
<b>Changes in equity for 2011</b>					
Comprehensive income for the year ended December 31, 2011	-	-	(419,495)	3,503,130	3,083,635
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	29,695	29,695
Transfer to statutory reserve	-	700,626	-	(700,626)	-
Balance at December 31, 2011	13,491,563	3,661,758	438,506	5,248,059	22,839,886
<b>Changes in equity for 2012</b>					
Comprehensive income for the year ended December 31, 2012	-	-	625,061	4,556,121	5,181,182
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	29,695	29,695
Transfer to statutory reserve	-	911,224	-	(911,224)	-
Final cash dividend for the year ended December 31, 2011 @ 17.5%	-	-	-	(2,361,023)	(2,361,023)
<b>Balance at December 31, 2012</b>	<b>13,491,563</b>	<b>4,572,982</b>	<b>1,063,567</b>	<b>6,561,628</b>	<b>25,689,740</b>

\* This represents reserve created under section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman



# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2012

### 1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan on June 21, 1992 as a public limited company under the Companies Ordinance, 1984. It commenced its banking operations on November 1, 1992. The Bank's registered office is at B. A. Building, I. I. Chundrigar Road, Karachi and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through 353 conventional banking branches including 10 sub branches (2011: 313 branches including 19 sub branches), 7 overseas branches (2011: 7 branches), 110 Islamic banking branches (2011: 85 branches) and 1 offshore banking unit (2011: 1 unit).

The Securities and Exchange Commission of Pakistan (SECP) vide letter EMD/233/407/2002-750 dated February 28, 2013 has granted exemption to the Bank from the preparation of consolidated financial statements of the Bank and its subsidiary company namely Alfalah securities (Private) Limited for the year ended December 31, 2012, subject to disclosure of certain information in the financial statements of the Bank. The disclosures required by the SECP are given in note 9.25 to these financial statements.

### 2 BASIS OF PRESENTATION

- 2.1 These financial statements represent separate financial statements of Bank Alfalah Limited. The consolidated financial statements of the Group are being issued separately.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible form of trade-related modes of financing includes purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.3 The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes, after eliminating material inter branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure II to these financial statements.

### 3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by SECP and SBP prevail.
- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.



- 3.3** The State Bank of Pakistan vide its BSD Circular No. 7 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on revaluation of available for sale securities (AFS) only, may be included in the 'Statement of Comprehensive Income'. However, the same shall continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.
- 3.4** IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by SBP.
- 3.5** In addition, the Securities and Exchange Commission of Pakistan (SECP) has notified the Islamic Financial Accounting Standard (IFAS) 1 - Murabaha issued by the Institute of Chartered Accountants of Pakistan. IFAS 1 was effective for financial periods beginning on or after January 1, 2006. The standard has not been adopted by Islamic branches of conventional banks pending resolution of certain issues e.g; invoicing of goods, recording of inventories, concurrent application with other approved accounting standards in place for conventional banks, etc. Pakistan Banks Association and Modaraba Association of Pakistan have taken up the issue with the SBP and SECP.

### 3.6 New disclosure requirement relating to Islamic Banking Branches.

The SBP vide BSD Circular Letter No. 03 of 2013 dated January 22, 2013 has made certain changes to the 'Revised Forms of Annual Financial Statements' as applicable to the Islamic branches of the Bank, which have been made effective for financial statements as on December 31, 2012 and onwards.

As required under the directives issued by the SBP, the Bank has changed presentation and disclosure of financing and related assets for Islamic Banking Business as under:

- a) The head 'Advances - net' in the Islamic Banking Business in Annexure II to these financial statements has been renamed as 'Islamic financing and related assets'.
- b) All financings, advances (against murabaha etc), inventories and related assets for Islamic Banking Business previously being reported under 'other assets' have now been made part of 'Islamic financing and related assets'.

Disclosure relating to Islamic banking branches (as given in Annexure II) has been amended to conform to the revised presentation specified by the SBP. The effect of this change on the financial statements of the Islamic banking branches (as appearing in Annexure II) can be summarised as follows:

	2012	2011
	------(Rupees in '000)-----	
<b>Impact on statement of financial position</b>		
Decrease in other assets	(3,827,408)	(2,243,042)
Increase in Islamic Financing and Related Assets	3,827,408	2,243,042

There is no impact of this change on the profit after taxation and earnings per share for the current or prior years. The above change has only been made in the disclosure relating to Islamic branches as given in Annexure II to these financial statements and this change has had no impact on the Statement of Financial Position of the Bank which has been presented in a manner consistent with previous year.

### 3.7 New and amended standards and interpretations that are effective in the current year:

The following new and amended standards and interpretations have been published and are mandatory for the Bank's accounting period beginning January 1, 2012:

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 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 measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on the financial statements of the Bank.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2012 but are considered not to be relevant or to have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

### 3.8 New and amended standards and interpretations issued but not yet effective and not early adopted:

The following standards and amendments to existing standards and interpretations have been published and are mandatory for the Bank's accounting period beginning on or after January 1, 2013 and have not been early adopted by the Bank.

- (a) Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 1, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments will have no impact on the financial statements of the Bank.
- (b) IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The management is in the process of assessing the full impact of the change.
- (c) IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The management is in the process of assessing the full impact of this revision.
- (d) IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The management is in the process of assessing the full impact of the standard.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2013 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

### 3.9 Early adoption of standards

The Bank did not early adopt any new or amended standards in 2012.



## 4 BASIS OF MEASUREMENT

### 4.1 Accounting convention

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

### 4.2 Functional and Presentation Currency

The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand.

### 4.3 Critical accounting estimates and judgements

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

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

- i) classification and provisioning against investments (notes 5.3 and 9)
- ii) classification and provisioning against advances (notes 5.4 and 10)
- iii) income taxes (notes 5.9 and 29)
- iv) accounting for defined benefit plan (notes 5.10 and 34)
- v) depreciation / amortisation of operating fixed assets (notes 5.5 and 11).

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all years presented, unless otherwise specified.

### 5.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, any overdrawn nostro accounts and call lendings having maturity of three months or less.

### 5.2 Lendings to / borrowings from financial institutions

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

#### Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

#### Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.



## 5.3 Investments

### 5.3.1 Classification

The Bank classifies its investments as follows:

#### Held for trading

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

#### Held to maturity

These are investments with fixed or determinable payments and fixed maturities and the Bank has the positive intent and ability to hold them till maturity.

#### Available for sale

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

#### Associates

Associates are all entities over which the Bank has significant influence but not control. Investment in associates is carried at cost less accumulated impairment losses, if any.

#### Subsidiary

Subsidiary is an entity over which the Bank has significant control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

### 5.3.2 Regular way contracts

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

### 5.3.3 Initial recognition and measurement

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

### 5.3.4 Subsequent measurement

In accordance with the requirements of State Bank of Pakistan, quoted securities other than those classified as 'held to maturity', investment in associates and investment in subsidiaries are subsequently remeasured to market value. Surplus / (deficit) arising on revaluation of securities classified as 'available for sale' is included in the statement of comprehensive income but is taken to a separate account shown in the statement of financial position below equity. Surplus / (deficit) arising on revaluation of quoted securities which are 'held for trading' is taken to the profit and loss account. Investments classified as 'held to maturity' are carried at amortised cost in accordance with the requirements specified by the State Bank of Pakistan.

Unquoted equity securities, excluding investment in subsidiary and associates are valued at lower of cost and the break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiary and associates are carried at cost, less accumulated impairment losses, if any.



### 5.3.5 Impairment

Impairment loss in respect of investments classified as available for sale (except term finance certificates and sukuk bonds), subsidiaries and associates and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cashflows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of term finance certificates and sukuk bonds is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position below equity is removed therefrom and recognised in the profit and loss account. For investments classified as held to maturity and investment in subsidiaries and associates, the impairment loss is recognised in the profit and loss account.

Gains or losses on disposals of investments during the year are taken to the profit and loss account.

### 5.4 Advances

#### Loans and advances

Loans and advances including net investment in finance lease are stated net of provisions against non-performing advances. Specific and general provisions against Pakistan operations are made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan from time to time. The net provision made / reversed during the year is charged to profit and loss account and accumulated provision is netted-off against advances. Provisions pertaining to overseas advances are made in accordance with the requirements of regulatory authorities of the respective countries. Advances are written off when there are no realistic prospects of recovery.

#### Net investment in Finance Lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease.

#### Ijarah

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of the asset using straight line basis.

### 5.5 Fixed assets

#### Tangible assets

Fixed assets except office premises are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Office premises (which includes land and buildings) are stated at revalued amount less accumulated depreciation.

Depreciation is charged to income by applying the straight-line method using the rates specified in note 11.2 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which they are disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, 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.

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

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

Gains and losses on disposal of fixed assets are taken to the profit and loss account except that the related surplus / deficit on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

### **Intangible assets**

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any.

### **5.6 Capital work in progress**

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

### **5.7 Non-current assets held for sale**

The Bank classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset (or disposal group) held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account for any initial or subsequent write down of the non-current asset (or disposal group) to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

### **5.8 Impairment**

The carrying amount of assets is reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the financial statements. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

### **5.9 Taxation**

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

### **Current**

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



## Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

### 5.10 Employee benefits

#### Defined benefit plan

The Bank operates an approved funded gratuity scheme covering eligible employees whose period of employment with the Bank is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation. Actuarial gains / losses in excess of 10 percent of the higher of actuarial liabilities or plan assets at the end of the last reporting year are recognised over the average lives of employees.

Gratuity is payable to staff on completion of the prescribed qualifying period of service under the scheme.

#### Defined contribution plan

The Bank operates a recognised provident fund scheme for all its permanent employees to which equal monthly contributions are made both by the Bank and employees at the rate of 8.33 percent of basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

### 5.11 Assets acquired in satisfaction of claim

Assets acquired in satisfaction of claim are stated at the lower of the claim amount and their market value at the time of acquisition. The bank carries out periodic valuation of these assets and any decline in their value below the recognized amount is charged to the profit and loss account. These assets are disclosed in Other Assets as specified by the SBP.

### 5.12 Borrowings / deposits and their cost

- a) Borrowings / deposits are recorded at the proceeds received.
- b) Borrowing costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset.

### 5.13 Provisions

Provision for guarantee claims and other off balance sheet obligations is recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. Expected recoveries are recognised by debiting the customer's account. Charge to the profit and loss account is stated net-of expected recoveries.

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



## 5.14 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as off balance sheet transactions and are disclosed as contingent liabilities and commitments.

## 5.15 Revenue recognition

### Advances and investments

Mark-up income on loans and advances, debt securities investments and profit on murabaha and musharika financing are recognised on a time proportion basis. Where debt securities are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield method.

Dividend income is recognised at the time when the Bank's right to receive the dividend has been established.

### Lease financing / Ijarah

Financing method is used in accounting for income from lease financing. Under this method, the unrealised 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 the lease. Gains / losses on termination of leased contracts, documentation charges, front end fee and other lease income are recognised as income when they are realised.

Unrealised lease income and mark-up / return on non-performing advances are suspended, where necessary, in accordance with the requirements of the Prudential Regulations of the State Bank of Pakistan and recognised on receipt basis.

Ijarah income is recognised on an accrual basis as and when the rental becomes due. Income is recognised net of depreciation charged in the profit and loss account.

### Fee, commission and brokerage

Fee, commission and brokerage income except income from guarantees are accounted for on receipt basis. Commission on guarantees is recognised on time proportion basis.

Other income is recognised on accrual basis.

## 5.16 Foreign currency translation

### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates.

### Transactions and balances

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts other than contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract.

Forward purchase contracts with the State Bank of Pakistan relating to foreign currency deposits are valued at the spot rate prevailing on the reporting date. The forward cover fee payable on such contracts is amortised over the term of the contracts.



## Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed 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 exchange rates ruling on the reporting date.

## Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year. Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

### 5.17 Derivative financial instruments

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

### 5.18 Off-setting

Financial assets and financial liabilities are off-set and the net amount reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

### 5.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except appropriations which are required under the law, after the reporting date, are recognised in the Bank's financial statements in the year in which these are approved.

### 5.20 Earnings per share

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

### 5.21 Segment reporting

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

#### a) Business segments

##### Trading and sales

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

##### Retail banking

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

## Commercial banking

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

## Corporate finance

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

### b) Geographical segments

The Bank operates in three geographical regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

	Note	2012	2011
------(Rupees in '000)-----			
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency (including in transit 2012: Rs. 126 million, 2011: Rs. 65 million)		10,568,512	8,628,840
Foreign currencies (including in transit 2012: Rs. 79 million, 2011: Nil)		2,671,325	2,227,034
<b>With State Bank of Pakistan in</b>			
Local currency current accounts	6.1	20,621,663	18,680,420
Foreign currency current accounts	6.2	2,145,911	1,889,451
Foreign currency deposit accounts	6.3	5,013,933	4,248,803
<b>With other central banks in</b>			
Foreign currency current accounts	6.4	7,578,650	4,649,277
Foreign currency deposit accounts	6.4	3,164,444	5,285,235
<b>With National Bank of Pakistan in</b>			
Local currency current account		6,233,839	5,245,827
<b>National Prize Bonds</b>		45,777	27,775
		<u>58,044,054</u>	<u>50,882,662</u>

- 6.1** The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.
- 6.2** As per BSD Circular No. 9 dated December 3, 2007, cash reserve of 5% is required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).



- 6.3** Special cash reserve of 15% is required to be maintained with the State Bank of Pakistan on FE-25 deposits as specified in BSD Circular No. 14 dated June 21, 2008. Profit rates on these deposits are fixed by SBP on a monthly basis. The State Bank of Pakistan has not remunerated these deposit accounts during the year.
- 6.4** Deposits with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

	Note	2012	2011
------(Rupees in '000)-----			
<b>7 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
On current accounts		1,119,220	1,608,539
On deposit accounts	7.1	4,608,576	2,504,822
Outside Pakistan			
On current accounts	7.2	11,268,258	10,287,588
On deposit accounts	7.3	9,724,939	3,023,538
		<u>26,720,993</u>	<u>17,424,487</u>

- 7.1** This represents funds deposited with various banks at profit rates ranging from 3.50% to 9.50% per annum (2011: 5.00% per annum).
- 7.2** This includes amount held in Automated Investment Plans. The balance is current by nature and on increase in the balance above a specified amount, the Bank is entitled to earn interest from the correspondent banks at agreed upon rates.
- 7.3** This includes placements of funds generated through foreign currency deposits scheme (FE-25), at interest rates ranging from 0.12% to 14.75% per annum (2011: 0.17% to 3.08% per annum) with maturities upto May 2013 (2011: March 2012).

	Note	2012	2011
------(Rupees in '000)-----			
<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	8.1	876,870	1,654,831
Repurchase agreement lendings (Reverse Repo)	8.3	-	6,110,576
		<u>876,870</u>	<u>7,765,407</u>

- 8.1** These represent lendings to financial institutions at interest rates ranging from 2.74% to 11.00% per annum (2011: 20% per annum) with maturities upto March 2013 (2011: May 2013).

	2012	2011
------(Rupees in '000)-----		
<b>8.2 Particulars of lendings to financial institutions</b>		
In local currency	-	6,110,576
In foreign currencies	876,870	1,654,831
	<u>876,870</u>	<u>7,765,407</u>

### 8.3 Securities held as collateral against lendings to financial institutions

	2012			2011		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	-----Rupees in '000-----					
Market Treasury Bills	-	-	-	6,004,855	-	6,004,855
Pakistan Investment Bonds	-	-	-	105,721	-	105,721
	-	-	-	6,110,576	-	6,110,576

## 9 INVESTMENTS - NET

### 9.1 Investments by types

	Note	2012			2011		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
		-----Rupees in '000-----					
<b>Held for trading securities</b>							
Market Treasury Bills		3,020,153	-	3,020,153	11,165,299	-	11,165,299
Pakistan Investment Bonds		480,749	-	480,749	24,036	-	24,036
Overseas Bonds		28,362	-	28,362	-	-	-
		3,529,264	-	3,529,264	11,189,335	-	11,189,335
<b>Available for sale securities</b>							
Market Treasury Bills		74,660,772	5,941,119	80,601,891	58,775,372	5,453,995	64,229,367
Pakistan Investment Bonds		21,457,599	25,000	21,482,599	19,217,132	20,000	19,237,132
Fully paid up ordinary shares / units - Listed		2,848,630	-	2,848,630	2,342,162	-	2,342,162
Fully paid up ordinary shares / units - Unlisted		4,496,617	-	4,496,617	4,496,617	-	4,496,617
Term Finance Certificates		1,278,903	-	1,278,903	1,604,182	-	1,604,182
Preference Shares - Listed		108,835	-	108,835	-	-	-
Preference Shares - Unlisted		40,000	-	40,000	40,000	-	40,000
Sukuk Bonds		47,429,865	-	47,429,865	39,258,740	-	39,258,740
		152,321,221	5,966,119	158,287,340	125,734,205	5,473,995	131,208,200
<b>Held to maturity securities</b>							
Market Treasury Bills		6,552,224	-	6,552,224	6,249,095	-	6,249,095
Pakistan Investment Bonds		11,809,204	-	11,809,204	8,692,619	-	8,692,619
Term Finance Certificates		628,374	-	628,374	628,920	-	628,920
Pakistan Dollar Bonds		630,276	-	630,276	420,937	-	420,937
Pakistan Euro Bonds		975,181	-	975,181	895,587	-	895,587
Credit Linked Note		485,749	-	485,749	449,729	-	449,729
Overseas Bonds		4,718,310	-	4,718,310	5,836,567	-	5,836,567
Preference Shares - Unlisted		-	-	-	120,983	-	120,983
Sukuk Bonds		2,731,652	-	2,731,652	3,532,890	-	3,532,890
		28,530,970	-	28,530,970	26,827,327	-	26,827,327
<b>Associates</b>							
		2,299,483	-	2,299,483	799,483	-	799,483
<b>Subsidiary</b>							
Alfalah Securities (Private) Limited		826,000	-	826,000	826,000	-	826,000
<b>Investments at cost</b>							
		187,506,938	5,966,119	193,473,057	165,376,350	5,473,995	170,850,345
<b>Less: Provision for diminution in the value of investments</b>							
	9.22	(6,123,518)	-	(6,123,518)	(4,585,554)	-	(4,585,554)
<b>Investments (net of provisions)</b>							
		181,383,420	5,966,119	187,349,539	160,790,796	5,473,995	166,264,791
<b>Surplus / (Deficit) on revaluation of held for trading securities - net</b>							
	9.24	1,511	-	1,511	(11,053)	-	(11,053)
<b>Surplus / (Deficit) on revaluation of available for sale securities - net</b>							
	20.2	2,121,176	14,536	2,135,712	265,256	12,774	278,030
<b>Total investments</b>		<b>183,506,107</b>	<b>5,980,655</b>	<b>189,486,762</b>	<b>161,044,999</b>	<b>5,486,769</b>	<b>166,531,768</b>





	Note	2012	2011
------(Rupees in '000)-----			
<b>9.2 Investments by segments</b>			
<b>Federal Government Securities</b>			
- Market Treasury Bills	9.4	90,174,268	81,643,761
- Pakistan Investment Bonds	9.5	33,772,552	27,953,787
- Overseas Government Bonds	9.6	3,665,539	4,805,128
- Sukuk Bonds	9.7	48,108,330	40,811,081
- Pakistan Dollar Bond	9.8	630,276	420,937
- Pakistan Euro Bond	9.9	975,181	895,587
		177,326,146	156,530,281
<b>Fully Paid up Ordinary Shares / Preference Shares / Units / Certificates</b>			
- Listed companies / mutual funds	9.10	2,848,630	2,342,162
- Un-listed companies	9.11	4,496,617	4,496,617
- Preference Shares - Listed	9.12	108,835	-
- Preference Shares - Unlisted	9.13	40,000	160,983
		7,494,082	6,999,762
<b>Term Finance Certificates, Debentures, Bonds, Notes and Participation Term Certificates</b>			
- Listed TFCs	9.14	731,423	1,024,382
- Un-listed TFCs	9.15	1,175,854	1,208,720
- Sukuk Bonds	9.16	2,053,187	1,980,549
- Overseas Bonds	9.17	1,081,133	1,031,439
- Credit Linked Note	9.18	485,749	449,729
		5,527,346	5,694,819
<b>Investment in subsidiary company</b>	9.19	826,000	826,000
<b>Investment in associates</b>	9.20	2,299,483	799,483
<b>Total investments at cost</b>		193,473,057	170,850,345
Provision for diminution in value of investments	9.22	(6,123,518)	(4,585,554)
Surplus / (deficit) on revaluation of held for trading securities - net	9.24	1,511	(11,053)
Surplus / (deficit) on revaluation of available for sale securities - net	20.2	2,135,712	278,030
<b>Total investments</b>		189,486,762	166,531,768

9.3 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

9.4 Market Treasury Bills are for the periods of three months, six months and one year. The effective rates of profit on Market Treasury Bills range between 9.02% to 11.48% per annum (2011: 11.16% to 13.33% per annum) with maturities upto December 2013 (2011: November 2012).

9.5 Pakistan Investment Bonds (PIBs) are for periods of three, five, seven and ten years. The rates of profit range from 9% to 12% per annum (2011: 8.00% to 12.00% per annum) with maturities from June 2013 to July 2022 (2011: February 2012 to August 2021). These also include PIBs having face value of Rs. 35 million (2011: Rs. 35 million) pledged with the National Bank of Pakistan as security to facilitate Telegraphic Transfer discounting facility.

- 9.6** These represent Overseas Government Bonds issued by the Government of Afghanistan and the Government of Bangladesh amounting to AFN 1,497.691 million (2011: AFN 2,595.626 million) and BDT 718,239 million (2011: BDT 66,700 million) respectively. The rates of profit on Government of Afghanistan bond range from 1.95% to 3.38% per annum (2011: 2.10% to 3.29% per annum) while Government of Bangladesh bond carries profit ranging from 8.55% to 12.28% per annum (2011: 10.60%). The bonds are due to mature by June 2013 (2011: March 2012) and November 2032 (2011: March 2014) respectively.
- 9.7** This represents sukuk bonds of Rs. 833.83 million (2011: 1,728.943 million) issued by Water and Power Development Authority (WAPDA) for a period of ten years and ijarah sukuk of Rs. 47,274.5 million (2011: 39,046 million) issued by the State Bank of Pakistan for a period of three years and SSGC sukuk of Nil amount (2011: Rs 35.95 million) for a period of five years. The rates of profit on these bonds is 11.78% per annum (2011: 12.30% to 13.55% per annum), between 9.23% to 10.43% per annum (2011: 11.67% to 13.28% per annum) and Nil (2011: 13.45% per annum) respectively.
- 9.8** This represents Pakistan Dollar Bonds of US Dollar 6.488 million (2011: 4.679 million) issued by the Government of Pakistan. These bonds carry interest at 7.125% (2011: 7.125%) per annum and are due for maturity in March 2016 (2011: March 2016).
- 9.9** This represent Pakistan Euro Bonds of US Dollar 10,038 million (2011: 9,957 million) issued by the Government of Pakistan. These bonds carry interest at 7.125% per annum (2011: 7.125% per annum) and are due for maturity in March 2016 (2011: March 2016).
- 9.10** Particulars of investments in listed companies / mutual funds include the following:

The paid-up value of these shares / units / certificates is Rs 10 unless otherwise stated.

2012 (Number of shares / certificates / units)	2011		2012 (Rupees in '000)	2011
		<b>MUTUAL FUNDS</b>		
-	101,636	Crosby Pheonix Fund (Rs 100 per unit)	-	10,791
1,551,000	1,551,000	Meezan Balanced Fund	5,894	5,894
972,919	972,919	Meezan Islamic Income Fund	50,000	50,000
24,669,055	29,228,991	NAFA Income Opportunity Fund	250,805	297,165
15,000,000	15,000,000	Pak Oman Advantage Fund	150,000	150,000
600,000	600,000	Pak Oman Advantage Islamic Income Fund	30,000	30,000
504,951	504,951	United Islamic Income Fund (Related party)	50,000	50,000
		<b>OIL AND GAS</b>		
567,300	-	Oil and Gas Development Corporation	100,023	-
-	175,000	Pakistan Oilfields Limited	-	55,257
3,057,500	400,000	Pakistan Petroleum Limited	520,800	68,448
180,000	150,000	Pakistan State Oil Company Limited	41,979	41,979
		<b>CHEMICALS</b>		
1,948,333	-	Agriotech Limited ( Note: 9.15.1)	68,192	-
-	943,413	Engro Corporation Limited	-	163,441
8,339,238	-	Fatima Fertilizer Company Limited	207,165	-
1,670,900	100,000	Fauji Fertilizer Company Limited	191,917	15,342
-	3,630,387	Lotte Pakistan PTA Limited	-	49,840
		<b>FORESTRY AND PAPER</b>		
-	26,000	Security Papers Limited	-	911
		<b>INDUSTRIAL METALS AND MINING</b>		
-	962,059	Crescent Steel & Allied Products Limited	-	25,014
-	23,504	International Steels Limited	-	284
		<b>CONSTRUCTION AND MATERIALS</b>		
-	104,942	Attock Cement Company Limited	-	4,341
-	7,127,639	Fauji Cement Company Limited	-	35,055
-	121,734	Lucky Cement Limited	-	7,654



2012 (Number of shares / certificates / units)	2011		2012 (Rupees in '000)	2011 (Rupees in '000)
-	1,318,710	<b>PERSONAL GOODS</b>	-	2,980
500,000	-	Hira Textile Mills Limited	31,654	-
		Nishat Mills Limited		
		<b>FIXED LINE TELECOMMUNICATION</b>		
-	4,162,718	Pakistan Telecommunication Company Limited	-	66,251
83,494,920	83,494,920	Wateen Telecom Limited (Related party)	417,474	417,474
		<b>ELECTRICITY</b>		
5,108,500	6,465,504	The Hub Power Company Limited	197,981	226,279
2,548,500	1,750,000	Kot Addu Power Company Limited	114,478	74,472
934,600	1,970,639	Kohinoor Energy Limited	14,739	37,935
740,411	523,697	Nishat (Chunian) Power Company Limited	10,417	7,269
2,340,098	2,340,098	Nishat Power Company Limited	36,926	36,926
-	6,289,895	Southern Electric Power Company Limited	-	14,026
		<b>BANKS</b>		
455,000	400,000	Allied Bank Limited	23,725	22,675
1,017,500	852,619	Bank Al Habib Limited	30,045	25,494
-	460,000	MCB Bank Limited	-	75,469
2,000,000	4,186,751	National Bank of Pakistan	94,688	212,534
5,550,000	-	Soneri Bank Limited	39,656	-
-	3,403,000	Samba Bank Limited	-	6,670
2,135,000	239,977	United Bank Limited (Related party)	168,847	13,304
		<b>NON-LIFE INSURANCE</b>		
-	345,155	Adamjee Insurance Company Limited	-	29,064
		<b>FINANCIAL SERVICES</b>		
-	2,667,640	KASB Securities Limited	-	11,924
250,000	-	NEXT Capital Limited	1,225	-
			2,848,630	2,342,162

#### 9.11 Investments in unlisted companies

2012 (Number of shares)	2011		2012 (Rupees in '000)	2011 (Rupees in '000)
572,531	572,531	<b>Pakistan Export Finance Guarantee Agency Limited</b> Chief Executive: Mr. S.M. Zaeem Break-up value per share: Rs. 0.5. Period of financial statements: June 30, 2010 (Audited)	5,725	5,725
24	24	<b>Society for Worldwide Interbank Financial</b> Telecommunication Chief Executive: Mr. Lazaro Campos Break-up value per share: Rs. 323,182. Period of financial statements: December 31, 2010 (Audited)	4,096	4,096
7,000,000	7,000,000	<b>Al-Hamra Hills (Private) Limited</b> Chief Executive: Mr. Habib Ahmed Break-up value per share: Rs. 7.37. Period of financial statements: June 30, 2011 (Audited)	70,000	70,000
5,000,000	5,000,000	<b>Al-Hamra Avenue (Private) Limited</b> Chief Executive: Mr. Habib Ahmed Break-up value per share: Rs. 9.52. Period of financial statements: June 30, 2010 (Un-audited)	50,000	50,000

2012	2011		2012	2011
(Number of shares)			(Rupees in '000)	
319,054,124	319,054,124	<b>Warid Telecom (Private) Limited (Related party)</b> Chief Executive: Mr. Muneer Farooqui Break-up value per share: Rs. 3.83 Period of financial statements: June 30, 2012 (Un-audited)	4,366,796	4,366,796
			<u>4,496,617</u>	<u>4,496,617</u>

#### 9.12 Investments in preference shares - Listed

2012	2011		2012	2011
(Number of shares)			(Rupees in '000)	
10,883,486	-	<b>Agritech Limited</b> Redemption: Any time after the issuance of preference shares Date of financial statements: June 30, 2011 (Audited) Chief Executive: Mr. Ahmed Jaudet Bilal	108,835	-
			<u>108,835</u>	<u>-</u>

9.12.1 During the year, the Bank received 10,883,486 preference shares of Agritech Limited (AGL) in settlement of overdue mark-up receivable against exposure in AGL's Term Finance Certificates - 2nd Issue and Term Finance Facility extended to AGL. The preference shares carry fixed dividend at 11% per annum on cumulative basis.

#### 9.13 Investments in preference shares - Unlisted

2012	2011		2012	2011
(Number of shares)			(Rupees in '000)	
-	1,000,000	<b>STS Holdings Limited</b> Redemption: Semi annual redemptions over 5 years ending in 2012 Break-up value per share: BDT. 25.42 Date of financial statements : 2011: December 31, 2010 Chief Executive : Mr. Khondoker Monir Uddin (Paid-up value of each shares is BDT. 10)	-	10,998
-	1,000,000	<b>BRAC Bank Limited</b> Redemption: Annual redemptions over 5 years ending in 2012 Break-up value per share: BDT. 351.59 Date of financial statements : December 31, 2010 Chief Executive : Mr. Syed Mahbubur Rahman (Paid-up value of each shares is BDT. 100)	-	109,985
1,500,000	1,500,000	<b>First Dawood Investment Bank Limited</b> Redemption: Preference dividend @ 4% on cumulative basis and redeemable at par after 5 years. Break-up value per share: Rs. 1.497 (2011: Rs. 4.40) Date of financial statements: June 30, 2012 (Audited) Chief Executive: Mr. Rasheed Y Chinnoy	15,000	15,000
2,500,000	2,500,000	<b>Trust Investment Bank Limited</b> Redemption: Any time after the issuance of preference shares Break-up value per share: Rs. (10.56) (2011: Rs. 112) Date of financial statements: June 30, 2012 (Audited) Chief Executive: Mr. Shahid Iqbal	25,000	25,000
			<u>40,000</u>	<u>160,983</u>



#### 9.14 Particulars of Term Finance Certificates - Quoted, Secured

	2012	2011
	(Rupees in '000)	
<b>Askari Bank Limited (2nd Issue)</b>	99,720	99,760
20,000 (2011: 20,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR (Ask Side) + 150 basis points per annum (no floor no cap)	
Redemption:	The TFC is structured to redeem 0.02 percent of principal semi-annually in the first ninety months and remaining principal at maturity.	
Maturity:	Eight years from date of disbursement i.e. October 31, 2013	
Rating:	AA- (PACRA)	
Chief Executive:	Mr. Mohammad Rafiquddin Mehkari	
<b>Askari Bank Limited (3rd Issue)</b>	449,460	449,640
90,000 (2011: 90,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR plus 2.50 percent (for one to five years) Average six months KIBOR plus 2.95 percent (for six to ten years)	
Redemption:	This instrument is structured to redeem 0.32 percent of total issue amount in the first ninety six months after issuance i.e. September 28, 2009 and remaining issue amount in four equal semi-annual installments of 24.92 percent each, starting from the 102nd month after the issuance.	
Maturity:	August 2019	
Rating:	AA- (PACRA)	
Chief Executive:	Mr. Mohammad Rafiquddin Mehkari	
<b>Standard Chartered Bank (Pakistan) Limited - (3rd Issue)</b>	12,500	34,960
10,000 (2011: 10,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR + 200 basis points prevailing one working day prior to the beginning of each semi annual period.	
Redemption:	A nominal amount i.e. 0.16 percent of the issue amount will be re-paid equally in each of the redemption periods during the first four years.	
Maturity:	Seven years from the date of issue i.e. February 1, 2013	
Rating:	AAA (PACRA)	
Chief Executive:	Mr. Mohsin Ali Nathani	
<b>Bank Al Habib Limited</b>	-	31,086
Nil (2011: 9,350) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR + 1.50 percent per annum with a floor of 3.50 percent and a cap of 10.00 percent per annum	
Redemption:	The TFC is structured to redeem 0.25 percent of principal semi-annually in the first seventy-eight months and the remaining principal in three semi-annual installments of 33.25 percent respectively starting from the eighty-fourth month.	
Maturity:	Redeemed during the year.	
Rating:	AA (PACRA)	
Chief Executive:	Mr. Abbas D. Habib	



2012 2011  
(Rupees in '000)

**Faysal Bank Limited**

722

1,442

578 (2011: 578) certificates of Rs. 5,000 each

Mark up: Average six month KIBOR (Ask Side) + 190 basis points (no floor no cap)

Redemption: The TFC is structured to redeem 97.92 percent of principal in four annual installments after a grace period of fifty-four months. The remaining principal is to be redeemed in semi annual installments during the tenor of the TFC.

Maturity: Eight years from the date of disbursement i.e. February 2013.

Rating: AA- (PACRA)

Chief Executive: Mr. Naved A Khan

**Allied Bank Limited**

38,338

38,353

7,686 (2011: 7,686) certificates of Rs. 5,000 each

Mark up: Average six months KIBOR + 1.90 percent per annum with no floor and cap

Redemption: The instrument is structured to redeem 0.24 percent of principal in the first 72 months and the remaining principal in 4 equal semi-annual installments of 24.94 percent each of the issue amount respectively starting from the 78th month.

Maturity: September 2014

Rating: AA+ (PACRA)

Chief Executive: Khalid A Sherwani

**Pakistan Mobile Communication (Private) Limited**

66,560

199,680

80,000 (2011: 80,000) certificates of Rs. 5,000 each

Mark up: Average six months KIBOR (Ask Side) + 285 basis points per annum

Redemption: The instrument is structured to redeem 0.02 percent of principal semi-annually in the first 48 months and remaining amount in 6 semi-annual installments.

Maturity: Seven years from the date of issue i.e. May 31, 2013

Rating: AA- (PACRA)

Chief Executive: Mr. Rashid Khan

**Gharibwal Cement - Note:9.15.3** 8,120

-

1,643 (2011: Nil) certificates of Rs. 5,000 each

Mark up: Average three month KIBOR (Ask side) , no spread

Redemption: Quarterly installments starting from December 2010.

