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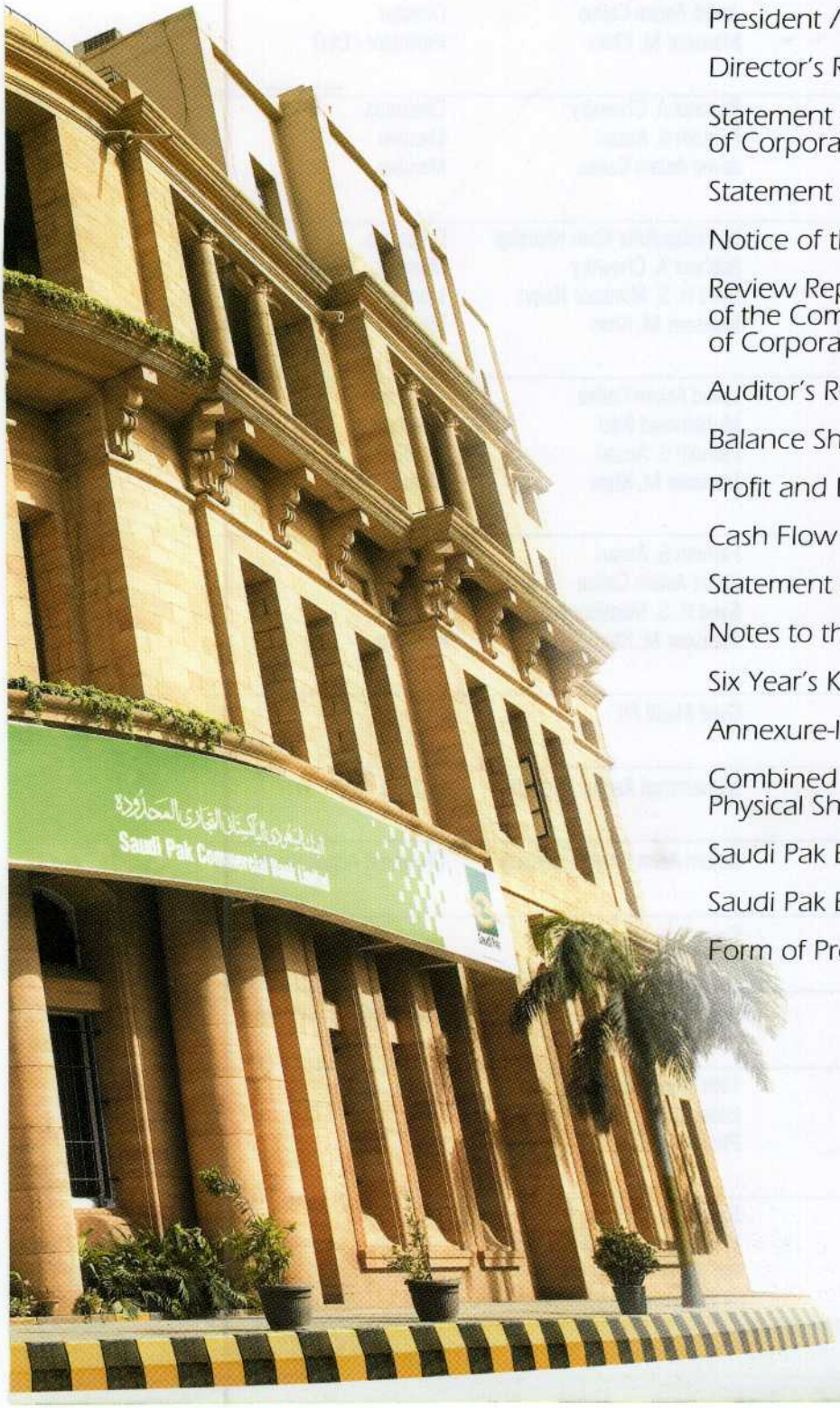

Corporate Information

Board of Directors

Muhammad Rashid Zahir	Chairman
Basheer A. Chowdry	Director
M. Hidayatulla Khan Khaishgi	Director
Farrukh S. Ansari	Director
Syed H. S. Mansoor Naqvi	Director
Muhammad Bilal	Director
Javed Aslam Callea	Director
Mansoor M. Khan	President / CEO

Audit Committee

Basheer A. Chowdry	Chairman
Farrukh S. Ansari	Member
Javed Aslam Callea	Member

HR Committee

M. Hidayatulla Khan Khaishgi	Chairman
Basheer A. Chowdry	Member
Syed H. S. Mansoor Naqvi	Member
Mansoor M. Khan	Member

Credit Committee

Javed Aslam Callea	Chairman
Muhammad Bilal	Member
Farrukh S. Ansari	Member
Mansoor M. Khan	Member

Risk Management Committee

Farrukh S. Ansari	Chairman
Javed Aslam Callea	Member
Syed H. S. Mansoor Naqvi	Member
Mansoor M. Khan	Member

Chief Fianancial Officer

Syed Majid Ali

Company Secretary

Muhammad Asghar Qureshi (Acting)

Auditors

Anjum Asim Shahid Rehman Chartered Accountants

Legal Advisors

Cornelius, Lane & Mufti

Tax Consultant

Chairman's Message

It is my privilege to present the Thirteenth Annual Report and audited financial statements together with the Auditor's and Directors' Report of Saudi Pak Commercial Bank Limited for the year ended 31 December 2007. Saudi Pak Industrial and Agricultural Investment Company (Pvt.) Limited (SAPICO) took over the management of the bank in the last quarter of 2001. Before that a moratorium had been imposed on the bank by the State Bank of Pakistan for a period of 180 days. During the period of moratorium the bank could not carry on any business activity. This moratorium and the manner in which the bank was run by the previous management had seriously damaged the image and financial position of the Bank.

It was indeed a herculean task to uplift the bank from its fragile position in 2001. SAPICO took up this challenge with full commitment and conviction. It took a number of steps to rehabilitate the bank and make it a financially viable and profitable institution. These steps covered all facets of the management. Some of these initiatives are listed as follows:

- Improved the image of the Bank through Group's image.
- Introduction of professional management and quality Human Resources at all levels.
- Up-gradation of technology platform
- Revamping of treasury function
- Strengthening of financial controls
- Introduction of credit administration
- Streamlining deposits mobilization efforts
- Improving systems and controls

From time to time SAPICO also injected capital into the bank to support its aggressive growth strategy.

As a result of these efforts the Bank has come a long way from its precarious condition of 2001. It has been able to establish itself as a vibrant player in the financial market.

During this period the bank has grown manifold. Total assets base has grown more than five times from Rs.10 billion to Rs.54 billion. Deposits increased more than 9 times from a mere Rs.4.8 billion to over Rs.40 billion.

Lending increased from Rs.3.3 billion to over Rs.30 billion and share capital enhanced from Rs.1.5 billion to over Rs.5 billion. All this growth could not have been possible without the support of the shareholders, commitment of the Board of Directors and untiring efforts of the management and staff of the bank, for which I would like to appreciate them.

In 2007, SAPICO decided to exit from the bank and therefore looked for a suitable buyer - a buyer that could take the bank to the next level of growth. In this regard SAPICO has signed a Share Purchase Agreement with a consortium led by renowned banker Mr. Shaukat Tarin, comprising of Bank Muscat SAOG, Nomura European Investments Limited and International Finance Corporation. I am sure under the guidance of the new sponsors, the bank will prosper and all the stakeholders will benefit.

I would like to thank State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their professional guidance. My sincere appreciation is due to the Board of Directors, management and staff for their dedication and hard work.

Muhammad Rashid Zahir
Chairman

Karachi: March 6, 2008

President / CEO's Message

It is my pleasure to present a review of the bank's performance. This review is being presented at an important juncture of the bank's history. The bank is in the final stages of being acquired by a consortium comprising of Bank Muscat SOAG, Nomura European Investments Limited, and the International Finance Corporation. The consortium is headed by renowned banker - Mr. Shaukat Tarin. This is also my last review as the President & CEO of the bank. 2007 could be marked as the year of consolidation in our growth journey that we embarked upon in 2005. During this period, the bank has experienced a major transformation to be a viable and vibrant financial institution. Our two-pronged strategy of simultaneously addressing the legacy issues and pursuing selective growth has yielded positive results. Over the last three years, the bank has been able to:

- Build a core management team of quality professionals
- Develop a strategic plan, which was approved by the BoD in July 2005
- Re-launch itself with a new corporate identity and create top-of-mind awareness of the brand. The bank now has an image of a vibrant, progressive and a growing bank
- Reorganize itself on modern lines clearly segregating the functions of Business, Risk and Operations. Critical functions such as Compliance, Risk management, and Middle office were setup
- Develop policies and procedures and disseminate across the bank through extensive training. 372 training programs covering 3,882 participants were conducted during the period
- Expand the branch network from 38 to 55 branches.
- Successfully launch a suite of Products / Alternate Delivery Channels and Services with their individual identity
- Enhance / leverage the technological platform by aligning it with the business strategy
- Improve liquidity by expanding and diversifying the deposit base and making it more cost efficient
- Double the number of depositors to over 100,000/= customers in three years
- Launch specialized business units for Consumer
- Strengthen the balance sheet by providing additional provisions of approx. PKR 5 billion.