Maturity: September 30, 2016

Rating: Unrated

Chief Executive: Muhammad Tousif Peracha

**New Allied Electronics - Note:9.15.3**

2,185

-

437 (2011: Nil) certificates of Rs. 5,000 each

Mark up: Average three months KIBOR plus 2.75%

Redemption: 17 equal quarterly installments

Maturity: May 15, 2013

Rating: Unrated

Chief Executive: Mr. Mian Pervaiz Akhtar



	2012	2011
	(Rupees in '000)	
<b>ORIX Leasing Pakistan Limited</b>	-	30,809
Nil (2011: 37,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR + 1.50% per annum with no floor and cap	
Redemption:	The instrument is structured to redeem 0.08 percent of principal in the first 24 months in 4 equal semi-annual installments and the remaining 99.22 percent of the principal would be redeemed during the last 36 months in six equal semi-annual installments.	
Maturity:	Redeemed during the year	
Rating:	AA+ (PACRA)	
Chief Executive:	Mr. Teizoon Kisat	
<b>Jahangir Siddiqui &amp; Company Limited</b>	-	24,955
Nil (2011: 10,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR + 2.50% with a floor of 6 percent per annum and ceiling of 16 percent per annum.	
Redemption:	The instrument is structured to redeem 0.18 percent of principal in the first 54 months, 49.91 percent in the 60th month and the remaining 49.91 percent in the last six months.	
Maturity:	Redeemed during the year	
Rating:	AA (PACRA)	
Chief Executive:	Mr. Suleman Lalani	
<b>Financial Receivables Securitization Company Limited</b>	23,818	39,697
15,792 (2011: 15,792) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR + 2.00% p.a. with a floor of 8 percent per annum and cap of 16 percent per annum.	
Redemption:	Principal redemption will be carried out in 12 and 8 equal semi-annual installments in arrears, with a grace period of 1 year and 3 years for Class A TFCs and Class B TFCs respectively.	
Maturity:	January 2014	
Rating:	A+ (PACRA)	
Chief Executive:	Mr. Muhammad Suleman Kanjani	
<b>Pak Arab Fertilizers Limited</b>	30,000	74,000
20,000 (2011: 20,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR + 1.50 percent per annum	
Redemption:	Principal redemption in six stepped-up semi-annual installments starting from the issue date; the issuer may call the TFC in part or full on any profit payment date subject to thirty days prior notice.	
Maturity:	Five years from the issue date i.e. February 28, 2013	
Rating:	AA (JCR-VIS)	
Chief Executive:	Mr. Fawad Ahmed Mukhtar	
	731,423	1,024,382

## 9.15 Particulars of Term Finance Certificates - Unquoted, Secured

	2012	2011
	(Rupees in '000)	
<b>Agritech Limited</b>	499,586	499,586
100,000 (2011: 100,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR (Ask Side) + 1.75 basis point per annum (no floor & no cap)	
Redemption:	Repayment will be stepped up installments where 35 percent of principal amount will be paid in the years 3 to 5 and remaining 65 percent will be paid in years 6 to 8.	
Maturity:	July 2017	
Chief Executive:	Mr. Ahmed Jaudet Bilal	
<b>Jahangir Siddiqui &amp; Company Limited</b>	99,800	99,840
20,000 (2011: 20,000) certificates of Rs. 5,000 each		
Mark up:	Average six months KIBOR (Ask Side) + 1.70 percent per annum	
Redemption:	The instrument is structured to redeem 0.20 percent of principal in the first 60 months and remaining principal in two equal semi-annual installments of 49.90 percent each of the issue amount respectively from 60th month; the issuer has a Call Option exercisable in full at any time after 1 year on a coupon date.	
Maturity:	July 2013	
Chief Executive:	Mr. Suleman Lalani	
<b>Zulaikha Textile Mills Limited (Liability assumed from Khunja Textile Mills Limited)</b>	28,988	29,494
300 (2011: 300) certificates of Rs. 100,000 each		
Mark-up:	Average Six Months KIBOR + 3.00 percent per annum	
Redemption:	10 equal semi-annual installments commencing from the 24th months from first draw down.	
Maturity:	October 2019	
Chief Executive:	Mr. Muhammad Ramzan	
<b>First Dawood Investment Bank Limited - Note 9.15.3</b>	-	30,000
Nil (2011: 6,000) certificates of Rs. 5,000 each		
Mark-up:	Average Six Months KIBOR (Ask Side) + 1.60 percent per annum	
Redemption:	Bullet payment at maturity	
Maturity:	September 2012	
Chief Executive:	Mr. Raheed Y. Chinnoy	
<b>Azgard Nine Limited - Note 9.15.1</b>	43,350	99,920
20,000 (2011: 20,000) certificates of Rs.5,000 each		
Mark-up:	Average Six months KIBOR (Ask Side) + 1.00 percent per annum	
Redemption:	Principal will be repaid in 12 semi annual installments with stepped up repayment plan whereby 47 percent of principal amount will be repaid in the years 3 to 6 and remaining 53 percent will be repaid in the years 7 to 8.	
Maturity:	September 2017	
Chief Executive:	Mr. Ahmed H. Shaikh	



	2012	2011
	(Rupees in '000)	
<b>Azgard Nine Limited - Note 9.15.2</b>	32,870	-
6,574 (2011: Nil) certificates of Rs.5,000 each		
Mark-up: Zero Rated		
Redemption: Principal to be repaid in 7 semi annual installment starting from March 2014.		
Maturity: September 2017		
Chief Executive: Mr. Ahmed H. Shaikh		
<b>Flying Board &amp; Paper Products - Note 9.15.3</b>	21,500	-
4,300 (2011: Nil) certificates of Rs. 5,000 each		
Mark up: Average Six Month KIBOR + 1.50% (No Floor No Cap)		
Redemption: 6 Equal Semi-Annual Installments with 0.17 percent redeem every six months before this 2.5 years of grace period.		
Maturity: July 20, 2014		
Chief Executive: Mr. Kamran Khan		
<b>Faysal Bank Limited</b>	149,880	149,940
30,000 (2011: 30,000) certificates of Rs. 5,000 each		
Mark up: Average 6 month KIBOR plus 2.25% per annum		
Redemption: The instrument is structured to redeem 0.20 percent of principal semi-annually in the first 60 months and remaining amount in 4 equal semi-annual installments starting from 66th month.		
Maturity: July 2017		
Chief Executive: Mr. Naveed A. Khan		
<b>Bank Al Habib Limited</b>	299,880	299,940
60,000 (2011: 60,000) certificates of Rs. 5,000 each		
Mark up: Year 1 - 5 : 15%		
Year 6 - 10 : 15.5%		
Redemption: The instrument is structured to redeem 0.02 percent of principal semi-annually in the first 60 months and remaining amount in 4 equal semi-annual installments starting from 66th month.		
Maturity: July 2021		
Chief Executive: Mr. Abbas D. Habib		
	1,175,854	1,208,720

**9.15.1** During the current year, the Bank's exposure in the TFCs of Azgard Nine Limited (ANL) amounting to Rs. 99.920 million was restructured under a Debt / Asset Swap arrangement. As per the terms of the restructuring, the bank received 1,616,036 shares of Agritech Limited (valued at Rs. 35 per share) as partial settlement of the ANL's TFC exposure. In addition, the Bank also injected additional equity amounting to Rs 11.631 million for acquisition of additional 332,297 shares in AGL. Subsequent to this settlement, Bank's exposure in the TFC of ANL has reduced to Rs 43.350 million (as reflected in note 9.15). This exposure in TFC is fully provided while investment in shares has been marked to market and impairment loss fully recognised.

**9.15.2** This represents Zero Rated Term Finance Certificates of Azgard Nine Limited (ANL) received in settlement of overdue mark-up outstanding on the actual TFC exposure of the Bank, amounting to Rs. 99.920 million. The settlement was made as per the Investor Agreement entered into between ANL and the Bank. As at December 31, 2012, this investment is fully provided.

**9.15.3** The Bank has received listed TFCs of Gharibwal Cement amounting to Rs 8.120 million and New Allied Electronics amounting to Rs. 2.185 million, and unlisted TFCs of Flying Board and Paper Products amounting to Rs. 21.5 million. These TFCs have been received in lieu of the unlisted TFCs of First Dawood Investment Bank previously held amounting to Rs. 30 million, which were fully provided for. The excess principal amount recovered was adjusted against outstanding mark-up receivable. As at December 31, 2012, these TFCs have also been fully provided.

## 9.16 Investments in sukuk bonds

Investee company	Date of maturity	Profit rate per annum	Number of Certificates	2012 (Rupees in '000)	2011
Sitara Chemical Industries Limited - I	December 2013	3 months KIBOR plus 1.00 percent	59,740	24,892	124,458
Orix Leasing Pakistan Limited	June 2012	6 months KIBOR plus 1.25 percent	38,000	-	31,667
*Security Leasing Corporation Limited - II	September 2022	Zero Rated	35,000	63,015	75,000
Kohat Cement Company Limited	September 2016	3 months KIBOR plus 1.50 percent	20,000	22,949	70,600
Sitara Energy Limited	May 2015	6 months KIBOR plus 1.15 percent	Note 9.16.1	26,420	31,705
BRR Guardian Modaraba	December 2016	1 months KIBOR plus 0.00 percent	20,000	94,688	98,438
K.S. Sulemanji Esmailji & Sons (Private) Limited	June 2014	3 months KIBOR plus 1.40 percent	20,000	53,173	53,173
**Sitara Peroxide (Private) Limited	February 2020	3 months KIBOR plus 1.10 percent	60,000	264,283	281,250
Liberty Power Tech Limited	March 2021	3 months KIBOR plus 3.00 percent	100,000	459,409	483,799
Amreli Steel (Private) Limited	December 2016	3 months KIBOR plus 2.50 percent	50,000	230,000	250,000
*Security Leasing Corporation Limited - I	January 2022	Zero Rated	5,000	7,688	8,789
Engro Corporation Limited	September 2015	6 months KIBOR plus 1.50 percent	69,545	336,670	336,670
Quetta Textile Mills Limited	September 2015	6 months KIBOR plus 1.50 percent	30,000	120,000	135,000
Ghani Glass Limited	December 2017	3 months KIBOR plus 1.75 percent	70,000	350,000	-
				<u>2,053,187</u>	<u>1,980,549</u>

\* These Sukuks bonds have been restructured with effect from February 19, 2012.

\*\* These Sukuks bonds have been restructured with effect from July 17, 2012.

**9.16.1** This represents advance payment to Sitara Energy Limited. The relevant sukuk bonds against the advance subscription have not been issued to the Bank by December 31, 2012.

**9.17** These represent overseas bonds amounting to BDT 90 million (2011: 120 million) and US Dollar 10 million (2011: US Dollar 10 million) issued by Orascom Telecom and Standard Chartered Bank respectively. These bonds carry interest at 13.50% per annum (2011: 13.50% per annum) and 0.34% per annum (2011: 2.75% per annum) and are due for maturity in June 2014 (2011: June 2014) and February 2013 (2011: February 2013) respectively.

**9.18** These represent credit linked notes amounting to US Dollar 5 million (2011: USD Dollar 5 million) issued by Standard Chartered Bank. These carry interest at 3.879% (2011: 4.06%) and are due for maturity in March 2013.

## 9.19 Particulars of investment in subsidiary company

The paid up value of these ordinary shares is Rs. 10.

2012 (Number of shares)	2011		2012 (Rupees in '000)	2011
82,600,000	82,600,000	Alfalah Securities (Private) Limited	826,000	826,000
		Percentage of holding: 97.18% (2011: 97.18%)		
		Break-up value per share: Rs. 0.051 (2011: Rs. 0.017)		
		Date of financial statements:		
		December 31, 2012 (Audited)		
		Chief Executive: Not appointed*		
			<u>826,000</u>	<u>826,000</u>

\*During the year, CEO of the company has resigned. The appointment of new CEO is under process.





## 9.20 Particulars of investments in associates

The paid up value of these shares / units is Rs. 10 unless otherwise stated.

2012 (Number of shares / units)	2011		2012 (Rupees in '000)	2011
8,998,695	8,998,695	<b>Alfalah Insurance Limited</b> Percentage of holding: 30% (2011: 30%) Break-up value per share: Rs. 16.23 (2011: Rs. 12.95) Date of audited financial statements: December 31, 2012 Chief Executive: Mr. Nasar us Samad Qureshi	68,990	68,990
2,889,739	2,889,739	<b>Alfalah GHP Value Fund</b> Percentage of holding: 30.60% (2011: 34.19%) Break-up value per unit: Rs. 51.61 (2011: Rs. 46.98) Date of reviewed financial statements: December 31, 2012 Management Company - Alfalah GHP Investment Management Limited (Paid-up value of each unit is Rs. 50)	100,000	100,000
5,481,236	5,481,236	<b>Alfalah GHP Income Multiplier Fund</b> Percentage of holding: 99.40% (2011: 98.53%) Break-up value per unit: Rs. 49.18 (2011: Rs. 40.79) Date of reviewed financial statements: December 31, 2012 Management Company - Alfalah GHP Investment Management Limited (Paid-up value of each unit is Rs. 50)	250,000	250,000
5,590,077	5,590,077	<b>Alfalah GHP Islamic Fund</b> Percentage of holding: 94.16% (2011: 96.72%) Break-up value per unit: Rs. 55.04 (2011: Rs. 53.89) Date of reviewed financial statements: December 31, 2012 Management Company - Alfalah GHP Investment Management Limited (Paid-up value of each unit is Rs. 50)	250,000	250,000
2,999,940	-	<b>Alfalah GHP Cash Fund</b> Percentage of holding: 55.08% (2011: Nil) Break-up value per share: Rs. 500.69 Date of reviewed financial statements: December 31, 2012 Management Company - Alfalah GHP Investment Management Limited Chief Executive: Abdul Aziz Anis	1,500,000	-
13,049,070	13,049,070	<b>Alfalah GHP Investment Management Limited</b> Percentage of holding: 41.76% (2011: 40.22%) Break-up value per share: Rs. 11.17 (2011: Rs. 10.77) Date of audited financial statements: December 31, 2012 Chief Executive: Mr. Abdul Aziz Anis	130,493	130,493
			<u>2,299,483</u>	<u>799,483</u>

## 9.21 Quality of available for sale securities

	Market value		Cost		Long/Medium Term Credit Rating	Rated by
	2012	2011	2012	2011		
	-----Rupees in '000-----					
<b>Market Treasury Bills</b>	80,730,443	64,333,505	80,601,891	64,229,367	(Unrated - Government Securities)	
<b>Pakistan Investment Bonds</b>	22,222,557	19,106,572	21,482,599	19,237,132	(Unrated - Government Securities)	
<b>Term Finance Certificates</b>						
Askari Bank Limited (2nd Issue)	100,633	99,329	99,720	99,760	AA-	PACRA
Askari Bank Limited (3rd Issue)	496,356	460,332	449,460	449,640	AA	PACRA
Standard Chartered Bank (Pakistan) Limited	12,526	35,790	12,500	34,960	AAA	PACRA
Bank Al-Habib Limited	-	28,219	-	31,086	AA+	PACRA
Faysal Bank Limited	722	1,448	722	1,442	AA	PACRA
Allied Bank Limited	39,029	38,439	38,338	38,353	AA-	JCRVIS
Pakistan Mobile Communication (Private) Limited	66,837	200,221	66,560	199,680	AA-	PACRA
ORIX Leasing Pakistan Limited	-	29,826	-	30,809	AA+	PACRA
Jahangir Siddiqui & Company Limited	-	25,111	-	24,955	AA+	PACRA
Flying Board & Paper Products	21,500	-	21,500	-	-----	(Unrated)-----
Gharibwal Cement	8,120	-	8,120	-	-----	(Unrated)-----
New Allied Electronics	2,185	-	2,185	-	-----	(Unrated)-----
First Dawood Investment Bank Limited	-	30,000	-	30,000	-----	(Unrated)-----
Financial Receivables Securitisation Company Limited "A"	11,628	19,135	11,540	19,234	A+	PACRA
Financial Receivables Securitisation Company Limited "B"	12,278	20,357	12,278	20,463	A+	PACRA
Pak Arab Fertilizers Limited	30,012	74,332	30,000	74,000	AAA	PACRA
Azgard Nine Limited	43,350	99,920	43,350	99,920	D	PACRA
Azgard Nine Limited (Zero rated)	32,870	-	32,870	-		
Faysal Bank Limited	153,487	155,067	149,880	149,940	AA	PACRA
Bank Al-Habib Limited	340,573	317,937	299,880	299,940	AA+	PACRA
	1,372,106	1,635,463	1,278,903	1,604,182		
<b>Shares in Listed Companies / Certificates / Units</b>						
Adamjee Insurance Company Limited	-	16,053	-	29,064	AA	PACRA
Agritech Limited	22,737	-	68,192	-	-----	(Unrated)-----
Allied Bank Limited	33,438	21,548	23,725	22,675	AA+	PACRA
Attock Cement Company Limited	-	5,352	-	4,341	-----	(Unrated)-----
Bank Al Habib Limited	32,285	24,325	30,045	25,494	AA+	PACRA
Crescent Steel & Allied Products Limited	-	17,461	-	25,014	-----	(Unrated)-----
Crosby Pheonix Fund	-	10,866	-	10,791	-----	(Unrated)-----
Engro Corporation Limited	-	87,454	-	163,441	A	PACRA
Fatima Fertilizer Limited	220,156	-	207,165	-	A+	PACRA
Fauji Cement Company Limited	-	23,521	-	35,055	-----	(Unrated)-----
Fauji Fertilizer Company Limited	195,729	14,954	191,917	15,342	-----	(Unrated)-----
Hira Textile Mills Limited	-	5,380	-	2,980	-----	(Unrated)-----
International Steels Limited	-	273	-	284	-----	(Unrated)-----
KASB Securities Limited	-	6,136	-	11,924	A/A1	PACRA
Kohinoor Energy Limited	21,038	31,077	14,739	37,935	-----	(Unrated)-----
Kot Addu Power Company Limited	125,870	72,310	114,478	74,472	AA+	JCRVIS
Lotte Pakistan PTA Limited	-	33,654	-	49,840	-----	(Unrated)-----
Lucky Cement Limited	-	9,135	-	7,654	-----	(Unrated)-----
MCB Bank Limited	-	61,916	-	75,469	AA+	PACRA
Meezan Balanced Fund	17,930	14,114	5,894	5,894	-----	(Unrated)-----
Meezan Islamic Income Fund	49,755	49,366	50,000	50,000	A(f)	JCRVIS
NAFA Income Opportunity Fund	246,032	279,955	250,805	297,165	A(f)	PACRA
National Bank of Pakistan	98,780	171,866	94,688	212,534	AAA	JCRVIS



	Market value		Cost		Long/Medium Term Credit Rating	Rated by	
	2012	2011	2012	2011			
	-----Rupees in '000-----						
NEXT Capital Limited	1,225	-	1,225	-	-----	(Unrated)-----	
Nishat (Chunian) Power Company Limited	15,556	6,677	10,417	7,269	AA-	PACRA	
Nishat Mills Limited	31,925	-	31,654	-	AA-	PACRA	
Nishat Power Company Limited	45,632	30,304	36,925	36,926	AA-	PACRA	
Oil and Gas Development Corporation	109,268	-	100,023	-	AAA	JCR-VIS	
Pak Oman Advantage Fund	163,800	136,800	150,000	150,000	AA-(f)	PACRA	
Pak Oman Advantage Islamic Income Fund	31,573	31,528	30,000	30,000	A+(f)	PACRA	
Pakistan Oilfields Limited	-	60,629	-	55,257	-----	(Unrated)-----	
Pakistan Petroleum Limited	540,535	67,328	520,800	68,448	-----	(Unrated)-----	
Pakistan State Oil Company Limited	41,798	34,082	41,979	41,979	AA+	PACRA	
Pakistan Telecommunication Company Limited	-	43,251	-	66,251	A+	PACRA	
Samba Bank Limited	-	4,934	-	6,670	AA-	PACRA	
Security Papers Limited	-	920	-	911	AAA	JCRVIS	
Soneri Bank Limited	39,350	-	39,656	-	AA-	PACRA	
Southern Electric Power Company Limited	-	4,403	-	14,026	-----	(Unrated)-----	
The Hub Power Company Limited	231,109	221,120	197,981	226,279	AA+	PACRA	
United Bank Limited	178,635	12,572	168,847	13,304	AA+	JCRVIS	
United Islamic Income Fund	48,359	38,674	50,000	50,000	BBB-(f)	JCRVIS	
Visa Shares	604,585	382,319	-	-	-----	(Unrated)-----	
Wateen Telecom Limited	248,815	149,456	417,475	417,474	-----	(Unrated)-----	
	3,395,915	2,181,713	2,848,630	2,342,162			
<b>Shares in Un-listed Companies</b>							
Pakistan Export Finance Guarantee Agency Limited	Not Applicable		5,725	5,725	-----	(Unrated)-----	
Society for Worldwide Interbank Financial Telecommunication	Not Applicable		4,096	4,096	-----	(Unrated)-----	
Al-Hamra Hills (Private) Limited	Not Applicable		70,000	70,000	-----	(Unrated)-----	
Al-Hamra Avenue (Private) Limited	Not Applicable		50,000	50,000	-----	(Unrated)-----	
Warid Telecom (Private) Limited	Not Applicable		4,366,796	4,366,796	-----	(Unrated)-----	
			4,496,617	4,496,617			
<b>Preference Shares in Listed Companies</b>							
AgriTech Limited	108,835	-	108,835	-	-----	(Unrated)-----	
<b>Preference Shares in Un-listed Companies</b>							
First Dawood Investment Bank Limited	Not Applicable		15,000	15,000	D	PACRA	
Trust Investment Bank Limited	Not Applicable		25,000	25,000	BBB	PACRA	
			40,000	40,000			
<b>Sukuk Bonds</b>							
GoP Ijarah Bonds III	11-Mar-09	-	2,625,000	-	-----	(Unrated)-----	
GoP Ijarah Bonds IV	17-Sep-09	-	3,595,000	-	-----	(Unrated)-----	
GoP Ijarah Bonds V	15-Nov-10	8,189,349	8,130,113	8,130,052	8,130,113	-----	(Unrated)-----
GoP Ijarah Bonds VI	20-Dec-10	3,027,900	3,000,000	3,000,000	3,000,000	-----	(Unrated)-----
GoP Ijarah Bonds VII	7-Mar-11	12,665,446	12,718,850	12,640,063	12,718,850	-----	(Unrated)-----
GoP Ijarah Bonds VIII	16-May-11	8,482,320	8,477,225	8,444,586	8,477,225	-----	(Unrated)-----
GoP Ijarah Bonds IX	26-Dec-11	478,942	500,000	475,000	500,000	-----	(Unrated)-----
GoP - Ijara Sukuk X	27-Mar-12	2,021,800	-	2,000,000	-	-----	(Unrated)-----
GoP - Ijara Sukuk XI	30-Apr-12	5,045,500	-	5,000,000	-	-----	(Unrated)-----
GoP - Ijara Sukuk XII	28-Jun-12	7,622,480	-	7,550,000	-	-----	(Unrated)-----
GoP - Sukuk	28-Jun-12	34,800	-	34,800	-	-----	(Unrated)-----
Sui Southern Gas Company Limited		-	36,061	-	35,950	-----	(Unrated)-----
Security Leasing Corporation Limited I		7,688	6,212	7,688	8,789	-----	(Unrated)-----
Security Leasing Corporation Limited II		27,676	23,193	27,676	32,813	-----	(Unrated)-----
Quetta Textile Mills limited		120,000	123,888	120,000	135,000	D	JCRVIS
		47,723,901	39,235,542	47,429,865	39,258,740		
		155,444,922	126,492,795	158,287,340	131,208,200		

2012                      2011  
(Rupees in '000)

**9.22 Particulars of provision for diminution in value of investments**

Opening balance	4,585,554	2,183,568
Charge for the year	1,708,833	2,459,294
Reversals	-	(1,457)
Provision written off during the year	(170,869)	(55,851)
Closing balance	6,123,518	4,585,554

**9.23 Particulars of provision for diminution in value of investments by type and segment**

**Available for sale securities**

**Listed companies / mutual funds**

**- Fully paid up ordinary shares / units**

- Wateen Telecom Limited (Related party)	287,223	287,223
- Others	45,454	169,593

**- Preference shares**

- Agritech Limited	108,835	-
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**Unlisted companies**

**- Fully paid up ordinary shares of Rs. 10 each**

- Pakistan Export Finance Guarantee Agency Limited	5,725	5,725
- Al-Hamra Hills (Private) Limited	35,000	35,000
- Al-Hamra Avenue (Private) Limited	25,000	25,000
- Warid Telecom (Private) Limited (Related party)	4,003,716	2,545,716

**- Term finance certificates**

- First Dawood Investment Bank Limited	-	30,000
- Azgard Nine Limited	76,220	49,960
- Flying Board & Paper Products	21,500	-

**- Preference shares**

- First Dawood Investment Bank Limited	15,000	8,064
- Trust Investment Bank Limited	23,652	23,652

**Held to maturity securities**

**Listed securities**

**- Term finance certificates**

- Gharibwal Cement	8,120	-
- New Allied Electronics	2,185	-

**Unlisted securities**

**- Term finance certificates / sukuk bonds**

- Agritech Limited	465,000	465,000
- Kohat Cement Company Limited	-	53,637
- BRR Guardian Modaraba	25,000	25,000
- Security Leasing Corporation Limited	53,203	-
- Sitara Peroxide (Private) Limited	59,771	-
- Sitara Energy Limited	7,926	7,926
- Zulekha Textile Mills (formerly Khunja Textile Mills Limited)	28,988	29,494

**Investment in subsidiary company**

**Unlisted company**

**- Fully paid up ordinary shares of Rs. 10 each**

- Alfalah Securities (Private) Limited	826,000	824,564
--	---------	---------

	6,123,518	4,585,554
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#### 9.24 Unrealised gain / (loss) on revaluation of investments classified as held for trading - net

	Unrealised gain / (loss)		Cost	
	2012	2011	2012	2011
	-----Rupees in '000-----			
Market Treasury Bills	(428)	(10,662)	3,020,153	11,165,299
Pakistan Investment Bonds	1,939	(391)	480,749	24,036
	<u>1,511</u>	<u>(11,053)</u>	<u>3,500,902</u>	<u>11,189,335</u>

9.25 An extract of the audited balance sheet of the Bank's subsidiary Alfalah securities (Private) Limited as at December 31, 2012 and the profit and loss account for the year ended December 31, 2012 is as follows:

	2012 Audited	2011 Audited
	(Rupees in '000)	
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
Property and equipment	3,133	7,833
Intangible assets	4,949	45,176
Investment in Karachi Stock Exchange Limited	40,074	-
Trade debts - unsecured - considered good	17,535	9,101
Advances	7,376	8,580
Deposits and prepayments	8,692	4,613
Advance taxation - net	5,047	4,788
Other receivables	1,466	2,130
Cash and bank balances	630	111
	<u>88,902</u>	<u>82,332</u>
<b>EQUITY AND LIABILITIES</b>		
Issued, subscribed and paid-up share capital	850,000	850,000
Unrealised gain on remeasurement of available for sale investments	12,468	-
Accumulated losses	<u>(858,150)</u>	<u>(848,522)</u>
	4,318	1,478
Surplus on revaluation of Intangible assets	1,533	14,000
<b>Liabilities</b>		
Long term liability	23,871	4,836
Deferred taxation	-	83
<b>Current liabilities</b>		
Current maturity of liabilities against assets subject to finance lease	-	1,327
Running finance under mark-up arrangement - secured	25,177	3,964
Creditors, accrued and other liabilities	<u>34,003</u>	<u>56,644</u>
	<u>88,902</u>	<u>82,332</u>



## PROFIT AND LOSS ACCOUNT

	2012	2011
	(Rupees in '000)	
Brokerage revenue	23,062	22,963
Other operating income	15,887	11,848
Operating and administrative expenses	(47,002)	(55,875)
Provision for doubtful debts	(2,119)	(1,832)
Financial charges	(2,062)	(29,309)
Loss before taxation	<u>(12,234)</u>	<u>(52,205)</u>
Taxation		
- Current	(1,288)	(2,067)
- Deferred	83	685
Loss after taxation	<u><u>(13,439)</u></u>	<u><u>(53,587)</u></u>
	(Rupees)	
Loss per share - basic and diluted	<u>0.16</u>	<u>0.86</u>

9.26 The financial statements of the subsidiary company as at December 31, 2012 were audited by its statutory auditors who have expressed an unqualified conclusion thereon with an emphasis of matter paragraph drawing attention to the matters which are more fully explained in the notes to the Financial Statements that:

- There exists such financial conditions of the Company that indicate existence of material uncertainty that may cast doubts about the Company's ability to continue as a going concern.
- Due to unavailability of fair market value of Trading Rights Entitlement certificate and shares of Karachi Stock Exchange (KSE) received in exchange for KSE membership card, the assets are recorded at the carrying value of KSE membership card; and
- The Company has initiated the process to recover the amount of advance given to Dubai Gold and Commodities Exchange by selling corporate membership of Dubai Gold and Commodities exchange.

9.27 The annual audited financial statements of the subsidiary are available for inspection at the registered office of the Bank, and would be available to the members on request without any cost.

	Note	2012	2011
		(Rupees in '000)	
<b>10 ADVANCES - NET</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		213,077,555	178,590,232
Outside Pakistan		<u>13,740,080</u>	<u>11,633,715</u>
		226,817,635	190,223,947
Net investment in finance lease			
In Pakistan	10.2	<u>4,060,202</u>	<u>4,661,592</u>
Outside Pakistan		-	-
		4,060,202	4,661,592
Financing and investing assets under IFAS-2 Ijarah	10.3	4,792,119	4,398,109
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		<u>10,595,127</u>	<u>4,111,898</u>
Payable outside Pakistan		<u>2,080,909</u>	<u>8,001,809</u>
		12,676,036	12,113,707
		<u>248,345,992</u>	<u>211,397,355</u>
Provision against advances			
Specific provision against non-performing advances	10.5	<u>(13,871,515)</u>	<u>(12,330,753)</u>
General provision against advances	10.5	<u>(541,119)</u>	<u>(598,090)</u>
		<u>(14,412,634)</u>	<u>(12,928,843)</u>
		<u>233,933,358</u>	<u>198,468,512</u>



2012                      2011  
(Rupees in '000)

### 10.1 Particulars of advances - gross of provisions

In local currency	221,813,180	184,590,219
In foreign currencies	26,532,812	26,807,136
	<u>248,345,992</u>	<u>211,397,355</u>
Short term (upto one year)	172,545,473	151,917,287
Long term (over one year)	75,800,519	59,480,068
	<u>248,345,992</u>	<u>211,397,355</u>

### 10.2 Net investment in finance lease

	2012				2011			
	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	1,377,354	1,468,275	-	2,845,629	1,903,837	1,247,638	-	3,151,475
Residual value	695,174	930,707	-	1,625,881	1,244,281	799,821	-	2,044,102
Minimum lease payments	2,072,528	2,398,982	-	4,471,510	3,148,118	2,047,459	-	5,195,577
Financial charges for future periods	(212,157)	(199,151)	-	(411,308)	(315,734)	(218,251)	-	(533,985)
Present value of minimum lease payments	1,860,371	2,199,831	-	4,060,202	2,832,384	1,829,208	-	4,661,592

10.2.1 Net investment in finance lease includes Ijarah financings disbursed prior to January 1, 2009. Ijarah contracts entered on or after January 1, 2009 have been accounted for in accordance with the requirements of IFAS 2, "Ijarah" as disclosed in note 10.3.

### 10.3 Financing and investing assets under IFAS-2 (Ijarah)

#### a) Brief description of the Ijarah arrangements

Ijarah contracts entered into by the Bank essentially represent arrangements whereby the Bank (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration. The significant Ijarah contracts entered into by the Bank are with respect to vehicles, plant and machinery and equipment and are for periods ranging from 3 to 5 years.

b) Movement in net book value of ijarah assets

	2012 Asset categories				
	Vehicles - Consumer	Vehicles - Corporate	Plant & Machinery	Equipment	Total
------(Rupees in '000)-----					
<b>At January 1, 2012</b>					
Cost	4,150,425	785,720	722,744	92,924	5,751,813
Accumulated depreciation	(819,547)	(271,183)	(214,895)	(48,079)	(1,353,704)
Net book value	3,330,878	514,537	507,849	44,845	4,398,109
<b>Year ended December 31, 2012</b>					
Opening net book value	3,330,878	514,537	507,849	44,845	4,398,109
Additions	2,029,276	141,752	23,572	-	2,194,600
Disposals					
Cost	(809,618)	(94,483)	(133,902)	(994)	(1,038,997)
Accumulated Depreciation	245,206	53,342	91,104	978	390,630
Depreciation	(564,412)	(41,141)	(42,798)	(16)	(648,367)
Closing net book value	4,005,387	433,368	334,206	19,158	4,792,119
<b>At December 31, 2012</b>					
Cost	5,370,083	832,989	612,414	91,930	6,907,416
Accumulated depreciation	(1,364,696)	(399,621)	(278,208)	(72,772)	(2,115,297)
Net book value	4,005,387	433,368	334,206	19,158	4,792,119
------(Rupees in '000)-----					
	2011 Asset categories				
	Vehicles - Consumer	Vehicles - Corporate	Plant & Machinery	Equipment	Total
------(Rupees in '000)-----					
<b>At January 1, 2011</b>					
Cost	2,765,843	620,642	545,694	98,294	4,030,473
Accumulated depreciation	(313,334)	(121,125)	(69,145)	(23,111)	(526,715)
Net book value	2,452,509	499,517	476,549	75,183	3,503,758
<b>Year ended December 31, 2011</b>					
Opening net book value	2,452,509	499,517	476,549	75,183	3,503,758
Additions	1,702,112	208,877	212,119	-	2,123,108
Cost	(317,530)	(43,799)	(35,069)	(5,370)	(401,768)
Accumulated depreciation	79,486	13,262	2,597	1,843	97,188
Depreciation	(238,044)	(30,537)	(32,472)	(3,527)	(304,580)
Closing net book value	3,330,878	514,537	507,849	44,845	4,398,109
<b>At December 31, 2011</b>					
Cost	4,150,425	785,720	722,744	92,924	5,751,813
Accumulated depreciation	(819,547)	(271,183)	(214,895)	(48,079)	(1,353,704)
Net book value	3,330,878	514,537	507,849	44,845	4,398,109

c) Future Ijarah payments receivable

	2012	2011
	(Rupees in '000)	
Not later than one year	939,449	411,845
Later than one year and not later than five years	4,812,272	4,368,215
Later than five years	-	-
	<u>5,751,721</u>	<u>4,780,060</u>



10.4 Advances include Rs 22,182 billion (2011: Rs 19,097 billion) which have been placed under non-performing status as detailed below:

Category of Classification	2012								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----								
Other Assets Especially Mentioned (Agri Financing)	143,011	-	143,011	-	-	-	-	-	-
Substandard	4,203,585	234,756	4,438,341	832,108	36,621	868,729	832,108	36,621	868,729
Doubtful	1,372,185	68,323	1,440,508	340,242	23,003	363,245	340,242	23,003	363,245
Loss	16,061,429	98,259	16,159,688	12,608,056	31,485	12,639,541	12,608,056	31,485	12,639,541
	<u>21,780,210</u>	<u>401,338</u>	<u>22,181,548</u>	<u>13,780,406</u>	<u>91,109</u>	<u>13,871,515</u>	<u>13,780,406</u>	<u>91,109</u>	<u>13,871,515</u>

Category of Classification	2011								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----								
Other Assets Especially Mentioned (Agri Financing)	99,017	-	99,017	-	-	-	-	-	-
Substandard	2,941,576	-	2,941,576	582,810	-	582,810	582,810	-	582,810
Doubtful	1,022,306	-	1,022,306	294,551	-	294,551	294,551	-	294,551
Loss	14,924,221	109,494	15,033,715	11,428,418	24,974	11,453,392	11,428,418	24,974	11,453,392
	<u>18,987,120</u>	<u>109,494</u>	<u>19,096,614</u>	<u>12,305,779</u>	<u>24,974</u>	<u>12,330,753</u>	<u>12,305,779</u>	<u>24,974</u>	<u>12,330,753</u>

10.5 Particulars of provisions against advances

Note	2012			2011		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	12,330,753	598,090	12,928,843	10,629,679	649,628	11,279,307
Exchange adjustment and other movements	3,254	(3,802)	(548)	(21,033)	(7,225)	(28,258)
Charge for the year	3,251,431	12,871	3,264,302	3,442,105	59,863	3,501,968
Reversals / recoveries	(1,349,727)	(66,040)	(1,415,767)	(1,533,282)	(104,176)	(1,637,458)
	1,901,704	(53,169)	1,848,535	1,908,823	(44,313)	1,864,510
Amounts written off	10.6.1 (364,196)	-	(364,196)	(186,716)	-	(186,716)
Closing balance	<u>13,871,515</u>	<u>541,119</u>	<u>14,412,634</u>	<u>12,330,753</u>	<u>598,090</u>	<u>12,928,843</u>

10.5.1 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at December 31, 2012 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 2,030,140 million (2011: 1,997,301 million).

10.5.2 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. General provision for overseas branches is maintained in accordance with the guidelines of the authorities in the respective countries.

### 10.5.3 Particulars of provisions against advances

	2012			2011		
	Specific	General	Total	Specific	General	Total
------(Rupees in '000)-----						
In local currency	13,780,406	439,121	14,219,527	12,305,779	478,863	12,784,642
In foreign currencies	91,109	101,998	193,107	24,974	119,227	144,201
	<u>13,871,515</u>	<u>541,119</u>	<u>14,412,634</u>	<u>12,330,753</u>	<u>598,090</u>	<u>12,928,843</u>

10.5.4 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

### 10.6 Particulars of write-offs

2012  
(Rupees in '000)

10.6.1 Against provisions	364,196	186,716
Directly charged to profit and loss account	1,164	5,696
	<u>365,360</u>	<u>192,412</u>
10.6.2 Write offs of Rs. 500,000 and above	276,855	4,629
Write offs of below Rs. 500,000	88,505	187,783
	<u>365,360</u>	<u>192,412</u>

### 10.7 Details of loans written-off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of loans written-off or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2012 is given in Annexure-I.

### 10.8 Particulars of loans and advances to directors, executives, associated companies, etc.

2012  
(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 the year	4,652,632	4,105,350
- Loans granted during the year	1,965,797	1,919,539
- Repayments during the year	(2,021,274)	(1,372,257)
- Balance at end of the year	<u>4,597,155</u>	<u>4,652,632</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	2,298,435	2,141,096
- Loans granted during the year	7,931,268	2,631,332
- Repayments during the year	(7,621,933)	(2,473,993)
- Balance at end of year	<u>2,607,770</u>	<u>2,298,435</u>





	Note	2012	2011
(Rupees in '000)			
Debts due by subsidiary company, controlled firms, managed modarabas and other related parties			
- Balance at beginning of year		2,979	609,218
- Loans granted during the year		1,901,106	1,980,278
- Repayments during the year		(1,879,152)	(2,586,517)
- Balance at end of year		24,933	2,979
Total		7,229,858	6,954,046
<b>11 FIXED ASSETS</b>			
Capital work-in-progress	11.1	790,021	596,895
Property and equipment	11.2	12,582,529	12,358,257
Intangible assets	11.3	374,970	433,531
		13,747,520	13,388,683
<b>11.1 Capital work-in-progress</b>			
Civil works		240,691	179,438
Equipment / intangibles		293,989	210,225
Advances to suppliers and contractors		254,644	192,017
Others		697	15,215
		790,021	596,895
<b>11.2 Property and equipment</b>			

Description	2012									
	Cost / revaluation as at January 1, 2012	Additions / (disposals) / *adjustments	Surplus on revaluation / (adjustment against accumulated depreciation)	Cost / Revaluation as at December 31, 2012	Accumulated depreciation as at January 1, 2012	Depreciation for the year / (on disposal) / *adjustments	Accumulated Depreciation Reversed on Revaluation	Accumulated depreciation as at December 31, 2012	Net book value as at December 31, 2012	Rate of depreciation %
----- (Rupees in '000) ----- per annum										
Office premises	5,205,383	47,819 (4,524) * 43,361	- (277,393) -	5,014,646	219,146	17,509 - * 40,738	(277,393)	-	5,014,646	2.5%-5.5%
Revaluation	3,542,230	- (8,114) * (38,725)	598,244 (137,055)	3,956,580	91,370	45,685 -	(137,055)	-	3,956,580	2.5%-5.5%
	8,747,613	47,819 (12,638) * 4,636	598,244 (414,448) -	8,971,226	310,516	63,194 - * 40,738	(414,448)	-	8,971,226	
Lease hold improvements	3,036,972	212,662 (17,237) * 4,206	-	3,236,603	2,013,624	155,496 (13,523) * 7,564	-	2,163,161	1,073,442	10%
Furniture and fixtures	1,701,658	90,749 (10,700) * 8,726	-	1,790,433	778,835	167,743 (8,679) * 3,542	-	941,441	848,992	10% - 25%
Office equipment	6,389,867	450,730 (30,667) * 19,147	-	6,829,077	4,489,673	786,508 (28,851) * 12,277	-	5,259,607	1,569,470	20% - 25%
Vehicles	222,538	72,375 (14,557) * 4,267	-	284,623	147,743	28,127 (14,287) * 3,641	-	165,224	119,399	25%
	20,098,648	874,335 (85,799) * 40,982	598,244 (414,448)	21,111,962	7,740,391	1,201,068 (65,340) * 67,762	(414,448)	8,529,433	12,582,529	

## 2011

Description	Cost / revaluation as at January 1, 2011	Additions / (disposals) / *adjustments	Cost/ Revaluation as at December 31, 2011	Accumulated depreciation as at January 1, 2011	Depreciation for the year / (on disposals) / *adjustments	Accumulated depreciation as at December 31, 2011	Net book value as at December 31, 2011	Rate of depreciation %
	------(Rupees in '000)-----							
Office premises	5,066,079	83,615 - * 55,689	5,205,383	79,492	82,821 - * 56,833	219,146	4,986,237	2.5%-5.5%
Revaluation	3,542,230	-	3,542,230	45,685	45,685	91,370	3,450,860	2.5%-5.5%
	8,608,309	83,615 - * 55,689	8,747,613	125,177	128,506 - * 56,833	310,516	8,437,097	
Lease hold improvements	2,701,276	367,300 (8,659) * (22,945)	3,036,972	1,549,049	476,447 (3,517) * (8,355)	2,013,624	1,023,348	20%
Furniture and fixtures	1,568,446	142,914 (4,859) * (4,843)	1,701,658	621,542	163,837 (3,276) * (3,268)	778,835	922,823	10% - 25%
Office equipment	5,946,643	508,126 (36,882) * (28,020)	6,389,867	3,648,410	890,937 (32,847) * (16,827)	4,489,673	1,900,194	20% - 25%
Vehicles	231,838	30,492 (34,188) * (5,604)	222,538	154,924	31,241 (33,816) * (4,606)	147,743	74,795	25%
	19,056,512	1,132,447 (84,588) * (5,723)	20,098,648	6,099,102	1,690,968 (73,456) * 23,777	7,740,391	12,358,257	

11.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs. 3,505 million (2011: Rs. 2,330 million).

11.2.2 Office premises were last revalued on December 30, 2012 on the basis of market values determined by MYK Associates (Private) Limited and resulted in a revaluation surplus of Rs. 598,244 million. Had there been no revaluation, the net book value of office premises would have been Rs. 5,014,646 million (2011: Rs 4,986,237 million).

11.2.3 During the year the management of the bank has revised its estimate of the useful life of lease hold improvements and has increased it from 5 years to 10 years. The revision has been made after taking into account the expected pattern of recovery of economic benefits associated with the use of these assets. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standards. Had the revision in useful life of lease hold improvements not been made depreciation expense would have been higher by Rs. 310.933 million and consequently profit before taxation would have been lower by the same amount.

## 11.3 Intangible assets

## 2012

	COST		ACCUMULATED AMORTIZATION			Book value As at December 31, 2012	Rate of amortization %
	As at January 1, 2012	Additions/ (Deletions)/ * Adjustment	As at December 31, 2012	As at January 1, 2012	Amortization (Deletions) / * Adjustment		
	------(Rupees in '000)-----						
Computer software	995,695	97,060 - * 2,509	1,095,264	562,164	157,454 - * 676	720,294	374,970 20%
Goodwill	56,031	-	56,031	56,031	-	56,031	-
	1,051,726	97,060 - * 2,509	1,151,295	618,195	157,454 - * 676	776,325	374,970



2011

	COST			ACCUMULATED AMORTIZATION			Book value As at December 31, 2011	Rate of amortization %
	As at January 1, 2011	Additions/ (Deletions)/ * Adjustment	As at December 31, 2011	As at January 1, 2011	Amortization (Deletions) / * Adjustment	As at December 31, 2011		
	------(Rupees in '000)-----							
Computer software	947,427	49,374 - * (1,106)	995,695	380,233	182,816 - * (885)	562,164	433,531	20%
Goodwill	109,971	- * (53,940)	56,031	109,971	- * (53,940)	56,031	-	
	1,057,398	49,374 - * (55,046)	1,051,726	490,204	182,816 - * (54,825)	618,195	433,531	

11.3.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 279.311 million (2011: Rs. 259.178 million).

11.4 Details of disposal of fixed assets having cost of more than Rs. 1,000,000 or net book value of Rs. 250,000 or above

Details of disposal of fixed assets having cost of more than Rs. 1,000,000 or net book value of Rs. 250,000 or above are given below:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of Disposal	Particulars of purchaser
	------(Rupees in '000)-----					
<b>Freehold Land</b>	12,638	-	12,638	10,498	Surrender	Multan Development Authority
	12,638	-	12,638	10,498		
<b>Leasehold Improvements</b>						
Renovation work	7,101	7,101	-	-	Write Off	N/A
Renovation work	1,231	985	246	-	Write Off	N/A
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	8,905	5,437	3,468	672	Various	Various
	17,237	13,523	3,714	672		
<b>Furniture and fixtures</b>						
Furniture & Fixture	988	353	635	83	Bid	M/S Trolly Corporation
Furniture & Fixture	4,483	4,149	334	139	Bid	Mr. Bashir Ahmed
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	5,229	4,177	1,052	498	Various	Various
	10,700	8,679	2,021	720		
<b>Computers</b>						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	10,217	9,867	350	778	Various	Various
	10,217	9,867	350	778		
<b>Office equipment</b>						
Q - Matic Machine	1,313	1,313	-	64	Bid	M/s Famous Asia Ltd.
PABX	1,097	1,097	-	64	Bid	M/s Famous Asia Ltd.
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	18,040	16,574	1,466	2,910	Various	Various
	20,450	18,984	1,466	3,038		

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of Disposal	Particulars of purchaser
	------(Rupees in '000)-----					
<b>Vehicles</b>						
Toyota Corolla	1,279	1,279	-	670	Bid	Mr. Zahid Qadri
Honda Accord	3,614	3,379	235	3,400	As Per Bank Policy*	Mr. Talib Rizvi (Executive)
Honda Accord	3,603	3,571	32	360	As Per Bank Policy*	Mr. Zahid Ali H. Jamall (Executive)
Honda City	1,060	1,059	1	106	As Per Bank Policy*	Mr. Ather Shehab (Executive)
Honda Civic	1,802	1,802	-	1,028	Bid	Mr. Nasser Abbas Hasan Habib
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	3,199	3,197	2	1,627	Various	Various
	14,557	14,287	270	7,191		
Total - December 31, 2012	<u>85,799</u>	<u>65,340</u>	<u>20,459</u>	<u>22,897</u>		
Total - December 31, 2011	<u>84,588</u>	<u>73,456</u>	<u>11,132</u>	<u>27,423</u>		

\* Disposal as per Bank's policy represents vehicles sold to employees as per the terms of their employment.

2012                      2011  
(Rupees in '000)

## 12 DEFERRED TAX ASSETS / (LIABILITIES) - NET

### Deferred debits arising due to

Provision for doubtful debts	1,217,943	1,109,599
Provision against off-balance sheet obligations	15,472	15,472
Impairment in the value of investments	2,171,977	1,793,910
Loss on remeasurement of held for trading investments	-	3,869
Provision against other assets	96,670	-
	<u>3,502,062</u>	<u>2,922,850</u>

### Deferred credits arising due to

Difference between accounting book value of leased assets and lease liabilities	(271,255)	(386,827)
Accelerated tax depreciation	(1,311,047)	(1,322,460)
Gain on remeasurement of held for trading investments	(529)	-
Surplus on revaluation of securities	(747,499)	(97,311)
Surplus on revaluation of operating fixed assets	(787,131)	(694,427)
	<u>(3,117,461)</u>	<u>(2,501,025)</u>
	<u>384,601</u>	<u>421,825</u>



	Note	2012	2011
(Rupees in '000)			
<b>13 OTHER ASSETS</b>			
Income / mark-up accrued in local currency		13,280,242	12,799,945
Income / mark-up accrued in foreign currencies		367,965	314,740
Advances, deposits, advance rent and other prepayments		665,897	1,054,734
Assets acquired in satisfaction of claims	13.1	354,109	354,109
Advances against future Murabaha		2,067,320	2,017,372
Advances against future Ijarah		98,634	111,674
Advances against Diminishing Musharakah		1,661,454	113,996
Branch adjustment account		-	665,770
Tax recoverable		152,742	-
Dividend receivable		37,761	-
Unrealised gain on forward foreign exchange contracts	13.2	147,351	27,949
Prepaid exchange risk fee		-	1,043
Stationery and stamps on hand		124,172	99,711
Others		73,269	413,345
		<u>19,030,916</u>	<u>17,974,388</u>
Less: Mark up held in suspense account		(5,323,256)	(4,379,310)
Less: Provision held against other assets	13.3	(435,124)	(304,620)
		<u>13,272,536</u>	<u>13,290,458</u>
<b>13.1</b>	Market value of assets acquired in satisfaction of claims	<u>291,726</u>	<u>254,470</u>

**13.2** This is net off unrealised loss on forward exchange contracts of Rs 91.616 million (2011: 374.48 million).

	Note	2012	2011
(Rupees in '000)			
<b>13.3 Provision held against other assets</b>			
Opening balance		304,620	102,714
Charge for the year	13.3.1	130,504	183,161
Adjustment		-	18,745
Closing balance		<u>435,124</u>	<u>304,620</u>

**13.3.1** This includes an amount of Rs. 3.361 million (2011: Rs 9.366 million) recognised during the year on account of impairment in the value of asset acquired in satisfaction of claims.

		2012	2011
(Rupees in '000)			
<b>14 BILLS PAYABLE</b>			
In Pakistan		8,295,931	5,352,113
Outside Pakistan		134,979	51,340
		<u>8,430,910</u>	<u>5,403,453</u>
<b>15 BORROWINGS</b>			
In Pakistan		17,972,828	15,670,713
Outside Pakistan		3,255,006	2,498,265
		<u>21,227,834</u>	<u>18,168,978</u>
<b>15.1 Particulars of borrowings with respect to currencies</b>			
In local currency		17,972,828	15,670,713
In foreign currencies		3,255,006	2,498,265
		<u>21,227,834</u>	<u>18,168,978</u>



15.2 Details of borrowings secured / unsecured	Note	2012	2011
		(Rupees in '000)	
<b>Secured</b>			
Borrowings from State Bank of Pakistan under:			
Export refinance scheme	15.3	10,564,596	8,981,663
Long-Term Finance for Export Oriented Projects Scheme (LTF-EOP)	15.4	76,845	157,851
Long-Term Finance Facility	15.5	1,158,949	727,561
Modernisation of SMEs	15.6	6,973	9,297
Financing Facility for Storage of Agriculture produce (FFSAP) Scheme for revival of SMEs & Agricultural activities in flood affected areas	15.7 15.8	180,864 13,000	213,748 -
Repurchase agreement borrowings	15.9	5,971,601	5,480,593
		17,972,828	15,570,713
<b>Unsecured</b>			
Call borrowings		3,168,829	2,571,258
Overdrawn nostro accounts		86,177	27,007
		3,255,006	2,598,265
		21,227,834	18,168,978
<b>15.3</b>	This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The mark-up rate on this facility ranges from 8.50% to 10.00% per annum (2011: 10% per annum) payable on a quarterly basis.		
<b>15.4</b>	This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The mark-up rate on this facility is 5.00% per annum (2011: 4.00% to 8.60% per annum) payable on a quarterly basis.		
<b>15.5</b>	This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The mark-up rate on this facility ranges from 6.50% to 10.10% per annum (2011: 7.00% to 10.00% per annum) payable on a quarterly basis.		
<b>15.6</b>	This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The mark-up rate on this facility is 6.50% per annum (2011: 6.50% per annum) payable on a quarterly basis.		
<b>15.7</b>	This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The mark-up rate on this facility is 6.50% per annum (2011: 6.50% per annum) payable on a quarterly basis.		
<b>15.8</b>	This facility is secured against a demand promissory note executed in favour of the State Bank of Pakistan. The mark-up rate on this facility ranges from 5.00% to 6.50% per annum (2011: Nil) payable on a quarterly basis.		
<b>15.9</b>	This represent repurchase agreement borrowing from other banks at rates ranging from 8.25% to 9.35% per annum (2011: 11.40% to 11.62% per annum) maturing by April 2013 (2011: January 2012).		
<b>16 DEPOSITS AND OTHER ACCOUNTS</b>		2012	2011
		(Rupees in '000)	
<b>Customers</b>			
Fixed deposits		103,227,311	101,962,743
Savings deposits		155,001,428	123,503,156
Current accounts - non-remunerative		160,860,413	141,881,781
Others		4,341,095	4,472,421
		423,430,247	371,820,101
<b>Financial institutions</b>			
Remunerative deposits		33,475,535	28,847,597
Non-remunerative deposits		212,941	580,188
		33,688,476	29,427,785
		457,118,723	401,247,886
<b>16.1 Particulars of deposits</b>			
In local currency		381,359,937	336,316,974
In foreign currencies		75,758,786	64,930,912
		457,118,723	401,247,886



		2012	2011
		(Rupees in '000)	
<b>17 SUB-ORDINATED LOANS</b>			
Term Finance Certificates II - Quoted, Unsecured *		-	831,130
	* The TFC matured on November 23, 2012		
Term Finance Certificates III - Quoted, Unsecured		880,742	1,321,563
Mark up	Base Rate + 1.50 percent (Base Rate is defined as the simple average of the ask rate of the six months KIBOR prevailing on the first day of the start of each half yearly period for mark up due at the end of that period)		
Subordination	The TFCs are subordinated as to the payment of principal and profit to all other indebtedness of the Bank.		
Issue date	November 2005		
Rating	AA-		
Tenor	Eight years		
Redemption	3 equal semi-annual installments commencing 84th month after the issue date.		
Maturity	November 2013		
Term Finance Certificates IV - Private, Unsecured		4,994,000	4,996,000
Mark up	Either of the following options with the holder: - Floating coupon of Base Rate + 2.50 percent (Base Rate is defined as the simple average of the ask rate of the six months KIBOR prevailing on the first day of the start of each half yearly period for mark up due at the end of that period)  - Fixed coupon of 15 percent per annum payable semi-annually in arrears		
Subordination	The TFCs are subordinated as to the payment of principal and profit to all other indebtedness of the Bank.		
Issue date	December 2009		
Rating	AA-		
Tenor	Eight years		
Redemption	3 equal semi-annual installments commencing 84th month after the issue date.		
Maturity	December 2017		
		5,874,742	7,148,693

	Note	2012	2011
		(Rupees in '000)	
<b>18 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		2,492,463	3,534,618
Mark-up / return / interest payable in foreign currencies		342,780	260,400
Unearned commission and income on bills discounted		229,455	206,268
Accrued expenses		1,744,926	1,077,484
Pre-IPO Subscription towards Term Finance Certificates - 5th Issue 18.1		3,750,000	-
Current taxation		-	600,335
Branch adjustment account		386,516	-
Payable against redemption of credit card reward points		115,350	109,947
Security deposits against leases		3,807,523	3,803,044
Exchange difference payable to the State Bank of Pakistan		-	19,811
Payable to brokers	18.2	815	19,271
Provision against off-balance sheet obligations	18.3	43,701	48,733
Workers' Welfare Fund	28.1	341,294	304,498
Others		312,260	443,345
		<u>13,567,083</u>	<u>10,427,754</u>

**18.1** This represents amount received from investors as contribution towards Pre-IPO subscription of the Bank's fifth rated, unsecured, subordinated and listed term finance certificates issue of up to Rs. 5,000 million. The said issue has been approved by the SBP vide their in principal approval letter No. BSD/BAID/616/10989/2012 dated September 18th, 2012 and their No Objection Certificate issued under letter No. BSD/BAID/616/15303/2012 dated December 24th, 2012. The Pre-IPO subscription amount was received by the Bank on December 28th, 2012. The issue shall be listed on the Karachi Stock Exchange (KSE), and KSE approvals were received vide their letters No.KSE/GEN-308 dated January 17th, 2013 and No. KSE/GEN-644 dated February 08th 2013. The Prospectus for the issue was cleared by the SECP vide their letter No. SMD/Co.57(1)/01/2013 dated February 08th, 2013. The issue date for the said instrument, as referred to in the prospectus is February 20th, 2013. The salient features of the issue are as follows:

#### Summary of terms - Term Finance Certificates V - Quoted, Unsecured

Mark up	Base Rate + 1.25 percent (Base Rate is defined as the simple average of the ask rate of the six months KIBOR prevailing on the first day of the start of each half yearly period for mark up due at the end of that period)
Subordination	The TFCs are subordinated as to the payment of principal and profit to all other indebtedness of the bank.
Issue size	Rs. 5,000 million with Pre-IPO subscription received amounting to Rs. 3,750 million, and Rs. 1,250 million to be raised through IPO.
Issue date	February 2013
Rating	AA-
Tenor	Eight years
Redemption	The instrument will be structured to redeem semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and remaining principal of 99.70% at maturity in the 96th month.
Maturity	February 2021

The amount received by way of Pre-IPO subscription towards TFC, as at December 31, 2012 has been considered as eligible for Tier II inclusion for Capital Adequacy calculation purposes, as more fully detailed in note 41 to the financial statements.

**18.2** This represents amounts payable to brokers against purchase of shares.



	Note	2012	2011
		(Rupees in '000)	
<b>18.3 Provision against off-balance sheet obligations</b>			
Opening balance		48,733	44,207
Exchange adjustment		3,014	4,526
(Reversal) / Charge for the year		(22,005)	-
Adjustment		13,959	-
Closing balance		<u>43,701</u>	<u>48,733</u>
<b>19 SHARE CAPITAL</b>			
<b>19.1 Authorised capital</b>			
<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
(Number of shares)		(Rupees in '000)	
<u>2,300,000,000</u>	<u>2,300,000,000</u>	<u>23,000,000</u>	<u>23,000,000</u>
Ordinary shares of Rs. 10 each			
<b>19.2 Issued, subscribed and paid up capital</b>			
<b>2012</b>	<b>2011</b>		
(Number of shares)			
<u>624,750,000</u>	<u>624,750,000</u>		
-	-		
624,750,000	624,750,000		
Fully paid in cash			
		<u>6,247,500</u>	<u>6,247,500</u>
		-	-
		6,247,500	6,247,500
<u>724,406,250</u>	<u>724,406,250</u>		
-	-		
724,406,250	724,406,250		
Issued as bonus shares			
		<u>7,244,063</u>	<u>7,244,063</u>
		-	-
		7,244,063	7,244,063
<u>1,349,156,250</u>	<u>1,349,156,250</u>	<u>13,491,563</u>	<u>13,491,563</u>
<b>20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus / (deficit) arising on revaluation of:			
- Fixed assets	20.1	3,169,449	2,756,433
- Available for sale securities	20.2	<u>1,388,213</u>	<u>180,719</u>
		<u>4,557,662</u>	<u>2,937,152</u>
<b>20.1 Surplus on revaluation of fixed assets</b>			
Surplus on revaluation of fixed assets at January 1		3,450,860	3,496,545
Transferred to retained earnings in respect of incremental depreciation charged during the year		(29,695)	(29,695)
Related deferred tax liability in respect of incremental depreciation charged during the year		(15,990)	(15,990)
Surplus on revaluation of fixed assets recognized during the year		598,244	-
Disposals		(8,114)	-
Other reversal		(38,725)	-
		<u>505,720</u>	<u>(45,685)</u>
		<u>3,956,580</u>	<u>3,450,860</u>
Related deferred tax liability on surplus as at January 1		694,427	710,417
Deferred tax liability booked		108,694	-
Related deferred tax liability in respect of incremental depreciation charged during the year		(15,990)	(15,990)
		<u>92,704</u>	<u>(15,990)</u>
		<u>787,131</u>	<u>694,427</u>
		<u>3,169,449</u>	<u>2,756,433</u>

2012                      2011  
(Rupees in '000)

**20.2 Surplus / (deficit) on revaluation of available for sale securities**

Government securities	868,509	(26,422)
Sukuk bonds	-	(23,198)
Quoted shares / units / certificates / sukuk	1,174,000	296,369
Term finance certificates	93,203	31,281
	<u>2,135,712</u>	<u>278,030</u>
Related deferred tax (liability) / asset	(747,499)	(97,311)
	<u>1,388,213</u>	<u>180,719</u>

**21 CONTINGENCIES AND COMMITMENTS**

**21.1 Direct credit substitutes**

i) Government	1,005,210	743,446
ii) Banking companies & other financial institutions	2,857	28,110
iii) Others	2,002,742	836,347
	<u>3,010,809</u>	<u>1,607,903</u>

**21.2 Transaction-related contingent liabilities**

i) Government	39,753,054	35,612,847
ii) Banking companies & other financial institutions	197,034	2,029,026
iii) Others	7,051,558	11,575,837
	<u>47,001,646</u>	<u>49,217,710</u>

**21.3 Trade-related contingent liabilities**

Letters of credit	59,144,903	54,734,036
Acceptances	9,453,262	10,482,204

**21.4 Other contingencies**

Claims against the Bank not acknowledged as debts	6,016,548	6,791,219
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These mainly represents counter claims filed by the borrowers for restricting the Bank for disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by Ex. employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

2012                      2011  
(Rupees in '000)

**21.5 Commitments in respect of forward lendings**

Forward repurchase agreement lendings	-	-
Commitments to extend credit	5,053,705	2,080,062

**21.6 Commitments in respect of forward exchange contracts**

Purchase	29,175,612	29,873,142
Sale	16,624,885	22,734,732

**21.7 Commitments for the acquisition of fixed assets**

	656,047	144,595
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	2012	2011
	(Rupees in '000)	
<b>21.8 Commitments in respect of repo transactions</b>		
Repurchase	5,985,516	5,495,710
Resale	-	6,118,181
<b>21.9 Other commitments</b>		
Donations	97,000	-
<b>21.10 Contingency for tax payable (note 29.1)</b>		

## 22 DERIVATIVE INSTRUMENTS

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

- Forward Exchange Contracts
- Foreign Exchange Swaps

### Forward Exchange Contracts:

Forward exchange contract is a product offered to customer backed by international trading contract. These customers use this product to hedge themselves from unfavorable movements in foreign currencies.

In order to mitigate this risk of adverse exchange rate movements the Bank hedges its exposure by taking forward position in inter bank market. In addition to this, the exposure is also managed by matching the maturities and fixing the counter parties, dealers, intra-day and overnight limits.

### Foreign Exchange Swaps:

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

	Note	2012	2011
		(Rupees in '000)	
<b>23 MARK-UP / RETURN / INTEREST EARNED</b>			
a) On loans and advances to:			
i) customers		24,641,268	25,726,230
ii) financial institutions		380,540	625,337
b) On investments in:			
i) held for trading securities		858,083	665,665
ii) available for sale securities		11,523,049	9,067,991
iii) held to maturity securities		7,257,226	7,085,551
c) On deposits with financial institutions		605,538	426,590
d) On securities purchased under resale agreements		384,904	326,635
e) Profit earned on ijarah assets net of depreciation	23.1	429,310	374,179
		<u>46,079,918</u>	<u>44,298,178</u>

These include mark-up earned of Rs. 9,326.370 million (2011: Rs. 8,062.131 million) which pertains to the Bank's Islamic Banking Division.

	Note	2012	2011
		(Rupees in '000)	
<b>23.1 Profit earned on ijarah assets</b>			
Lease rentals earned		1,581,533	1,298,356
Depreciation for the year		(1,152,223)	(924,177)
		<u>429,310</u>	<u>374,179</u>
<b>24 MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		22,851,856	21,409,402
Securities sold under repurchase agreements		1,430,138	1,239,220
Other short term borrowings		2,077,326	1,679,352
Term Finance Certificates		974,703	1,156,146
Brokerage and commission		166,033	203,365
		<u>27,500,056</u>	<u>25,687,485</u>
<b>25 GAIN ON SALE OF SECURITIES - NET</b>			
Federal Government Securities			
- Market Treasury Bills		1,151,957	59,550
- Pakistan Investment Bonds		423	12,111
Shares - Listed		175,620	62,032
Sukuk Bonds		-	6,400
		<u>1,328,000</u>	<u>140,093</u>
<b>26 OTHER INCOME</b>			
Gain on sale of fixed assets		2,438	16,291
Postage, telex service charges etc.		1,753,910	1,737,704
Provision no longer required written back		-	29,314
		<u>1,756,348</u>	<u>1,783,309</u>
<b>27 ADMINISTRATIVE EXPENSES</b>			
Non executive directors fee & allowances		61,188	49,034
Salaries, allowances, etc.	271	6,808,557	5,856,577
Charge for defined benefit plan	34.4	255,975	230,502
Contribution to defined contribution plan	35	214,611	196,230
Rent, taxes, insurance, electricity, etc.		2,711,065	2,373,627
Legal and professional charges		139,799	135,409
Communications		505,082	490,267
Repairs and maintenance		936,282	876,224
Stationery and printing		288,760	226,402
Advertisement and publicity		414,976	298,049
Capital work-in-progress written off		29,442	-
Donations	27.2	39,200	11,720
Auditors' remuneration	27.3	24,643	17,127
Depreciation	11.2	1,201,068	1,690,968
Amortisation of intangible assets	11.3	157,454	182,816
Entertainment, vehicle running expenses, travelling and subscription		559,698	453,739
Others		856,236	743,405
		<u>15,204,036</u>	<u>13,832,096</u>

**27.1** In addition to the remuneration as disclosed in note 36 and note 40.13, an estimated accrual of Rs 110 million has been made by the Bank in respect of performance bonus to the Chief Executive Officer for the year 2012 which will be paid in 2013 after it has been finalised.



	Note	2012	2011
<b>27.2 Donations</b>		(Rupees in '000)	
Idara Tahafuz Bahali-e-Mazooran		200	-
Kashmir Education Foundation		1,000	-
Publician Alumni Trust - Cantt Public School		-	720
Institute of Business Administration		11,000	11,000
Family Education Services Foundation		2,000	-
Karachi Education Initiative (KEI)		25,000	-
		<u>39,200</u>	<u>11,720</u>

The CEO of the Bank is one of the directors of the KEI. Other than this none of the directors or their spouses had any interest in the donees.

		2012	2011
<b>27.3 Auditors' remuneration</b>		(Rupees in '000)	
Audit fee		6,620	5,200
Half yearly review		1,500	1,200
Special certifications and sundry advisory services		3,825	3,500
Tax Services		5,865	1,099
Out-of-pocket expenses		851	845
		<u>18,661</u>	<u>11,844</u>
Fee for audit of foreign branches		5,982	5,283
		<u>24,643</u>	<u>17,127</u>
<b>28 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		22,600	9,858
Workers' Welfare Fund	28.1	184,333	190,073
		<u>206,933</u>	<u>199,931</u>

28.1 As per the Worker's Welfare Ordinance, 1971, the Bank is liable to pay Workers' Welfare Fund @ 2% of accounting profit before tax or declared income as per the income tax return, whichever is higher.

		2012	2011
<b>29 TAXATION</b>		(Rupees in '000)	
<b>For the year</b>			
Current		3,141,909	3,263,249
Deferred		(754,828)	(1,377,661)
<b>For prior years</b>			
Current		(193,170)	(586,070)
Deferred		33,170	631,070
		<u>(160,000)</u>	<u>45,000</u>
		<u>2,227,081</u>	<u>1,930,588</u>

29.1 The income tax assessments of the Bank have been finalized upto and including tax year 2012. Matters of disagreement exist between the Bank and tax authorities for various assessment years and are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR) and High Court of Sindh. These issues mainly relate to addition of mark up in suspense to income, taxability of profit on government securities, bad debts written off and disallowances relating to profit and loss expenses.

For all assessments finalized upto tax year 2012, adequate provision has been made by the Bank in these financial statements. In respect of tax years 2010 and 2011, the tax authorities have disallowed certain expenditures on account of non-deduction of withholding tax resulting in additional demand of Rs.141.226 million and Rs.661.367 million respectively. The management's appeals in respect of these add-backs are currently pending with the Commissioner of Inland Revenue (Appeals). The management is confident that this matter will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

2012 2011  
(Rupees in '000)

## 29.2 Relationship between tax expense and accounting profit

Profit before taxation	6,783,022	5,433,718
Tax at the applicable rate of 35% (2011: 35%)	2,374,121	1,901,801
Effect of:		
- income chargeable to tax at reduced rates	(57,353)	(47,927)
- permanent differences	7,910	3,450
- tax charge pertaining to overseas branches	37,955	10,997
- tax for prior years	(160,000)	45,000
- others	24,448	17,267
Tax expense for the year	2,227,081	1,930,588

## 30 BASIC / DILUTED EARNINGS PER SHARE

Profit after taxation for the year	4,556,121	3,503,130
	(Number of shares in thousand)	
Weighted average number of ordinary shares	1,349,156	1,349,156
	(Rupees)	
Basic / Diluted earnings per share	3.38	2.60

2012 2011  
(Rupees in '000)

## 31 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	58,044,054	50,882,662
Balances with other banks	26,720,993	17,424,487
Call money lendings	876,870	1,647,355
Overdrawn nostro accounts	(86,177)	(27,007)
	85,555,740	69,927,497

## 32 CREDIT RATING

PACRA has assigned a long term credit rating of AA [Double A] and a short term credit rating of A1+ (A one plus) to the Bank as at June 2012 (2011: AA [Double A] for long term and A1+ [A one plus] for short term).

2012 2011  
(Number of employees)

## 33 STAFF STRENGTH

Permanent	6,666	6,931
Temporary / on contractual basis	458	649
Bank's own staff strength at the end of the year	7,124	7,580
Outsourced	2,773	2,543
Total staff strength	9,897	10,123



## 34 DEFINED BENEFIT PLAN

### 34.1 Principal actuarial assumptions

The projected unit credit method, as allowed under the International Accounting Standard 19 - 'Employee Benefits', was used for actuarial valuation based on the following significant assumptions:

	2012	2011
Discount factor used	11.50%	12.50%
Expected rate of return on plan assets	11.50%	12.50%
Expected rate of salary increase	11.50%	12.50%
Normal retirement age	60 Years	60 Years

The disclosure made in notes 34.1 to 34.12 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2012.

	Note	2012	2011
(Rupees in '000)			
<b>34.2 Reconciliation of payable to defined benefit plan</b>			
Present value of defined benefit obligations	34.6	1,372,290	1,208,509
Fair value of plan assets	34.7	(1,182,932)	(964,669)
Net actuarial losses not recognised	34.10	(189,358)	(243,840)
		-	-
<b>34.3 Movement in payable to defined benefit plan</b>			
Opening balance		-	-
Charge for the year	34.4	255,975	230,502
Bank's contribution to fund made during the year		(255,975)	(230,502)
Closing balance		-	-
<b>34.4 Charge for defined benefit plan</b>			
Current service cost		203,012	115,324
Interest cost		148,867	140,317
Expected return on plan assets		(111,278)	(81,292)
Actuarial losses		15,374	56,153
		255,975	230,502
<b>34.5 Actual return on plan assets</b>		94,348	129,791
<b>34.6 Reconciliation of present value of obligation</b>			
Present value of obligation as at January 1		1,208,509	1,002,268
Current service cost		203,012	115,324
Interest cost		148,867	140,317
Benefits paid		(132,060)	(73,054)
Actuarial (gain) / loss on obligation		(56,038)	23,654
Present value of obligation as at December 31		1,372,290	1,208,509
<b>34.7 Changes in the fair value of plan assets are as follows:</b>			
Opening fair value of plan assets		964,669	677,430
Expected return		111,278	81,292
Contributions by the Bank		255,975	230,502
Benefits paid		(132,060)	(73,054)
Actuarial (loss) / gain		(16,930)	48,499
Fair value at the end of the year		1,182,932	964,669

	2012		2011	
	(Rupees in '000)	%	(Rupees in '000)	%
-----Rupees in '000-----				
<b>34.8 Plan assets consist of the following:</b>				
Ordinary shares	263,218	22%	64,538	7%
Term Finance Certificates	96,540	8%	107,820	11%
Term Deposit Receipts	332,222	28%	274,264	28%
Pakistan Investment Bonds	23,785	2%	20,635	2%
Units of mutual funds	123,730	10%	109,823	11%
Cash and bank balances	343,437	30%	387,589	41%
	<u>1,182,932</u>	<u>100%</u>	<u>964,669</u>	<u>100%</u>

	Note	2012	2011
(Rupees in '000)			

#### 34.9 Actuarial loss to be recognised

##### Corridor Limit

The limits of the corridor as at January 1

10% of obligations

10% of plan assets

which works out to

Unrecognised actuarial losses as at January 1

Deficit

Average expected remaining working lives in years

Actuarial loss to be recognised

	120,851	100,227
	96,467	67,743
	<u>120,851</u>	<u>100,227</u>
	(243,840)	(324,838)
	<u>(122,989)</u>	<u>(224,611)</u>

	8	4
	15,374	56,153

#### 34.10 Unrecognised actuarial losses

Unrecognised actuarial losses as at January 1

Actuarial gain / (loss) on obligations

Actuarial gain/ (loss) on assets

Subtotal

Actuarial loss recognised

Unrecognised actuarial gains / (losses) as at December 31

	(243,840)	(324,838)
34.6	56,038	(23,654)
34.7	(16,930)	48,499
	<u>(204,732)</u>	<u>(299,993)</u>
34.4	15,374	56,153
	<u>(189,358)</u>	<u>(243,840)</u>

#### 34.11 Amount for the current year and the previous four years of the present value of the defined benefit obligation, the fair value of plan assets, surplus/deficit and experience adjustments arising thereon are as follows:

	2012	2011	2010	2009	2008
-----Rupees in '000-----					
Defined benefit obligation	1,372,290	1,208,509	1,002,268	802,966	737,369
Fair value of plan assets	<u>1,182,932</u>	<u>964,669</u>	<u>677,430</u>	<u>696,403</u>	<u>468,272</u>
Deficit	<u>(189,358)</u>	<u>(243,840)</u>	<u>(324,838)</u>	<u>(106,563)</u>	<u>(269,097)</u>
Experience adjustments on plan liabilities	56,038	(23,654)	(5,897)	132,730	(68,203)
Experience adjustments on plan assets	<u>(16,930)</u>	<u>48,499</u>	<u>(217,632)</u>	<u>(3,935)</u>	<u>(28,212)</u>

#### 34.12 Expected gratuity expense for the next year

Expected gratuity expense for the year ending December 31, 2013, works out to Rs 274.778 million.





### 35 DEFINED CONTRIBUTION PLAN

The Bank operates an approved provident fund scheme for all its permanent employees to which both the Bank and employees contribute @ 8.33% of basic salary in equal monthly contributions.

During the year, the Bank contributed Rs. 214.611 million (2011: Rs. 196.230 million) in respect of this fund.

### 36 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
	------(Rupees in '000)-----					
Fee	-	-	61,188	49,034	-	-
Managerial remuneration (including bonus) - also refer note 271	67,156	54,656	-	-	2,246,191	2,194,101
Post employment benefits	7,443	74,002	-	-	181,855	154,142
Rent and house maintenance	3,067	4,763	-	-	470,065	378,055
Utilities	4,467	1,191	-	-	109,720	90,617
	82,133	134,612	61,188	49,034	3,007,831	2,816,915
Number of persons	1	2	4	4	1,071	983

The Chief Executive and certain Executives have been provided with the free use of cars and household equipments as per Bank's policy.

### 37 FAIR VALUE OF FINANCIAL INSTRUMENTS

37.1 Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. These securities are being carried at amortised cost in order to comply with the requirements of the State Bank of Pakistan.

Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. Sub-ordinated loans are carried at redeemable face value as there is no requirement to revalue these under the accounting standards as applicable in Pakistan. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 to these financial statements.

The repricing profile, effective rates and maturity are stated in note 42 to these financial statements.

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.

	2012		2011	
	Book value	Fair value	Book value	Fair value
	-----Rupees in '000-----			

#### 37.2 Off-balance sheet financial instruments

Forward purchase of foreign exchange - net	29,175,612	29,285,327	29,873,142	30,213,935
Forward sale of foreign exchange - net	16,624,885	16,587,249	22,734,732	23,047,576

### 38 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2012			
	Trading & Sales	Retail Banking	Corporate / Commercial Banking	Total
	-----Rupees in '000-----			
Total income	21,987,905	4,773,568	26,599,785	53,361,258
Total expenses	20,191,833	4,171,876	22,214,347	46,578,056
Net income	1,796,072	601,692	4,385,438	6,783,202
Segment assets	200,842,388	28,207,143	307,417,163	536,466,694
Segment non-performing loans	-	3,566,203	18,615,345	22,181,548
Segment provision required against loans and advances	-	2,779,307	11,633,327	14,412,634
Segment liabilities	12,022,484	9,442,905	484,753,903	506,219,292
Segment return on assets (ROA) (%)	11.76%	21.76%	10.18%	
Segment cost of funds (%)	10.28%	10.92%	7.89%	

	2011			
	Trading & Sales	Retail Banking	Corporate / Commercial Banking	Total
	-----Rupees in '000-----			
Total income	14,948,640	4,839,652	29,877,599	49,665,891
Total expenses	13,379,591	4,184,963	26,667,619	44,232,173
Net income	1,569,049	654,689	3,209,980	5,433,718
Segment assets	162,700,263	23,246,161	282,227,378	468,173,802
Segment non-performing loans	-	3,333,825	15,762,789	19,096,614
Segment provision required against loans and advances	-	2,574,849	10,353,994	12,928,843
Segment liabilities	11,304,288	8,532,084	422,560,392	442,396,764
Segment return on assets (ROA) (%)	13.41%	20.82%	12.10%	
Segment cost of funds (%)	11.93%	13.03%	9.71%	

### 39 TRUST ACTIVITIES

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

### 40 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds and directors and key management personnel and their close family members.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to executives is determined in accordance with the terms of their appointment.