As a result of these achievements, the bank's market capitalization increased more than four times i.e. from PKR 3.4 billion to PKR 15 billion. As the major sponsors decided to realize gains and make a profitable exit, the bank elicited strong interest from buyers.

The bank now stands ready to play its role as a lead institution in the market. The new sponsors have the means and commitment to take the bank forward to the next level. I believe the bank holds great promise for all stakeholders. I wish all the best to the new sponsors and the team.

As mentioned earlier, 2007 has been the year of consolidation. Whilst sponsors were engaged in the process of sale of their shareholding, the management's focus was on preserving the franchise value. Further asset growth was subject to enhanced capital. Therefore, business efforts were directed at improving the deposit profile, while, maintaining the balance sheet size. It was also imperative to keep the HR base intact to ensure that the bank is not exposed to any undue risk. By the grace of Almighty, we have been successful in achieving these critical objectives. Though the bank remains profitable at the operating level, the reported loss is due to higher provisions against legacy NPLs necessitated by the withdrawal of FSV benefits.

In the end I would like to express my sincere gratitude to the board members for the guidance provided to me during my stay. I am also thankful to my fellow staff members for their hard work and dedication. I am also grateful to the State Bank of Pakistan, Securities and Exchange Commission and other regulators for their support.

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, it gives me pleasure to present to you the thirteenth Annual Report of Saudi Pak Commercial Bank Limited for the year ended December 31, 2007 alongwith the Audited Financial Statements.

Financial Results

The Bank, after witnessing significant growth in business in 2006, had reached a level where further growth required additional capital. The injection of fresh capital could not be made as the major shareholder of the Bank were in negotiations for the sale of their stake in the Bank and after concluding the negotiations, the decision to inject fresh equity was left to new sponsors. Therefore, in 2007, focus was on consolidating financial position of the bank. As a result total assets base, which was Rs. 59.2 billion as on December 31, 2006 reduced to Rs. 53.6 billion as on December 31, 2007 showing a decrease of 9.5 per cent. Deposits reduced to Rs. 42.4 billion from Rs. 49.0 billion and on advances side, the Bank witnessed a reduction of 10.8 per cent during the period.

Mark up income increased by 29 percent from Rs.3.7 billion in 2006 to Rs.4.8 billion in 2007. Mark up expense also increased to Rs. 4.4 billion from Rs. 3.3 billion in 2006. Operating profit (before gross provisions and mark-up suspense), during the period under review, amounted to Rs. 129 million. During the year 2007, the State Bank of Pakistan has withdrawn the benefit of Force Sale Value (FSV) of securities taken by the banks while calculating the provision against non-performing loans. Accordingly, the requirement for provision for bad and doubtful debts significantly increased and the Bank incurred pre-tax loss of Rs.3.3 billion for the year ended December 31, 2007 as against the pre-tax loss of Rs. 409 million in the previous year. Net loss after tax credits amounted to Rs. 3.0 billion as against loss after tax of Rs. 304 million in the previous year.

Appropriations

The appropriations are recommended as under:

	(Rs in million)
Loss before tax	(3,320)
Provision for tax	279
Loss after tax	(3,041)
Un-appropriated loss brought forward	(1,080)
Transfer from surplus on revaluation of fixed assets	2
Un-appropriated loss carried forward	(4,119)
Earning / (Loss) per share (Rupees)	(6.25)

Risk Management Framework

As Saudi Pak Bank embarks on a plan for business diversification and growth amidst increasing competitiveness in the banking industry, the importance of effective risk management in the Bank is more than ever before. To this end, the Board and the management of the Bank are fully cognizant of importance and presence of an effective and efficient Risk Management and, therefore, the Bank has a comprehensive Risk Management Framework comprising of an effective risk management strategy, risk management structure and a policy framework for an appropriate risk management process and infrastructure.

We made our earnest efforts to ensure compliance with the SBP guidelines on risk management during 2007.

Sale of shares by Saudi Pak Industrial & Agricultural Investment Company. (Pvt) Limited

Saudi Pak Industrial and Agricultural Investment Company (Pvt.) Limited has since entered into a Share Purchase Agreement with a consortium comprising of Bank Muscat SOAG, International Finance Corporation and Nomura European Investment Limited for sale of their 68.01 percent shareholding in the Bank. Similar arrangement have been made by Mr. Jawed Anwar, Mr. Faiq Jawed, Mr. Shaiq Jawed,

Mrs. Farhat Jehan and J.K. Sons (Pvt.) Limited, collectively known as JK Group with Mr. Shaukat Tarin and Associates for sale of their 17.09 percent stake in the Bank. Mr. Shaukat Tarin, a renowned banker, leads the buyers' group.

In addition, an offer for purchase of 7,302,555 ordinary shares was made to the remaining shareholders through a public announcement. The formalities of the sale transaction and transfer of controlling interest to new sponsors are in the final stage and are expected to be completed in March 2008.

Shortfall in Minimum Capital Requirement

The Bank as at 31 December 2007 has a shortfall of Rs.3.1 billion in minimum capital requirement as prescribed by the State Bank of Pakistan. The existing major shareholders of the bank would have met this shortfall. However, as per the share purchase agreement, the sellers are bound not to make major changes in the key areas of the bank. The shortfall in the minimum capital requirement of the Bank, will, therefore, be met by the new sponsors after they assume control of the Bank.

Deferred Tax

The Bank has recognized deferred tax amount of Rs. 754.091 million during the year and as at 31 December 2007 the net deferred tax assets stood at Rs. 1.767 billion. We believe that new shareholders of the bank have firm plans to adequately capitalize the Bank which will also have a positive impact on its profitability. Accordingly, sufficient future taxable profits will be available against which this asset can be utilized.

Credit Rating

long term rating of BBB+ (Triple B Plus) to the Bank, whereas the short term entity rating is A-3 (A-Three). Both ratings are with a "Stable Outlook". Further, in view of intentions of the major sponsors to sell their shareholding, as mentioned above, the rating agency has put the rating of the bank on "rating watch - developing".

Provident Fund

The investment in Provident Fund and Gratuity Fund as on December 31, 2007 was Rs 85 million and Rs 36 million respectively (based on un-audited accounts). (2006: Rs 60 million and Rs 24 million respectively).

Statement of Corporate Governance

The Bank is compliant with the Code of Corporate Governance issued by SECP, guidelines and regulations issued by State Bank of Pakistan and listing regulations of Stock Exchanges. The Directors are pleased to state that:

a. The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b. Proper books of account of the Bank have been maintained.

c. Appropriate accounting policies have consistently been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements without any material

e. The system of internal controls is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal control system and its monitoring lies with the Board. An audit committee has been formed for the purpose which meets periodically and independently throughout the year with the management, internal auditors and external auditors to discuss the effectiveness of internal control system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate the variances from the budget.

f. There are no doubts upon the Bank's ability to continue as a going concern.

g. There has been no material departure from the best policies of corporate governance, as detailed in the listing regulations.

h. During the year seven Board meetings were held. These meetings were attended by the directors as under:

Name of Director	No. of meetings	
	Held during directorship	Attended
Mr. Muhammad Rashid Zahir	7	7
Mr. Basheer Ahmed Chowdry	7	7
Mr. Farrukh Shaukat Ansari	7	6
Mr. Hidayatullah Khan Khaishgi	7	7
Mr. S.H.S. Mansoor Naqvi	7	7
Mr. Javed Aslam Callea (newly elected on October 2, 2007)	1	1
Mr. Muhammad Bilal (newly elected on October 2, 2007)	1	1
Mrs. Sadaf Aamir Arshad (Director till October 2, 2007)	6	6
Mr. Muhammad Nasimuddin Mirza (Director till October 2, 2007)	6	4

i. The key information as to operating and financial data of the Bank is available in the annual report. The categories and pattern of shareholding as required by the Companies Ordinance, 1984 are included in this Report.