Details of transactions with related parties and balances with them as at the year-end are as follows:

		2012						
		Directors	Key Management Personnel	Group/Associated Companies/Others	Associates	Subsidiary	Strategic Investments	Total
		------(Rupees in '000)-----						
<b>40.1</b>	<b>Deposits</b>							
	Balance at the beginning of the year	94,626	40,991	1,748,959	1,304,544	2,211	18	3,191,349
	Placements during the year	138,926	615,576	46,255,346	18,779,760	198,830	-	65,988,438
	Withdrawals / adjustments during the year	(202,152)	(602,580)	(46,219,053)	(19,595,460)	(199,458)	-	(66,818,703)
	Balance at the end of the year	31,400	53,987	1,785,252	488,844	1,583	18	2,361,084
		2011						
		------(Rupees in '000)-----						
	Balance at the beginning of the year	28,787	44,256	148,053	1,227,613	4,621	18	1,453,348
	Placements during the year	162,952	526,924	57,718,261	19,110,891	257,059	-	77,776,087
	Withdrawals / adjustments during the year	(97,113)	(530,189)	(56,117,355)	(19,033,960)	(259,469)	-	(76,038,086)
	Balance at the end of the year	94,626	40,991	1,748,959	1,304,544	2,211	18	3,191,349
<b>40.2</b>	<b>Advances</b>							
	Balance at the beginning of the year	-	126,126	2,298,435	-	2,979	-	2,427,540
	Disbursements during the year	-	132,754	7,931,268	-	1,901,106	-	9,965,128
	Repayments / adjustments during the year	-	(126,660)	(7,621,933)	-	(1,879,152)	-	(9,627,745)
	Balance at the end of the year	-	132,220	2,607,770	-	24,933	-	2,764,923
		2011						
		------(Rupees in '000)-----						
	Balance at the beginning of the year	9,232	149,686	400,000	1,741,096	609,218	-	2,909,232
	Disbursements during the year	1,707	26,255	2,631,332	-	1,980,278	-	4,639,572
	Repayments / adjustments during the year	(10,939)	(49,815)	(732,897)	(1,741,096)	(2,586,517)	-	(5,121,264)
	Balance at the end of the year	-	126,126	2,298,435	-	2,979	-	2,427,540
<b>40.3</b>	<b>Investments</b>							
	Balance at the beginning of the year	-	-	4,847,575	799,483	826,000	120,000	6,593,058
	Investments during the year	-	-	192,665	1,500,000	-	-	1,692,665
	(Redemptions) / adjustment during the year	-	-	(37,123)	-	-	-	(37,123)
	Balance at the end of the year	-	-	5,003,117	2,299,483	826,000	120,000	8,248,600
	Provisions held against investments	-	-	4,290,939	-	826,000	60,000	5,176,939
		2011						
		------(Rupees in '000)-----						
	Balance at the beginning of the year	-	-	50,000	5,686,949	76,000	120,000	5,932,949
	Investments during the year	-	-	20,986	-	750,000	-	770,986
	(Redemptions) / adjustment during the year	-	-	4,776,589	(4,887,466)	-	-	(110,877)
	Balance at the end of the year	-	-	4,847,575	799,483	826,000	120,000	6,593,058
	Provisions held against investments	-	-	2,832,939	-	824,564	60,000	3,717,503

		2012						
		Directors	Key Management Personnel	Group/ Associated Companies/ Others	Associates	Subsidiary	Strategic Investments	Total
		------(Rupees in '000)-----						
<b>40.4 Call borrowings / Repo</b>								
Balance at the beginning of the year		-	-	-	-	-	-	-
Borrowing during the year		-	-	3,986,884	-	-	-	3,986,884
Repayments during the year		-	-	(3,986,884)	-	-	-	(3,986,884)
Balance at the end of the year		-	-	-	-	-	-	-

		2011						
		------(Rupees in '000)-----						
Balance at the beginning of the year		-	-	-	-	-	-	-
Borrowing during the year		-	-	9,280,236	-	-	-	9,280,236
Repayments during the year		-	-	(9,280,236)	-	-	-	(9,280,236)
Balance at the end of the year		-	-	-	-	-	-	-

		2012						
		------(Rupees in '000)-----						
<b>40.5 Call lendings / Reverse Repo</b>								
Balance at the beginning of the year		-	-	-	-	-	-	-
Placements during the year		-	-	49,089,229	-	-	-	49,089,229
Withdrawals during the year		-	-	(49,089,229)	-	-	-	(49,089,229)
Balance at the end of the year		-	-	-	-	-	-	-

		2011						
		------(Rupees in '000)-----						
Balance at the beginning of the year		-	-	-	-	-	-	-
Placements during the year		-	-	10,198,203	-	-	-	10,198,203
Withdrawals during the year		-	-	(10,198,203)	-	-	-	(10,198,203)
Balance at the end of the year		-	-	-	-	-	-	-

		2012	2011
		(Rupees in '000)	
<b>40.6 Advances</b>			
Running finance			
- Subsidiary company		24,933	2,979
- Other related parties		1,989,034	1,798,436
Long term loans			
- Subsidiary company		-	-
- Other related parties		750,956	626,125
<b>40.7 Contingencies and commitments</b>			
Letters of credit and acceptance outstanding		69,716	242,798
Guarantees outstanding		1,050,663	993,913



	2012	2011
	(Rupees in '000)	
<b>40.8 Customer accounts</b>		
PLS accounts		
- Subsidiary company	-	-
- Other related parties	2,065,557	2,978,191
Current accounts		
- Subsidiary company	1,583	2,211
- Other related parties	122,540	80,153
Fixed deposit accounts		
- Other related parties	171,404	130,794
<b>40.9 Balances with other banks</b>		
Balance with United Bank Limited	546,735	1,279,304
<b>40.10 With subsidiary company</b>		
Mark-up income	1,028	28,172
Brokerage expense	1,452	841
Rent income	4,745	7,037
Bank charges recovered	59	67
Provision made against investment	1,436	748,564
(Reversal) / Provision against financing to subsidiary	-	(605,427)
Mark-up receivable on advances	28,340	4,899
Mark-up held in suspense	27,684	4,899
Provision held against investment	826,000	824,564
Rent receivable	7,705	2,960
Provision held against rent receivable	7,705	-
Deposit balance	1,583	2,211
Brokerage payable	287	84
<b>40.11 With associates</b>		
Insurance premium paid to Alfalah Insurance Company Limited	384,674	336,096
Rent income from Alfalah Insurance Limited	1,597	2,476
Advance rent from Alfalah Insurance Company Limited	399	-
Capital loss on redemptions of units of Alfalah GHP Income Multiplier Fund	-	2,610
Dividend income from Alfalah GHP Islamic Fund	62,888	19,565
Dividend income from Alfalah GHP Value Fund	23,118	6,502
Dividend income from Alfalah GHP Cash Fund	91,742	-
Dividend paid to Alfalah Insurance Company Limited	2,624	-

2012                      2011  
(Rupees in '000)

#### 40.12 With other related parties

Mark-up income on advances	271,237	363,304
Rent income from Warid Telecom (Private) Limited	77,321	20,089
Charge for security services to Security and Management Services (Private) Limited and Wakenhut Pakistan (Private) Limited	79,937	70,639
Payment to Wateen Telecom (Private) Limited for purchase of equipment and maintenance charges	217,539	91,359
Provision made during the year in respect of investment in Warid Telecom (Private) Limited	1,458,000	839,892
Provision made during the year in respect of investment in Wateen Telecom Limited	-	173,670
Capital gain on sale of shares of United Bank Limited	10,254	442
Contribution to employees provident fund	214,611	196,230
Contribution to Gratuity fund	255,975	230,502
Commission received from Warid Telecom (Private) Limited	24,105	16,063
Rent receivable from Warid Telecom (Private) Limited	97,410	20,089
Rent receivable from Wateen Telecom Limited	1,884	-
Rent receivable from Alfalah GHP Investment Management Limited	329	329
Provision held against investments in Warid Telecom (Private) Limited	4,003,716	2,545,716
Provision held against investments in Wateen Telecom Limited	287,223	287,223
Provision held against rent receivable from Warid Telecom (Private) Limited	97,410	-
Rent income from Wateen Telecom Limited	24,865	-
Rent income from Alfalah GHP Investment Management Limited	3,943	4,781
Rent expense pertaining to Wateen Telecom Limited	23,760	-
Marketing commission from Alfalah GHP Investment Management Limited	831	4,565

#### 40.13 The key management personnel / directors compensation are as follows:

Salaries and allowances (also refer note 27.1)	721,659	630,112
Advance against salary	-	3,000

In addition, the Chief Executive and certain Executives are provided with Bank maintained cars and other benefits.

## 41 CAPITAL ADEQUACY

### 41.1 Capital Management

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern and allocation of capital to various Business lines thus enabling Business Units to establish their ROE benchmarks, so as to provide adequate returns to shareholders by pricing products and services commensurate with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain that investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

#### Goals of managing capital

The goals of managing capital of the Bank are as follows:

- To be an appropriately capitalised institution, considering the requirements set by the regulators of the banking markets where the Bank operates;
- Maintain strong ratings and to protect the Bank against unexpected events; and
- Availability of adequate capital at a reasonable cost so as to enable the Bank to operate adequately and provide reasonable value addition for the shareholders and other stakeholders.





## Bank's regulatory capital analysed into three tiers

Tier I capital, includes fully paid-up capital, share premium, reserves (excluding foreign exchange translation reserves) and unappropriated profits (net of losses) etc. after deductions for certain specified items such as book value of intangibles, 50% of other deductions e.g., majority and significant minority investments in insurance and other financial entities.

Tier II capital, includes subordinated debt subject to a maximum of 50% of total Tier I capital and fulfilment of specified criteria laid down by the State Bank of Pakistan, general provisions for loan losses (up to a maximum of 1.25 % of total risk weighted assets), reserves on the revaluation of fixed assets and equity investments after deduction of deficit on available for sale investments (up to a maximum of 45 percent), foreign exchange translation reserves etc. 50% of other deductions noted above are also made from Tier II capital.

Tier III supplementary capital, which consists of short term subordinated debt solely for the purpose of meeting a proportion of the capital requirements for market risks. The Bank currently does not have any Tier III capital.

The total of Tier II and Tier III capital has to be limited to Tier I capital.

Banking operations are categorised as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to on-balance sheet and off-balance sheet exposures. The total risk-weighted exposures comprise the credit risk, market risk and operational risk.

On and off-balance sheet assets in the banking book are broken down to various asset classes for calculation of credit risk requirement. External ratings for assets, where available, are applied using the assessments by various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Otherwise, the exposures are treated as unrated and relevant risk weights applied. In addition, there are fixed risk weights for certain types of exposures such as retail portfolio and residential mortgage finance for which external ratings are not applicable. Collaterals if any, are used as credit risk mitigant after applying appropriate haircuts under the Comprehensive Approach. Risk weights notified, are hence applied at adjusted exposures, wherever credit risk mitigation is available. Collaterals used include: Government of Pakistan guarantees, cash, gold, lien on deposits, shares, government securities, bank and corporate guarantees and other debt securities that fall within the definition of eligible collaterals and also fulfill other specified criteria under the relevant capital adequacy guidelines.

The calculation of Capital Adequacy enables the Bank to assess the long-term soundness. As the Bank carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organisation and aggregate the risks so as to take an integrated approach / view. There has been no material change in the Bank's management of capital during the year.

## 41.2 Capital adequacy ratio as at December 31, 2012

The capital to risk weighted assets ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy, using Basel II standardised approaches for credit and market risks and basic indicator approach for operational risk is presented below:

	Note	2012	2011
(Rupees in '000)			
<b>Regulatory capital base</b>			
<b>Tier I capital</b>			
Fully paid-up capital		13,491,563	13,491,563
Reserves (excluding foreign exchange translation reserves)		4,572,982	3,661,758
Unappropriated / unremitted profits (net of losses)		6,561,628	5,248,059
Less: Book value of intangibles		(478,852)	(644,136)
Shortfall in provisions required against classified assets irrespective of any relaxation allowed		-	-
Reciprocal investments in collective investment schemes managed by associated asset management company		-	(6,675)
Deductions in respect of investment in TFCs of other banks in excess of limits prescribed in Appendix 1.1(3)(iii) of SBP Basel II Framework		(46,356)	(10,332)
Other deductions (represents 50% of the majority or significant minority investments in insurance and other financial entities)		(99,742)	(100,460)
<b>Total Tier I capital</b>		<b>24,001,223</b>	<b>21,639,777</b>
<b>Tier II capital</b>			
Subordinated debt (upto 50% of total Tier 1 capital)	41.2.1	7,408,934	4,833,909
General provisions for loan losses subject to 1.25% of total risk weighted assets		571,130	627,522
Revaluation reserve (upto 45%)		2,741,531	1,678,000
Foreign exchange translation reserves		1,063,567	438,506
Less: Other deductions (represents 50% of the majority or significant minority investments in insurance and other financial entities)		(99,742)	(100,460)
<b>Total Tier II capital</b>		<b>11,685,420</b>	<b>7,477,477</b>
<b>Eligible Tier III capital</b>		<b>-</b>	<b>-</b>
<b>Total regulatory capital</b>	(a)	<b>35,686,643</b>	<b>29,117,254</b>



	Capital requirements		Risk Weighted Assets	
	2012	2011	2012	2011
-----Rupees in '000-----				
<b>Risk-weighted exposures</b>				
<b>Credit risk</b>				
<b>Portfolios subject to standardised approach (comprehensive approach for CRM)</b>				
<b>Claims on:</b>				
Sovereigns other than PKR claims	2,024,723	1,659,178	20,247,226	16,591,779
Public sector entities (PSEs)	632,099	412,238	6,320,985	4,122,381
Banks	1,454,244	1,666,464	14,542,436	16,664,637
Corporates	12,734,158	10,846,459	127,341,583	108,464,591
Retail portfolio	3,091,429	3,210,289	30,914,290	32,102,886
Residential mortgage finance	314,605	357,347	3,146,051	3,573,469
Listed equities and regulatory capital instruments issued by others banks	632,506	391,606	6,325,056	3,916,061
Unlisted equity investments	105,919	302,167	1,059,192	3,021,665
Fixed assets	1,326,867	1,280,742	13,268,668	12,807,418
Other assets	600,854	503,437	6,008,544	5,034,371
Past due exposures	922,316	745,675	9,223,157	7,456,749
<b>Market risk</b>				
<b>Portfolios subject to standardised approach</b>				
Interest rate risk	77,829	64,945	972,863	811,813
Equity position risk	-	-	-	-
Foreign exchange risk	41,407	31,990	517,588	399,875
<b>Operational risk</b>				
	3,333,844	2,877,207	41,673,050	35,965,088
Total	(b) 27,292,800	24,349,744	281,560,689	250,932,783
<b>Capital adequacy ratio</b>				
Total eligible regulatory capital held	(a) 35,686,643	29,117,254		
Total risk weighted assets	(b) 281,560,689	250,932,783		
Capital adequacy ratio	[ a / b * 100 ]	12.67%	11.60%	

41.2.1 This includes the amount received by way of Pre-IPO subscription towards TFC V, as at December 31, 2012. The same has been considered as eligible for Tier II inclusion for Capital Adequacy calculation purposes.

### 41.3 Types of exposures and ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch	CRAB & CRISL ^
Sovereigns other than PKR claims	-	-	✓	✓	✓	-
PSEs	✓	✓	-	-	-	-
Banks	✓	✓	✓	✓	✓	✓
Corporates	✓	✓	-	-	-	✓

The State Bank of Pakistan through letter no. BSD/BAI-2/201/1200/2009 dated December 21, 2009 has accorded approval to the Bank for use of ratings assigned by these agencies. The Bank uses these ECAIs to rate its exposures denominated in Bangladeshi currency on certain corporates and banks incorporated in Bangladesh.

## Credit exposures subject to standardised approach - on balance sheet exposures

Exposures	Rating category	2012			2011		
		Amount outstanding	Deduction CRM*	Net Amount	Amount outstanding	Deduction CRM*	Net Amount
Sovereigns other than PKR claims	3	485,749	-	485,749	-	-	-
Sovereigns other than PKR claims	4,5	7,207,235	-	7,207,235	8,078,709	899,457	7,179,252
Sovereigns other than PKR claims	6	2,093,548	485,735	1,607,813	-	-	-
PSEs	1	7,836,234	-	7,836,234	4,091,952	37,756	4,054,196
Banks	1,2,3	5,694,084	-	5,694,084	7,012,441	-	7,012,441
Banks	4,5	48,589	-	48,589	87,132	-	87,132
Banks - FCY claims less than three months	1,2,3	15,717,232	-	15,717,232	12,863,969	-	12,863,969
Banks - FCY claims less than three months	4,5	62,725	-	62,725	-	-	-
Banks - PKR claims less than three months		13,440,051	6,233,839	7,206,212	17,270,178	11,260,581	6,009,597
Corporates	1	12,178,274	5,621	12,172,653	19,671,355	-	19,671,355
Corporates	2	15,711,159	-	15,711,159	8,696,142	50,971	8,645,171
Corporates	3,4	1,238,274	-	1,238,274	983,336	-	983,336
Corporates	5,6	973,350	-	973,350	1,264,015	-	1,264,015
Retail portfolio		42,573,072	4,687,523	37,885,549	42,756,973	3,656,235	39,100,738
Unrated		154,166,203	35,509,504	118,656,699	118,018,637	24,098,010	93,920,627
Total		279,425,779	46,922,222	232,503,557	240,794,839	40,003,010	200,791,829

\*CRM= Credit Risk Mitigation

## 42 RISK MANAGEMENT

The Bank has in place an approved integrated risk management framework for managing credit risk, market risk, liquidity risk and operational risk as evidenced by its Board approved "Risk Management Policy" and "Risk Management Manual".

Following is the governance structure and important policies on Risk Management of the Bank:

- The Board of Directors through its sub-committee called 'Board Risk Management Committee' (BRMC) oversees the overall risk of the Bank.
- RMD is the organisational arm performing the functions of identifying, measuring, monitoring and controlling the various risks and assists the Apex level committee and the various sub-committees in conversion of policies into action.
- An independent risk review function exists at the Bank in the form of Internal Audit Group that reports directly to the Board Audit Committee.
- The Bank has extensively pursued the implementation of Basel II in the Bank. In order to meet the requirements, significant steps have been taken by the Bank including review / revision of policies, procedures, rating models and introduction of rating based discretionary powers etc. Further the discretionary powers have been revamped to include presence of Credit Division even at the lowest level.
- As a policy the reporting line of the risk management function has been kept completely independent of the businesses division.
- The Bank has acquired Temenos T24 banking system as its core banking solution. Bank is evaluating appropriate systems for Enterprise risk management. Further Bank's existing systems are also being enhanced in line with the growing challenges.



## 42.1 Credit risk

Credit Risk Management processes encompass identification, assessment, measurement, monitoring and control of the credit exposures. In the Bank's experience, a key to effective credit risk management is a well thought out business strategy. The Bank's focus over the coming years will be to further enhance risk models, processes and systems infrastructure, in line with its ambition to bring maximum sophistication to the risk management function.

The Bank, as per State Bank of Pakistan Guidelines, has migrated to Basel II with the standardised approach. For credit risk, procedural manual has been developed, which also incorporates a comprehensive system of cross-checks for data accuracy. Simultaneously, processes have been set for fine-tuning systems & procedures, information technology capabilities and risk governance structure to meet the requirements of the advanced approaches as well.

At Bank Alfalah Limited, the management plans to move towards the implementation of Basel-II advanced approaches, which shall provide a sophisticated platform for prudent risk management practices.

The Credit Risk Management comprises of the Credit Risk Unit that looks after all the aspects of credit risk and conducts portfolio analysis and stress testing on a regular basis. The Head of Credit Risk Unit reports directly to the General Manager (GM) - Risk Management Division. The GM RMD reports directly to Chief Risk Officer who reports to CEO. Board Risk Management Committee (BRMC) ensures the Board level oversight of risks embedded in Bank's operations. Besides assisting the Board of Directors in determining the strategic direction of the Bank by providing them the risk perspective, it ensures implementation of the credit risk policy / strategy / credit plan/ appetite approved by the Board and to monitor credit risk on a bank-wide basis and ensure compliance with limits approved by the Bank.

The Bank has built-up and maintained a sound loan portfolio in terms of well-defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in lending activities and ensuring the high quality of asset portfolio. As part of prudent practices the Risk Management Division conducts pre-fact validation of major cases from integrated risk point of view while the discretionary powers for Credit have been revamped to incorporate Obligor Risk Rating and presence of Credit Division even at lowest level. The Bank manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, geography, industry, maturity and large exposure. Internal rating based portfolio analysis is also conducted frequently.

A sophisticated Internal Credit Rating System has been developed by the Bank, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure and security and generates an internal rating vis-à-vis anticipated customer behavior. The system is continuously reviewed for best results in line with the State Bank of Pakistan's guidelines for Internal Credit Rating. Moreover, the system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. Recently the system has been enhanced to generate the risk weighted assets required for supporting the Credit facilities.

The System has the capability to auto generate alerts on accounts showing weakness in financials, hence requiring a more vigilant monitoring, and accounts requiring updation of financials/ rating. The system functionality has been enhanced to provide support to loan origination function and all the Credit Initiation process for Corporate Banking Group. The system is gradually being rolled out for other business groups as well.

The Bank has also developed Facility Rating System in line with SBP's guidelines. The Facility Rating System, providing estimated LGD (Loss Given Default), has been implemented in Corporate & Investment Banking Group and its implementation in other Business Groups will take place in due course with roll out of the Credit Initiation System in other business groups.

The adherence to Risk-appetite statement approved by the Board is monitored by RMD. Further the compliance of regulatory & internal limits is also monitored and any deviations are ratified from the competent authorities.

Credit Monitoring Division (CMD) keeps a watch on the quality of the credit portfolio in terms of its strengths, weaknesses and vulnerabilities, and identifies weakening accounts relationships and reports it to the appropriate authority with a view to not only arrest deterioration but also to pre-empt any regulatory classification. CMD maintains a Watchlist of such accounts which is generated on a quarterly basis and is also reviewed by RMD.

A Centralized Credit Administration Division under Operations Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorization by CAD.

Special attention is paid by the management in respect of non-performing loans. Special Asset Management (SAM) Department is functional and handles this responsibility in compliance with the regulatory requirements. The Risk Management Division also monitors the NPL portfolio of the Bank and reports the same to BRMC.

Proactive credit-risk management practices in the form of Integrated Bank-wide Risk Management and Internal Control Framework, adherence to Basel II accord, constitute the important risk management measures the bank is engaged in for mitigating these exposures. The current focus is on augmenting the Bank's abilities to quantify risk in a consistent, reliable and valid fashion which will ensure advanced level of sophistication in the Credit Risk measurement and management in the years ahead.

#### **42.1.1 Credit Risk - General Disclosures Basel II Specific**

Bank Alfalah Limited is using The Standardised Approach (TSA) of SBP Basel II accord for the purpose of estimating Credit Risk Weighted Assets. Under TSA banks are allowed to take into consideration external rating(s) of counter-party(s) for the purpose of calculating Risk Weighted Assets. A detailed procedural manual specifying return-based formats, methodologies and processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel II Standardised Approach is in place and firmly adhered to.

#### **42.1.2 Disclosures for portfolio subject to the Standardised Approach & Supervisory risk weights in the IRB Approach-Basel II specific**

##### **42.1.2.1 External ratings**

SBP Basel II guidelines require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAAs) namely PACRA, JCR-VIS, Moodys, Fitch and Standard & Poors.

The State Bank of Pakistan through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 has accorded approval to the Bank for use of ratings assigned by CRAB and CRISL. The Bank uses these ECAAs to rate its exposures denominated in Bangladeshi currency on certain corporates and banks incorporated in Bangladesh.

The Bank uses external ratings for the purposes of computing the risk weights as per the Basel II framework. For exposures with a contractual maturity of less than or equal to one year, short-term rating given by approved Rating Agencies is used, whereas for long-term exposure with maturity of greater than one year, long-term rating is used.

Where there are two ratings available, the lower rating is considered and where there are three or more ratings the second - lowest rating is considered.

#### **42.1.3 Disclosures with respect to Credit Risk Mitigation for Standardised and IRB approaches-Basel II specific**

##### **42.1.3.1 Credit risk mitigation policy**

The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.





#### 421.3.2 Collateral valuation and management

As stipulated in the SBP Basel II guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel II guidelines. In line with Basel II guidelines, the Bank makes adjustments in eligible collaterals received for possible future fluctuations in the value of the collateral in line with the requirements specified by SBP guidelines. These adjustments, also referred to as 'haircuts', to produce volatility-adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

#### 421.3.3 Types of collateral taken by the Bank

Bank Alfalah Limited determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be taken. Moreover, in order to cover the entire exposure Personal Guarantees of Directors / Borrowers are also obtained by the Bank. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the security of the property/automobile being financed respectively. The valuation of the properties is carried out by an approved valuation agency.

The Bank also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorisation approved by the Board of Directors. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

#### 421.3.4 Types of eligible financial collateral

For credit risk mitigation purposes, the Bank considers all types of financial collaterals that are eligible under SBP Basel II accord. This includes Cash / TDRs, Gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by a recognised credit rating agency, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities. In general, for Capital calculation purposes, in line with the SBP Basel II requirements, the Bank recognises only eligible collaterals as mentioned in the SBP Basel II accord.

#### 421.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower and group borrowers. Moreover, in order to restrict the industry concentration risk, BAL's annual credit plan spells out the maximum allowable exposure that it can take on specific industries for every business group. Additionally, the newly developed Internal Rating System allows the Bank to monitor risk rating concentration of counterparties against different grades / scores ranging from 1 - 12 (1 being the best and 10 - 12 for defaulters). Further, the Bank is in the process of developing Group Rating framework and is also working on the framework to restrict the per party / per group exposure limits based on the Internal Risk Rating of the obligor and the group.

## 42.1.4 Segmental information

### 42.1.4.1 Segments by class of business

	2012					
	Advances (Gross)		Deposits		Contingent liabilities *	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Agribusiness	23,441,369	9.44%	5,991,402	1.31%	1,104,894	0.93%
Automobile & Transportation						
Equipment	2,266,013	0.91%	7,203,926	1.58%	2,083,365	1.76%
Chemical and Pharmaceuticals	6,180,690	2.49%	3,636,177	0.80%	7,772,278	6.55%
Cement	1,591,003	0.64%	730,998	0.16%	534,265	0.45%
Communication	3,869,366	1.56%	11,817,340	2.59%	2,999,320	2.53%
Electronics and Electrical Appliances	3,191,601	1.29%	1,931,748	0.42%	912,238	0.77%
Educational Institutes	1,422,934	0.57%	4,556,799	1.00%	10,294	0.01%
Financial	7,305,222	2.94%	22,261,056	4.87%	28,390,459	23.94%
Fertilizers	8,021,769	3.23%	13,519,819	2.96%	1,282,634	1.08%
Food & Allied Products	6,578,003	2.65%	4,757,740	1.04%	1,020,736	0.86%
Glass & Ceramics	481,062	0.19%	763,013	0.17%	213,702	0.18%
Ghee & Edible Oil	3,517,228	1.42%	1,543,328	0.34%	4,887,406	4.12%
Housing Societies / Trusts	1,255,647	0.51%	24,812,677	5.43%	10,387	0.01%
Insurance	7,183	0.00%	1,494,202	0.33%	-	0.00%
Import & Export	4,420,467	1.78%	12,391,988	2.71%	616,802	0.52%
Iron / Steel	7,619,067	3.07%	4,921,898	1.08%	5,700,759	4.81%
Oil & Gas	13,291,979	5.35%	16,452,440	3.60%	13,287,553	11.20%
Paper & Board	3,801,035	1.53%	780,809	0.17%	1,467,949	1.24%
Production and Transmission						
of Energy	31,966,616	12.87%	10,129,367	2.22%	11,758,639	9.91%
Real Estate / Construction	4,717,019	1.90%	12,011,599	2.63%	4,057,718	3.42%
Retail / Wholesale Trade	6,201,024	2.50%	18,464,799	4.04%	1,583,959	1.34%
Rice Processing and Trading/ Wheat	10,305,678	4.15%	3,131,981	0.69%	60,571	0.05%
Sugar	7,512,150	3.02%	1,406,822	0.31%	634,102	0.53%
Shoes and Leather garments	1,156,189	0.47%	1,123,783	0.25%	125,435	0.11%
Sports Goods	429,880	0.17%	420,708	0.09%	42,916	0.04%
Surgical Goods	201,210	0.08%	376,770	0.08%	40,201	0.03%
Textile Spinning	18,588,966	7.49%	2,344,989	0.51%	4,509,941	3.80%
Textile Weaving	6,910,937	2.78%	1,986,322	0.43%	1,913,000	1.61%
Textile Composite	11,775,112	4.74%	2,866,048	0.63%	4,445,599	3.75%
Welfare Institutions	146,267	0.06%	6,988,156	1.53%	-	0.00%
Individuals	26,237,780	10.57%	143,322,319	31.35%	2,255,826	1.90%
Others	23,935,526	9.63%	112,977,700	24.68%	14,887,672	12.55%
	<u>248,345,992</u>	<u>100.00%</u>	<u>457,118,723</u>	<u>100.00%</u>	<u>118,610,620</u>	<u>100.00%</u>



	2011					
	Advances (Gross)		Deposits		Contingent liabilities *	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Agribusiness	16,829,514	7.96%	4,786,146	1.19%	475,208	0.42%
Automobile & Transportation						
Equipment	2,595,836	1.23%	5,240,253	1.31%	3,490,790	3.10%
Chemical and Pharmaceuticals	6,263,820	2.96%	3,675,305	0.92%	3,090,389	2.75%
Cement	1,596,337	0.76%	1,247,994	0.31%	829,755	0.74%
Communication	4,135,904	1.96%	12,239,814	3.05%	2,837,843	2.52%
Electronics and Electrical Appliances	3,292,240	1.56%	1,569,481	0.39%	649,001	0.58%
Educational Institutes	1,083,056	0.51%	4,804,148	1.20%	20,857	0.02%
Financial	7,870,983	3.72%	21,821,058	5.44%	32,163,825	28.59%
Fertilizers	6,846,625	3.24%	13,270,418	3.31%	578,384	0.51%
Food & Allied Products	4,341,969	2.05%	2,676,516	0.67%	877,256	0.78%
Glass & Ceramics	314,862	0.15%	417,834	0.10%	51,789	0.05%
Ghee & Edible Oil	5,709,566	2.70%	1,439,915	0.36%	3,767,027	3.35%
Housing Societies / Trusts	2,216,888	1.05%	21,250,321	5.30%	2,113	0.00%
Insurance	108,566	0.05%	1,787,598	0.45%	-	0.00%
Import & Export	2,290,455	1.08%	9,935,974	2.48%	1,582,603	1.41%
Iron / Steel	6,010,852	2.84%	3,729,885	0.93%	3,927,715	3.49%
Oil & Gas	10,725,000	5.07%	23,047,692	5.74%	12,794,176	11.37%
Paper & Board	2,584,211	1.22%	529,610	0.13%	531,131	0.47%
Production and Transmission of Energy	20,506,474	9.70%	10,529,560	2.62%	10,424,545	9.27%
Real Estate / Construction	3,040,685	1.44%	14,727,764	3.67%	3,166,510	2.81%
Retail / Wholesale Trade	8,066,241	3.82%	15,208,735	3.79%	1,409,078	1.25%
Rice Processing and Trading/ Wheat	6,505,090	3.08%	2,890,741	0.72%	72,547	0.06%
Sugar	3,799,617	1.80%	1,152,056	0.29%	569,929	0.51%
Shoes and Leather garments	1,941,127	0.92%	794,605	0.20%	611,558	0.54%
Sports Goods	305,744	0.14%	318,304	0.08%	101,781	0.09%
Surgical Goods	479,012	0.23%	412,808	0.10%	62,332	0.06%
Textile Spinning	14,114,457	6.68%	1,418,786	0.35%	444,783	0.40%
Textile Weaving	3,207,989	1.52%	1,126,758	0.28%	565,616	0.50%
Textile Composite	15,537,679	7.35%	2,578,022	0.64%	1,488,053	1.32%
Welfare Institutions	103,252	0.05%	7,142,547	1.78%	475	0.00%
Individuals	27,144,975	12.84%	116,104,408	28.94%	3,276,836	2.91%
Others	21,828,329	10.32%	93,372,830	23.26%	22,629,382	20.13%
	211,397,355	100.00%	401,247,886	100.00%	112,493,287	100.00%

\* Contingent liabilities for the purpose of this note are presented at cost and includes direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.

#### 42.1.4.2 Segment by sector

	2012					
	Advances (Gross)		Deposits		Contingent liabilities *	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	45,606,246	18%	42,281,695	9%	21,249,180	18%
Private	202,739,746	82%	414,837,028	91%	97,361,440	82%
	248,345,992	100%	457,118,723	100%	118,610,620	100%

	2011					
	Advances (Gross)		Deposits		Contingent liabilities *	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	23,618,336	11%	59,839,825	15%	31,022,278	28%
Private	187,779,019	89%	341,408,061	85%	81,471,009	72%
	211,397,355	100%	401,247,886	100%	112,493,287	100%

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

	2012		2011	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	-----Rupees in '000-----			
Agriculture, forestry, hunting and fishing	430,014	132,355	508,009	218,891
Textile	4,971,107	3,202,641	4,220,895	2,821,821
Chemical and pharmaceuticals	156,088	57,266	113,975	62,959
Automobile and transportation equipment	244,683	115,934	225,571	100,599
Oil & Gas	1,500,000	375,000	-	-
Wholesale and retail trade	779,816	348,000	703,523	278,085
Individuals	3,763,435	2,890,026	3,495,241	2,649,206
Others	10,336,405	6,750,293	9,829,400	6,199,192
	22,181,548	13,871,515	19,096,614	12,330,753

#### 42.1.4.4 Details of non-performing advances and specific provisions by sector

	2012		2011	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	-----Rupees in '000-----			
Public / Government	-	-	-	-
Private	22,181,548	13,871,515	19,096,614	12,330,753
	22,181,548	13,871,515	19,096,614	12,330,753

#### 42.1.4.5 Geographical segment analysis

	2012			
	Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
	-----Rupees in '000-----			
Pakistan	5,912,276	491,283,979	28,027,057	110,005,348
Asia Pacific (including South Asia)	752,039	36,909,079	1,801,966	6,004,162
Middle East	118,887	8,273,636	418,379	2,601,110
	6,783,202	536,466,694	30,247,402	118,610,620
	2011			
	Profit before taxation	Total assets employed	Net assets employed	Contingent liabilities *
	-----Rupees in '000-----			
Pakistan	4,846,102	421,512,096	18,777,813	103,534,330
Asia Pacific (including South Asia)	531,605	39,845,950	6,612,525	6,157,862
Middle East	56,011	6,815,756	386,700	2,801,095
	5,433,718	468,173,802	25,777,038	112,493,287

\* Contingent liabilities for the purpose of this note are presented at cost and include direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.



## 42.2 Market risk

Market risk is the risk of losses due to on and off- balance sheet positions arising out of changes in market prices. Market risk mainly arises from trading activities undertaken by the Bank's treasury. It also includes investments and structural positions in the banking book of the Bank. To manage and control market risk, a well defined limits structure is in place. These limits are reviewed, adjusted and approved periodically.

The Bank uses the Standardized Approach to calculate capital charge for market risk as per the current regulatory framework under Basel II. Currently, the Bank calculates 'Value at Risk (VaR)' on a daily basis. Moreover, the Bank also carries out stress testing on regular intervals by applying parallel shocks of changes in market yield on all the categories of T-Bills and Government securities. Going forward the Bank is preparing to use more sophisticated systems and models. It is currently evaluating use of various tools to enhance its capability to successfully meet the requirements of the internal models approach of Basel II.

### 42.2.1 Foreign exchange risk

Foreign exchange risk arises from the fluctuation in the value of financial instruments consequent to the changes in foreign exchange rates. The Bank manages this risk by setting and monitoring dealer, currency and counter-party limits for on and off-balance sheet financial instruments.

FX risk is mainly managed through matched positions. Unmatched positions are covered substantially through derivative instruments such as Forwards and Swaps.

The currency risk is regulated and monitored against the regulatory/statutory limits enforced by the State Bank of Pakistan. The foreign exchange exposure limits in respective currencies are managed against the prescribed limits.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2012			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	-----Rupees in '000-----			
Pakistan Rupee	508,454,421	465,464,953	(12,300,490)	30,688,978
United States Dollar	24,636,874	33,461,346	8,320,919	(503,553)
Great Britain Pound	1,904,469	3,867,303	1,949,348	(13,486)
Japanese Yen	104,579	320,023	216,182	738
Euro	1,277,682	3,092,487	1,847,169	32,364
Other currencies	88,669	13,180	(33,128)	42,361
Total foreign currency exposure	28,012,273	40,754,339	12,300,490	(441,576)
Total currency exposure	536,466,694	506,219,292	-	30,247,402
	2011			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	-----Rupees in '000-----			
Pakistan Rupee	449,956,965	417,741,665	(6,838,139)	25,377,161
United States Dollar	16,762,600	18,346,095	1,868,000	284,505
Great Britain Pound	496,859	3,243,095	2,758,027	11,791
Japanese Yen	103,140	386,177	289,800	6,763
Euro	737,300	2,675,126	1,946,285	8,459
Other currencies	116,938	4,606	(23,973)	88,359
Total foreign currency exposure	18,216,837	24,655,099	6,838,139	399,877
Total currency exposure	468,173,802	442,396,764	-	25,777,038

#### 42.2.2 Equity position risk

Equity position risk in the trading books arises due to changes in prices of individual stocks or levels of equity indices. The Bank's equity trading book comprises of Equity Portfolio Unit's investments classified as Held for Trading (HFT). The objective of Equity Portfolio Unit's investments classified as HFT portfolio is to take advantages of short term capital gains while the AFS portfolio is maintained with a medium term view of capital gains and dividend income. Special emphasis is given to the details of risks / mitigants, limits / controls for equity trading portfolios of Equity Portfolio Unit.

#### 42.3 Interest rate risk

The interest rate risk arises from the fluctuation in the value of financial instruments consequent to changes in market interest rates. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or are re-priced in a given period. In order to ensure that this risk is managed within acceptable limits, Bank's Asset and Liability Management Committee (ALCO) monitors the re-pricing of the assets and liabilities on a regular basis.



### 42.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective Yield/Interest Rate	Exposed to Yield/Interest risk							Non-interest bearing financial instruments		
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years		Over 5 to 10 Years	Above 10 Years
<b>2012</b>											
-----Rupees in '000-----											
<b>On-balance sheet financial instruments</b>											
<b>Assets</b>											
Cash and balances with treasury banks		8,178,377	131,988	8,036	-	-	-	-	-	-	49,865,677
Balances with other banks	2.29%	13,193,491	-	-	-	-	-	-	-	-	12,387,478
Lending to financial institutions	6.61%	3,912	485,749	-	-	-	-	-	-	-	-
Investments	10.44%	16,159,031	28,748,982	49,808,138	53,131,805	4,552,349	3,549,152	15,998,718	11,416,012	-	6,122,579
Advances	11.38%	233,393,358	249,789,951	113,517,514	211,676,661	-	-	-	-	-	-
Other assets	-	11,415,448	-	-	-	-	-	-	-	-	11,415,448
<b>Liabilities</b>		520,477,485	40,419,915	127,116,790	163,333,688	74,248,571	4,552,349	3,549,152	15,998,718	11,416,012	79,791,178
Bills payable		8,430,910	-	-	-	-	-	-	-	-	8,430,910
Borrowings	8.54%	21,227,834	680,048	10,765,433	-	-	-	-	-	-	861,777
Deposits and other accounts	5.68%	45,718,723	74,342,250	135,161,828	23,512,462	1,528,989	1,073,959	20,081	1,235,794	-	165,414,448
Sub-ordinated loans	13.28%	5,874,742	-	3,501,569	475	-	-	951	-	-	-
Other liabilities	-	12,950,904	-	-	-	-	-	-	-	-	12,950,904
<b>On-balance sheet gap</b>		505,603,113	82,802,632	6,024,632	23,512,937	15,299,339	1,074,910	2,390,878	12,355,794	-	186,882,440
<b>Off-balance sheet financial instruments</b>		14,874,372	(42,382,717)	66,921,580	174,066,427	50,735,634	3,022,410	2,474,242	13,607,840	10,180,218	(10,709,126)
Forward exchange contracts - purchase		291,756,612	12,278,641	10,108,609	5,735,364	1,052,998	-	-	-	-	-
Forward exchange contracts - sale		16,624,885	5,782,235	8,663,586	1,615,846	563,218	-	-	-	-	-
Repo transactions repurchase		5,985,516	5,985,516	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		6,565,211	510,890	14,450,235	4,119,518	489,780	-	-	-	-	-
<b>Total yield / interest rate risk sensitivity gap</b>		(41,871,827)	68,366,603	21,525,945	51,225,414	3,022,410	2,474,242	13,607,840	10,180,218	-	-
<b>Cumulative yield / interest rate risk sensitivity gap</b>		(41,871,827)	26,494,776	48,020,721	99,246,135	102,268,545	104,742,787	118,350,627	128,530,845	128,530,845	-
<b>2011</b>											
-----Rupees in '000-----											
<b>On-balance sheet financial instruments</b>											
<b>Assets</b>											
Cash and balances with treasury banks		9,534,038	-	-	-	-	-	-	-	-	41,348,624
Balances with other banks	6.78%	5,078,631	449,729	-	-	-	-	-	-	-	11,896,127
Lending to financial institutions	10.89%	7,765,407	7,765,931	-	-	7,476	-	3,597,728	-	-	-
Investments	12.25%	166,631,768	34,851,149	56,605,654	38,091,740	2,556,988	-	15,435,343	7,657,417	-	4,867,812
Advances	13.10%	198,468,512	75,072,700	91,031,268	30,109,891	-	-	-	-	-	12,230,193
Other assets	-	12,230,193	-	-	-	-	-	-	-	-	12,230,193
<b>Liabilities</b>		453,030,029	27,493,190	110,373,578	147,636,922	68,201,631	2,564,464	3,597,728	15,435,343	7,657,417	70,542,736
Bills payable		5,403,453	-	-	-	-	-	-	-	-	5,403,453
Borrowings	8.40%	18,168,978	952,236	8,981,663	-	-	-	-	-	-	270,006
Deposits and other accounts	6.08%	40,124,786	21,329,114	26,731,534	126,128,375	94,838	1,508,406	137,299	500	-	146,934,389
Sub-ordinated loans	15.38%	714,693	77,529,951	4,767,077	477	954	954	794,030	1,585,201	-	-
Other liabilities	-	9,265,692	-	-	-	-	-	-	-	-	9,265,692
<b>On-balance sheet gap</b>		441,234,702	28,428,732	78,482,187	40,480,274	126,128,852	949,272	15,093,600	931,329	2,694,156	61,630,540
<b>Off-balance sheet financial instruments</b>		12,066,327	(935,542)	31,891,391	107,156,648	(57,927,221)	1,615,192	2,088,368	14,504,014	4,963,261	(91,287,784)
Forward exchange contracts - purchase		29,873,142	11,847,028	9,680,979	6,712,088	1,633,047	-	-	-	-	-
Forward exchange contracts - sale		22,734,732	5,563,874	11,094,507	6,074,351	-	-	-	-	-	-
Repo transactions resale		6,118,181	6,118,181	-	-	-	-	-	-	-	-
Repo transactions repurchase		5,495,710	5,495,710	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		776,088	(1,413,528)	637,737	1,633,047	-	-	-	-	-	-
<b>Total yield / interest rate risk sensitivity gap</b>		5,968,083	30,477,863	107,794,385	(56,294,174)	1,615,192	2,088,368	14,504,014	4,963,261	-	-
<b>Cumulative yield / interest rate risk sensitivity gap</b>		5,968,083	36,445,946	144,240,331	87,946,157	89,561,349	91,649,717	106,153,731	111,116,992	111,116,992	-

#### 42.3.2 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities

	2012	2011
	(Rupees in '000)	
Total financial assets as per note 42.3.1	520,477,485	453,303,029
Add: Non financial assets		
Operating fixed assets	13,747,520	13,388,683
Deferred tax assets	384,601	421,825
Other assets	1,857,088	1,060,265
Total assets as per statement of financial position	<u>536,466,694</u>	<u>468,173,802</u>
Total liabilities as per note 42.3.1	505,603,113	441,234,702
Add: Non financial liabilities		
Other liabilities	616,179	1,162,062
Total liabilities as per statement of financial position	<u>506,219,292</u>	<u>442,396,764</u>

#### 42.4 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a regular basis and is primarily responsible for the formulation of the overall strategy and oversight of the asset liability function. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Moreover, as core retail deposits form a considerable part of the Bank's overall funding mix therefore significant importance is being given to the stability and growth of these deposits. The BOD has approved a comprehensive liquidity management policy which stipulates the early warning indicators of liquidity risk and maintenance of various ratios. Moreover, Bank also has a 'Contingency Funding Plan' (CFP) in place to address liquidity issues in times of stress / crisis situations. The CFP is regularly reviewed and updated. Further the Bank has designed different scenarios of cash outflows to stress test efficacy of its liquid assets and its impact on Profit and Loss. The results are regularly reviewed by ALCO for taking appropriate measures.



42.4.1

Maturities of assets and liabilities - based on working prepared by the Asset and Liability Management Committee (ALCO) of the Bank  
2012

	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
<b>Assets</b>									
Cash and balances with treasury banks	24,419,653	2,988,015	2,029,984	3,222,806	4,065,110	4,290,495	4,771,681	1,515,216	10,743,094
Balances with other banks	25,880,969	1,131,988	8,036	-	-	-	-	-	-
Lending to financial institutions	39,121	485,749	-	-	-	-	-	-	-
Investments	14,781,556	12,998,233	15,914,593	64,937,458	28,837,680	18,748,897	17,890,417	12,826,117	2,551,811
Advances	21,820,828	23,955,036	49,726,195	66,756,517	8,721,406	9,883,708	27,981,643	17,844,388	7,243,637
Fixed assets	13,747,520	159,666	239,499	478,998	957,996	957,996	1,763,072	2,201,522	6,908,938
Deferred Tax Assets	384,601	-	-	-	-	-	384,601	-	-
Other assets	13,272,536	70,774,747	130,928	534,270	420,699	66,590	99,885	99,885	-
	98,286,492	42,426,434	68,049,235	135,930,049	450,02,891	33,947,886	52,891,299	34,485,128	27,447,480
<b>Liabilities</b>									
Bills payable	8,430,910	680,048	10,765,433	59,430,014	70,866,435	-	-	1,235,794	-
Borrowings	21,227,834	69,406,172	31,430,133	441,308	2,000	72,635,414	79,888,361	25,382,031	-
Deposits and other accounts*	45,718,723	49,080,163	441,454	441,308	516,016	2,000	4,988,000	3,741,000	-
Sub-ordinated loans	5,874,742	386,124	636,549	1,523,611	516,016	516,016	1,032,031	-	-
Other liabilities	13,567,083	71,384,451	43,273,549	60,394,935	71,384,451	73,153,430	85,908,392	30,358,825	-
	506,219,292	70,472,344	43,273,549	60,394,935	71,384,451	73,153,430	85,908,392	30,358,825	-
<b>Net assets</b>	<b>27,013,124</b>	<b>(28,045,910)</b>	<b>24,775,686</b>	<b>75,535,116</b>	<b>(28,381,560)</b>	<b>(39,205,744)</b>	<b>(33,017,093)</b>	<b>4,126,303</b>	<b>27,447,480</b>
Share capital	13,491,563	-	-	-	-	-	-	-	-
Reserves	5,636,549	-	-	-	-	-	-	-	-
Unappropriated profit	6,561,628	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	4,557,662	-	-	-	-	-	-	-	-
	<b>30,247,402</b>								

2011

	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
<b>Assets</b>									
Cash and balances with treasury banks	16,129,477	449,729	-	-	-	-	-	-	34,753,185
Balances with other banks	16,974,758	-	-	-	7,476	-	-	-	-
Lending to financial institutions	7,757,933	13,821,908	37,537,981	51,151,125	27,115,989	4,239,351	15,983,555	10,174,668	799,484
Investments	5,707,707	22,657,219	37,770,912	59,807,701	11,114,882	9,118,620	14,093,295	12,080,819	9,294,155
Advances	22,530,909	182,551	27,382,711	54,765,317	1,095,507	1,095,507	2,044,129	1,596,231	6,462,401
Fixed assets	9,127	-	-	-	-	-	-	-	-
Deferred Tax Assets	421,825	124,461	186,692	289,795	107,669	107,669	161,503	161,499	-
Other assets	13,290,458	81,343,229	75,769,412	111,796,274	39,441,323	14,560,947	32,704,507	24,013,217	51,309,225
	468,173,802	37,235,868	75,769,412	111,796,274	39,441,323	14,560,947	32,704,507	24,013,217	51,309,225
<b>Liabilities</b>									
Bills payable	5,403,453	952,256	8,981,663	55,244,470	59,451,680	-	-	1,108,454	-
Borrowings	18,168,978	41,870,985	29,425,673	856,999	882,876	113,429,247	32,868,879	30,242,210	-
Deposits and other accounts*	401,247,886	38,716,692	416,819	856,999	882,876	2,000	1,665,330	3,324,669	-
Sub-ordinated loans	7,748,693	-	-	1,549,216	1,026,822	1,026,822	-	152,120	-
Deferred tax liabilities	-	-	-	57,650,735	61,361,378	114,458,069	35,559,031	34,827,453	-
Other liabilities	10,427,754	5,027,051	506,059	1,549,216	1,026,822	1,026,822	1,026,822	152,120	-
	442,396,764	56,273,821	39,330,214	57,650,735	61,361,378	114,458,069	35,559,031	34,827,453	-
<b>Net assets</b>	<b>25,777,038</b>	<b>(5,700,195)</b>	<b>36,439,198</b>	<b>54,145,539</b>	<b>(21,920,055)</b>	<b>(99,897,122)</b>	<b>(2,854,724)</b>	<b>(10,814,236)</b>	<b>51,309,225</b>
Share capital	13,491,563	-	-	-	-	-	-	-	-
Reserves	4,100,264	-	-	-	-	-	-	-	-
Unappropriated profit	5,248,059	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	2,937,152	-	-	-	-	-	-	-	-
	<b>25,777,038</b>								

In line with SBR BSD Circular Letter No.03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Bank conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed regression analysis to determine deposit withdrawals pattern on Current and Savings Accounts (CASA). Regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.

42.4.1.2 Maturities of assets and liabilities based on contractual maturities

2012

Assets	Total	Rupees in '000								
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Cash and balances with treasury banks	580,444,054	24,419,653	2,988,015	2,029,984	3,222,806	4,065,110	4,290,495	4,771,681	1,515,216	10,743,094
Balances with other banks	26,720,993	25,580,969	1,131,988	8,036	-	-	-	-	-	-
Lendings to financial institutions	876,870	391,121	485,749	-	-	-	-	-	-	2,551,811
Investments	189,496,762	14,781,556	15,914,593	64,937,458	28,837,680	18,748,897	17,890,417	27,981,643	12,826,117	7,243,637
Advances	233,933,358	21,820,828	23,955,036	49,726,195	66,756,517	9,883,708	1,763,072	1,763,072	17,844,388	6,908,938
Fixed assets	13,747,520	79,833	239,499	478,998	957,996	957,996	384,601	99,885	2,201,522	-
Deferred Tax Assets	384,601	-	-	-	-	-	-	-	-	-
Other assets	13,272,536	11,212,532	707,747	130,928	534,270	66,590	99,885	99,885	99,885	-
	536,466,694	98,286,492	42,426,434	68,049,235	135,930,049	430,02,891	33,947,886	52,891,299	34,485,128	27,447,480
<b>Liabilities</b>										
Bills payable	8,430,910	8,430,910	-	-	-	-	-	-	-	-
Borrowings	21,272,834	8,546,559	10,765,433	-	-	-	-	-	12,357,994	-
Deposits and other accounts	457,118,723	56,064,705	18,088,667	23,512,462	15,289,889	1,073,959	20,081	20,081	-	-
Sub-ordinated loans	5,874,742	441,434	441,434	441,434	2,000	2,000	4,988,000	4,988,000	-	-
Other liabilities	13,567,083	5,215,736	386,124	1,523,611	516,016	516,016	1,032,031	1,032,031	3,741,000	-
	506,219,292	379,023,065	57,130,877	29,932,083	25,477,381	2,047,005	15,919,75	6,040,112	4,976,794	-
<b>Net assets</b>	<b>30,247,402</b>	<b>(280,736,573)</b>	<b>(14,704,443)</b>	<b>38,117,152</b>	<b>110,452,668</b>	<b>40,955,886</b>	<b>32,355,711</b>	<b>46,851,187</b>	<b>29,508,334</b>	<b>27,447,480</b>
Share capital	13,491,563	-	-	-	-	-	-	-	-	-
Reserves	5,636,549	-	-	-	-	-	-	-	-	-
Unappropriated profit	6,561,628	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	4,557,662	-	-	-	-	-	-	-	-	-
	<b>30,247,402</b>	-	-	-	-	-	-	-	-	-

2011

Assets	Total	Rupees in '000								
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Cash and balances with treasury banks	50,882,662	16,129,477	449,729	-	-	-	-	-	-	34,753,185
Balances with other banks	17,424,487	16,974,758	-	-	-	-	-	-	-	-
Lendings to financial institutions	7,765,407	7,751,931	-	-	-	-	-	-	-	-
Investments	166,531,768	5,707,707	37,537,981	511,511,25	271,115,989	4,239,351	15,983,555	10,174,668	10,174,668	799,484
Advances	198,468,512	22,530,909	22,657,219	37,770,912	59,807,701	9,118,620	14,093,295	12,080,819	12,080,819	9,294,155
Fixed assets	13,388,683	9,127	182,551	273,827	547,653	1,095,307	2,044,129	2,044,129	1,596,231	6,462,401
Deferred Tax Assets	421,825	-	-	-	-	-	421,825	-	-	-
Other assets	13,290,458	12,151,170	124,461	289,795	107,669	107,669	161,503	161,499	161,499	-
	468,173,802	81,343,229	37,235,868	75,769,412	111,796,274	14,560,947	32,704,307	32,704,307	24,013,217	51,309,225
<b>Liabilities</b>										
Bills payable	5,403,453	5,403,453	-	-	-	-	-	-	-	-
Borrowings	181,688,978	712,625	8,981,663	29,774,524	15,084,406	-	-	-	11,084,454	-
Deposits and other accounts	401,247,886	302,970,459	26,731,534	856,999	2,000	15,084,406	137,299	1,665,330	500	-
Sub-ordinated loans	7,148,693	416,819	416,819	1,026,822	1,026,822	1,026,822	1,026,822	1,026,822	3,324,669	-
Other liabilities	10,427,754	5,027,051	112,842	154,921	102,682	1,026,822	1,026,822	1,026,822	15,212,0	-
	442,396,764	320,152,738	40,241,924	32,180,739	2,888,016	2,537,228	2,829,451	2,829,451	4,585,743	-
<b>Net assets</b>	<b>25,777,038</b>	<b>(239,184,359)</b>	<b>(3,006,056)</b>	<b>79,615,535</b>	<b>36,583,507</b>	<b>12,023,719</b>	<b>29,874,856</b>	<b>19,427,474</b>	<b>51,309,225</b>	<b>51,309,225</b>
Share capital	13,491,563	-	-	-	-	-	-	-	-	-
Reserves	4,100,264	-	-	-	-	-	-	-	-	-
Unappropriated profit	5,248,059	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	2,937,152	-	-	-	-	-	-	-	-	-
	<b>25,777,038</b>	-	-	-	-	-	-	-	-	-



Current and Saving deposits have been classified under maturity upto one month as these do not have any contractual maturity. Further, the Bank estimates that these deposits are a core part of its liquid resources and will not fall below the current year's level.

#### 42.5 Operational risk

Basel II defines Operational risk as, "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events." In compliance with the Risk Management Guidelines, issued by SBP, an Operational Risk Function has been established within RMD, which directly reports to General Manager - RMD.

The Operational risk management policy of the Bank is duly approved by the Board and Risk Management Manual includes Operational risk portion, which covers the strategies, processes, structure and functions of Operational risk management and provide guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Bank.

##### 42.5.1 Operational Risk Disclosures - Basel II Specific

Currently, The Bank is using the 'Basic Indicator Approach' for calculating the capital charge for Operational Risk. However, The Bank intends to move towards the 'Alternative Standardised Approach' and for this purpose, the mapping of business activities into Basel defined business lines has already been completed and request been sent to SBP for a parallel run.

Operational Risk Function along with business / support units is involved and regularly collaborate in determining and reviewing the strategy, in order to use it as an action plan in improving the operational risk and control system at the organizational and business / support unit levels. All the policies and procedures of the bank are reviewed from operational risk perspective, and the recommendations of RMD are taken into consideration before their approval at the appropriate level. All the business / support units are responsible for ensuring compliance with policies and procedures in their day-to-day activities and monitoring key operational risk exposures. Bank has duly launched Operational Loss Database and Key Risk Indicators (KRIs) systems which are web based and the same has been launched on a bank wide basis. The Operation Loss Database and KRI systems shall aid us in moving towards the Advanced Measurement Approach.

"As required by Basel II, Bank has categorized all its operational loss/near miss incidents into following loss event categories:"

- Internal Fraud
- External Fraud
- Employment Practice & Workplace Safety
- Client, Product & Business Practice
- Damage to Physical Assets
- Business Disruption & System Failure
- Execution, Delivery & Process Management

#### 42.6 Operational risk

Bank Alfalah Limited Information Security Policy and Business Continuity Plan (BCP) has been approved by the Board of Directors and is in the process of implementation. A dedicated IT Security unit is functioning within Risk Management Division while responsibility for BCP implementation resides with Operations Group.

#### **43 NON-ADJUSTING EVENT AFTER THE YEAR END REPORTING DATE**

The Board of Directors in its meeting held on March 03, 2013 has announced cash dividend of 20 percent (2011: 17.5 percent cash dividend). This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2012 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2013.

#### **44 DATE OF AUTHORISATION**

These financial statements were authorised for issue on March 03, 2013 by the Board of Directors of the Bank.

#### **45 GENERAL**

##### **45.1 Comparatives**

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. There were no significant reclassifications during the year.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman





# Annexure - I

## STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2012

(Rupees in '000)

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's / Husband's Name	Outstanding Liabilities at January 1, 2012							Other financial relief provided	Total (9+10+11)
				Principal	Mark-up	Others	Total (5+6+7)	Principal written-off	Mark-up written-off	11		
1	M/S Muhammad Saddat Limited	Sayed Kaarim Wahezi		5	6	7	8	9	10	11	12	
1	M/S Muhammad Saddat Limited	Sayed Kaarim Wahezi		30,601	1,219	-	31,820	30,601	1,219	-	31,820	
2	Al-Vera Enterprises (Pvt) Limited Factory: 15-KM, Sheekhupura Faisalabad Road, Regd: 34-A, Block-L, Gulberg III, Lahore	Mr. Amir Chaudhry CNIC # 35202-2843122-5 Mrs. Kishwar Chaudhry CNIC # 35202-8612012-2	Mr. Muhammad Khalid Chaudhry	338,285	98,196	63,080	499,561	128,284	98,196	63,080	289,560	
3	Standard Fitters Haji Umerdin Building Ground Floor, Nabi Bux Road, Gazdarabad, Karachi	Proprietor: Aamir Hussain CNIC # 42301-2075653-3	S/o Asghar Ali	2,286	193	-	2,479	2,286	193	-	2,479	
4	Fiaz Fatima Begam, Chak # 353 JB Tehsil Gojra District TTS	CNIC # 33100-3381366-6	Syed Mehboob Hussain Shah	650	-	-	650	650	-	-	650	
5	Syed Qaiser AmeerChak # 353 JB Tehsil Gojra District TTS	CNIC # 33301-21407851	Syed Ghias Mehmood	581	-	-	581	581	-	-	581	
6	Ghulam Hussain, 103 JB Tehsil Jhumra District Faisalabad.	CNIC # 33101-1748485-1	Jamal Din	1,000	143	-	1,143	1,000	143	-	1,143	
7	Aseer Abbas, Chak # 110 JB Dolowala Tehsil & District Chinot.	CNIC # 33201-8540744-3	Syed Riaz Hussain Shah	2,000	572	-	2,572	2,000	572	-	2,572	
8	Umer Draz, Ghulam Murtaza, MOUZA SULARAY TEHSIL CHINIOT	CNIC # 33201-6018715-9	KARIM BUX	1,050	170	-	1,220	1,050	170	-	1,220	
9	Ahmad, Chak # 629 GB Jaranwala, District Faisalabad.	CNIC # 33104-6950848-1	Hussain	700	9	-	709	700	9	-	709	
10	Allah Yar, Chak # 18 JB Jhumra, District Faisalabad.	CNIC # 33101-8611357-5	Waryam	546	215	-	761	546	215	-	761	
11	Altarf Hussain, Chak # 438 Jb Gojra, Distt TTS	CNIC # 33301-4975003-7	Habib Ullah	1,200	300	-	1,500	1,200	300	-	1,500	
12	Aqdas ali, Kot Khuda Yar The & Distt Chinot.	CNIC # 33201-1567263-9	Nasir Ali Shah	900	215	-	1,115	900	215	-	1,115	
13	Muhammad Iqbal Khan, Chak # 201 R.B The & Distt Faisalabad.	CNIC # 33100-8099328-9	Rana Mehboob Ahmad	795	232	-	1,027	795	232	-	1,027	
14	Muhammad Iqbal Baiwa, Chak # 126 R.B Jhumra, Distt Faisalabad.	CNIC # 33100-0432446-3	Sultan Ahmed	965	94	-	1,059	965	94	-	1,059	
15	Muhammad Nawaz, House # P-296 S # 6 Nisar Colony, Faisalabad, Chak # 659 GB The & Distt Faisalabad.	CNIC # 33100-0752869-9	Hashmat Khan	549	275	-	824	549	275	-	824	

# Annexure - I

## STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2012

(Rupees in '000)

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's / Husband's Name	Outstanding Liabilities at January 1, 2012			Total (5+6+7)	Principal written-off	Mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Mark-up	Others					
		3	4	5	6	7	8	9	10	11	12
16	Saeed Mubarak Awan, Chak # 125 Jaranwala, Distt Faisalabad.	CNIC # 33104-0501736-1	Khalid Mubarz	666	113	-	779	666	113	-	779
17	Muhammad Ashraf, Chak # 23 Jaranwala, Distt Faisalabad.	CNIC # 35202-1945122-7	Rasheed Ahmed	848	175	-	1,023	848	175	-	1,023
18	Muhammad Abbas, Chak # 22, JB The & Distt Chiniot.	CNIC # 33201-7934659-5	Ghulam Abbas	549	301	-	850	549	301	-	850
19	Aliah Ditta, Chak # 187 Jhumra, Distt Faisalabad.	CNIC # 33101-8278066-9	Shahabul	835	305	-	1,140	835	305	-	1,140
20	Aliah Ditta, Chak # 42 Jhumra, Distt Faisalabad.	CNIC # 33101-7327230-5	Bahadur	600	120	-	720	600	120	-	720
21	Muhammad Yousaf, Chak # 186 R.B Jhumra, Distt Faisalabad.	CNIC # 33201-9933689-7	Ghulam Qadir	637	-	-	637	637	-	-	637
22	Ghulam Fatima, Chak # 42, Jhumra, Distt Faisalabad.	CNIC # 33101-6219754-0	Sikandar Hayat	629	-	-	629	629	-	-	629
23	Zakaullah, Mohala Faizan e madina, Jhumra, Distt Chiniot.	CNIC # 33201-5909392-5	Abdullah	571	252	-	823	571	252	-	823
24	Fateh Muhammad, Chak # 15 JB The & Distt Chiniot.	CNIC # 33201-8617367-9	Dosa	900	52	-	952	900	52	-	952
25	Ghulam Datagir, Mouza Sularay, the & Distt Chiniot.	CNIC # 33201-6117445-5	Noor Muhammad	850	-	-	850	850	-	-	850
26	Saleem Ahmad, Mouza Bukhari, the & Distt Chiniot	CNIC # 33201-1643862-1	Noor Ahmad	1,000	82	-	1,082	1,000	82	-	1,082
27	Ghulam Murtaza, Chak # 190 GB The & Distt TTS	CNIC # 33303-1400545-3	Alam Sher	982	-	-	982	982	-	-	982
28	Amjad Ali Khan, 101 C peoples Colony # 1 Faisalabad, Chak # 61 JB The & Distt Faisalabad.	CNIC # 33100-4942441-9	Ehsan Ali Khan	676	-	-	676	676	-	-	676
29	Muhammad Yousaf, Moza Aziz The & Distt Chiniot	CNIC # 33201-9933689-7	Samand Khan	1,263	476	-	1,739	1,263	476	-	1,739
30	Muhammad Mansha, Mouza Aziz The & Distt Chiniot.	CNIC # 33201-9270180-7	Muhammad Yar	2,500	127	-	2,627	2,500	127	-	2,627
31	Khurram Abbas Bukhari, Chak # 367 G.B Tandlianwala, Distt Faisalabad	CNIC # 33106-5085076-3	Pir Syed Muhammad Hussain Shah	903	26	-	929	903	26	-	929



## Annexure - I

### STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2012

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's / Husband's Name	Outstanding Liabilities at January 1, 2012			Total (5+6+7)	Principal written-off	Mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Mark-up	Others					
	2	3	4	5	6	7	8	9	10	11	12
32	Muhammad Azam, Mouza Aziz The & District, Chiniot.	CNIC # 33201-6286744-9	Samand Khan	852	-	-	852	852	-	-	852
33	Muhammad Abbas Chak # 22 J.B The & District Chiniot.	CNIC # 33201-7934659-5	Ghulam Abbas	1,249	-	-	1,249	1,249	-	-	1,249
34	Nasir Abbas, Mouza Hersa Sheikh, The & District Chiniot.	CNIC # 33201-8617367-9	Shah Muhammad	514	-	-	514	514	-	-	514
35	Muhammad Nawaz, House # P-296 St # 6 Nisar Colony, Faisalabad, Chak # 659 G.B The & District Faisalabad.	CNIC # 33100-0752869-9	Hashmat Khan	951	-	-	951	951	-	-	951
36	Ghulam Fatima, Chak # 42, Jhumra, District Faisalabad.	CNIC # 33101-6219754-0	Sikandar Hayat	1,004	-	-	1,004	1,004	-	-	1,004
37	Ahmad Yar, Chak # 13 J.B Sar Murad wala Tehsil & District, Chiniot	CNIC # 33201-0607928-1	Allah Yar	819	220	-	1,039	819	220	-	1,039
38	Zafar Iqbal, Chak # 310 J.B Tehsil & District TTS	CNIC # 33303-8386282-3	Muhammad Iqbal	795	146	-	941	795	146	-	941
39	Jamal Din, Chak # 330 J.B Tehsil & District TTS	CNIC # 253-35-155903	Habib Ullah	800	107	-	907	800	107	-	907
40	Fiaz Hussain, Mouza Kthia Tehsil Kamali & District TTS	CNIC # 33302-2420309-1	Faluk Sher	599	114	-	713	599	114	-	713
41	Ghulam Muhammad Khan, Chak # 718 G.B Tehsil & District TTS	CNIC # 33302-4867117-3	Lal Khan	751	197	-	948	751	197	-	948
42	Alah Ditta, Chak # 467 J.B Teghsil Jhumra District Faisalabad	CNIC # 33101-2867557-1	Nazar Muhammad	1,924	369	-	2,293	1,924	369	-	2,293
43	Khalid Mubarak Khan, Chak # 125 Jaranwala, District Faisalabad.	CNIC # 33104-1589396-7	Malik Ahmed Sher Khan	800	221	-	1,021	800	221	-	1,021
44	Abdul Hameed, Chak # 210 J.B Tehsil & District Chiniot	CNIC # 33201-1609054-3	Muhammad Fazzal	641	173	-	814	641	173	-	814
45	Mazhar Alam, Chak # 548 GB Tehsil Tandlianwala & District Faisalabad.	CNIC # 33106-0344698-7	Sarwar Khan	550	134	-	684	550	134	-	684
46	Muhammad Sarwar, P-296 St. # 6 Nisar Colony, FSD	CNIC # 33100-0752619-9	Hashmat Khan	1,000	310	-	1,310	1,000	310	-	1,310
47	Muhammad Anwar & Muhammad Aslam, P-296 St. # 6 Nisar Colony, FSD	CNIC # 33100-0751492-7, 33100-0752875-3	Hashmat Khan	1,600	496	-	2,096	1,599	496	-	2,095

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## STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2012

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's / Husband's Name	Outstanding Liabilities at January 1, 2012		Total (5+6+7)	Principal written-off	Mark-up written-off	Other financial relief provided	Total (9+10+11)	
				Principal	Mark-up						Others
	2	3	4	5	6	7	8	9	10	11	12
48	Tahir, Abbas, Shahid Abbas & Sajid Abbas, Chak # 122 GB Tehsil Jaranwala Distt Faisalabad.	CNIC # 33104-5175659-733104-2424885-1, 33104-9453427-5	Ch. Waheed Ullah	870	192	-	1062	870	192	-	1,062
49	Liaqat Ali R/o Chak # 171/WB, P.O. Sargana, Tehsil Mailsi, District. Vehari.	CNIC # 36602-8384446-3	Muhammad Zubair	535	81	-	616	535	81	-	616
50	Aqeel Ahmed R/o Basti Bagh wala, Mouza Saleh Mahay, Bosan Road, Multan.	CNIC # 36303-7375852-3	Muhammad Arif	1794	647	-	2,441	1,794	647	-	2,441
51	Kamran Baig Mirza R/o H # 34, Jinnah Colony, Abdali Road, Multan.	CNIC # 36101-1448098-5	Bashir Ahmed Mirza	678	-	-	678	678	-	-	678
52	Muhammad Baran Khan R/o Mouza Loother, Tehsil & District. Multan.	CNIC # 36302-1259703-9	Tufail Ahmed Khan	2,400	594	-	2,994	2,400	594	-	2,994
53	Khalid Mehmood R/o House # 45, Street # 3, Madina Colony, Vehari.	CNIC # 36603-7330329-9	Muhammad Fazil	2,098	267	-	2,365	2,098	267	-	2,365
54	Adnan, Ahmed R/o Basti Maswan, Mouza Kotla Chak Jalapurwala, District. Multan.	CNIC # 36301-4937609-3	Malik Khadim Hussain	946	117	-	1,063	946	117	-	1,063
55	Muhammad Iqbal R/o House # 81, Madina Colony, Vehari.	CNIC # 36603-2890692-5	Choudhary Muhammad Fazil	1,134	230	-	1,364	1,134	230	-	1,364
56	Muhammad Ajmal Khan R/o Mouza Loother, Riiazabad, Tehsil & District. Multan.	CNIC # 36303-4783896-1	Tufail Ahmed Khan	3,000	755	-	3,755	3,000	755	-	3,755
57	Ghulam Farid R/o Tufail Khan wali, Loother, P.O. Riiazabad, Tehsil & District. Multan.	CNIC # 36303-1003270-1	Manzoor Ahmed	1,499	587	-	2,086	1,499	587	-	2,086
58	Shahid Raza R/o Abdali Colony, Near Hotel Pace, Multan.	CNIC # 36302-0454665-9	Ghulam Subhani	1,149	198	-	1,347	1,149	198	-	1,347
59	Ghulam Mustafa R/o Mouza Loother, P.O. Riiazabad, Tehsil & District. Multan.	CNIC # 36303-5514026-5	Zafar Khan	2,997	517	-	3,514	2,997	517	-	3,514



## Annexure - I

### STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2012

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's / Husband's Name	Outstanding Liabilities at January 1, 2012			Total (5+6+7)	Principal written-off	Mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Mark-up	Others					
1	2	3	4	5	6	7	8	9	10	11	12
60	Muhammad Mohsin Ali Khan R/o Basti Safdarabad, Khan wala, P.O. Belaywala, Tehsil Jatoi, District. Muzaffargarh.	CNIC # 32302-4357896-7	Rao Muhammad Safdar Ali Khan	1760	652	-	2412	1760	652	-	2412
61	Atta Muhammad Khan Basti Masjid wala, Chowki Rango Khan, Tehsil Kehroor Pacca, District. Lodhran.	CNIC # 36202-8320153-7	Ashiq Muhammad Khan	747	-	-	747	747	-	-	747
62	Allah Wassaya R/o Chah Gehnewala, Mouza Ghallo, P.O. Mitro, Tehsil Malisi, District. Vehari.	CNIC # 36602-9881497-5	Sultan Mehmood	749	154	-	903	749	154	-	903
63	Abdul Ghafoor R/o Manikwali, P.O. Ghazipur, Tehsil Jalalpur Pirwala, District. Multan.	CNIC # 36301-3156544-1	Mian Allah Bux	3798	705	-	4503	3798	705	-	4503
64	Iftikhar Ahmed Khan Khakwani R/o Gulshah-e-Zulfiqar, House # 946/B, Mohallah Gulshanabad, Multan.	CNIC # 36302-7270813-5	Zulfiqar Ahmed Khan Khakwani	869	146	-	1015	869	146	-	1015
65	Muhammad Yar	CNIC # 3110-15821466-5	Pir Maqbool Ahmad	742	13	-	755	742	13	-	755
66	Muhammad Akram Warrach, Chak # 75 S.B., P.O. Same, Tehsil & Distt Sargodha.	CNIC # 38403-2534891-5	Muhammad Rafiq	799	192	-	991	799	192	-	991
67	Muhammad Khan Laghari	CNIC # 31304-2059685-5	Noor Muhammad Khan	950	331	-	1281	950	331	-	1281
68	Syed Riaz Hussain Shah	CNIC # 31304-2916026-9	Syed Safdar Hussain	2124	384	-	2508	2124	384	-	2508
69	Syed Jaffar Hussain	CNIC # 31304-6187727-1	Syed Sadiq Hussain Shah	3000	509	-	3509	3000	509	-	3509
70	Jam M Bux/ Karim Bux	CNIC # 31304-3827426-5	Abdulah	769	390	-	1159	769	390	-	1159
71	Syed Hassan Shah	CNIC # 31304-2101012-9	Syed Jaffer Hussain	2000	344	-	2344	2000	344	-	2344
72	Shoukat Ali Dhiloun, Village Dhiloun, P.O. Ghakhar Mandi, Tehsil Wazirabad District. Gujranwala	CNIC # 34101-3196852-5	Ch. Ghulam Qadir	729	414	-	1143	729	414	-	1143
73	Ch. Abdul Ghafoor /o Ferozkay Nagra Teh Pasrur District. Sialkot	CNIC # 34602-2615910-7	Muhammad Ibrahim	2095	585	-	2680	2095	585	-	2680

# Annexure - I

## STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2012

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's / Husband's Name	Outstanding Liabilities at January 1, 2012			Principal written-off	Mark-up written-off	Other financial relief provided	Total (9+10+11)	
				Principal	Mark-up	Others					
		3	4	5	6	7	8	9	10	11	12
74	Chaudhary Poultry Farms & Services r/o Doglan More, Sialkot Road, District Narowal.	CNIC #34501-4875747-7	Akbar Ali	648	295	-	943	647	295	-	942
75	Abdul Qadoos R/O H # 10/337, Nekla Pura, Sialkot	CNIC # 34603-7248603-3	Muhammad Rafique	4,992	843	-	5,835	4,992	843	-	5,835
76	Muhammad Abbas Cheema, Dastnagar Town, Jindaal, District Gujranwala	CNIC # 34101-2587202-7	Ch Inayat Ullah Cheema	1,950	675	-	2,625	1,950	675	-	2,625
77	Muhammad Aslam Chughtai House # 104, Model Town A, Khan Pur Tehsil Khan Pur & Distt Rahim Yar Khan.	CNIC # 359-91-378392	Talib Hussain	1,898	943	-	2,841	1,898	943	-	2,841
78	Muhammad Aslam Dahir.	CNIC # 31301-5942009-3	Sardar Ghulam Muhammad Dahir	2,988	1,132	-	4,120	2,988	1,132	-	4,120
79	Muhammad Shafi, Mouza daokey Kharyana po usman wala Tehsil Churian Zilah Kasur	CNIC # 35101-1265986-1	Muhammad Sultan	799	356	-	1,155	799	356	-	1,155
80	Alif Jatoi, Plot # 08, Sindhi Jamat, Co- operative Housing Society Ltd, Survey # N.C. 90, Deh Khanto.	CNIC # 45203-0258484-7	Huzoor Bux	1,606	395	-	2,001	1,606	395	-	2,001
81	Faiz Ahmed	Faiz Ahmed	Nawab Din	940	249	-	1,189	940	249	-	1,189
82	Nasira Hayat/Muhammad Jehan Khan	Nasira Hayat/Muhammad Jehan Khan	Muhammad Raza Hayat/ Mian Fakhar Hayat Khan	594	321	-	915	594	321	-	915
83	Humayun Zafar - Lambery Post Office, Khas Tehsil Ferozwala District, Sheikhupura	CNIC # 35401-4813954-3	Zafar Ali	1,886	178	-	2,064	1,885	178	-	2,063
84	Khalid Manzoor Muhalla Sultan Park, GT road Tehsil Ferozwala District, Sheikhupura	CNIC # 35401-6537112-1	Chaudhary Manzoor	2,000	67	-	2,067	2,000	67	-	2,067
85	Malik Khalid Mehmood R/O Mouza Kotchi Muhammad, Post office Trandha Muhammad Pannah, Tehsil Liaquat Pur, District, Rahim Yar Khan.	CNIC # 31302-2152648-5	Sardar Haji Malik Jindwadha	2,499	700	-	3,199	2,499	700	-	3,199
86	Mehmood Akhtar R/O Mouza Kotla Chakal/PO. Same, Tehsil Jalal Pur Pirwala, District, Multan	CNIC # 36301-2289427-5	Ghulam Shabir	2,888	878	-	3,766	2,888	878	-	3,766





## Annexure - I

### STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2012

(Rupees in '000)

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with N.I.C. No.)	Father's / Husband's Name	Outstanding Liabilities at January 1, 2012			Total (5+6+7)	Principal written-off	Mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Mark-up	Others					
		3	4	5	6	7	8	9	10	11	12
87	Ehsan Ahmed Malik R/O Chak # 384/WB, Tehsil Duniapur, District, Lodhran.	CNIC # 36201-1757202-5	Malik Misry Khan	1800	528	-	2,328	1800	528	-	2,328
88	Muhammad Sajid Shahzad R/O Chak Kazi Wala, Mouza Mirnpur, Tehsil & District, Lodhran.	CNIC # 36203-5839487-1	Ghulam Muhammad	699	75	-	774	699	75	-	774
89	Abdul Malik R/O House # 549/C, Satellite Town, Bahawalpur.	CNIC # 31204-7224567-1	Muhammad Din	1,364	-	-	1,364	1,364	-	-	1,364
90	Mohammad Muraad	CNIC # 43204-2212181-1	Rasool Bux Mengal	1,749	485	-	2,234	1,749	485	-	2,234
91	Mohammad Alam	CNIC # 43204-8267500-5	Muhammad Muraad Mengal	629	211	-	840	629	211	-	840
92	Mohammad Karim	CNIC # 43203-0693332-1	Muhammad Muraad Mengal	749	261	-	1,010	749	261	-	1,010
93	Mushtaq Ahmad & Abdul Khaliq	CNIC # 31203-9688040-7 / 31203-4638193-3	Muhammad Rafiq	700	-	-	700	700	-	-	700
94	Nadeem Raashid	CNIC # 36602-3305523-5	Muhammad Rashid Khan	695	272	-	967	695	272	-	967
95	Karamat Poultry Farm PO Khas Bhaur District, Chakwal	CNIC # 37201-4667820-5	Karamat Ali Khan	589	35	-	624	589	35	-	624
96	Shaukat Hayat R/O 44/10-R, PO 58/10 R Tehsil & District Khanewal	CNIC # 56103-6212104-3	Muhammad Shameer	600	-	-	600	600	-	-	600
			Total	486,859	124,252	63,080	674,191	276,855	124,252	63,080	464,187

# Annexure - II

## Islamic Banking Business

The bank is operating 110 Islamic banking branches as at December 31, 2012 (December 31, 2011: 85 branches).