Statutory Auditors

The retiring auditors, Messrs Anjum Asim Shahid Rahman, Chartered Accountants retire, and being eligible, offer themselves for reappointment for the year ending December 31, 2008.

Acknowledgement

We would like to express thanks to State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their continuing guidance. The patronage of the customers and the support of shareholders is a key factor in the success of the Bank. We would like to convey our deep gratitude to them and look forward to their continued support in the future.

For and on behalf of the Board

Muhammad Rashid Zahir
Chairman

Karachi
Dated: March 06, 2008

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Saudi Pak Commercial Bank Limited extends support and commitment towards the implementation of the highest standards of Corporate Governance. The Bank has adopted Code of Corporate Governance with the objective of establishing and implementing best practices. The Bank is already in compliance with all the requirements prescribed under the Code of Corporate Governance and has applied the principles set forth in the listing regulations as prescribed by the Securities and Exchange Commission of Pakistan 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 consists of all non-executive directors.

2. None of the directors is serving as a director in more than ten listed companies, including the Bank.

3. All the Directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year.

5. The Bank has prepared a 'Statement of Ethics and Business Practices, which has been signed by all the Directors and employees of the Bank.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of established a system of internal control which were effectively implemented.

8. All the powers of the Board have duly been exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer have been taken by the Board.

9. The meetings of the Board were presided over by the Chairman and the Board met seven times during the year. Written notices of the Board meetings along with agenda and relevant working papers were circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The directors of the Bank are well conversant with their duties and responsibilities.

11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.

12. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Bank were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of

16. The Board has formed an audit committee comprising of three non-executive Directors including the Chairman of the committee.

17. Four meetings of the audit committee were held during the year prior to approval of interim and final results of the Bank as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The Board has set-up an effective internal audit function. The internal audit department reports to the Audit Committee.

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 Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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 quarterly un-audited financial statements of the Bank are circulated along with the review of the Directors. Half yearly financial statements were subject to the limited review by the statuary auditors. Financial Statements for the year ended December 31, 2007 have been audited and will be circulated in accordance with clause (xxii) of the Code.

22. All material information as described in clause (xxiii) of the Code is disseminated to the stock exchanges and Securities and Exchange Commission of Pakistan in a timely fashion.

23. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

Mansoor Masood Khan
President / CEO

Muhammad Rashid Zahir
Chairman

Karachi: March 06, 2008

STATEMENT OF INTERNAL CONTROLS

In terms of State Bank of Pakistan BSD circular No. 07 dated May 27, 2004 'Guideline on Internal Control' and subsequent clarification through circular letter No. 3 dated January 26, 2005, the Board of Directors is pleased to endorse the following statement of internal controls.

It is the responsibility of the management of the Bank to establish and maintain adequate internal control for implementing the strategies and policies, as approved by the Board of Directors, and provide an efficient working environment aimed at achieving the business objectives of the Bank, efficiency and effectiveness of operations, compliance with applicable laws and regulations and reliability of financial reporting.

The management ensures that an efficient and effective control system is in place by identifying control objectives, reviewing pertinent policies and establishing relevant control procedures. All policies and procedures are regularly reviewed, to achieve full compliance with State Bank of Pakistan guidelines on internal control, and compared with international best practices and necessary amendments are made wherever required, to the extent feasible and practicable, on timely basis. The Board of Directors is ultimately responsible for ensuring effective design and implementation of internal controls in the bank.

The Bank generates timely and appropriate financial and operating information for decision making as well as for shareholders, regulators and other stakeholders of the Bank. Towards this end, the management has also ensured establishment of clear and open communication channels that allow information to flow freely through the organization. The management has also put in place appropriate monitoring apparatus, as an additional safeguard and check, to complement the overall internal control framework.

It needs to be stated that internal control system in the Bank is designed to manage, rather than eliminate the risk of failure to achieve the business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

Evaluation of Existing Internal Control System

The management has made considerable efforts to ensure that an adequate internal control system is implemented and that no compromise is made in executing the desired control procedures. However, it is an ongoing process that includes identification, evaluation and management of significant risks faced by the Bank.

The Bank has an effective Internal Audit Division which reports directly to the Audit Committee of the Board. The Internal Audit carries out audits of various units of the Bank to evaluate the adequacy of internal controls and monitor compliance with Bank's policies and procedures based on an audit plan approved by the Audit Committee.

The management gave due consideration to the recommendations made by the internal and external auditors for improvement in the internal control system and took timely actions to implement such recommendations where needed.

Based on the above, the management assesses that the internal controls, encompassing the material matters, is sound in design and is effectively implemented and monitored and expect that the internal control system will further improve in future.

On behalf of the Board

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the fourteenth Annual General Meeting of Saudi Pak Commercial Bank Limited will be held on Saturday, March 29, 2008 at 10:30 A.M. at the registered office of the Bank on the 19th Floor, Saudi Pak Tower, Islamabad, to transact the following business.

ORDINARY BUSINESS

1. To confirm the minutes of Extra Ordinary General Meeting held on October 2, 2007.
2. To receive, consider and adopt the audited accounts of the Bank for the year ended December 31, 2007 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending December 31, 2008 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Muhammad Asghar Qureshi
Company Secretary (Acting)

Karachi.
Dated: March 6, 2008

Notes:

1. The Share Transfer Books of the Bank will remain closed from March 22, 2008 to March 28, 2008 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the Bank, duly stamped and signed not less than 48 hours before the meeting.
3. Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their Original Computerized National Identity Card along with the participant's I.D. number and their account numbers in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy, an attested copy of proxy's Identity Card, Account & Participant ID number be enclosed. In case of corporate entity, 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).
4. Members are requested to promptly notify the Bank of any change in their addresses.

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Anjum Asim Shahid Rahman
Chartered Accountants
3rd Floor, Modern Motors House
Beaumount Road, Karachi-75530
Tel: 021-5672951-56

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

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Saudi Pak Commercial Bank (the Bank) to comply with Regulation G-1 of the Prudential Regulations for the Corporate/Commercial Banking issued by the State Bank of Pakistan, and Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges respectively, where the Bank is listed.

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank, for the year ended December 31, 2007.

Anjum Asim Shahid Rahman
Chartered Accountants
Karachi
Date: March 07,2008

Grant Thornton

Anjum Asim Shahid Rahman
Chartered Accountants
3rd Floor, Modern Motors House
Beaumount Road, Karachi-75530
Tel: 021-5672951-56

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Saudi Pak Commercial Bank Limited as at December 31, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 6 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes in accounting policies as stated in note 4 with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Bank's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) in our opinion and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account, cash flow

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Anjum Asim Shahid Rahman
Chartered Accountants

statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at the December 31, 2007, and its true balance of loss, 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.