	Note	2012	2011
------(Rupees in '000)-----			
<b>ASSETS</b>			
Cash and balances with treasury banks		12,045,119	11,086,858
Balances with and due from financial institutions		8,879,048	5,842,516
Lendings to financial institutions		-	-
Investments - net		50,573,509	42,926,997
Islamic Financing and Related Assets	A-II.1	30,667,570	27,505,362
Fixed assets		1,623,716	1,666,293
Other assets		3,987,962	4,307,909
		<u>107,776,924</u>	<u>93,335,935</u>
<b>LIABILITIES</b>			
Bills payable		884,113	636,466
Borrowings		2,159,787	2,492,367
Deposits and other accounts			
- Current Accounts		26,352,642	22,824,517
- Saving Accounts		42,297,755	30,981,022
- Term Deposits		10,219,729	12,742,923
- Others		261,724	358,584
Deposits from Financial Institutions - Remunerative deposits		14,267,001	13,872,083
Deposits from Financial Institutions - Non-remunerative deposits		5,883	1,195
Sub-ordinated loans		-	-
Liability against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		3,246,472	3,195,393
		<u>99,695,106</u>	<u>87,104,550</u>
<b>NET ASSETS</b>		<u>8,081,818</u>	<u>6,231,385</u>
<b>REPRESENTED BY</b>			
Islamic banking fund		1,800,000	1,800,000
Exchange equalisation reserve		11,921	10,243
Unappropriated / Unremitted profit		5,203,575	3,678,579
		<u>7,015,496</u>	<u>5,488,822</u>
Surplus on revaluation of assets - net of tax		1,066,322	742,563
		<u>8,081,818</u>	<u>6,231,385</u>
<b>Remuneration to Shariah Advisor / Board</b>		<u>2,250</u>	<u>1,500</u>
<b>CHARITY FUND</b>			
Opening balance		43,044	25,111
Additions during the year		72,853	65,233
Payments / Utilization during the year		37,482	47,300
Closing balance		<u>78,415</u>	<u>43,044</u>



## Annexure - II

### Islamic Banking Business

The bank is operating 110 Islamic banking branches as at December 31, 2012 (December 31, 2011: 85 branches).

	2012	2011
	------(Rupees in '000)-----	
Income / return earned	9,326,370	8,062,131
Income / return expensed	5,105,665	4,345,541
Net income / return before depreciation on asset given on lease	4,220,705	3,716,590
Depreciation on assets given on lease	1,152,223	924,177
Net income / return earned after depreciation	3,068,482	2,792,413
Provisions against loans and advances - net	90,307	23,046
Provision for diminution in value of investments - net	23,973	14,917
Bad debts written off directly	7	1,558
	114,287	39,521
<b>Net income / return earned after provisions</b>	<b>2,954,195</b>	<b>2,752,892</b>
<b>Other income</b>		
Fee, commission and brokerage income	121,804	114,326
Dividend income	75,362	33,752
Income from dealing in foreign currencies	76,991	45,345
Gain on sale of securities - net	-	-
Unrealised gain on revaluation of investments classified as held for trading	-	-
Other income	423,117	380,417
<b>Total other income</b>	<b>697,274</b>	<b>573,840</b>
	3,651,469	3,326,732
<b>Other expenses</b>		
Administrative expenses	2,134,432	1,896,085
Other charges	429	150
<b>Total other expenses</b>	<b>2,134,861</b>	<b>1,896,235</b>
<b>Profit before taxation</b>	<b>1,516,608</b>	<b>1,430,497</b>
Unappropriated profit brought forward	3,678,579	2,247,807
Transferred from surplus on revaluation of fixed assets - net of tax	8,388	275
<b>Profit available for appropriation / unremitted profit</b>	<b>5,203,575</b>	<b>3,678,579</b>

## Annexure - II

### Islamic Banking Business

Notes to the Annexure II

For the year ended December 31, 2012

	Note	2012	2011
------(Rupees in '000)-----			
<b>A-II.1 Islamic Financing and Related Assets</b>			
Murabaha	A-II.1.1	15,815,375	14,848,591
Ijarah	A-II.1.2	5,364,809	5,694,107
Diminishing Musharakah	A-II.1.3	1,264,429	1,530,426
Musharakah	A-II.1.4	2,694,442	1,006,790
Salam	A-II.1.5	2,095,387	1,358,988
Istisna	A-II.1.6	545,092	639,019
SBP Islamic Export Refinance Scheme	A-II.1.7	2,382,246	1,912,408
Others	A-II.1.8	505,790	515,033
		<u>30,667,570</u>	<u>27,505,362</u>
<b>A-II.1.1 Murabaha</b>			
Financing/Investments/Receivables		14,108,948	12,911,160
Advances		1,837,320	2,017,372
Others (Provisions)		(130,893)	(79,941)
		<u>15,815,375</u>	<u>14,848,591</u>
<b>A-II.1.2 Ijarah</b>			
Financing/Investments/Receivables		670,535	1,365,298
Advances		97,585	111,044
Assets/Inventories		4,792,119	4,398,109
Others (Provisions)		(195,430)	(180,344)
		<u>5,364,809</u>	<u>5,694,107</u>
<b>A-II.1.3 Diminishing Musharakah</b>			
Financing / Investments / Receivables		1,196,416	1,505,135
Advances		140,362	76,481
Others (Provisions)		(72,349)	(51,190)
		<u>1,264,429</u>	<u>1,530,426</u>
<b>A-II.1.4 Musharakah</b>			
Financing / Investments / Receivables		1,205,496	1,013,348
Advances		1,500,000	-
Others (Provisions)		(11,054)	(6,558)
		<u>2,694,442</u>	<u>1,006,790</u>



## Annexure - II

### Islamic Banking Business

Notes to the Annexure II

For the year ended December 31, 2012

Note	2012	2011
	------(Rupees in '000)-----	
<b>A-II.1.5 Salam</b>		
Financing / Investments / Receivables	1,868,697	1,364,397
Advances	230,000	-
Others (Provisions)	(3,310)	(5,409)
	<u>2,095,387</u>	<u>1,358,988</u>
<b>A-II.1.6 Istisna</b>		
Financing / Investments / Receivables	545,092	639,019
	<u>545,092</u>	<u>639,019</u>
<b>A-II.1.7 SBP Islamic Export Refinance Scheme</b>	2,382,246	1,912,408
<b>A-II.1.8 Others</b>		
Staff Loans	447,261	427,218
Advance Against Musharakah Staff	21,092	37,514
Advance Against Ijara Staff	1,049	630
Overdue Acceptances and FBP	37,250	49,735
Others (Provisions)	(862)	(64)
	<u>505,790</u>	<u>515,033</u>

## Annexure - II

### Disclosures: PLS Pool Management - Islamic Banking Group (IBG)

A-II.2 1.- The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP and EURO) depositors
- 3) IERS Pool for Islamic Export Refinance Scheme facilities
- 4) Islamic Banking Afghanistan Operations Pool

All the Mudaraba based Remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also comingled in the pool. The applications of these funds are on Advances, Investments, and Placements for generating profits to be shared among the depositors as per the Weightage system.

The IERS pool is maintained as per the guideline under SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.





## Annexure - II

### Disclosures: PLS Pool Management - Islamic Banking Group (IBG)

2. Avenues/sectors where Mudaraba based deposits have been deployed.

	2012	2011
	------(Rupees in '000)-----	
Agribusiness	134,514	175,739
Automobile and transportation equipment	360,171	707,308
Chemical and pharmaceuticals	943,725	695,647
Cement	186,436	4,605
Communication	50,543	66,713
Electronics and electrical appliances	39,819	337,363
Educational institutes	295,566	320,138
Financial	35,704	210,458
Fertilizers	255,985	62,706
Food and allied products	1,947,926	1,422,986
Glass and Ceramics	304,155	122,082
Ghee and Edible Oil	502,062	1,137,618
Housing Societies / Trusts	-	6,190
Import and Export	72,460	58,670
Iron / Steel	545,556	654,577
Oil and Gas	366,796	351,987
Paper and Board	382,870	26,768
Production and transmission of energy	6,141,541	6,747,530
Real Estate / Construction	144,741	342,648
Retail / wholesale trade	470,101	632,790
Rice processing and trading / wheat	862,554	415,857
Sugar	1,097,870	523,114
Shoes and leather garments	218,468	617,780
Sports goods	147,210	55,890
Surgical goods	9,925	24,229
Textile spinning	3,769,422	3,195,287
Textile weaving	688,404	962,441
Textile composite	1,386,297	733,112
Welfare institutions	-	66,410
Individuals	5,172,945	5,841,249
Others	4,547,702	1,308,976
<b>Total Gross Advances</b>	<b>31,081,468</b>	<b>27,828,868</b>
Total Gross Investments *	50,684,045	43,018,913
<b>Total Invested Funds</b>	<b>81,765,513</b>	<b>70,847,781</b>

\* Mainly invested in Ijarah Sukuks.

## Annexure - II

### Disclosures: PLS Pool Management - Islamic Banking Group (IBG)

#### 3. The major components of Profit distribution and charging of the expenses.

Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the concerned period. Only direct attributable expenses such as brokerage, CIB Charges, write off on advances and loss on sale of investments etc are charged to each pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings and diminution in the value of investments.

#### 4. The Bank managed the following general and specific pools during the year:

General Remunerative Depositor's Pools	Profit rate and weightage announcement period	Profit rate / return earned	Profit sharing ratio		Mudarib share	Profit rate / return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
			Mudarib Share/Fee	Rabbul Maal Share				
					(Rupees in '000)			(Rupees in '000)
PKR Pool	Monthly	11.81%	59.00%	41.00%	4,502,358	9.33%	42.9%	1,930,137
USD Pool	Monthly	3.11%	75.00%	25.00%	27,484	1.11%	7.4%	2,040
GBP Pool	Monthly	0.26%	60.00%	40.00%	293	0.24%	23.4%	69
EUR Pool	Monthly	0.34%	65.00%	35.00%	457	0.14%	32.2%	147
Foreign Operation Pool (Afghanistan branch)	Bi-Annually	1.17%	60.00%	40.00%	3,826	0.17%	-	-

Specific pools	Profit rate and weightage announcement period	Profit rate / return earned	Profit sharing ratio		Mudarib share	Profit rate / return distributed to remunerative deposits (Savings and fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
			Mudarib Share/Fee	Rabbul Maal Share				
					(Rupees in '000)			(Rupees in '000)
Islamic Export Refinance (IERS) Pool	Monthly	14.59%	100.00%		-	9.77%	-	-



# Combined Pattern of CDC and Physical Share Holdings

As at December 31, 2012

Number of Share Holders	From	Shareholding	To	Number of Shares Held
1,513	1	-	100	61,586
2,496	101	-	500	742,733
2,626	501	-	1,000	2,002,070
6,447	1,001	-	5,000	18,300,644
1,844	5,001	-	10,000	13,239,604
525	10,001	-	15,000	6,514,673
255	15,001	-	20,000	4,579,960
169	20,001	-	25,000	3,886,702
115	25,001	-	30,000	3,255,525
78	30,001	-	35,000	2,547,939
46	35,001	-	40,000	1,746,563
37	40,001	-	45,000	1,593,063
57	45,001	-	50,000	2,801,906
40	50,001	-	55,000	2,107,646
37	55,001	-	60,000	2,150,256
20	60,001	-	65,000	1,251,403
23	65,001	-	70,000	1,568,007
17	70,001	-	75,000	1,246,196
12	75,001	-	80,000	940,645
8	80,001	-	85,000	670,297
12	85,001	-	90,000	1,059,411
12	90,001	-	95,000	1,110,288
48	95,001	-	100,000	4,785,250
5	100,001	-	105,000	518,478
8	105,001	-	110,000	866,737
10	110,001	-	115,000	1,124,596
7	115,001	-	120,000	823,297
16	120,001	-	125,000	1,983,863
6	125,001	-	130,000	768,229
7	130,001	-	135,000	924,466
4	135,001	-	140,000	557,879
3	140,001	-	145,000	428,625
13	145,001	-	150,000	1,934,356
2	150,001	-	155,000	304,071
4	155,001	-	160,000	634,712
3	160,001	-	165,000	485,564
6	165,001	-	170,000	1,006,193
3	170,001	-	175,000	520,481
4	175,001	-	180,000	716,500
1	180,001	-	185,000	181,950
4	185,001	-	190,000	753,510
4	190,001	-	195,000	772,811
13	195,001	-	200,000	2,598,250
5	200,001	-	205,000	1,011,385
6	205,001	-	210,000	1,248,931
1	210,001	-	215,000	215,000
1	215,001	-	220,000	215,650
2	220,001	-	225,000	450,000
5	225,001	-	230,000	1,142,111
1	230,001	-	235,000	234,929
5	235,001	-	240,000	1,185,150
1	240,001	-	245,000	244,629

Number of Share Holders	From	Shareholding	To	Number of Shares Held
4	245,001	-	250,000	1,000,000
2	250,001	-	255,000	507,962
1	255,001	-	260,000	256,896
3	260,001	-	265,000	783,748
2	265,001	-	270,000	540,000
3	270,001	-	275,000	820,873
2	275,001	-	280,000	554,625
1	280,001	-	285,000	283,000
3	285,001	-	290,000	864,468
1	290,001	-	295,000	291,875
8	295,001	-	300,000	2,398,215
2	300,001	-	305,000	604,500
1	305,001	-	310,000	307,102
2	315,001	-	320,000	636,500
3	320,001	-	325,000	971,000
1	325,001	-	330,000	327,000
1	335,001	-	340,000	337,500
3	345,001	-	350,000	1,045,933
1	350,001	-	355,000	352,072
1	365,001	-	370,000	370,000
4	370,001	-	375,000	1,496,575
3	390,001	-	395,000	1,183,070
7	395,001	-	400,000	2,795,250
1	405,001	-	410,000	410,000
1	420,001	-	425,000	425,000
1	425,001	-	430,000	430,000
1	440,001	-	445,000	441,973
2	445,001	-	450,000	898,435
1	455,001	-	460,000	458,500
1	460,001	-	465,000	465,000
2	465,001	-	470,000	935,346
2	470,001	-	475,000	940,676
2	475,001	-	480,000	955,312
2	485,001	-	490,000	979,000
7	495,001	-	500,000	3,498,500
1	505,001	-	510,000	510,000
1	510,001	-	515,000	513,090
1	520,001	-	525,000	523,000
2	530,001	-	535,000	1,063,450
1	535,001	-	540,000	540,000
2	540,001	-	545,000	1,084,357
1	545,001	-	550,000	550,000
2	555,001	-	560,000	1,116,900
1	575,001	-	580,000	579,200
1	585,001	-	590,000	586,164
3	595,001	-	600,000	1,799,310
1	605,001	-	610,000	608,400
2	625,001	-	630,000	1,256,003
1	635,001	-	640,000	640,000
1	645,001	-	650,000	649,720
1	665,001	-	670,000	666,319
1	670,001	-	675,000	674,818
1	685,001	-	690,000	688,186
1	700,001	-	705,000	700,266
1	745,001	-	750,000	750,000
1	750,001	-	755,000	752,766
1	760,001	-	765,000	763,210
1	770,001	-	775,000	774,145



Number of Share Holders	From	Shareholding	To	Number of Shares Held
1	780,001	-	785,000	783,105
1	785,001	-	790,000	788,000
2	795,001	-	800,000	1,600,000
1	820,001	-	825,000	820,781
1	825,001	-	830,000	826,000
1	845,001	-	850,000	846,187
1	870,001	-	875,000	875,000
1	875,001	-	880,000	875,875
1	900,001	-	905,000	904,800
1	930,001	-	935,000	935,000
1	950,001	-	955,000	950,777
1	960,001	-	965,000	963,410
1	970,001	-	975,000	974,000
1	985,001	-	990,000	987,000
2	995,001	-	1,000,000	2,000,000
2	1,000,001	-	1,005,000	2,002,013
1	1,015,001	-	1,020,000	1,017,500
2	1,020,001	-	1,025,000	2,046,779
1	1,030,001	-	1,035,000	1,035,000
1	1,100,001	-	1,105,000	1,100,563
1	1,120,001	-	1,125,000	1,120,837
2	1,160,001	-	1,165,000	2,327,000
1	1,195,001	-	1,200,000	1,200,000
2	1,230,001	-	1,235,000	2,467,288
1	1,260,001	-	1,265,000	1,264,240
1	1,270,001	-	1,275,000	1,274,199
1	1,295,001	-	1,300,000	1,296,500
1	1,345,001	-	1,350,000	1,350,000
1	1,360,001	-	1,365,000	1,361,541
1	1,395,001	-	1,400,000	1,396,394
1	1,400,001	-	1,405,000	1,403,122
1	1,455,001	-	1,460,000	1,455,085
1	1,495,001	-	1,500,000	1,500,000
1	1,500,001	-	1,505,000	1,504,145
1	1,565,001	-	1,570,000	1,569,172
1	1,605,001	-	1,610,000	1,609,188
1	1,655,001	-	1,660,000	1,657,281
1	1,700,001	-	1,705,000	1,700,847
1	1,775,001	-	1,780,000	1,776,800
1	1,805,001	-	1,810,000	1,807,500
1	2,135,001	-	2,140,000	2,136,507
1	2,210,001	-	2,215,000	2,215,000
1	2,295,001	-	2,300,000	2,300,000
2	2,495,001	-	2,500,000	5,000,000
1	2,500,001	-	2,505,000	2,502,947
1	3,050,001	-	3,055,000	3,053,437
1	3,350,001	-	3,355,000	3,352,360
1	3,385,001	-	3,390,000	3,387,603
1	3,495,001	-	3,500,000	3,500,000
1	3,530,001	-	3,535,000	3,531,369
1	3,995,001	-	4,000,000	4,000,000
1	4,020,001	-	4,025,000	4,021,538
1	4,240,001	-	4,245,000	4,245,000
1	4,355,001	-	4,360,000	4,356,359
1	4,415,001	-	4,420,000	4,416,000
1	4,625,001	-	4,630,000	4,630,000
1	4,695,001	-	4,700,000	4,700,000
1	5,495,001	-	5,500,000	5,500,000

Number of Share Holders	From	Shareholding	To	Number of Shares Held
1	6,095,001	-	6,100,000	6,100,000
1	6,350,001	-	6,355,000	6,352,691
1	6,535,001	-	6,540,000	6,536,668
1	6,605,001	-	6,610,000	6,605,147
1	6,610,001	-	6,615,000	6,611,490
1	6,945,001	-	6,950,000	6,950,000
1	7,695,001	-	7,700,000	7,697,900
1	7,745,001	-	7,750,000	7,749,000
1	7,995,001	-	8,000,000	7,999,613
1	8,600,001	-	8,605,000	8,600,060
1	10,245,001	-	10,250,000	10,246,409
1	11,825,001	-	11,830,000	11,825,818
1	11,830,001	-	11,835,000	11,833,500
1	12,020,001	-	12,025,000	12,023,279
1	12,245,001	-	12,250,000	12,250,000
2	12,515,001	-	12,520,000	25,033,788
1	13,495,001	-	13,500,000	13,500,000
1	13,765,001	-	13,770,000	13,766,000
1	14,650,001	-	14,655,000	14,653,068
1	15,995,001	-	16,000,000	16,000,000
1	17,500,001	-	17,505,000	17,501,603
1	19,095,001	-	19,100,000	19,096,875
1	19,125,001	-	19,130,000	19,128,259
1	32,145,001	-	32,150,000	32,149,947
1	33,995,001	-	34,000,000	34,000,000
1	36,690,001	-	36,695,000	36,694,424
1	37,820,001	-	37,825,000	37,820,567
1	38,565,001	-	38,570,000	38,566,171
1	53,090,001	-	53,095,000	53,090,599
1	53,965,001	-	53,970,000	53,966,250
1	55,040,001	-	55,045,000	55,044,258
1	68,805,001	-	68,810,000	68,805,322
1	75,685,001	-	75,690,000	75,687,166
2	103,205,001	-	103,210,000	206,415,966
1	119,260,001	-	119,265,000	119,263,433
<b>16,800</b>				<b>1,349,156,250</b>





## Categories of Shareholders

As at December 31, 2012

S. No.	Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
1	Individuals	16,490	836,707,347	62.02
2	Joint Stock Companies	142	63,160,939	4.68
3	Mutual Funds	44	125,597,471	9.31
4	Financial Institutions	43	112,144,454	8.31
5	Others	36	136,346,073	10.11
6	Insurance Companies	19	22,989,505	1.70
7	Investment Companies	19	51,423,838	3.81
8	Charitable Trusts	6	778,723	0.06
9	Leasing Companies	1	7,900	0.00
		<b>16,800</b>	<b>1,349,156,250</b>	<b>100.00</b>

# Pattern of Shareholding under Code of Corporate Governance

As at December 31, 2012

S. No.	Shareholder's category	Number of shareholders	Number of shares held	Category wise no. of shares held	Percentage %
1-	<b>Associated Companies, Undertakings and Related Parties</b>	<b>3</b>		<b>26,496,226</b>	<b>1.96</b>
	Wincom (Pvt) Limited		14,653,068		1.09
	United Bank Limited - Trading Portfolio		11,833,500		0.88
	Alfalaha Insurance Company Limited		9,658		0.00
2-	<b>Mutual Funds</b>	<b>44</b>		<b>125,597,471</b>	<b>9.31</b>
	CDC - Trustee PICIC Growth Fund		34,000,000		2.52
	CDC - Trustee PICIC Investment Fund		16,000,000		1.19
	MC FSL - Trustee JS Growth Fund		13,766,000		1.02
	National Bank of Pakistan-Trustee Department NI(U)T Fund		10,246,409		0.76
	CDC - Trustee NIT-Equity Market Opportunity Fund		7,999,613		0.59
	Safeway Mutual Fund Limited		6,536,668		0.48
	Asian Stock Fund Limited		6,352,691		0.47
	CDC - Trustee JS Large Cap. Fund		5,500,000		0.41
	JS Value Fund Limited		4,416,000		0.33
	CDC - Trustee HBL - Stock Fund		4,000,000		0.30
	CDC - Trustee Unit Trust of Pakistan		2,500,000		0.19
	CDC - Trustee Atlas Stock Market Fund		2,300,000		0.17
	CDC - Trustee NAFA Stock Fund		1,700,847		0.13
	CDC - Trustee NAFA Savings Plus Fund - Mt		1,296,500		0.10
	CDC - Trustee NAFA Multi Asset Fund		1,025,000		0.08
	CDC - Trustee KASB Asset Allocation Fund - Mt		987,000		0.07
	CDC - Trustee NAFA Asset Allocation Fund		974,000		0.07
	CDC - Trustee Askari Equity Fund		540,000		0.04
	CDC - Trustee PICIC Stock Fund		500,000		0.04
	MCBFSL - Trustee NAMCO Balanced Fund - Mt		489,000		0.04
	CDC - Trustee Askari Asset Allocation Fund		468,000		0.03
	First Capital Mutual Fund Limited		458,500		0.03
	Polunin Funds [1500-0]		400,000		0.03
	CDC - Trustee Lakson Equity Fund		325,000		0.02
	CDC - Trustee Lakson Income Fund - Mt		319,500		0.02
	CDC - Trustee PICIC Income Fund - Mt		303,500		0.02
	CDC - Trustee Crosby Dragon Fund		270,000		0.02
	CDC - Trustee KASB Asset Allocation Fund		250,000		0.02
	CDC - Trustee Pak Strategic Alloc. Fund		238,285		0.02
	CDC - Trustee Pakistan Stock Market Fund		234,929		0.02
	CDC - Trustee First Habib Stock Fund		215,000		0.02



S. No.	Shareholder's category	Number of shareholders	Number of shares held	Category wise no. of shares held	Percentage %
	CDC - Trustee APF-Equity Sub Fund		175,000		0.01
	CDC - Trustee AKD Index Tracker Fund		160,305		0.01
	MCBFSL - Trustee NAMCO Income Fund - Mt		145,500		0.01
	MCBFSL - Trustee URSF-Equity Sub Fund		127,700		0.01
	CDC - Trustee JS Pension Savings Fund - Equity Account		125,000		0.01
	CDC - Trustee HBL PF Equity Sub Fund		95,000		0.01
	CDC - Trustee Pakistan Premier Fund		54,155		0.00
	CDC - Trustee HBL Multi - Asset Fund		50,000		0.00
	MC FSL - Trustee JS KSE-30 Index Fund		34,006		0.00
	Trustee - Pakistan Pension Fund - Equity Sub Fund		16,000		0.00
	CDC - Trustee AKD Aggressive Income Fund - Mt		1,500		0.00
	CDC - Trustee MCB Dynamic Stock Fund		450		0.00
	CDC - Trustee Faysal Asset Allocation Fund		413		0.00
<b>3-</b>	<b>Directors their Spouse(s) and Minor Children</b>	<b>7</b>		<b>238,980,655</b>	<b>17.71</b>
	H.H. Sheikh Hamdan Bin Mubarak Al Nahayan , Director		135,357,930		10.03
	Mr. Abdulla Nasser Hawaileel Al Mansoori , Director		96,803,474		7.18
	Mr. Abdulla Khalil Al Mutawa , Director		11,331		0.00
	Mr. Khalid Mana Saeed Al Otaiba , Director		67,457		0.00
	Mr. Ikram Ul Majeed Sehgal , Director		3,352,360		0.25
	Mr. Nadeem Iqbal Sheikh , Director		3,387,603		0.25
	Mr. Atif Aslam Bajwa, Director / CEO		500		0.00
<b>4-</b>	<b>Executives</b>	<b>282</b>		<b>11,514,411</b>	<b>0.85</b>
<b>5-</b>	<b>Public Sector Companies and Corporations</b>	<b>1</b>		<b>12,517,540</b>	<b>0.93</b>
<b>6-</b>	<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.</b>	<b>81</b>		<b>174,722,539</b>	<b>12.95</b>
<b>Shareholders holding 5% or more voting rights / shares</b>					
	<b>Total Paid up Capital</b>		<b>1,349,156,250</b>	<b>Shares</b>	
	<b>5% of the Paid Up Capital</b>		<b>67,457,813</b>	<b>Shares</b>	
				<b>Holding</b>	<b>%</b>
	H.H. Sheikh Nahayan Mabararak Al Nahayan			172,354,032	12.77
	H.H. Sheikh Hamdan Bin Mubarak Al Nahayan, Director			135,357,930	10.03
	H.E. Sheikh Suroor Bin Mohammad Al Nahyan			115,033,801	8.53
	Mr. Abdulla Nasser Hawaileel Al Mansoori , Director			96,803,474	7.18
	M/S. Electro Mechanical Company LLC			87,933,581	6.52

# Disclosure of trading in shares of the Bank, carried out by its Directors, Executives and their Spouses and Minor Children during the year 2012

The following sale/purchase of shares of the Bank by Executives of the Bank was reported to the Company Secretary:

Sr. #	Name	Date	No. of shares	
			Purchase	Sale
1	Mr Aamir Hameed Area Manager, Sargodha	06-03-2012		5,000
		14-03-2012		5,000
		20-03-2012		35,000
		03-04-2012		15,000
		12-04-2012	5,000	
		09-05-2012	5,000	
		16-05-2012	10,000	
		18-05-2012	5,000	
		24-04-2012		10,000
		03-05-2012		5,000
		23-08-2012	5,000	
		28-11-2012	5,000	
28-11-2012	5,000			
2	Mr Munir Ahmed Khawaja Senior Manager, CAC Agriculture, Shah Rukn Alam Branch, Multan	20-02-2012		10,000
3	Mr Rashid Nawaz Cheema Islamic Banking-Group Office, Lahore	22-02-2012		30,000
4	Mr Wasim Akhter Manager Company Secretariat, Head Office, Karachi	06-03-2012		3,541
5	Mr Imran Zaman Khan Assistant General Manager, Engineering & Architectural Services, Lahore	12-03-2012		140,744
6	Mr S. M. Talib Rizvi Group Head - RMM North, Islamabad	26-03-2012		1,000,000
7	Mr Mahr Falak Sher Head Property & Bank's Contract Document Management, Karachi	04-04-2012		30,000



Sr. #	Name	Date	No. of shares	
			Purchase	Sale
8	Mr Kamran Sadiq Senior Manager Credits, Islamabad	12-04-2012 03-07-2012	19,500	20,000
9	Mr Shakil Sadiq Group Head SME Project, Lahore	25-05-2012 28-05-2012 28-05-2012		200,000 150,000 124,000
10	Mr Muhammad Ashraf Sidhu Senior Audit Manager, Karachi	12-07-2012		11,250
11	Mr Azhar Sajjad Siddiqui Regional Manager Liabilities, Islamabad	31-07-2012 31-07-2012	50,000	50,000

# Branch Network

## KARACHI

### Main Branch

B.A. Building, I.I.Chundrigar Road.  
Phone : (021) 32414030-39  
UAN No. : 111-777-786  
Fax : 32417006

### Cloth Market Branch

Cochinwala Market, Luxmidas Street.  
Phone : (021) 32401621-5  
Fax : 32401627

### Clifton Branch

Plot No. BC-6, Block-9, Clifton,  
Phone : (021) 35833778-82, 35309075-8  
Fax : 35879175

### Shahrah-e-Faisal Branch

Progressive Square,  
11-A Block-6 PECHS.  
Phone : (021) 34313536-38, 34522441, 34522460  
Fax : 34313539

### Jodia Bazar Branch

Gulzar Manzil, Mohammad Shah Street  
Phone : (021) 32532483-4, 32544816-20  
Fax : 32532485

### Korangi Industrial Area Branch

Aiwan-e-Sanat,  
Plot No.ST-4/2, Sector 23,  
Korangi Industrial Area.  
Phone : (021) 35065701-2  
Fax : 35050653

### M.A.Jinnah Road Branch

Plot No.23/1, Corner  
M.A.Jinnah Road/Abdullah  
Haroon Road.  
Phone : (021) 32750627-28,  
Fax : 32750629

### S.I.T.E. Branch

D-40, Estate Avenue,  
Siemens Chowrangi, S.I.T.E.  
Phone : (021) 32582990-1, 32582116  
Fax : 32582113

### North Karachi Industrial Area Branch

Sector 12-B,  
North Karachi Industrial Area,  
Opp: Police Station Gabol Town.  
Phone : (021) 36962700-7  
Fax : 36986051

### Paper Market Branch

Plot No. S.R.7/23,  
Campbell Street, Paper Market.  
Phone : (021) 32211353-58  
Fax : 32211243

### Gulshan-e-Iqbal Branch

Plot No.SB-15, Block 13-B,  
KDA Scheme No.24,  
University Road, Gulshan-e-Iqbal.  
Phone : (021) 34984937,  
34984824, 34984833  
Fax : 34984971

### Karachi Stock Exchange Branch

18-20, Karachi Stock Exchange Building,  
Stock Exchange Road.  
Phone : (021) 32417515-19  
Fax : 32418353

### North Napier Road Branch

Surv. No. 35 / Sheet No. NP -10  
(Old Surv.No.A26/5), Napier Quarters.  
Phone : (021) 32544021-24, 32540065 & 67  
Fax : 32540066

### Bahadurabad Branch

Prime Arcade, Shop No. 1-3,  
Bahadur Shah Zafar Road, Bahadurabad.  
Phone : (021) 34129677-81, 34128578-81  
Fax : 34129676

### Timber Market Branch

Ground Floor, Sur. No. 15,  
Siddique Wahab Road,  
Lawrence Quarters.  
Phone : (021) 32750635-9  
Fax : 32750632

### Defence Housing Authority Branch

Plot No. C-12-C  
Tauheed Commercial Phase V,  
Defence Housing Authority.  
Phone : (021) 35302639-44  
Fax : 35302637

### PECHS Branch

Shop No. 3, 154-S, Block-2, P.E.C.H.S.  
Phone : (021) 34535861-2, 34538423-24  
Fax : 34314221, 34390090

### Federal 'B' Area Branch

C-28, Block - 13, F, 'B' Area, Shahrah-e-Pakistan.  
Phone : (021) 36803041, 36344700, 5 & 6  
Fax : 36803043

### Eidgah Branch

166, M. A. Jinnah Road, Near Light House  
Phone : (021) 32217290-4 Fax : 32217244

### Marriot Road Branch

Survey # 67, Sheet # M.R.1, Opp. Khori Garden  
Murad Khan Road, Marriot Road.  
Phone : (021) 32414138-40 & 32412080  
Fax : 32412082

**Hyderi (North Nazimabad) Branch**

Plot # ST-4, Al-Burhan Circle Hyderi,  
Block 'E', North Nazimabad.  
Phone : (021) 36626004, 36626066  
Fax : 36625402

**Gulistan-e-Jauhar Branch**

Yasir Plaza, Block 10-A, Scheme 45,  
Main Rashid Minhas Road,  
Gulshan-e-Iqbal,  
Phone : (021) 34815926-7, 34815930  
Fax : 34815924

**Tipu Sultan Road Branch**

Plot No. 118-119 Z, DBCHS,  
Shabbirabad, Tipu Sultan Road.  
Phone : (021) 34398457-9  
Fax : 34398456

**DHA Phase-I Branch**

114, 9th East Street, Phase-I,  
Defence Housing Authority, Main Korangi Road.  
Phone : (021) 35887571-73  
Fax : 35887574

**Hawksbay Road Branch**

KB-28, Haji Ishaq Market, Main Hawksbay Road,  
Opp. Quaid-e-Azam New Truck Stand  
Phone : (021) 32355871, 32355872-74  
Fax : 32355875

**Shershah Branch**

D-283, Main Shershah Road,  
Quality Godown, S.I.T.E.  
Phone : (021) 32585001-4 Fax : 32585005

**Malir Cantt. Branch**

Old Malir Cantonment Library,  
Cantt Bazar, Malir Cantt.  
Phone : (021) 34904601-2 Fax : 34904603

**Tariq Road Branch**

124/A, Block 2, P.E.C.H.S, Main Tariq Road  
Phone : (021) 34386052-5  
Fax : 34386056

**Landhi Branch**

Plot No. 29/10/1, Sector 5D, Landhi Township  
Phone : (021) 35034451-3  
Fax : 35030875

**Gulshan Chowranghi Branch**

Sani Arcade, Block- 3, Gulshan-e-Iqbal  
Phone : (021) 34978252, 34993792  
Fax : 34985729

**Garden East Branch**

Silver Jubilee Centre,  
194/2/1, Britto Road,  
Near Ismailia Jamat Khana, Garden East  
Phone : (021) 32238704, 32238717,  
32238722, 32238605  
Fax : 32225941

**DHA Phase IV, Karachi**

Plot No. 80, 10th Commercial Street,  
Phase IV, Defence Housing Authority, Karachi  
Phone: (021) 35312832- 35  
Fax: 35312837

**Gizri**

K-4/3, & 4/4-A,  
Ch. Khaleeq uz Zaman Road, Gizri  
Phone: 021-35868991-93 Fax: 021-35867149

**Sea View**

Sahil Promenade, Block 3,  
Scheme 5, Clifton, Karachi  
Phone: 021-35364095-97 Fax: 021-35371259

**Nazimabad**

Al-Kausar Homes, Plot # 2, Block-III,  
Sub-Block "E", Nazimabad, Karachi  
Phone: (021) 36708980-83  
Fax: (021) 36708978

**Saddar Branch**

Shop # 6, State Life Building # 5,  
Abdullah Haroon Road.  
Phone: (021) 35658714-16  
Fax: (021) 35658717

**Johar Chowranghi Branch**

Plot No. 118-119-C/1, K.D.A. Scheme No. 36,  
Rufi Shopping Mall Block, 18 Gulistan e Johar  
Phone : (021) 34638114, 34015966-7  
Fax : 34638115

**Nagan Chowranghi Branch**

Plot # SC-28, Sector 11-H, North Karachi, Karachi  
Phone : (021) 36957622-621 Fax : 36902210

**Jamshed Road Branch**

Ashfaque Plaza, Jamshed Quarters,  
New M.A. Jinnah Road, Karachi  
Phone : (021)-34860794-95 Fax : 34860793

**Gulshan-e-Hadeed Branch**

A-329 Phase I, Sub-Sector, 8-C/1, Bin Qasim  
Phone : (021) 34721406 Fax : 34721407

**Akbar Road Branch**

Plot # 294, AM-3, Artillery Maidan Quarters,  
Preedy Street, Saddar  
Phone : (021) 32725107, 32725146, 32724939  
Fax : 32724928

**Steel Market Branch**

Plot # 8 & 9/D-1, S.R. 1, Liaquat Market,  
Serai Quarters, Opp New Memon Masjid,  
M.A. Jinnah Road  
Phone : (021) 32422679, 627, 774 Fax : 32422526

**Malir City Branch**

H-11/11, Liaquat Market, Malir Town  
Phone : (021) 34117134-35 Fax : 34117156



**West Wharf Branch**

Sultan Centre, Plot # 11, West Wharf  
Phone : (021) 32205966-67 Fax : 2205794

**Liaquatabad Branch**

Plot No 21, 22 & 23, Commercial Area,  
Block 7, Liaquatabad, Karachi  
Phone : (021) 34911794-7 Fax : 34911793

**Urdu Bazar Branch**

Plot No. RB 10/16-III, A210, Ram Bagh,  
Urdu Bazar, M.A. Jinnah Road, Karachi  
Phone : (021) 32214185-89 Fax : 32214183

**Abul Hasan Ispahani Road Branch**

Sani Corner, Sector-22, KDA Scheme 33,  
Abul Hasan Ispahani Road, Karachi  
Phone : 34974484-6 Fax : 021-34974487

**Hussainabad Branch**

R-471, Block 2, KDA Scheme 16,  
Hussainabad, F.B. Area Karachi  
Phone : (021) 36337646-47 Fax : 36337648

**DHA Phase II Ext.**

Shop No.3 & 4, Plot No. 44-C- 24th Commercial  
Street, DHA Phase II Extension, Karachi  
Phone : (021) 35312152-54 Fax : 35312155

**Shireen Jinnah Colony**

LS-27 & 28, Shireen Jinnah Colony, Block 1,  
KDA Scheme No. 5, Clifton, Karachi  
Phone : (021) 35877060, 35877058  
Fax : 35877059

**Bombay Bazar Branch**

Plot No. B.R.3/11, Faiza Palace, Bunder  
Quarters, Bombay Bazar, Karachi  
Phone : 021-32437917-19  
Fax : 021-32437481

**Garden West Area Branch**

Amin Center, Plot No. 130/I, Garden  
West, Karachi  
Phone : 021-32231005-7  
Fax : 021-32231003

**Khayaban -e- Shamsheer**

Plot No. 31, Stadium Lane No. 2, DHA  
Phase V, Karachi  
Phone : 021-35248534-6  
Fax : 021-35248537

**Khayaban-e-Muslim Branch**

Plot No. 36-C, Khayaban-e-Muslim,  
Phase VI, DHA, Karachi  
Phone : 021-35843263-65  
Fax : 021-35842073

**Pakistan Chowk Branch**

Zubaida Manzil, Serai Quarters, Kutchery  
Road, Pakistan Chowk, Karachi  
Phone : 021-32215703-5  
Fax : 021-32215706

**Plaza Quarters, Karachi**

Shop No. 7, Plot No. 34, Marston Road,  
Plaza Quarters, Karachi  
Phone : 021-32765415-6, 32765418  
Fax : 021-32765412

**Khayab-e-Rahat**

Plot No. 12-C, Rahat Lane-3  
DHA Phase-VI, Karachi.