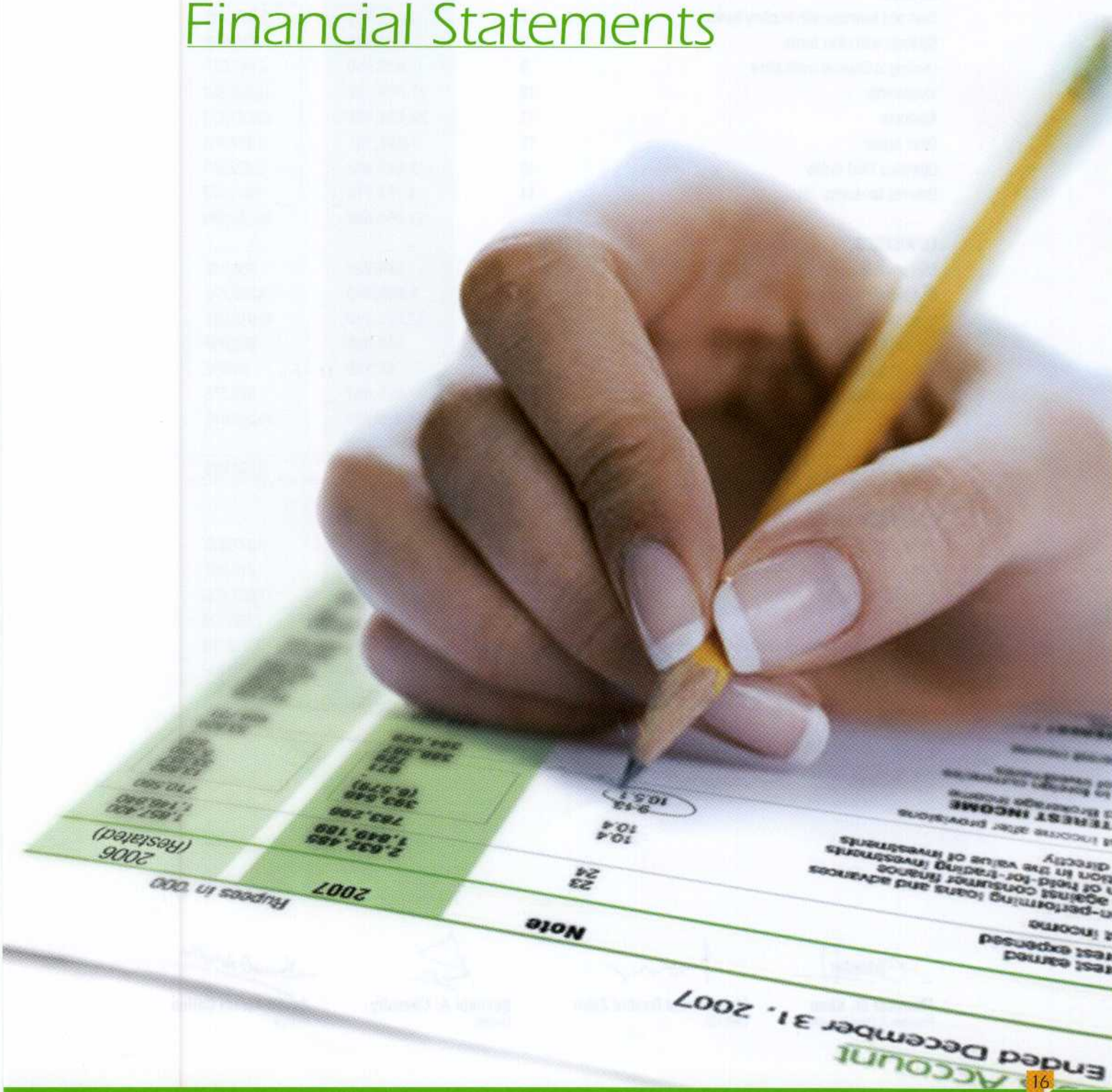
Without qualifying our opinion, we draw attention to following matters:

i) The Bank has recorded net deferred tax assets of Rs. 754.091 (2006: 105.282) million during the year and as of the balance sheet date net deferred tax assets aggregated Rs. 1,767.715 (2006: Rs. 1,015.123) million (refer note 13). The existence of continued taxable losses indicates a material uncertainty which, if persists, may cast doubt about the availability of sufficient taxable profits against which this deferred tax asset could be utilized; and

ii) The Bank's capital (net of losses) as of the balance sheet date amounted to Rs. 882.213 million, which is less than the minimum capital of Rs. 4,000 million as required by the State Bank of Pakistan. In case the paid-up capital is not increased as per the capital induction plan referred to in note 1.3 to the financial statements or further relaxation is not granted by the State Bank of Pakistan, the licence of the Bank may be modified to restrict banking activities.

Anjum Asim Shahid Rahman
Chartered Accountants
Karachi
Date: March 07,2008

Financial Statements



Balance Sheet

As At December 31, 2007

Rupees in '000

	Note	2007	2006 (Restated)
ASSETS			
Cash and balances with treasury banks	7	**3,223,780**	3,994,136
Balances with other banks	8	**128,991**	613,678
Lending to financial institutions	9	**839,959**	4,747,567
Investments	10	**17,859,169**	15,828,682
Advances	11	**25,874,972**	29,021,974
Other assets	12	**1,598,131**	1,657,318
Operating fixed assets	13	**2,367,883**	2,322,371
Deferred tax assets- net	14	**1,767,715**	1,015,123
		53,660,600	59,200,849
LIABILITIES			
Bills payable	15	**570,756**	408,342
Borrowings from financial institutions	16	**6,880,449**	4,236,775
Deposits and other accounts	17	**42,373,710**	49,015,090
Sub-ordinated loans	18	**650,000**	650,000
Liabilities against assets subject to finance lease	19	**80,155**	63,030
Other liabilities	20	**925,091**	829,573
		51,480,161	55,202,810
NET ASSETS		**2,180,439**	3,998,039
REPRESENTED BY			
Share capital	21	**5,001,750**	3,847,500
Reserves		**218,556**	218,556
Accumulated losses		**(4,119,537)**	(1,080,726)
		1,100,769	2,985,330
Surplus on revaluation of assets (net of tax)	22	**1,079,670**	1,012,709
		2,180,439	3,998,039
CONTINGENCIES AND COMMITMENTS	23	-	-

The annexed notes from 1 to 44 form an integral part of these financial statements.

Profit And Loss Account

For The Year Ended December 31, 2007

Rupees in '000

	Note	2007	2006 (Restated)
Mark-up/return/interest earned	25	**4,799,853**	3,712,420
Mark-up/return/interest expensed	26	**4,440,116**	3,260,952
Net mark-up/ interest income		**359,737**	451,468
Provision / (Reversal) against non-performing loans and advances - net	11.3	**3,134,651**	463,988
Provision / (Reversal) against consumer finance	11.3	**(5,281)**	915
(Reversal) / Provision for diminution in the value of investments- net		**3,074**	(56,808)
Bad debts written off directly		**-**	-
		3,132,444	408,095
Net mark-up / interest after provisions		**(2,772,707)**	43,373
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		**369,468**	305,464
Dividend income		**44,465**	59,851
Income from dealing in foreign currencies		**64,312**	56,907
Gain on sale of investments - net	27	**210,855**	145,177
Other income	28	**87,725**	138,604
Total non-markup/interest income		**776,825**	706,002
		(1,995,882)	749,375
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	29	**1,270,317**	1,262,448
Other (reversal) / provisions / write offs		**38,019**	(202,435)
Unrealized loss on revaluation of investment held for trading		**1,310**	5,962
Other charges	30	**14,737**	75,700
Total non-markup/interest expenses		**1,324,383**	1,141,676
		(3,320,265)	(392,301)
Amortisation of deferred cost		**-**	16,667
Share of loss from associate	10	**-**	-
Extra ordinary items		**-**	-
LOSS BEFORE TAXATION		**(3,320,265)**	(408,968)
Taxation - Current	31	**35,382**	-
- Prior years		**439,351**	-
- Deferred		**(754,091)**	(105,282)
		(279,358)	(105,282)
LOSS AFTER TAXATION		**(3,040,907)**	(303,686)
Accumulated Losses brought forward		**(1,080,726)**	(778,532)
Accumulated Losses carried forward		**(4,121,633)**	(1,082,218)
Basic / Diluted Earning / Loss Pre Share (Rupees)	32	**(6.25)**	(0.68)

The annexed notes from 1 to 44 form an integral part of these financial statements.

Mansoor M. Khan
President & Chief Executive

Muhammad Rashid Zahir
Chairman

Basheer A. Chowdry
Director

Javed Aslam Callea
Director

Cash Flow Statement

For The Year Ended December 31, 2007

Rupees in '000

	Note	2007	2006 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		**(3,320,265)**	(408,968)
Add: Dividend Income		**(44,465)**	(59,851)
		(3,364,730)	(468,819)
Adjustments for non-cash charges			
Depreciation		**133,836**	119,073
Amortization of deferred cost		**222,526**	244,756
Amortization of intangible assets		**13,415**	7,645
Provision against non-performing advances		**3,134,651**	463,988
Provision / (reversal) against consumer financing		**(5,281)**	915
Provision for diminution in Investments / other assets		**3,074**	(56,806)
Unrealized Loss on revaluation of investments classified as held for Trading		**1,310**	5,962
Provision for Gratuity		**21,049**	14,739
Share of loss from associates		**-**	-
Other (reversal) / provisions written back		**38,019**	(202,435)
(Gain) on sale of fixed assets		**(2,412)**	(1,984)
Financial charges on leased assets		**11,662**	51
		3,571,849	595,904
		207,119	127,085
(Increase)/ Decrease in operating assets			
Lendings to financial institutions		**1,950,108**	2,880,996
Held-for-trading securities		**30,605**	(49,175)
Advances		**17,632**	(9,908,151)
Other assets (excluding advance taxation)		**(231,150)**	(743,943)
		1,767,195	(7,820,273)
Increase/ (Decrease) in operating liabilities			
Bills payable		**162,414**	209,199
Borrowings from financial institutions		**2,643,674**	(1,244,513)
Deposits		**(6,641,380)**	11,879,048
Other liabilities (exculding current taxation)		**36,450**	339,929
		(3,798,842)	11,183,663
		(1,824,528)	3,490,475
Income tax paid		**(185,129)**	(57,278)
Net cash flow from operating activities		**(2,009,657)**	3,433,197
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		**(3,034,887)**	(2,928,752)
Net investment in held-to-maturity securities		**817,440**	(309,446)
Net investment in associates		**-**	(25,000)
Dividend Income		**44,465**	59,851
Investment in operating fixed assets		**(152,301)**	3,860
Sale proceeds of property & Equip disposed off		**10,923**	(276,210)
Net cash flow from investing activities		**(2,314,360)**	(3,475,697)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations		**(42,777)**	(569)
Issue of Share Capital		**1,154,250**	-