**Babar Market (Landhi)**

Shops No. 452 & 453 Main Road,  
Babar Market Landhi # 3, Karachi  
Phone : 021-35013664-5  
Fax : 021-35013661

**Beaumont Plaza**

Showroom NO.5 & S-6, Ground Floor,  
Beaumont Plaza, Beaumont Road,  
Civil Lines Quarters, Karachi  
Phone : 021-35642983-5  
Fax : 021-35642987

**Block F, North Nazimabad**

Shop No, 3, Plot No, SC-13, North Nazimabad,  
Block-F, North Nazimabad, Karachi  
Phone : 021-36724901-3  
Fax : 021-36724904

**Block H, North Nazimabad**

SC-21/A, Block-H, North Nazimabad, Karachi  
Phone : 021-36724500-3  
Fax : 021-36724504

**Kawish Crown Plaza**

Kawish Crown Plaza, Block 7 & 8, Ground  
Floor, Darul Aman Cooperative Housing  
Society, Shahrah-e-Faisal, Karachi  
Phone : 021-3433927-29  
Fax : 021-3433932

**Khalid Bin Waleed Road**

Plot No. 89-K, Block-2, Ali Bhai Arcade, Main  
Khalid Bin Waleed Road, P.E.C.H.S. Society  
Phone : 021-34521906-8  
Fax : 021-34521902

**Sharfabad, Karachi**

Aqila Cornet, Shop NO.1 & 2, Commercial  
Plot No. 12/25, Survey Sheet NO.3S-P/1,  
Block NO.3, Karachi Memon Cooperative  
Housing Society, Karachi  
Phone : 021-34134007-8  
Fax : 021-34134009

**Zaibunnisa Street, Karachi**

Old Survey # F-16, Survey # 7/6,  
Zaibunnisa Street, Saddar, Karachi  
Phone : 021-35143033-38  
Fax : 021-35143038

**HYDERABAD****Main Branch Hyderabad**

Plot No.476/1 & 476/2,  
adjacent to Hotel Faran, Saddar.  
Phone : (022) 2786020-22, 2784242  
Fax : 2786023



#### **Grain Market Branch**

Aman Center, Price Ali Road Hirabad  
Phone : (022)-2660611-5 Fax : 2660620

#### **Latifabad Branch**

4/D, Block-D, Unit no. 7, Opposite St.  
Elizabeth Hospital, Main Road,  
Latifabad, Hyderabad  
Tel: 022-3861562-64 Fax: 022-3861561

#### **Qasimabad Branch**

Phase I, Main Qasimabad Road, Near PTCL  
Exchange, Qasimabad, Hyderabad  
Tel: 022-2670592-94 Fax: 022-2670591

#### **SUKKUR**

B-2823/B-2851, Frere Road, Sarafa Bazar.  
Phone : (071) 5628175, 5624753, 5624750  
Fax : 5628176

#### **NAWABSHAH**

Municipal Office Chowk, Katchery Road  
Phone : (0244)330723-25 Fax : 330729

#### **TANDO ADAM**

Plot No. A / 06 & 07, Hyderabad  
Road, Tando Adam  
Phone: 0235-576042-44 Fax: 0235-576043

#### **SANGHAR**

CS # 124/4 Ward-A, Nawabshah  
Road, Sanghar  
Phone: 0235-542500-01 Fax: 0235-542503.

#### **SHAHDAD PUR**

City Survey No. 860-864 Ward A, Station  
Road, Shahdadpur, District Sanghar  
Phone : 0235-842851-54 Fax: 0235-842855

#### **QUETTA**

M.A. Jinnah Road Branch  
Property No.2-12(1), M.A.Jinnah Road.  
Phone : (081) 111-777-786, 2841180-83  
Fax : 2827562

#### **Hazar Gunji Branch**

Plot No. 332, 333, 334, Truck Stand,  
Hazar Gunji.  
Phone : (081) 2460520, 2460821 Fax : 2460519

#### **Shahrah-e-Iqbal Branch**

Cut Piece Cloth Market, Shahrah-e-Iqbal  
Phone : (081) 2834425, 2834429  
Fax : 2827270

#### **Double Road**

Arbab Plaza, Double Road, Quetta  
Phone : (081) 2441961-62, 2441663  
Fax : (081) 2441665

#### **Model Town Quetta Branch**

Plot # 35-B, Model Town, Quetta Cantt.  
Phone (081) 2832130 Fax : 2827329

#### **Liaquat Bazar Branch**

Liaquat Bazar, Quetta  
Phone (081) 2838033-34  
Fax : 2838025

#### **Sirki Road Quetta**

Berach Market Chowk, Sirki Road, Quetta  
Phone (081) 2440137 - 38  
Fax : 2440136

#### **Alamdard Road, Quetta**

Shop No. 7-28/4 & 7-28/5, Alamdar  
Road, Quetta  
Phone : (081) 2660284  
Fax : (081) 2660287

#### **Suraj Ganj Bazar, Quetta**

Shop No. 1-11-12B, Allibhoy Road,  
Suraj Ganj Bazar,  
Phone : (081) 2833464-5  
Fax : (081) 2833468

#### **Zamzama Road, Quetta Cantt**

Zamzama Shopping Complex, Zamzama  
Road Quetta Cantt, Quetta  
Phone : 081-2882966-7, 081-2882969  
Fax : 081-2882970

#### **CHAMAN**

Trunch Road, Chaman, Balochistan.  
Phone : (0826) 613440, 612541 Fax : 613488

#### **GAWADAR**

Airport Road, Gawadar  
Phone : (0864) 211796-98 Fax : 210185

#### **JACOBABAD**

Quaid-e-Azam Road, Jacobabad  
Phone : 0722-650935-36 Fax : 0722-650930

#### **MIRPURKHAS**

Plot # 864/7, Adam Town,  
Main Umerkot Road,  
Phone : (02338) 74466, 74686 Fax : 75127

#### **LARKANA**

Bunder Road  
Phone : (074) 4055712, 4055812, 4055360  
Fax : 5053962

#### **LAHORE**

#### **LDA Plaza Branch**

LDA Plaza, Kashmir Road,  
Phone : (042) 36306201-05  
Fax : 36301193, 36368905

**Gulberg Branch**

125/E-I, Gulberg-III, Main Boulevard.  
Phone : (042) 35877800-8  
Fax : 35754900, 35877807

**Defence Branch**

G-9, Commercial Area, Phase-I, LCCHS.  
Phone : (042) 35729722-26  
Fax : 35729727, 35733591

**Circular Road Branch**

A-43/A, Opp: Mazar Hazrat Shah  
Mohammad Ghous, Circular Road.  
Phone : (042) 37638256-8  
Fax : 37653384

**Township Branch**

47-B/1, Block 10,  
Akbar Chowk, Township.  
Phone : (042) 35152831-6  
Fax : 35113716

**Badami Bagh Branch**

29-30 PECO Road, Badami Bagh.  
Phone : (042) 37704961-66  
Fax : 37728636, 37728074

**Allama Iqbal Town Branch**

36, College Block, Allam Iqbal Town.  
Phone : (042) 35432961-5  
Fax : 35432960

**Shah Alam Market Branch**

2035-D, Hilal-e-Ahmar Health Complex,  
Near Fawara Chowk, Shah Alam Market.  
Phone : (042) 37673401-6  
Fax : 37673409

**Shadman Market Branch**

88, Shadman-1  
Phone : (042) 37538116-20  
Fax : 37538129

**Tufail Road Branch**

50/3, Tufail Road, Cantt.  
Phone : (042) 36689016-19  
Fax : 36688374

**Lahore Stock Exchange Branch**

Basement Level - 2,  
Lahore Stock Exchange Building,  
19, Khayaban-e-Iqbal.  
Phone : (042) 36307461-68  
Fax : 36307460

**Baghbanpura Branch**

278-G.T. Road, Baghbanpura, Lahore.  
Phone : (042) 36844006-09  
Fax : 36844010

**Ravi Road Branch**

13 Ravi Raod.  
Phone : (042) 37708661-64  
Fax : 37708660

**Liberty Branch**

10-C, Commercial Area,  
Liberty Market, Gulberg-III.  
Phone : (042) 35789431-34  
Fax : 35755226

**Raiwind Road Branch**

Thoker Niaz Beg, Plot # 4, Raiwind Road.  
Phone : (042) 35314671-5  
Fax : 35314678

**Shahdin Manzil Branch**

Shahdin Manzil,  
Faysal Chowk, Mall Road.  
Phone : (042) 36012000-30, 36300581, 36300586  
Fax : 36300589

**Samanabad - Lahore**

Plot # 91 - Main Road, Samanabad, Lahore  
Phone : (042) 37590062-3  
Fax : (042) 37590064

**DHA Extension Branch**

Divine Centre, Near Bhatta Chowk,  
New Airport Road, Lahore Cantt  
Phone : (042) 35700301-309  
Fax : 35700213

**Azam Cloth Market Branch**

Raheem Centre, Akbar Block,  
Azam Cloth Market  
Phone : (042) 37643851-55  
Fax : 37643860

**Shad Bagh Branch**

37, Umer Din Road, Wassanpura  
Phone : (042) 37616252-56  
Fax : 36260295

**Karim Block Allama Iqbal Town, Lahore**

502-Ali Plaza, Karim Block Market,  
Allama Iqbal Town, Lahore  
Phone : (042) 35425528, 30, 31  
Fax : (042) 35425529

**Ferozpur Road Branch**

18-KM Main Ferozpur Road  
Phone : (042) 35807812-14  
Fax : 35807813

**Shahdara Branch**

Main Shaikhupura Road, Shahdara Chowk  
Phone : (042) 37900290  
Fax : 37900291

**Walton Road Branch**

E-28/A, Main Walton Road  
Phone : (042) 6627004-7  
Fax : 36687391

**Urdu Bazar Branch**

Main Kabir Street  
Phone : (042) 37210644  
Fax : 37210647

**Brandreth Road Branch**

91-A, Brandreth Road, Near Australia Building  
Phone : (042) 37674115-18  
Fax : 37637303

**DHA Phase II Branch**

65 CCA, Phase-II, DHA  
Phone : (042) 35707581-4  
Fax : 35707580

**Ghari Shahu Branch**

99-A, Allama Iqbal Road, Ghari Shahu  
Phone : (042) 36372656, 36371001  
Fax : 36360962

**Model Town, Lahore**

13 Bank Square, Central Commercial  
Market, Model Town Lahore  
Phone: (042) 35884670-72  
Fax: 35884675

**Cavalry Ground, Lahore**

35 Main Boulevard,  
Officers Housing Scheme,  
Cavalry Ground Lahore  
Phone: (042) 36610531-32, 36610534  
Fax: 36610536

**Chuburgi**

24-Niaz View Scheme, Rewaz Garden,  
Chuburji, Lahore  
Phone: (042) 37356640-42  
Fax: 37222236

**Main Market Gulberg**

32-E-Main Market, Gulberg II, Lahore  
Phone: 042-35786955- 59  
Fax: 042-35786964

**Montgomery Road Branch**

65-Montgomery Road, Lahore  
Phone : (042) 36303081-4  
Fax : 36303085

**Jauhar Town Branch**

Plot No. 435, Block G-1  
M.A. Johar Town, Lahore  
Phone : (042)- 35281081-5  
Fax : 35291090

**Bedian Road Branch**

Phone : (042) 37088164  
Fax : 35742694

**Fortress Stadium Branch**

Phone : (042) 36623082-86  
Fax : 36623087

**Wapda Town Branch**

Plot No. 189, Block-F, PIA Society,  
Wapda Town Round About  
Phone : (042) 35211574  
Fax : 35211576

**Ichra Branch**

112- Ferozepur Road, Ichra, Lahore  
Phone : (042) 37539604-5  
Fax : 37539608

**Bund Road Branch**

Main Bund Road,  
Near Gulshan-e-Ravi Chowk, Lahore  
Phone : (042) 37404868-72  
Fax : 37404867

**Zarar Shaheed Road -**

Guldasth Town Branch  
Zarar Shaheed Road, Guldasth Town, Lahore  
Phone : (042) 36635969  
Fax : 36635968

**EME Society Branch**

50-A, Mohafiz Town,  
Near EME Society Main Gate, Lahore  
Phone : (042) 37516325  
Fax : 0423-37516327

**Islampura Branch**

30-A, Main Sanda Road, Atif Chowk,  
Islampura, Lahore  
Phone : 042-37117739-40  
Fax : 042-37117738

**Karim Block Allama Iqbal Town Branch**

502-Ali Plaza, Karim Block Market,  
Allama Iqbal Town, Lahore  
Phone : 042-35425528, 30, 31  
Fax : 042-35425529

**Sabzazar Multan Road Branch**

Plot No. 10, 10-A, B & C, Industrial  
Muslim Block, Allama Iqbal Town,  
Multan Road, Lahore.  
Phone : (042) 37804070-79  
Fax : (042) 37804075

**Link Road, Model Town Branch**

Shop No. 2 & 4 to 10, Bridal Centre, Link Road, Lahore.  
Phone : (042) 35925801-02  
Fax : (042) 35925804

**Fruit Market Branch**

Plot No. 136, Fruit Market, Ravi  
Link Road, Lahore.  
Phone : (042) 37721966-8  
Fax : (042) 37721959

**Airport Branch**

Northern side of terminal building, under  
Ramp Bridge, Allama Iqbal International  
Airport, Lahore  
Phone : 042-36611447-8  
Fax : 042-36611449

**Bilal Gunj**

Danial Street # 13, Shahjahan Road  
Main Bilal Gunj, Lahore  
Phone : 042-37162722-4  
Fax : 042-37162725

**DHA Phase IV**

Property No, 204-CCA, Block FF,  
DHA, Phase IV, Lahore Cantt,  
Phone : 042-35890916-20  
Fax : 042-35890921

**Mall Road**

Alfred Building, 89 The Mall, Lahore  
Phone : 042-37245626-8  
Fax : 042-37245629

**People Vehra Shahalam-II Branch**

140 People Vehra Shahalam Market, Lahore.  
Phone : 042-37667495-97  
Fax : 042-37667498

**ISLAMABAD****Blue Area Branch**

1-B, Awan Arcade, Jinnah Avenue, Blue Area.  
Phone : (051) 2810136-49  
Fax : 2279897

**I-10 Markaz Branch**

4-A, I-10 Markaz  
Phone : (051) 4435804-6  
Fax : 4435807

**F-7 Markaz Branch**

13-U, F-7 Markaz, Jinnah Super  
Market, Islamabad  
Phone : (051) 2653944-49  
Fax : 2653940

**F-11 Markaz Branch**

Plot No.28, Al Karam Centre, F-11  
Markaz, Islamabad  
Phone : (051) 2228127-28  
Fax : (051) 2228129

**Stock Exchange Branch**

Office No. 5, 55-B, Islamabad  
Stock Exchange Tower, Jinnah Avenue  
Phone : (051) 2894071-74  
Fax : 2894075

**F-10 Markaz Branch**

4-D, Urfi Centre, Markaz F-10  
Phone : (051) 2809705-08  
Fax : 2809719

**I-8 Markaz Branch**

Plot No. 34, I-8 Markaz  
Phone : (051) 4862563-6  
Fax : 4862567

**G-9 Markaz, Islamabad**

G-9 Markaz, 39 Paragon Plaza  
Phone: (051) 2253002-3  
Fax: 2854932

**F-8 Markaz, Islamabad**

Shop No. 2 & 3, Al-Babar Centre,  
F-8 Markaz, Islamabad  
Phone: (051) 2818044-6, 2854615  
Fax: 2260270

**Grain Market Branch**

Shop # 40-41, Fruit Market, I-11/4  
Phone : (051) 4438823-5  
Fax : 4438828

**Bhara Kahu Branch**

Main Muree Road, Bhara Kahu  
Phone : (051) 2233635, 2233637-9  
Fax : 2233636

**G-11 Markaz Branch**

Sardar Arcade, G-11 Markaz  
Phone : (051) 2830259, 2830260  
Fax : (051) 2830264

**Tarnol Branch**

Al-Noor Plaza, GT Road, Tarnol,  
Tehsil & District Islamabad  
Phone : (051) 2226621-23  
Fax : (051) 2226626

**COMSATS Institute of Information Technology (CIIT) Branch**

Chak Shahzad, Park Road, Islamabad  
Phone: 051-4365103-4

**E-11, Islamabad**

Plot NO.4, Multi Professionals Cooperative  
Housing Society, E-II/3, Islamabad  
Phone : 051-2228942  
Fax : 051-2228976

**G-7, Islamabad**

Marina Heights, Plot No. 109E, G-7, Main  
Jinnah Avenue, Blue Area, Islamabad  
Phone : 051-2806426-9  
Fax : 051-2806425

**PWD, Islamabad**

Plot No. 14-A & 14-B, Main PWD Road, PWD  
Employees Housing Society, Islamabad  
Phone : 051-5170702, 5170701  
Fax : 051-5170703

**RAWALPINDI****The Mall Branch**

8, The Mall, Saddar  
Phone : (051) 5700038-40  
Fax : 5700042, 5700029

**Satellite Town Branch**

B/20, North Star Plaza, Satellite  
Town, Murree Road.  
Phone : (051) 4424080-6  
Fax : 4424087

**Jinnah Road Branch**

A-351, Jinnah Road (Old City Saddar Road).  
Phone : (051) 5775325-8 Fax : 5775324

**Rawat**

Ground Floor, Riaz Shah Bukhari Plaza, Main  
G. T Road Rawat, Tehsil & Distt. Islamabad  
Phone : (0514) 611906  
Fax : (0514) 611903

**Lalazar Branch**

Tulsa Road, Lalazar  
Phone : (051) 5524904-5  
Fax : 5527814

**Chaklala Branch**

59, Shah Plaza, Commercial Area,  
Chaklala Scheme III  
Phone : (051) 5766003-4  
Fax : 5766005

**College Road Branch**

E/20-26, College Road  
Phone : 051- 5762008, 5762010  
Fax : 5762007

**Peshawar Road Branch**

Plot No. 400/2, Gammon House,  
Peshawar Road, Rawalpindi  
Phone : (051) 5468401-2  
Fax : 5468403

**Airport Road**

7-Fazal Town, Airport Link Road, Rawalpindi  
Phone: (051) 5706022-23  
Fax: 5781483

**Khanna Branch**

Adil Tahir Plaza, Service Road,  
Al-Noor Colony, Sector 3  
Phone: (051) 4479290-3,  
Fax: (051) 4479295

**Chowk Sadiqabad Branch**

Shop # 2-6, Abassi Tower, Muslim Town  
Phone : (051) 4423078-81  
Fax : 4480226

**Kahuta Branch**

Tehseen Plaza, PAF Road  
Phone : (051) 3313625-29  
Fax : 3313630

**Adamjee Road Branch**

Adamjee Road, Saddar, Rawalpindi Cantt.  
Phone : (051) 5563728  
Fax : 5563730

**Tench Bhatta Branch**

Plot # 396/C, Main Bazar,  
Tench Bhatta, Rawalpindi Cantt.  
Phone : (051) 5520475  
Fax : 5520466

**Adyala Road Branch**

Main Adyala Road, Rawalpindi  
Phone : 051-5570078-79  
Fax : 051-5570080

**Baghsardaran Branch**

12 Ghazni Colony, Bagh Sardaran, Rawalpindi  
Phone : 051-5778592-93  
Fax : 051-5778594

**Bohar Bazar**

C 211-215, Bohar Bazar, Rawalpindi  
Phone : 05811-451914, 05811-451910  
Fax : 05811-451926

**Faizabad Branch**

Shakeel Plaza, Faizabad, Rawalpindi  
Phone : 051-4575846-47  
Fax : 051-4575849

**Saidpur Road, Rawalpindi**

Plot No. 378, Opposite Makkah Cloth,  
Saidpur Road, Rawalpindi  
Phone : 051-4418646-48  
Fax: 051-4418649

**Naz Cinema Murree Road, Rawalpindi**

Shop No. 13, Gul-Noor Market,  
Naz Cinema, Murree Road, Rawalpindi  
Phone : 051-4421682-85  
Fax: 051-4421680

**Bahria Town Phase IV**

Plot No. 95, Main Civic Center, Bahria  
Town, Phase IV, Rawalpindi  
Phone : 051-5732408, 051-5732409  
Fax : 051-5732410

**FATEH JANG**

Rawalpindi Road, Fateh Jang,  
Phone : (0572)-210837-38  
Fax : 210839

**TAXILA**

Kohistan Complex, G. T. Road  
Phone : (0514) 534012-15  
Fax : 535015

**Mohra Chowk**

Mouza Lab Thatoo, Mohra Chowk,  
Hazara Road, Tehsil Taxila, Distt. Rawalpindi  
Phone : 0514-590019, 590021-22  
Fax : 0514-590020

**WAH CANTT**

4-1/100, Officers Colony, The Mall.  
Phone : (0514) 539425-28  
Fax : (0514) 511980

**FAISALABAD****Main Branch**

Ground Floor, State Life Building, Liaqat Road.  
Phone : (041) 2617436-9  
Fax : (041) 2617432, 2640834

**Peoples Colony Branch**

17-A/2, Sir Fazal Hussain Road, Opp. Radio  
Station, Peoples Colony No. 1, Faisalabad  
Phone : (041) 8722636-39  
Fax : 8722184

**Susan Road Branch**

P-98/22, Main Susan Road, Madina Town  
Phone : (041) 8556673-75  
Fax : 8556679

**Rail Bazar Branch**

Property No. P-81, Rail Bazar  
Phone : (041) 2540801-2  
Fax : 2540803

**Yarn Market Branch**

P-78, Street No. 3  
Yarn Market, Montgomery Bazar  
Phone : (041) 2605806-7  
Fax : 2621487

**Minerva Road Branch**

P-64-B, Menerva Road  
Phone : (041) 2540763- 5  
Fax : 2540759

**Sheikhupura Road, Faisalabad**

P - 352-A, Gulistan Colony II,  
Millat Chowk, Sheikhupura Road, Faisalabad  
Phone : 041-8582141- 2  
Fax : 041-8582147

**Babar Chowk Branch**

641-A, Peoples Colony Extension,  
Babar Chowk  
Phone : (041)- 8557421-22  
Fax : 8557424

**Khurrianwala Branch**

Main Bazar, Jhumra Road  
Phone : (041) 4361080-81  
Fax : 4361082

**Samanabad Branch**

P-9, Main Road, Samanabad, Faisalabad  
Phone (041) 2561502-03  
Fax : 2561504

**Samundri Branch**

P-35/36, Grain Market,  
Gojra Road, Samundri  
Phone : (041) 3424356-7  
Fax : (041) 3424355

**Sabzi Mandi Branch**

New Fruit & Vegetable Market,  
Chak No. 245-RB, Near Sidhar Bypass,  
Tehsil Sadar, Faisalabad  
Phone : (041) 2518823-4  
Fax : (041) 2518825

**Bhowana Bazar**

P-141, Main Gole Bhowana Bazar, Faisalabad.  
Phone : (041) 2627357  
Fax : (041) 2540706

**Factory Area**

Property NO.3, Main Road, Factory  
Area, Faisalabad  
Phone : 041-2603523  
Fax : 041-2603525

**Karkhana Bazar**

P-120, Karkhana Bazar, Faisalabad  
Phone : 041-2602613-14  
Fax : 041-2602615

**PESHAWAR****Peshawar Main Branch**

6-B, Islamia Road Peshawar Cantt  
Phone : (091) 5287051-7  
Fax : 5287058

**Peshawar City Branch**

Shoba Chowk, Park Inn Hotel Building,  
Khyber Bazar, Peshawar City.  
Phone : (091) 2590023-26  
Fax : 2551380

**Hayatabad Karkhano**

Shop No. B-29 & 30, J.B. Plaza,  
Karkhano Market, Hayatabad, Jamrud Road,  
Phone : (091) 5822902-7  
Fax : 5822908

**G.T. Road Branch**

1045-1046, Hashtnagri & Industries  
Opp: Sarhad Chamber of Commerce, G.T. Road  
Phone : 091-2593002-6  
Fax : 2593001

**Peepal Mandi Branch**

Ashraf China Trade Center Peepal  
Mandi, Peshawar  
Phone : (091) 2564911-4  
Fax : (091)-2564910

**Jamrud Road, Peshawar**

Phase III Chowk, Jamrud Road  
Phone : (091) 5710753-7  
Fax : 5710758

**Bakhshi Pul Branch**

Bakhshi Pul Charsada Road,  
Tehsil & District Peshawar  
Phone : (091) 2582304-6  
Fax : 2582307

**University Road, Peshawar**

Ground Floor, Bangash Plaza, University Road,  
Peshawar  
Phone : 091-5843708-09 Fax: 091-5843710

**Temargarha**

Balambat Road, Main Bazar, Temargarha,  
Lower Dir  
Phone : 0945-825344 Fax: 0945-825346

**Dalazak Road**

Plot No.S, Opposite Parada Bagh, Dalazak Road,  
Peshawar  
Phone : 091-5244583  
Fax : 091-5244582





## ATTOCK

### Opposite Session Chowk, Attock Cantt.

Phone : (057) 2701557-58  
Fax : (057) 2700248

### Waisa

Sadaat Market, Hazro Gondal Road, Main Bazar, Waisa,  
Tehsil Hazro, District Attock  
Phone : (0572) 662413-15-16 Fax : (0572) 662417

### Qutba, District Attock

Alfalah Centre, Main G.T. Road,  
Qutba, Kamra, Tehsil, Hazro, District Attock  
Phone : (057) 2640794-95  
Fax : (057) 2640796

## GHOURGHUSHTI

### Timber Market, Main Mandi Road,

Ghourghushti, Tehsil Hazro  
Phone : (057) 2872918-19  
Fax : 2872916

## KAMRA

Attock Road, Kamra  
Phone : (057)-9317423-25  
Fax : 9317420

## HANGU

Saif-ur-Rehman Market, Opp:  
DCO Bungalow, Kohat Road, Main Bazar  
Phone : (0925) 624641, 621008  
Fax : 624644

## MULTAN

### Abdali Road Branch

62-A, Abdali Road, Multan Cantt.  
Phone : (061) 4546792-6  
Fax : 4781506

### Vehari Road Branch

618/B, Vehari Road, Near Grain Market  
Phone : (061) 6244492-95  
Fax : 6244496

### Hussain Agahi Branch

Hussain Agahi Road  
Phone : (061) 4577242, 457725  
Fax : 4577232

### Chowk Shaheedan Branch

Akbar Road, Chowk Shaheedan  
Phone : (061) 4588611, 4588807  
Fax : 4579024

### Shahrukn-e-Alam Branch

230-A & 251-A, Main Road, Shahrukn-e-Alam  
Phone : (061)-6784201-2  
Fax : 6784205

## Bosan Road Branch

262-B, Gulgasht Colony, Bosan Road  
Phone : (061) 6210364-5  
Fax : 6210363

## Lodhran Branch

27-2, Ward # 6, Main Multan Road  
Phone : (0608) 361700-363001-2  
Fax : 363005

## Quaid-e-Azam Road Branch

Plot No. 1009/I, Quaid-e-Azam  
Road, Multan Cantt.  
Phone : 061-4504281-4  
Fax : 061-4504289-90

## Garden Town

Plot No. 95-XXV, Main Sher Shah  
Road, Garden Town, Multan  
Phone : 061-6536174-75  
Fax : 061-6536173

## SIALKOT

### 40/A, Paris Road.

Phone : (052) 4591741, 4591442  
Fax : 4591742, 4593210

### Sambrial Branch

G.T. Road, Sambrial, District Sialkot  
Phone : (052) 6522801-2  
Fax : 6522803

### Shahabpura Branch

Malik Plaza, Shahabpura Road, Sialkot  
Phone : 052-3242671-79  
Fax : 052-3242680

### Kashmir Road

Plot No. 417, Main Kashmir Road, Near  
Gulistan Cinema, Kotli Behram, Sialkot  
Phone : 052-4296103, 052-4296106-109  
Fax : 052-4296105

## RAHIM YAR KHAN

12-A, Model Town, Shahi Road.  
Phone : (068) 5879880-1, 5885970  
Fax : 5879882

## GUJRANWALA

Opposite Iqbal High School, G.T.  
Road, Gujranwala  
Phone : (055) 3859931-3, 3847031-33  
Fax : 3856471, 3255295

### Satellite Town Branch

40-A Satellite Town  
Phone : (055) 3730396-99 Fax : 3251423

### Rail Bazar

Empress Building, 39- Circular Road,  
Near Daal/Rail Bazar, Gujranwala  
Phone : 055-4231760, 055-4232914, 055-4232915  
Fax : 055-4231780

**Sheikhupura Road**

Plot Nos. 11, 12, 13, Revenue Estate of Mian Sansi, Sheikhupura Road, Gujranwala  
Phone : 055-4254630, 4254640  
Fax : 055-4233470

**SAHIWAL**

183-Sarwar Shaheed Road.  
Phone : (040) 4467691-95  
Fax : 4467696

**Farid Town Branch**

Property No. 386-H, Farid Town, Sahiwal.  
Phone : (040) 4553580-83  
Fax : (040) 4553584

**SARGODHA**

91-C/2 University Road, Sargodha  
Phone : (048) 3724138-9 Fax : 3724193

**Satellite Town Branch**

302-A, Satellite Town, Sargodha  
Phone : 048-3226647  
Fax : 048-3226648

**Eid Gah Road**

Block # 19, Eid Gah Road, Sargodha  
Phone : 048-3710270-71  
Fax : 048-3710272

**CHAK NO. 111 SB**

Pull III, Main Faisalabad Road,  
District Sargodha  
Phone : (048) 3791158, 3792066  
Fax : 3791169

**GUJRAT**

G.T.S. Chowk, G.T. Road, Gujrat  
Phone : (053) 3530069-3530219  
Fax : 3530319

**Kutchery Bazar Branch**

Kutchery Road, Opp. Sabzi Market, Gujrat  
Phone : 053-3517995-98  
Fax : 053-3517999

**East Circular Road**

B-13/1395 & 1409, East Circular Road, Gujrat  
Phone : 053-3515267-68  
Fax : 053-3515269

**MARDAN**

Plot No. 11, Survey No. 128, The Mall, Mardan Cantt.  
Phone : (0937) 873631-3  
Fax : 873733

**BAHAWALPUR**

Opposite BVH, Circular Road.  
Phone : (062) 2889922-5  
Fax : 2889874

**CHINIOT**

1-A, Shahrah-e-Quaid-e-Azam  
Phone : (047) 6337704-5  
Fax : 6337706

**DASKA**

AI- Adeel Plaza, Gujranwala Road  
Phone : (052) 6616834-35  
Fax : 6619650

**HAFIZABAD**

Sagar Road, Hafizabad  
Phone : (0547) 540801-3, 540808  
Fax : 540804

**Jalalpur Bhattian Branch**

Mouza Jalalpur Bhattian, Tehsil Pindi Bhattian, District, Hafizabad  
Phone : (0547) 501275-6  
Fax : 501282

**CHICHAWATNI**

1-Railway Road, Rai House,  
Chichawatni District Sahiwal  
Phone : (0405) 487802-6  
Fax : 487807

**ARIFWALA**

47/D, Zain Palace, Qaboola Road  
Phone : (0457) 835711-12-13  
Fax : 835717

**PAKPATTAN**

159 - Main College Road  
Phone : (0457) 376020-27  
Fax : 376024

**DERA GHAZI KHAN**

Jampur Road, Dera Ghazi Khan  
Phone : (064) 2468201-6  
Fax : 2468104

**MINGORA, SWAT**

Khasra No.95, Makan Bagh,  
Saidu Sharif Road, Opposite PTCL Office.  
Phone : (0946) 726745-6, 726740-4  
Fax : 726747

**JHELUM**

Bungalow No.67, Kazam Kamal Road.  
Phone : (0544) 610162, 610172, 610182  
Fax : 610050



### MIAN CHANNU

Ghazi Morr, G.T. Road.  
Phone : (065) 2665301-3  
Fax : 2665484

### SHEIKHUPURA

Main Lahore-Sargodha Road.  
Phone : (056) 3614977-9  
Fax : 3787974, 3614976

### DERA ISMAIL KHAN

Plot # 3666-B, Kashmir Chowk,  
North Circular Road,  
Phone : (0966) 720609, 720610  
Fax : 720607

### Tank Adda

Kohinoor Super Shopping Centre, Block-K,  
Circular Road, Dera Ismail Khan  
Phone : 0966-720917

### OKARA

Plot No. 25-28, M. A. Jinnah Road  
Phone : (0442) 550419-22  
Fax : 550423

### ABBOTTABAD

191, Supply Bazar, Main Mansehra Road.  
Phone : (0992) 344723-6  
Fax : 344728

### Abbottabad City

Shop No. C-15, Cantt Bazar,  
Opposite GPO, Abbottabad  
Phone : 0992-337161-3  
Fax: 0992-337166

### JHANG

9-D, Yousuf Shah Road, Jhang Saddar.  
Phone : (047) 7624701-3  
Fax : 7624704

### Mouza Shumali Shorkot Branch

Main Jhang Multan Road, Shorkot,  
District Jhang.  
Phone : (047) 5312018  
Fax : (047) 5312016

### TOBA TEK SINGH

105-Farooq Road, Mohallah Jamia Masjid.  
Phone : (0462) 517838-9  
Fax : 517841

### BUREWALA

95-C, Al-Aziz Market, College Road.  
Phone : (067) 3771901-4  
Fax : 3771905

### KOHAT

Bannur Road, Kohat Cantt.  
Phone : (0922) 522791-93-96  
Fax : 522797

### Main Bazar Branch

T-40 & T-41, Muslim Plaza, Main Bazar, Kohat  
Phone : 0922-522007-08  
Fax : 0922-522009

### SADIQABAD

28-29 D, Allama Iqbal Road.  
Phone : (068) 5802501-3  
Fax : 5802704

### MANDI BHAUDDIN

Kutchery Road, Mandi Bahauddin  
Phone : (0546) 520921-23  
Fax : 507886

### LALA MUSA

G.T. Road, Near Ghala Mandi  
Phone : (053) 7518368, 7518370, 7518780  
Fax : 7518070

### AHMEDPUR EAST BRANCH

Kutchery Road, Near MEPCO Office  
Phone : (062) 2275504-6  
Fax : 2275503

### DAHARKI

Zafar Bazar, Daharki  
Phone : (0723) 642868 643549, 641217  
Fax : 644040

### GHOTKI

1-13, Station Road  
Phone : (0723) 680112-14  
Fax : 680118

### HAROONABAD

15-C/16-C, Ghalla Mandi  
Phone : (063) 2256401-4  
Fax : 2256458

### HASILPUR

17-D, Baldia Road, Hasilpur  
Phone : (062) 2448078, 2448075  
Fax : 2441071

### KHARIAN

1, Rizwan Plaza, Main G.T. Road  
Phone : (053) 7536241-42  
Fax : 7536245

### GILGIT

Shahrah-e-Quaid-e-Azam,  
Near Radio Station, Jutial, Gilgit  
Phone : (05811) 51904-07  
Fax : 51903

### NLI Market, Gilgit

Ghulam Haider Block, NLI Market, Gilgit  
Phone : 05811-451914, 05811-451910  
Fax : 05811-451926

### CHAKWAL

City Trade Centre, Tehsil Chowk,  
Rawalpindi Raod  
Phone : (0543) 555206-210  
Fax : 555220

### BHALWAL

451, Liaqat Shaheed Road, Bhalwal  
Phone : (048) 6644863 - 6644364  
Fax : 6642647

### KASUR

Shop No. 8-12, Adjacent to Mazar  
Hazrat Baba Bulley Shah, Rail Road  
Phone : (0492) 765218-9  
Fax : 770890

### Pattoki Branch

Allama Iqbal Road, District Kasur  
Phone : (049) 4421071-3  
Fax : 4421075

### MANSEHRA

Punjab Chowk, Shahrah-e-Resham  
Phone : (0997) 303591, 303592  
Fax : 300567

### Oghi Branch

Main Bazar, District Mansehra  
Phone: (0997) 321949  
Fax: (0997) 321357

### BANNU

Gowshala Road, Fatima Khel  
Phone : (0928) 614634-36  
Fax : 614099

### CHITRAL

D.C. Office Road,  
Opposite Mountain Inn Hotel, Attalique Bazar  
Phone : (0943) 414396, 414367  
Fax : 412988

### HAZRO

273-M, Main Hattian Road  
Phone : (057) 2313771-2  
Fax : 2313773

### KOTLA

Bhimber Road, Kotla Arab Ali Khan,  
Tehsil Kharian, Distt. Gujrat  
Phone : (0537) 586892, 586915, 586435  
Fax : 586337

### MIRPUR, AZAD JAMMU & KASHMIR

114, Sector F-1, Kotli Road, Mirpur,  
Azad Jammu & Kashmir  
Phone : (05827) 436834-7  
Fax : 436838

### KALLAR SYEDAN

Ghousia Shopping Centre, Choa Road,  
Kallar Syedan  
Phone : (051) 3572106, 3570763  
Fax : 3570227

### GUJAR KHAN

58-D & 59-C, Akbar Kiani Shopping Mall,  
G.T. Road, Gujar Khan  
Phone : 051- 3515704-707  
Fax : 051- 3515703

### GOJRA

P -85, Block III, Bohar Wali Gali, Gojra  
Phone : 046-3517675-7  
Fax : 046- 3517878

### Gojra District Mandi Bahauddin

Gojra, Tehsil Malakwal, District Mandi Bahauddin  
Phone : 0546-588620-21  
Fax : 0546-588622

### MURIDKE

G.T. Road, Muridke  
Phone : (042) 7983173-75  
Fax : (042) 7983172

### JARANWALA

P -813, Street No. 3,  
Nia Bazar, Jaranwala  
Phone : (041) 4319003-4  
Fax : (041) 4319005

### Husein Sugar Mills

Husein Sugar Mills Ltd., Lahore Road, Jaranwala  
Phone : 041-4312033  
Fax : 041-4312034

### BAHAWALNAGAR

Shop # 6, Ghallah Mandi, Bahawalnagar  
(063) 2272005-7 (063) 2277437



### MUZAFFARGARH

Mauza Taliri, Multan Road,  
Distt. Muzaffargarh  
(0662) 428920-23 (0662) 428931

### KHANPUR

Kutchery Road, Model Town, Khanpur  
(068)5577502 - 3, 5577617, 5577627  
(068) 5577805

### HARIPUR

Main Shahrah-e-Hazara, G.T. Road, Haripur  
Phone : (0995) 627451-2  
Fax : (0995) 627831

### Haripur City

Ground Floor, Hamza Plaza Main Bazar, Near  
Old Committee Chowk, Haripur City  
Phone : 0995-614314-6  
Fax : 0995-614317

### DINGA

Thana Road, Dinga, Distt. Gujrat  
Phone : (053) 7404844-46  
Fax : (053) 7404840

### WAZIRABAD

Sialkot Road, Wazirabad, Distt. Gujranwala  
Phone : (055) 6609460, 6609470, 6609480  
Fax : (055) 6609450

### JAUHARABAD

Plot # 2, Block # 2, Jauharabad, District Khushab  
Phone: (0454) 723760  
Fax: (0454) 723758

### Mandi Quaidabad Branch

Plot # 156/1, Block-D,  
Railway Road, District Khushab  
Phone : (0454) 880056-58  
Fax : 880057

### MANDI FAIZABAD

Main Jaranwala Road, Mandi Faizabad  
Phone: (056) 2881032, 2201600  
Fax: (056) 2882086

### Nankana Sahib Branch

53-Grain Market  
Phone : (056) 2877574-5  
Fax : 2877577

### MIANWALI

Watta Khel Chowk, Sargodha Road, Mianwali  
Phone : (0459) 237794-6,  
Fax : 237791

### BHERA

Property No. 12/302, Mohalla Ali Bhutta  
Phone : (048) 6692162-3,  
Fax : 6692161

### TALAGANG

Taqi Plaza,  
Chakwal Road, Talagang  
Phone : (0543) 410791-4 Fax : (0543) 411030

### MURREE

Sharjah Center, Mall Road,  
Phone : (051)-3413210-2 Fax : 3413149

### DINA

Mahfooz Plaza, G T Road, District Jhelum  
Phone : (0544)-632723-4  
Fax : 632557

### KHANEWAL

Cinema Road, Chak # 89-10/R, District Khanewal  
Phone : (065) 2555701-4, Fax : 2555710

### JINNAH COLONY, JAHANIA

Main By Pass Road,  
Tehsil Jahania, District Khanewal  
Phone (065) 2211901-4  
Fax : 2211906

### PIR MAHAL

Mohallah Kasurabad,  
Rajana Road, Pir Mahal  
Phone : (046)-3366430-31 & 3366381  
Fax : 3366382

### DEPALPUR

Kutchery Road, Depalpur  
Phone : (044)-4542223-25 Fax : 4542220

### NAROWAL

496/A, Circular Road  
Phone : (0542) 413300-9 Fax : 413310

### LORALAI

1062-1063, Zhob Road  
Phone : (0824) 660852-5 Fax : 660851

### BHAKKAR

Plot # 458, Dagar Gharbi, Jhang Road  
Phone : (0453) 516068-70 Fax : 516071

### SKARDU

Hussaini Chowk  
Phone : (05831) 54700-703 Fax : 54704

### TURBAT

Main Road, Turbat  
Phone : (0852) 411556-58 Fax : 411417

### BATTAGRAM

Opposite D.H.Q. Hospital,  
Shahrah-e- Resham  
Phone : (0997) 310222 Fax : 310377

### CHISHTIAN

29-B, Ghallah Mandi, Chishtian,  
District Bahawalnagar  
Phone : 063-2509145-6 Fax : 063-2509455

### SHAKARGARH

Ayub Market, Railway Road,  
Shakargarh, District Norwal  
Phone : 0542-453001-09 Fax : 0542-453010

### CHENAB NAGAR - RABWAH

P-4, Block 14, Gole Bazar,  
Chenab Nagar, Rabwah, District Chiniot  
Phone : 047-6214470-1 Fax : 047-6214475

### HAVELIAN

Tanoli Plaza, Ameer Muawya Chowk, Havelian  
Bazar, Havelian, District Abbottabad  
Phone : 0992-812006-8 Fax : 0992-812009

### KAMOKE

G.T. Road, Kamoke, District Gujranwala  
Phone : 055-6815791-2 055-6815796  
Fax : 055-6815790

### KOTLI, AJ&K

Aashiq Hussain Plaza, Ground Floor, Bank Road,  
Kotli, Azad Jammu & Kashmir  
Phone : (05826) 448393-94  
Fax : (05826) 448395

### PISHIN

Bund Road, Pishin  
Phone : 0826-420744-5 Fax : 0826-420748

### SWABI

Swabi Bazar, Mardan Swabi Road,  
Maneri Payan, Swabi  
Phone : 0938-223811-3 Fax : 0938-223814

### CHOA SAIDAN SHAH

Rab Nawaz House, Chakwal Road,  
Choa Saidan Shah, District Chakwal  
Phone : 0543-580862-64 Fax : 0543-580865

### PHALIA

Hailan Road, Phalia, Tehsil Phalia,  
District Mandi Bahauddin  
Phone: 0546-566051 Fax: 0546-566054

### CHARSADDA

Tangi Charsadda Road, Opposite Ghafoor  
Market, Charsadda Bazar, Charsadda  
Phone: 091-6510013-14, 6511007  
Fax: 091-6512002

### CHILLAS

DC Chowk, Chillas, District Diamer Giligt-Baltistan  
Phone: 05812-450475-76 Fax: 05812-450477

### JAMPUR

Opposite TMO Office, Rajanpur Road,  
Jampur, District Rajanpur  
Phone: 0604-567136-38 Fax: 0604-567135

### LAYYAH

Chubara Road, Near Layyah Minor, Layyah  
Phone: 0606-413525-27  
Fax: 0606-410010

### MUZAFFARABAD

Tanga Stand, Muzaffarabad, AJK  
Phone: 05822-920982-4  
Fax: 05822-920985

### NOWSHERA

Taj Building, G.T. Road, Nowshera  
Phone: 0923-611697 Fax: 0923-611425

### QABOOLA

Rana Ghulam Qadir Market, Main Bazar,  
Qaboola, Tehsil Arifwala, District Pakpattan  
Phone: 0457-851130-32 Fax: 0457-851129

### RAWAT

Ground Floor, Riaz Shah Bukhari Plaza,  
Main G. T Road Rawat, Tehsil & Distt. Islamabad  
Phone: 0514-611906 Fax: 0514-611903

### RENALA KHURD

Plot No. 8, Welcome Road,  
Renala Khurd, District Okara  
Phone: 044-2636340, 2636350  
Fax: 044-2636360

### SIBI

M.A. Jinnah Road, Sibi  
Phone: 0833-500206, 500208  
Fax: 0833-500209



### WAISA

Sadaat Market, Hazro Gondal Road, Main Bazar, Waisa, Tehsil Hazro, District Attock  
Phone: 0572-662413-15-16  
Fax: 0572-662417

### YAZMAN

Chak No. 56-DB, Main Bahawalpur Road, Yazman, District Bahawalpur  
Phone: 062-2703021-22 Fax: 062-2703024

### BATKHELA

Main Bazar, Batkhela, Malakand  
Phone : 0932-412403  
Fax : 0932-412404

### GAGGO MANDI

Opposite Grain Market, Sheikh Fazal Road, Gaggo Mandi  
Phone : 067-3501313-7  
Fax : 067-3501318

### GHAZI

Tarbela Road, Mouza Ghazi, Ghazi, District Haripur  
Phone : 0995-660945-49  
Fax : 0995-660950

### HAAVELI LAKHA

Property # 95, Pakpattan Road, Haveli Lakha, Tehsil Depalpur, District Okara  
Phone : 044-4775805-7  
Fax : 044-4775808

### Hunza Nagar

SM Karim Market, Ali Abad, District Hunza Nagar  
Phone : 05813-455528-29  
Fax : 05813-455530

### KANDHKOT

Survey No. 176-2, shahi Bazar, Main Road, Kandhkot  
Phone : 0722-573177-78  
Fax : 0722-573179

### MIRPUR MATHELO

Plot # C, Sindhu Green City, Near Clock Tower, G.T. Road, Mirpur Mathelo  
Phone : 0723-652041-43  
Fax : 0723-652044

### MORO

1740, Ward 13, Main Road, Moro  
Phone : 0242-410511-16  
Fax : 0242-410516

### RAJANPUR

Katchery Road, Near DHQ Hospital, Rajanpur  
Phone : 0604-688018-20  
Fax : 0604-688017

### SHINKIARI

Main Shinkiar Bazar, Sharah-e-Rashim, Shinkiar, District Manshera  
Phone : 0997-532161-3  
Fax : 0997-532164

### ISLAMIC BANKING BRANCHES

#### Uni-Tower, Karachi

213 - Uni-Towers, I.I.Chundrigar Road.  
Phone : (021) 32472295-8 Fax : 32472141

#### Shahrah-e-Faisal, Karachi

Ground Floor, Fortune Center, Shahrah-e-Faisal.  
Phone : (021) 34315271-4 Fax : 34313581

#### Jodia Bazar

Plot No. 112, Durya Lal Street, Jodia Bazar, Karachi  
Phone : (021) 32446542- 5 Fax : (021) 32430492

#### Gulistan-e-Jauhar

Pakistan Tulip Valley Plot No. SB-1, Block # 1, Gulistan-e-Jouhar  
Phone : (021) 34661355-7 Fax : (021) 34661359

#### Korangi Industrial Area

Shop No. 1, Plot # 27/28, Sector-16 Korangi Industrial Area, Karachi  
Phone : (021) 35061661-4  
Fax : (021) 35067031

#### Gulshan-e-Iqbal

Plot # 40-B, Block#13-A, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi  
Phone : (021) 34144650- 52 Fax : (021) 34144653

#### North Nazimabad, Karachi

D-3, Block A, North Nazimabad  
Phone : (021) 36633133 & 36633177  
Fax : 36633135

#### DHA Branch, Karachi

23-C, Main Khayabane-e-Ittehad, Phase II Extension, DHA, Karachi  
Phone : (021) 35313873-80 Fax : 35313872

#### Dhorajee, Karachi

Plot # 35/127 Block 7 & 8  
C.P. Berar Cooperative Housing Society  
Phone : (021) 34860321-2 Fax : 34860320

#### Port Qasim, Karachi

Plot # W-2/1/1, to W-2/1/3, North Western Industrial Town  
Phone : (021) 34750439, 34154118, 34750445  
Fax : 34750438



**F.B. Area, Karachi**

Ground Floor, Shamim Apartments, Block 10  
Phone : (021) 36362194, 36362197  
Fax : 36362226

**SITE II, Karachi**

Plot # B-24/A, SITE II (Super Highway Phase I)  
Phone : (021) 36881246-7 Fax : 36881249

**Orangi Town, Karachi**

Plot # LS32, 33 & 43, Sector 11,  
Near Round About # 5, Orangi Town, Karachi  
Phone : (021) 36662271-72 Fax : 36662264

**North Karachi**

Shop # 3-11 Sarah View Phase II Sector  
11-B, North Karachi, Karachi  
Phone : (021) 36964648-49 Fax : 36964739

**Nazimabad Branch**

Ground Floor, Plot # 25, Row # 1, Sub  
Block A, Block #1, Nazimabad, Karachi  
Phone: 021-36727802 Fax: 021-36619538

**Saddar Branch**

Plot # 292 & 266, Fort Mansion, Artillery  
Maidan Quarters, Regal Chowk, Saddar, Karachi  
Phone: 021-35639081 Fax: 021-35639086

**Clifton - Karachi**

Plot # D-69 Block 7, KDA Scheme  
No.5 Kehkashan Clifton, Khi.  
Phone : (021) 35869271 Fax : 021-35869270

**Shershah Branch**

D-175, Modern Godown, Shershah,  
SITE, Karachi  
Phone : 021-32588312  
Fax : 021-32588314

**Allama Iqbal Road, Karachi**

Ayesha Pride, Plot No. 76-S, Allama Iqbal  
Road, Block-2, P.E.C.H.5, Karachi  
Phone : 021-34300743  
Fax : 021-34300745

**Bahadurabad, Karachi**

Plot No. 7, Block 3, Main Bahadurabad  
Chowrangi, Karachi Cooperative  
Housing Society, Karachi  
Phone : 021-34923914  
Fax : 021-34923915

**Bokhari Commercial, Karachi**

Plot No. 36-C, Bokhari Commercial  
Lane-13, Phase VI, DHA, Karachi  
Phone : 021-35250404-6  
Fax : 021-35250403

**DHA Phase II, Karachi**

Plot No. 3C & 4C, Commercial Area- A,  
DHA Phase -II Karachi  
Phone : 021-35881944-7  
Fax : 021-35881943

**Gulshan Chowrangi, Karachi**

Plot No. C-15/1, block -3, Gulshan-e-Iqbal, Karachi  
Phone : 021-34994794-6  
Fax : 021-34994775

**Hill Park, Karachi**

Plot No. 68/Z, Zonal Commercial Area, Jinnah Co-  
operative Housing Society, Block 7-8, Karachi  
Phone : 021-34300571, 34300573-74  
Fax : 021-34300575

**Paper Market, Karachi**

Shop No. 14-17, Plot No. S.R.9/15, Taj Mahal,  
Serai Quarters, Paper Market, Karachi  
Phone : 021-32600743  
Fax : 021-32600745

**Shadab, Karachi**

Plot No. BS-7, Block 12, KDA Sceme No. 16,  
F.B. Area, Karachi  
Phone : 021-36360517  
Fax : 021-36360519

**Zamzama DHA Phase V, Karachi**

19-E/II, 2nd Zamzama Commercial Lane  
Phase V, DHA Karachi  
Phone : 021-35878051-4  
Fax : 021-35878055

**Main Branch, Lahore**

66-Main Boulevard, Gulberg.  
Phone : (042) 35781841-55  
Fax : 35781875, 35781856

**McLeod Road, Lahore**

Abid Plaza, 13, McLeod Road.  
Phone : (042) 37211631-5 Fax : 37211640

**New Garden Town, Lahore**

Awami Complex Block # 1, New Garden Town.  
Phone : (042) 35846374-85 Fax : 35846386

**Y Block, Lahore**

93-Y, Commercial Area, Phase III,  
Defence Housing Authority.  
Phone : (042) 35746191-5 Fax : 35746190

**Johar Town, Lahore**

69-R-I, M.A. Johar Town.  
Phone : (042) 35313401-05 Fax : 35313406

**Zarrar Shaheed Road**

1500-F, Dubai Chowk, Zarrar Shaheed  
Road, Lahore Cantt., Lahore  
Phone : (042) 36613855-62 Fax : (042) 36673224

**Gulshan-e-Ravi**

Block F, Main Road, Gulshan-e-Ravi Lahore  
Phone : (042) 37404811-20  
Fax : (042) 37404821

**Qurtaba Chowk**

Rehman Chambers, Qurtaba Chowk,  
Mozang Chungi, Lahore  
Phone : (042) 37114612-16  
Fax : (042) 37114618



**Mughalpur Branch**  
Opposite Ialpul, Jehangir Raod, Mughalpur  
Phone: (042) 36524701-09, Fax: (042) 36524710

**Multan Road, Lahore**  
Opposite Benz Factory,  
Main Multan Road, Lahore  
Phone : (042) 37490041-5 Fax : 37490046

**Wahdat Road, Lahore**  
14-Main Wahdat Road, Lahore  
Phone (042) 37502811-15, Fax : 37502820

**Chung Branch, Lahore**  
Chung Stop, Main Multan Road,  
Phone : (042) 37499215-19 Fax : 37499220

**Kot Abdul Malik, Lahore**  
Kot Abdul Malik, Main Lahore, Sheikhpura Road,  
Phone : (042) 37902536, 37902539  
Fax : 37902540

**Shah Alam, Lahore**  
139-Main Circular Road, Chowk Shah Alam  
Phone (042) 37374081-5 Fax : 37374086

**Azam Cloth Market Branch**  
Property No. F-1185, Karachi Block,  
Near Masjid Farooq-e-Azam,  
Azam Cloth Market, Lahore  
Phone : 042-37662845-8 Fax : 042-37651672

**College Road Township Branch**  
39- Civic Centre, College Road,  
Township, Lahore  
Phone : 042-35125080 Fax : 042-35125081

**Daroghawala Branch**  
Plot No.327, G.T. Road, Daroghawala, Lahore.  
Phone : 042-36533491-4 Fax : 042-36533495

**Kahna Nau Branch**  
23 - Km Ferozepur Road, Kahna Nau, Lahore  
Phone : 042-35271601-02 Fax : 042-35271603

**Misri Shah Branch**  
455-Main Shad Bagh Road, Misri Shah Lahore.  
Phone : 042-37612821-5 Fax : 042-37612826

**DHA Phase VI, Lahore**  
115 -J, Main Boulevard Phase VI,  
DHA Lahore  
Phone : 042-38351491-4  
Fax : 042-38351498

**DHA Main Boulevard, Lahore**  
Property No, E-167, Iqbal Park, Beside Main  
Gate DHA Main Boulevard, DHA Lahore Cantt  
Phone : 042-35735302-05  
Fax : 042-35735306

**Model Town Branch**  
7K, Commercial Market Model Town Lahore  
(Relocation Process Underway)

**Ferozpur Road, Lahore**  
387-E, Main Ferozepur Road, Near  
Ghazi Chowk, Lahore  
Phone : 042-35822571-3  
Fax : 042-35822576

**Jinnah Avenue, Islamabad**  
78-E, REDCO Plaza, Jinnah Avenue, Blue Area.  
Phone : (051) 2879580-3 Fax : 2879589

**G-10 Markaz, Islamabad**  
20-A, Sardar Plaza, G-10 Markaz  
Phone : (0511)-2819101-05 Fax : 2819100

**I-9 Markaz, Islamabad**  
Plot # 3-J, Sector I-9, Markaz Islamabad  
Phone (051) 4858562-64 Fax : 4858560

**Bahria Town Branch**  
Plot No. 9, River View Road, Mini River View,  
Commercial Mall, Phase VII, Bahria Town, Islamabad  
Phone : 051-5707131-2 Fax : 051-5707130

**DHA Phase II, Branch**  
Street No. JBW East, Sector A,  
Plaza One, DHA Phase II, Islamabad  
Phone : 051-4493714 Fax : 051-4493715

**E-II, Branch**  
Plot No. 1 & 2, Main Double Road, Federation of  
Employees Cooperative Housing Society,  
Sector E-11, Islamabad  
Phone : 051-2515491

**G-13, Islamabad**  
Plot No. 8-A, Bazar # 1, Sector G-13/1, Islamabad  
Phone : 051-2306820-21  
Fax : 051-2306823

**Cantt. Rawalpindi**  
125-D, Murree Road, Rawalpindi  
Phone : (051) 5795184-88 Fax : 5795189

**Satellite Town, Rawalpindi**  
400-B, Block B, Commercial Market, Satellite Town  
Phone : (051)4452048-9 Fax : 4452050

**Khayaban-e-Sir Syed Branch**  
Saggoo Centre, Plot No. 5-B, Sector II, Site II,  
Main Double Road, Khayaban-e-Sir Syed, Rawalpindi  
Phone : 051-4834630 Fax : 051-4834629

**Hamilton Road, Rawalpindi**  
Shop # AA/730-732, Hamilton Road, Rawalpindi  
Phone : 051-5776002-4  
Fax : 051-5776006

**Kalma Chowk, Rawalpindi**  
Plot No. 58, Kalma Chowk, Dhamial Road, Rawalpindi  
Phone : 051-5684603-05  
Fax : 051-5684519

**Kutchery Bazar Faisalabad**  
P - 36, Kutchery Bazar.  
Phone : (041) 2603021-5  
Fax : 2603028

**Canal Road Branch, Faisalabad**

Square # 14, Chak # 204-RB,  
Canal Road, Faisalabad  
Phone : (041) 8522113-4  
Fax : 8522116

**Satyana Branch, Faisalabad**

597-B, Satyana Road, Faisalabad  
Phone : (041) 8559361-64  
Fax : 8559635

**Medical College Road, Faisalabad**

1-Ramana, Opp: Punjab Medical College, Jail Road.  
Phone : (041) 8581602-04 Fax : 8581582

**Gulberg Road, Branch**

310, Block-A, Gulberg Road,  
Opposite National Hospital, Faisalabad  
Phone : 041-2605645-50 Fax : 041-2605644

**Jaranwala Road, Faisalabad**

Property No. 636, Main Jaranwala Road, Adjacent  
to National Silk Mills Ltd. Faisalabad  
Phone : 041-8559712-14  
Fax : 041-8559821

**Sargodha Road, Faisalabad**

Property No. 387, Main Sargodha Road, Ali Town,  
Opposite Sitara Textile Mills, Faisalabad  
Phone : 041-8786271-77  
Fax : 041-8786278

**Sargodha**

Opp. Jamia Masjid Hamid Ali Shah,  
Block-5, Liaquat Road, Sargodha  
Phone : (048) 3726804-7 Fax : 3726808

**Faisal Arcade G.T. Road, Gujranwala**

Phone : (055) 4557301-05 Fax : 4557310

**Model Town, Gujranwala**

Al-Fazzan Plaza, 393-A, Main Market,  
Model Town, Gujranwala  
Phone : 055-3856126-30  
Fax : 055-3856131

**2, Bosan Road, Multan**

262-B, Gulgosht Colony  
Phone : (061) 750941-5 Fax : 750885

**Dera Adda Chowk, Multan**

Plot No. 54, Azmat Wasti Road, Dera  
Adda Chowk, Multan  
Phone : 061-4540060-65  
Fax : 061-4540066

**Jamrud Road, Peshawar**

Phone : (091) 5701385-89  
Fax : 5701392

**Hayatabad, Peshawar**

Ground Floor, Commercial Complex,  
Block 2, Phase V, Hayatabad, Peshawar  
Phone : 091-5828136, 5828138-40  
Fax: 091-5828137

**Gulbahar, Peshawar**

Plot No. 6, Hussainabad Colony, Main  
Gulbahar Road, Peshawar  
Phone : 091-2591523-6  
Fax : 091-2591522

**Sialkot**

Ali Building, Khadim Ali Road, Sialkot  
Phone : (052) 3241302- 5 Fax : 3241306

**Sialkot Cantt**

Property No. 17, Aziz shaheed Road, sialkot Cantt.  
Phone : 052-4294173,052-4294175  
Fax : 052-4294176

**Rahim Yar Khan**

Shop No. 24-25, Grain Market  
Phone : (068) 5885331, 5885803-5  
Fax : (068) 5885668

**Dera Islamil Khan**

East Circular Road, Toopanwala Gate  
Dera Ismail Khan  
Phone : (0966) 710141-2 Fax : 710139

**Quetta Branch**

Shop # 1&2, Plot # 7, Shahbaz Town  
Phase 4, 35-B Model Town  
Phone : (081) 2838932, 2832130 Fax : 2899012

**Masjid Road Branch**

Plot No. 396, 397 & 398, Masjid Road, Quetta  
Phone : 081-2866548 Fax : 081-2866552

**Satellite Town Quetta**

Shop No. 3-5, opposite Hassan Plaza, New  
Adda Chowrangi, Satellite Town, Quetta.  
Phone : 081-2448684-5  
Fax : 081-2448680

**Hyderabad Branch**

Propert No. 80, Saddar Bazar, Hyderabad Cantt  
Phone L (022) 2730867-72 Fax : 2730873

**Abbottabad Branch**

27-A, Supply Bazar, Mansehra Road  
Phone : (0992) 344723-6 Fax : 344736

**Gujrat Branch**

Zaib Plaza, Rehman Shaheed Road  
Phone : (053) 3609501-3 Fax : 3517499

**Dhudial Branch**

Dhudial Chowk, Village & Post Office,  
Dhudial, Tehsil and District Chakwal  
Phone : (0543) 590676 Fax : 590673

**Pindi Ghaib Branch**

Banora Chowk, District Attock  
Phone : (057) 2350123-8 Fax : 2350120

**Hasan Abdal Branch**

Hamdan Building,  
G.T. Road, Hasan Abdal, District Attock  
Phone : 0572-523335-37 Fax : 0572-523394

**Bewal Branch**

Samote Road, Village Dhera Kanayal Bewal,  
Tehsil Gujar Khan Fax : 051-3361269



### **Jalalpur Jattan Branch**

Kashmir Nagar, Circular Road, Jalalpur Jattan,  
District Gujrat Fax : 053-3431745

### **Khushab Branch**

Shaheryar Market, Near New Bus Stand,  
Mianwali Road, Khushab  
Phone : 0454-711200-711722 Fax : 0454-711736

### **Sangla Hill Branch**

Fawara Chowk, Circular Road, Sangla Hill,  
District Nankana Sahib Fax : 0563-701052

### **Sarai Alamgir Branch**

Al- Saeed Shopping Centre, G.T. Road,  
Sarai Alamgir, District Gujrat  
Fax : 0544-654586

### **Kamalia Branch**

Mohallah Mehtianwala, Niazabad,  
Kamalia District Toba Tek Singh  
Fax : 046-3413277

### **Mailsi Branch**

Colony Road, Mailsi, District Vehari  
Fax : 067-3750031

### **Mumtazabad Branch**

Vehari Road, Near Ghausia Chowk,  
Mumtazabad Multan Fax : 061-6242002

### **Vehari Branch**

Plot No. 11, Block E, Karkhana Bazar, Vehari  
Fax : 067-3360918

### **Bahawalpur Branch**

12-B, Model Town-B, Bahawalpur  
Phone : 0622-889913-15 Fax : 0622-889918

### **Kabirwala Branch**

Khanewal Road, Kabirwala, Distict Khanewal  
Phone : 065-2400401-03 Fax : 065-2400408

### **Kot Addu Branch**

G.T. Road, Kot Addu, District Muzaffargarh  
Phone : 066-2240176-77 Fax : 066-2240173

### **Shahkot Branch**

Circular Road, Shahkot, District Nankana Sahib  
Phone : 056-3711431-32 Fax : 056-3711437

### **Sukkur Branch**

Plot No. B-1055, Near Jamia Masjid,  
Bunder Road, Sukkur  
Phone : 071-5620972-3 Fax : 071-5620974

### **Mission Chowk, Branch**

Shop No. 6-1/36 & 6-1/37, Mission Chowk, Quetta  
Phone : (081) 2833639 Fax : (081) 2833619

### **Sadiqabad Branch**

Chak No. 10/NP, Main KLP Road, Sadiqabad,  
District Rahim Yar Khan.  
Phone : (068) 5706016, 5706017  
Fax : (068) 5800014

### **Jhelum**

Saeed Plaza, Civil Lines, Jhelum  
Phone : 0544-622406-9 Fax: 0544-520075

### **Civil Lines Jhang**

Property No. 738, Civil Lines, Nawaz Square, Jhang  
Phone : 047-7630032-37  
Fax : 047-7630038

### **Grain Market, Okara**

Baba Farid Complex, B-Block, Grain Market, Okara  
Phone : 044-251101-02  
Fax : 044-251104

### **Manshera**

Opposite DHQ Hospital, Abbotabad Road Mansehra  
Phone : 0997-307746-50  
Fax : 0997-307751

## **OVERSEAS BRANCH**

### **BANGLADESH**

#### **DHAKA**

#### **Dhaka Branch**

5-Rajuk Avenue, Motijheel C.A.  
Phone : (008802) 7168821-05 Fax : 9557413

#### **Gulshan Branch**

168, Gulshan Avenue, Gulshan North,  
Dhaka 1212, Bangladesh  
Phone : 0088 02 8861848, 8861704  
Fax : 8850714

#### **CHITTAGONG**

#### **Agrabad Branch**

57, Agrabad, Chittagong, Bangladesh  
Phone : (0088) 171-888727

#### **SYLHET**

#### **Sylhet Branch**

Marchant Tower 582 East Mirza Bazar  
Phone: (00880821) 2830679  
Fax: (00880821) 2830677

#### **Dhanmondi Branch, Bangladesh**

81/A- Satmasjid Road,  
Dhanmondi, Phone : (00880) 0161-001477

### **AFGHANISTAN**

#### **KABUL**

#### **Kabul Branch**

410, Chahrahi-e-Sadarat, Shar-e-Nau  
Phone : (009375) 2004105-10 Fax : 2002142

#### **HERAT**

#### **Herat Branch**

Ground Floor, Chamber of Commerce &  
Industries, Heart Blood Bank Street  
Phone : (0093-40) 230705-07 Fax : 230704

### **KINGDOM OF BAHRAIN**

#### **MANAMA (OBU)**

Suit No. 1302, Level 17,  
Bahrain Financial Harbour, Tower West  
P.O. Box # 1375  
Phone: (00973) 17203100 Fax: (00973) 17224300

# Shariah Advisor's Report

For the year ended December 31, 2012

الحمد لله رب العالمين والعاقبة للمتقين والصلوة والسلام على سيد المرسلين وخاتم النبيين وعلى آله وصحبه اجمعين وبعد:

I have reviewed the principles and procedures practiced by Bank Alfalah Islamic Banking Group and agreements related to transactions entered into during the year ended December 31st 2012. During the year, the review function was mainly based on Audit reports of Internal Shariah Audit Department. Some of the branches/transactions were also personally reviewed by me with the assistance of Shariah Compliance Department.

In my opinion the activities and transactions performed by Bank Alfalah Islamic Banking Group during the year 2012, as a whole, are in compliance with the principles and guidelines of Shari'ah and other guidelines issued by Shariah Advisor and State Bank of Pakistan.

The allocation of Profit and charging of Losses to remunerative accounts are in conformity with the basis that has been approved by Shariah Advisor in accordance with Shariah Rules and Principles.

As per Shariah Advisor's instructions which were based on Internal Shariah Audit Reports of all 85 branches of Islamic Banking Group, income of PKR.4.491 Million has been classified for the Charity due to violations of Shariah guidelines, rendering Bank Alfalah Ltd - Islamic Banking Group's remaining income to be pure and Halal.

During the year an amount of PKR.65.080 Million was transferred to the Charity Account due to delayed payments by the Bank's customers and purification of dividend. An amount totaling PKR 37.482 Million was disbursed from the Charity Account to various charitable institutions across all 4 provinces of the country in the avenues of Education, Health and Welfare.

The Department of Internal Shariah Audit was established in Bank Alfalah in year 2011 and during the year 2012 they conducted audit of all 85 branches of Bank Alfalah's Islamic Banking Group. All reports related to the audit of the Islamic Banking Group were presented before Shariah Advisor for comments and later on Audit Department ensured compliance of Shariah Advisor's decisions noted therein.

Product Development and Shariah Compliance Department at Bank Alfalah performed its duties and responsibilities delicately throughout the year. Around 117 Transactional Process Flows for Corporate Customers were presented to Shariah Advisor for approval. Process Flows and Checklists for Currency Salam, Staff Finances - Ijarah & Murabahah were also finalized.

In my opinion following are some areas which require further improvements:

1. During year 2012, Bank Alfalah Islamic Banking Group's Treasury, Credit Administration and Trade Finance activities are centralized under Conventional set-ups. I have serious concerns over the centralization of Islamic Banking Group's activities with conventional set-ups as this kind of centralization is exposing the Islamic Banking to various kind of risks such as risk of non-compliance of Shariah guidelines, Loss of Income and Reputational risk. The matter requires special and urgent attention of Board of Directors.
2. I had mentioned in my report for year 2011 that "Bank Alfalah Islamic Banking is a Group of Bank Alfalah Limited, but the employees working in this segment feel, act and behave as if they are working in an Islamic Financial Institution. Therefore, it is necessary that like other transactional matters, their employment contracts and retirement benefits should also be reviewed and brought in line with the Shariah rulings available in the matter". It is regretful to mention that no progress had been made in this regard. The issue needs to be addressed on priority.
3. Management of Islamic Banking Group is required to increase its focus on launching new and innovative products especially Asset based products. In this regard, role of Product Development Department needs to be enhanced in line with the market practices by placing sufficient trained staff in Product Development.  
Likewise, structure of Shariah Compliance Department is required to be strengthened and re-aligned in order to perform its functions as per requirement of State Bank of Pakistan vide its Circular IBD No. 01 of 2008. Similarly, reporting line of Shariah Compliance Department needs to be changed in conformity with the market and to avoid any conflict of interest.
4. Bank Alfalah Islamic Banking Group provided opportunity of internal training to 238 staff members and 28 officers completed Islamic banking certificate course from NIBAF. However due to continuous increase in number of branches and employees, the scope of training and development with respect to Islamic Banking needs to be further broadened. Particularly it should be ensured that new hired staff should first be sent to introductory courses in Islamic Banking before inducting them to their functions.
5. As of December 31, 2012, 11.41% of Corporate Ijarah & Diminishing Musharakah Assets, 29.43% of Consumer Car Ijarah Assets and 19% Diminishing Musharakah - Home Assets were secured through Takaful (Shariah Compliant Alternate of Conventional Insurance). However, coverage through Takaful arrangements needs to be increased further. In this regard, Islamic Banking Group's management is required to make a consistent strategy to steadily shift the Asset's coverage from Conventional Insurance to Takaful.

May Allah bless us with His Guidance and make us successful here and in the hereafter and forgive our mistakes.

و صَلَّى اللهُ عَلَى نَبِيِّنَا مُحَمَّدٍ وَبَارَكَ وَسَلَّمَ

DR.KHALIL AHMAD AAZAMI  
SHARIAH ADVISOR  
BANK ALFALAH LIMITED - ISLAMIC BANKING GROUP

Dated: 10th Rabi-ul-Sani 1434 A.H / February 21st, 2013



# Form of Proxy

Folio/CDC Account No.

I/We \_\_\_\_\_  
of \_\_\_\_\_ being member(s) of  
**BANK ALFALAH LIMITED** ("the Bank"), holding \_\_\_\_\_ ordinary  
shares, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing  
him/her \_\_\_\_\_  
of \_\_\_\_\_, who is also a  
member of the Bank, as my/our proxy to vote for me/ us, and on my/our behalf at the 21st Annual  
General Meeting of the Bank to be held on 29th March 2013 and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Witness:

\_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC/Passport No: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Member's signature on  
Rs. 5/- Revenue Stamp)

1. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.
2. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Bank, M/s. F. D. Registrar Services (SMC-Pvt) Limited, Room No. 1705, 17th Floor, Saima Trade Tower 'A', I.I. Chundrigar Road, Karachi, not less than 48 hours before the time of the Meeting.
3. In case of proxy for an individual beneficial owner of CDC, attested copy of beneficial owner's Computerized National Identity Card, Account and Participant's ID numbers must be deposited alongwith the form of proxy with the Share Registrar. The proxy must produce his/her original identity card at the time of the Meeting. In case of proxy for corporate members, he/she should bring the usual documents required for such purpose.





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