Statement of Changes In Equity
For The Year Ended December 31, 2007

Rupees in '000

	Share capital	Share Deposit money	Revenue reserve Statutory Reserves	Revenue reserve Unapproriated Profit (loss)	Total
Balance as at January 01, 2006	**3,847,500**	**-**	**218,556**	**(860,072)**	**3,205,984**
Effect due to change of accounting policy for amotization of premium	-	-	-	76,440	76,440
Effect due to change of accounting policy-Invest in associates	-	-	-	5,100	5,100
Balance as at January 01, 2006- Restated	**3,847,500**	**-**	**218,556**	**(778,532)**	**3,287,524**
Loss for the year after taxation- Restated	-	-	-	(303,686)	(303,686)
Transfer to statutory reserve	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	-	1,492	1,492
Balance as at December 31, 2006- Restated	**3,847,500**	**-**	**218,556**	**(1,080,726)**	**2,985,330**
Loss for the year after taxation	**-**	**-**	**-**	**(3,040,907)**	**(3,040,907)**
Share Deposit money for issue of right shares	-	**1,154,250**	-	-	**1,154,250**
Issue of Share Capital	**1,154,250**	**(1,154,250)**	-	-	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	-	**2,096**	**2,096**
Transfer to Statutory Reserve	-	-	-	-	
Balance as at December 31, 2007	**5,001,750**	**-**	**218,556**	**(4,119,537)**	**1,100,769**

The annexed notes from 1 to 44 form an integral part of these financial statements.

Mansoor M. Khan
President & Chief Executive

Muhammad Rashid Zahir
Chairman

Basheer A. Chowdry
Director

Javed Aslam Callea
Director

Notes to the Financial Statements

For The Year Ended December 31, 2007

1 STATUS AND NATURE OF BUSINESS

1.1 Saudi Pak Commercial Bank Limited was incorporated in Pakistan on April 04, 1994 as a public limited company under the Companies Ordinance, 1984. The bank commenced commercial operations on May 07, 1995. Its shares are quoted on all the Stock Exchanges in Pakistan. The bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. It operates through 55 branches (2006: 50) in Pakistan with the registered office located in Islamabad and central office located at Saudi Pak Building, I. I. Chundrigar Road, Karachi. The short term and long term credit rating of the bank rated by JCR-VIS Credit Rating Company Limited rated in July 13, 2007 is 'A-3' and 'BBB+' respectively.

1.2 Saudi Pak Industrial and Agricultural Investment Company (Private) Limited (SAPICO), the holding company and major shareholder of the Bank, approximately holding 68% (2006: 68%) of the paid up capital.

1.3 The Bank has a short fall of Rs. 3.1 billion as on December 31, 2007 in meeting minimum capital requirement of Rs. 4 billion free of losses, as required by BSD circular no. 6 of 2005. However, in view of the divestment plan of the holding company, the Bank has not increased capital to the required level by the end of December 31, 2007.

The holding company has sold their entire shareholding in the Bank to a consortium comprising Bank Muscat, the International Finance Corporation (IFC) and Nomura European Investment Limited. As per the Shares Purchase Agreement signed between the buyers and sellers, the sellers are bound not to make major changes in the key areas of the bank. Accordingly, shortfall in minimum capital requirement of the Bank will be met by the new sponsors after they assume control of the Bank. The formalities of the sale transaction and transfer of controlling interest to new sponsors are in the final stage and expected to be completed in March 2008. In view of the foregoing, the Bank/major shareholders of the Bank have requested State Bank of Pakistan for allowing extension in meeting the short fall in the capital up to March 31, 2008. The final decision of the State Bank of Pakistan is awaited. Furthermore, the new shareholders have firm plans to adequately capitalize the Bank. The implementation of these plans will start immediately after takeover of the Bank by them and capital requirement will be met by June 30, 2008.

2 BASIS OF PRESENTATION

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

These financial statements have been prepared in Pakistani Rupee terms which is the reporting and functional currency.

3 STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the SBP and Securities and Exchange Commission of Pakistan(SECP). Approved accounting standards comprise

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effected

Following standards and interpretations have been issued but are not effective. Consequently, respective requirements have not been followed while preparing these financial statements.

Amendments to IAS 23 Borrowing Costs	IAS 23	01 January 2009
Operating Segments	IFRS 8	01 January 2009
Service Concession Arrangements	IFRS 12	01 January 2008
Customer Loyalty Programmes	IFRS 13	01 July 2008
IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	IFRS 14	01 January 2008

Above standards and interpretations are not expected to materially affect the financial statements.

3.3 The SBP as per BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking Companies till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements. However, investments have been classified in accordance with the categories prescribed by the SBP in various circulars.

4 CHANGE IN ACCOUNTING POLICY

4.1 The bank, to comply with requirements of SBP, has revised its policy for amortization of premium on investments. Now as per new policy, the investments including premium are being amortized by using of effective interest method, where as previously premium on investments were amortized over the life of the asset on the basis of days utilized during the period and investments were amortized over respective contract period. .

In accordance with the requirements of International Accounting Standard 8 - "Accounting policies, changes in accounting estimates and errors" the change in accounting policy has been applied retrospectively and the comparative information has been restated. The effect of this change in accounting policy on the financial statements of the company is as under:

Rupees in '000

	December 31, 2007	Prior than January 1, 2006
Investments are higher by (Held-to-maturity)	**9,723**	106,105
Interest income is higher by	**796**	11,495
Deficit on revaluation of securities (net) is higher by	**12,291**	-
Deferred tax assets are increased by	**4,301**	-
Deferred tax expense is (reduced) by	**(4,301)**	-
Tax expense higher by	**-**	41,160
Loss after tax for the year higher by	**11,181**	76,440

4.2 The bank, to comply with instruction of SBP under circular no. BSD 6 of 2007 issued on September 6, 2007, has revised its policy for valuation of investment in associate. Now as per new policy, the investment in associate are being held at cost, where as previously investment in associate was valued on equity method. The effect of this change in accounting policy on the financial statements of the company is as under:

Rupees in '000

	December 31, 2007	Prior than January 1, 2006
Diminution in investment in associate is (reduced) by	**5,270**	5,100
Loss after tax for the period higher by	**5,270**	5,100

5 BASIS OF MEASUREMENT

5.1 These financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts, certain investments are stated at market value, derivative financial instruments have been marked to market and certain staff retirement benefits are carried at present value.

5.2 The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

5.3 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The bank makes estimates and assumptions that affect the reported amounts of assets and liabilities with in the next financial year. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below:

5.3.1 Provision against non-performing loans and advances

The Bank reviews its loans portfolio to assess amount of non-performing loans and advances and provision required there against on a quarterly basis. Provisions are made as per the guidelines in the Prudential Regulations for Corporate / Commercial Banking issued by State Bank of Pakistan.

5.3.2 Fair value of derivatives

The fair value of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the balance sheet date and the rates contracted.

5.3.3 Held-to-maturity investments

The Bank follows the guidance provided in SBP's circulars on classifying non-derivatives financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

5.3.4 Income taxes

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past. There are various matters where bank's

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with treasury banks, balances with other banks in current and deposit accounts and call money lendings in the money market.

6.2 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:

6.2.1 Sale under repurchase obligations

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

6.2.2 Purchase under resale obligations

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

6.3 Trade and settlement date accounting

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

6.4 Investments

6.4.1 The Bank classifies its investments as follows:

a) Held-for-trading

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

b) Held-for-maturity

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

c) Available-for-sale

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

6.4.2 In accordance with the requirements of State Bank of Pakistan, quoted securities, other than those classified under "held-to-maturity" portfolio and investments in subsidiaries and associates are carried at cost. Investments classified as "held-to-maturity" are required to be carried at amortized cost.

6.4.3 The surplus / (deficit) arising on quoted securities classified as "available-for-sale" is kept in a separate account which is shown in the balance sheet below equity. The surplus / (deficit) is taken to profit and loss account when the investment is disposed off.

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

6.4.5 Investments in associates

Investments in associates are valued using cost method of accounting.

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

6.4.7 Provision for diminution in the values of securities (except debentures, participation term certificates and term finance certificates) is made after considering permanent impairment, if any, in their value. Provisions for diminution in value of debentures, participation term certificates and term finance certificates are made as per the Prudential Regulations issued by the State Bank of Pakistan.

6.5 Advances

Specific provision against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by SBP and charged to the profit and loss account. General provision is maintained at 1.5% of the fully secured consumer portfolio, and 5% of the unsecured consumer portfolio.

Advances are written off when there are no prospects of recovery after all the recovery procedures have been exhausted.

6.6 Operating fixed assets

6.6.1 Property and equipment

Owned assets

An item of property and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

Assets subject to finance lease

The bank accounts for property and equipment acquired under finance leases by recording the assets and the related liability. These amounts are determined at the inception of lease, on the basis of the lower of the fair value and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

6.6.2 Measurement subsequent to initial recognition

Property and equipment other than land and building, are stated at cost less accumulated depreciation and accumulated impairment losses.

Land is stated at its revalued amount whereas buildings are stated at revalued amount less accumulated depreciation and

6.6.3 Depreciation

Depreciation is computed over the useful lives of the related assets under the straight line method. Depreciation on additions and deletions during the year is charged for the proportionate period with respect to number of months during which the assets remained in use. Same basis and estimates for depreciation are applied to owned assets and assets subject to finance lease.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

6.6.4 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property and equipment in the course of construction. These expenditure are transferred to relevant category of property and equipment as and when the assets become available for use.

6.6.5 Intangible assets

These include computer software and are recorded initially at cost and subsequently carried at cost less any accumulated amortization and any accumulated impairment losses.

These are amortized over their finite useful lives and amortization is charged to income using the straight line method.

6.7 Income tax expense

6.7.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The charge for the current tax is calculated using prevailing tax rates or tax rates expected to apply to the profits for the year at enacted tax rates or minimum tax at the rate of 0.5% of turnover, which ever is higher. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year for such years.

6.7.2 Deferred

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

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

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

6.8 Impairment

At each balance sheet date the bank reviews the carrying amounts of its assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exits, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. Whenever the recoverable amount of an asset is estimated to be less than its

carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized as an expense immediately.

6.9 Provisions

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

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

6.10 Staff retirement benefits

6.10.1 Defined contribution plan

The Bank operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the bank and its employees, to the fund at the rate of 8.33 percent of basic salaries of employees.

6.10.2 Defined benefit plan

The Bank operates an approved gratuity scheme for all its regular employees. The entitlement of the employees will start on completion of two years with the Bank beginning from January 01, 2005. Projected Unit Credit Cost Method has been used for actuarial valuation.

A portion of the actuarial gains or losses is recognized if the net cumulative unrecognized actuarial gains or losses at the end of the previous year exceeds the "corridor" which is defined as the greater of:

a) 10% of the present value of the defined benefit obligation at that date (before deducting plan assets) and;

b) 10% of the fair value of any plan assets at that date.

6.11 Revenue recognition

Mark-up/return on advances and return on investments are recognized on accrual basis except in case of loans and advances classified under the Prudential Regulations issued by the State Bank of Pakistan on which markup is recognized on receipt basis. Interest/markup on rescheduled / restructured loans and advances and investments is recognized in accordance with the directives of SBP.

Fee, brokerage and commission income is recognized on accrual basis.

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

6.12 Foreign currencies

6.12.2 Commitments

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

Translation gains and losses are included in income currently.

6.13 Financial instrument

6.13.1 Financial assets and liabilities

Financial instruments carried on the balance sheet include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, borrowings from financial institutions, deposits, bills payable, lease liability, subordinated loan and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.13.2 Derivative financial instrument

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

6.14 Off-Setting

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

6.15 Borrowing costs

Borrowing costs specific to a significant addition of a project during its construction / erection period are capitalized. Other borrowing costs are charged to the profit and loss account as and when incurred.

6.16 Transfer pricing and related parties

Related parties include the Bank's associates, directors, key management personnel, retirement benefit plans and companies under common directorship. All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the bank to conduct related party transactions at a price other than the arm's length price.

6.17 Segment reporting

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

6.17.1 Business segments

Corporate finance

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

Trading and sales

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

Retail banking

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

Commercial banking

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

6.17.2 Geographical segment

The bank conducts all its operations in Pakistan.

6.18 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events, it is probable that an out flow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

6.19 Fiduciary assets

Assets held in fiduciary capacity are not treated as assets of the bank in the balance sheet.

7. CASH AND BALANCES WITH TREASURY BANKS

Rupees in '000

	Note	2007	2006
In hand			
Local currency		**391,178**	355,578
Foreign currencies		**100,697**	86,033
National prize bonds		-	2,076
With State Bank of Pakistan (SBP) in	7.1		
Local currency current account		**2,369,543**	2,664,188
Foreign currency - current account		**111,589**	143,124
- deposit account		**141,895**	438,587
With National Bank of Pakistan (NBP) in			
Local currency - current account		**108,878**	304,550
		3,223,780	3,994,136

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

8. BALANCES WITH OTHER BANKS

In Pakistan			
Current accounts		**82,153**	134,178
Deposit accounts		-	300,000
		82,153	434,178
Outside Pakistan			
Current accounts	8.1	**46,838**	179,500
Deposit accounts		-	-
		46,838	179,500
		128,991	613,678

8.1 This includes Rs. 2.087 million (2006: Rs. 105.147 million) held in Automated Investment Plans. The balance is current by nature and on increase in the balance to specified limit, interest is received from the correspondent banks at various scale of rates.

9. LENDINGS TO FINANCIAL INSTITUTIONS

In local currency			
Call money lendings		-	1,957,500
Repurchase agreement lendings(Reverse Repo)	9.1	**839,959**	2,790,067
		839,959	4,747,567

9.1 Securities held as collateral against lendings to financial institutions

Rupees in '000

		2007			2006		
		Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market Treasury Bills	9.1.1	**589,959**	**250,000**	**839,959**	2,790,067	-	2,790,067

9.1.1 These have been purchased under the resale agreements at the markup rates ranging from 9.6% to 9.9% per annum (2006: 8.65% to 8.7% per annum) with maturities upto January 2008.

10. INVESTMENTS

Rupees in '000

	2007			2006		
	Held by bank	**Given as collateral**	**Total**	Held by bank	Given as collateral	Total
10.1 Investments by types:						
Held for trading securities						
Listed shares	**9,720**	**-**	**9,720**	43,213	-	43,213
	9,720	**-**	**9,720**	43,213	-	43,213
Available-for-sale securities						
Market treasury bills	**6,546,225**	**2,472,007**	**9,018,232**	4,199,885	1,808,776	6,008,661
Pakistan investment bonds	**588,511**	**-**	**588,511**	-	555,092	555,092
Mutual funds	**1,713,907**	**-**	**1,713,907**	1,591,307	-	1,591,307
Preference Shares						
Listed	**65,000**	**-**	**65,000**	65,000	-	65,000
Un Listed	**50,000**	**-**	**50,000**	50,000	-	50,000
Term finance certificates						
Listed	**19,196**	**-**	**19,196**	188,415	-	188,415
Unlisted	**286,267**	**-**	**286,267**	-	-	-
Ordinary Shares						
Listed	**164,879**	**-**	**164,879**	465,705	-	465,705
Unlisted	**65,680**	**-**	**65,680**	15,680	-	15,680
	9,499,665	**2,472,007**	**11,971,672**	6,575,992	2,363,868	8,939,860
Held to maturity securities						
Market treasury bills	**-**	**-**	**-**	-	-	-
Pakistan investment bonds	**5,545,393**	**55,927**	**5,601,320**	5,906,688	58,148	5,964,836
Term finance certificates						
Listed	**311,636**	**-**	**311,636**	822,808	-	822,808
Unlisted	**87,030**	**-**	**87,030**	239,043	-	239,043
Shares repo	**80,432**	**-**	**80,432**	93,697	-	93,697
	6,024,491	**55,927**	**6,080,418**	7,062,236	58,148	7,120,384
Investment in associate	**75,000**	**-**	**75,000**	75,000	-	75,000
Investment at cost	**15,608,876**	**2,527,934**	**18,136,810**	13,756,441	2,422,016	16,178,457
Less :Provisions for diminution in value of investments	**(91,311)**	**-**	**(91,311)**	(88,237)	-	(88,237)
	15,517,565	**2,527,934**	**18,045,499**	13,668,204	2,422,016	16,090,220
(Deficit) on revaluation of held-for-trading investments	**(1,310)**	**-**	**(1,310)**	(5,962)	-	(5,962)
(Deficit) on revaluation of						

10.2 Investments by segments:

Rupees in '000

	Note	2007	2006
Federal Governement Securities:			
Market treasury bills	10.2.1	**9,018,232**	6,008,661
Pakistan investment bonds	10.2.1 - 10.2.2	**6,189,831**	6,519,928
		15,208,063	12,528,589
Fully paid-up ordinay shares:			
Listed Companies	10.5	**174,599**	508,918
Unlisted Companies	10.6	**65,680**	15,680
		240,279	524,598
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates			
Term Finance Certificates - Listed	10.7.1	**330,832**	1,011,223
- Unlisted	10.7.2	**373,297**	239,043
		704,129	1,250,266
Other Investments			
Mutual Fund Units	10.8	**1,713,907**	1,591,307
Preference share - Listed	10.9 - 10.10	**65,000**	65,000
- Unlisted	10.11	**50,000**	50,000
Investment in associates	10.12	**75,000**	75,000
Shares repo		**80,432**	93,697
		1,984,339	1,875,004
Total invesment at cost		**18,136,810**	16,178,457
Provision for diminution in the value of investments	10.3	**(91,311)**	(88,237)
		18,045,499	16,090,220
Deficit on revaluation of held for trading investments		**(1,310)**	(5,962)
Deficit on revaluation of available for sale investments		**(185,020)**	(255,576)
Investments - net of provision		**17,859,169**	15,828,682

10.2.1 Principal terms of investments in Federal Government Securities

Name of Investment	Maturity period	Principal payment	Coupon rate	Coupon payment
Pakistan investment bonds	Dec 2010 to Aug 2017	On Maturity	8% to 14%	Semi-annually
Market treasury bills	Jan 2008 to Jun 2008	On Maturity	8.76% to 9.09%	At maturity

10.2.2 Pakistan Investment bonds

This includes securities having face value of Rs. 47.7 million (2006: Rs. 47.7 Million) pledged with State Bank of Pakistan and National Bank of Pakistan as security to facilitate T.T discounting facility to branches of the bank.

Rupees in '000

	2007	2006
10.3 Particulars of provision		
Opening balance	**88,237**	145,045
Charge for the year	**3,074**	6,303
Reversals	-	(63,111)
Closing balance	**91,311**	88,237
10.3.1 Particulars of provision in respect of type and segment		
Held-for-trading securities		
Listed shares	-	-
Unlisted shares	-	-
Pakistan Investment Bonds	-	-
Available-for-sale securities		
Market treasury bills	-	-
Pakistan investment bonds	-	-
Mutual fund units	-	-
Preference shares		
Listed	-	-
Unlisted	**4,990**	1,916
Ordinary shares		
Listed	-	-
Unlisted	-	-
Held-to-maturities securities		
Market treasury bills	-	-
Pakistan investment bonds	-	-
Federal investment bonds	-	-
Term finance certificates		
Listed	**5,889**	5,889
Unlisted	-	-
Shares repo	**80,432**	80,432
Associates	-	-
	91,311	88,237

Rupees in '000

	Rating	2007	2006
10.4 Quality of available for sale securities			
10.4.1 Market treasury bills		**9,018,232**	6,008,661
10.4.2 Pakistan investment bonds		**588,511**	555,092
10.4.3 Mutual fund units			
Pakistan Strategic Fund	**4 Star**	**20,000**	20,460
Faysal Balanced Fund	**MFR 3Star**	**-**	50,000
AMZ Plus Income Fund	**MFR 3Star**	**175,000**	175,000
PICIC Growth Fund	**MFR 2Star**	**8,598**	8,598
KASB Liquid Fund KLF	**A+**	**175,000**	50,000
NAFA Cash Fund	**A(f)**	**175,000**	175,000
ABAMCO Composite Fund		**52,249**	52,249
Atlas Income Fund		**-**	175,000
UTP Income Fund		**-**	175,000
Dawood Money Market Fund	**5 star**	**175,000**	175,000
United Money Market Fund		**-**	175,000
NAMCO Balanced Fund	**A3-**	**8,060**	10,000
Arif Habib Pakistan income Fund		**-**	175,000
Askari Income Fund	**5 star**	**175,000**	175,000
MCB Dynamic Cash Fund	**AM3**	**175,000**	-
AKD Income Fund	**AM3+**	**175,000**	-
POBOP advantage plus fund		**50,000**	-
Alfalah Ghp Income Multi Fund		**175,000**	-
Faysal saving growth fund	**A+(f)**	**175,000**	-
10.4.4 Prefrence shares-listed			
Chenab Limited		**50,000**	50,000
Masood Textile Mills Limited		**15,000**	15,000
10.4.5 Prefrence shares-unlisted			
Jamshoro Joint Ventrue Limited	**A+**	**50,000**	50,000
10.4.6 Term finance certificates-listed			
Allied Bank Limited		**-**	169,215
Escort Investment Bank		**9,998**	10,000
Worldcall Telecom Limited	**A+**	**9,198**	9,200
Term finance certificates-unlisted			
Avari Hotels	**Unrated**	**286,267**	-

Rupees in '000

	Rating	2007	2006
10.4.7 Ordinary share-listed			
Bank Alfalah Ltd.		-	5,685
Bank of Punjab		-	1
D.G.Khan Cement		-	29,415
Engro Chemical.		-	14,369
Fauji Cement		-	13,235
Fauji Fertilizer		**2,247**	8,161
Faysal Bank		-	58,441
Hubco		**26,058**	33,328
Hira Textile Mills Limteid		**32,968**	-
ICI Pakistan Limited		-	16,759
Japan Power Generation Ltd		-	10,310
Lucky Cement		-	10,484
Maple Leaf		**34,396**	32,130
Nishat Mills		-	53,752
Oil & Gas Development Authority	**AAA**	**22,660**	56,802
Pakistan State Oil		-	8,565
Pakistan Oilfields		**30,202**	66,774
Pakistan International Container Ltd		-	5,098
Pioneer Cement		**1,229**	7,080
Pakistan Petroleum Limited		-	18,547
Sui Southern Gas Company Limited	**AA-**	**15,119**	15,119
Union Leasing Ltd.		-	1,650
10.4.8 Ordinary share-unlisted			
Pakistan Export Finance Guarantee Ltd		**5,680**	5,680
Khushali Bank Limited		**10,000**	10,000
Al-Hamra (Pvt) Ltd		**50,000**	
		11,971,672	8,939,860

10.5 Investment in fully paid up ordinary shares - listed

Rupees in '000

2007	2006	Paid-up value per share (Rupees)	Name of Investee	2007	2006
No. of Ordinary Shares					
-	111,713	10	Bank Alfalah Ltd.	-	5,684
-	291,422	10	D.G.Khan Cement	-	29,415
-	70,000	10	Engro Chemical Pakistan Limited	-	14,369
-	500,000	10	Fauji Cement Company Limited	-	13,235
217,400	63,200	10	Fauji Fertilizer Company Limited	11,966	8,161
-	732,156	10	Faysal Bank Limited	-	58,441
625,000	800,000	10	Hubco	26,058	33,328
2,637,420	-	10	Hira Textile Mills Limited	32,968	-
-	100,000	10	ICI Pakistan Limited	-	16,759
-	1,422,000	10	Japan Power Generation Ltd.	-	10,310
-	100,000	10	Lucky Cement	-	10,484
-	25,000	10	MCB Bank Limited	-	6,551
906,250	725,000	10	Maple Leaf Cement Factory Ltd.	34,397	32,130
-	100,000	10	National Bank of Pakistan Ltd.	-	26,967
-	440,000	10	Nishat Mills Limited	-	53,752
150,000	376,000	10	Oil & Gas Development Company Ltd.	22,660	56,802
-	25,000	10	Pakistan State Oil Company Ltd.	-	8,565
72,500	147,500	10	Pakistan Oilfields Limited	30,202	66,774
-	100,000	10	Pakistan Industrial Credit & Inv Corporation	-	7,030
-	50,000	10	Pakistan International Container Terminal Ltd	-	5,098
19,962	114,962	10	Pioneer Cement Limited	1,229	7,080
-	75,000	10	Pakistan Petroleum Limited	-	18,547
-	50,000	10	Prime Commercial Bank Ltd.	-	2,664
350,000	350,000	10	Sui Southern Gas Company Limited	15,119	15,119
-	120,000	10	Union Leasing Ltd.	-	1,651
4,978,532	6,888,965			174,599	508,918

10.6 Investment in fully paid up ordinary shares - unlisted

Rupees in '000

2007	2006	Paid-up value per share (Rupees)	Name of Investee	2007	2006
No. of Ordinary Shares					
568,000	568,000	10	Pakistan Export Finance Guarantee Chief Executive Mr. S.M Zaeem	5,680	5,680
10	10	1,000,000	Khushahli Bank Limited Chief Executive Mr. Ghalib Nishter	10,000	10,000
5,000,000	-	10	Al-Hamra (Pvt) Ltd Chief Executive Mr. Habib Ahmed	50,000	-
5,568,010	568,010			65,680	15,680

10.6.1 The bank contributed Rs.10 million towards the equity of Khushali Bank, as per SBP Letter No. BSD (RU-26/25-MFB/13317/00 dated August 07, 2000. In accordance with the restrictions imposed by Khushali Bank Ordinance, 2000 the bank cannot sell / transfer these shares before a period of five years from the date of subscription. Thereafter, such sale / transfer shall be subject to the prior approval of State Bank of Pakistan, purusant to section 10 of the Khushali Bank Ordinance, 2000. The profits of the investee bank shall not be distributable and shall be applied towards the promotion of its objectives.

10.7 Investment in term finance certificates, debentures, bonds and participation term ceritificates

10.7.1 Term finance certificates - Listed

Rupees in '000

Name of Investee	Number of certificates held	Paid up value per certificate (Rupees)	2007	2006
Al Zamin Leasing Modaraba	4,000	5000	20,000	20,000
Allied Bank Limited	-	-	-	169,215
Azgard Nine Limited	-	-	-	500,000
Bank Al-habib Limited	6,000	5000	29,964	29,976
Crescent Leasing Corporation Limited	3,500	5000	17,500	17,500
Crescent Standard Investment Bank	5,000	5000	8,250	-
Escort Investment Bank	-	-	9,998	10,000
Fist Dawood Leasing Modaraba	-	-	-	10,000
Saadi Cement	-	-	36,322	45,332
Worldcall Telecom Limited	1,840	5000	9,198	9,200
Zaver Petroleum Corporation Limited	40,000	5000	199,600	200,000
	60,340		330,832	1,011,223

10.7.2 Term finance certificates - Unlisted

Rupees in '000

Name of investee	Name of chief executive	Number of certificates held	Paid up value per certificate (Rupees)	2007	2006
Bosicar Pakistan Limited	Mr. M. Wasi Khan	20,000	5,000	57,143	85,714
Dewan Mushtaq Textile Mills Ltd.	Mr. Dewan Abdullah M. Faruqi	-	-	-	4,375
Dewan Textile Tills Ltd.	Mr. Dewan M. Yousuf Faruqi	-	-	-	8,125
First Standard Inv Bank	Mr. Mahmood Ahmed	-	-	-	11,781
Hira Textile Mills Ltd.	Mr. Nadeem Aslam Butt	-	-	-	49,910
Kohinoor Textile Ltd.	Mr. Tariq Sayeed Saigol	20	500,000	1,887	4,388
Pakistan Mobile Communication	Mr. Zohair A. Khaliq	14,000	5,000	28,000	56,000
Security Leasing Corporation Ltd.	Mr. M.R Khan	5,000	5,000	-	18,750
Avari Tower Hotel Limited	Mr. Bahram Avari	-	5,000	286,267	-
		39,020		373,297	239,043

10.8 Mutual funds

Rupees in '000

2007 No. of units	2006	Paid-up value per unit (Rupees)	Name of investee	2007	2006
5,224,895	5,224,895	**10**	ABAMCO composite fund	**52,249**	52,249
2,000,000	2,046,000	**10**	Pakistan Strategic Allocation Fund	**20,000**	20,460
-	617,476	**100**	Faysal Balance Growth Fund	**-**	50,000
1,653,508	1,649,358	**100**	AMZ Plus Income Fund	**175,000**	175,000
16,669,842	16,679,851	**10**	NAFA Cash Fund	**175,000**	175,000
1,664,606	476,372	**100**	KASB Liquid Fund	**175,000**	50,000
-	334,689	**500**	Atlas Income Fund	**-**	175,000
1,661,082	1,668,117	**10**	Dawood Money Market Fund	**175,000**	175,000
-	329,846	**500**	UTP Income Fund	**-**	175,000
-	1,670,182	**100**	United money market fund	**-**	175,000
806,000	1,000,000	**10**	NAMCO Balance Fund	**8,060**	10,000
-	3,331,430	**50**	Arif Habib Pakistan Income Fund	**-**	175,000
200,000	200,000	**50**	PICIC growth Fund	**8,598**	8,598
1,657,825	1,650,632	**100**	Askari Income Fund	**175,000**	175,000
1,674,183	-	**100**	MCB Dynamic Cash Fund	**175,000**	-
3,324,837	-	**50**	AKD Income Fund	**175,000**	-
1,667,143	-	**100**	Faysal Saving Growth Fund	**175,000**	-
3,334,826	-	**50**	Alfalah GHP Income Multi Fund	**175,000**	-
985,222	-	**50**	POBOP Advantage Plus Fund	**50,000**	-
42,523,969	36,878,848			**1,713,907**	1,591,307

10.9 This includes investment in 5 million cumulative shares of Rs. 10 each issued by Chenab Limited. These preferred shares with put and call option are non voting in nature and enjoy preference over ordinary shares in case of payment of dividend and liquidation and carry preferred dividend at the rate of 9.25% per annum on the issue price.

10.10 This also includes the investment in 1.5 million cumulative preference shares of Rs. 10 each issued by Masood Textile Mills Limited. These preferred shares with call option are non voting in nature and enjoy preference over ordinary shares in case of payment of dividend and liquidation and carry preferred dividend at the rate of 6 months KIBOR plus 200bps per annum on the issue price.

10.11 This represents investment in 5 million redeemable cumulative prefrence shares of Rs. 10 each issued by Jamshoro Joint Venture Limited (JJVL). These preference shares are redeemable at par alongwith cumulative dividend payable, if any, upon completion of 5 years from the issue date subject to the condition that 60% of Rs. 1.18 billion debt raised by JJVL for project will be repaid.

The preference shares carry normal preferred dividend at the rate of 15% per annum on par value, however, if JJVL is unable to payout dividend in any year, the said dividend would be accumulated with a minimum rate of 17.5% per annum for the cumulative preference share holders.

The preference shares do not carry any voting rights except in the meeting of cumulative preference share holders and also enjoy right of full payment of dividend including any arrear payment due to them before the payment of dividend to the ordinary share holders.

10.12 Investment in associated undertaking

Name of associate	Chief Executive	Place of incorporation	Proportion of ownership interest	Principal activity
Saudi Pak Insurance Company. Ltd.	Capt. Azher Ehtesham Ahmed	Pakistan	30%	General insurance

Summarized financial information in respect of associate as at December 31, 2007 is set out below:

Rupees in '000

		2007	2006
Total assets		**598,683**	344,170
Total liabilities		**409,520**	128,736
Net assets		**189,163**	215,434
Revenue		**170,648**	101,893
Loss for the period		**25,454**	16,764
Share of loss from associate	10.12.1	**18,251**	10,370
10.12.1 Share of loss from associate			
Opening balance		**10,370**	5,100
Charge for the year		**7,881**	5,270
Reversals during the period		**-**	-
		18,251	10,370

10.12.2 During the year State Bank of Pakistan amended valuation method for associates through BSD Circular No. 6 dated 2007. As a consequence, Bank has revised its policy for valuation of investment in associate.

Had the investment in associate been determined at equity method in accordance with the previous policy, the loss before taxation, as at December 31, 2007, would have been higher by Rs. 7,881 million (2006: 5,270 million).

Rupees in '000

	Note	2007	2006
11. ADVANCES - NET OF PROVISION			
Loans, cash credits, running finances, etc.			
In Pakistan		**30,591,574**	29,789,903
Outside Pakistan		**-**	-
		30,591,574	29,789,903
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		**379,855**	1,001,502
Payable outside Pakistan		**444,386**	256,335
		824,241	1,257,837
		31,415,815	31,047,740
Financing in respect of Continuous Funding System		**-**	479,333
		31,415,815	31,527,073
Provision for non-performing advances - specific	11.3	**(5,518,432)**	(2,477,406)
Provision against consumer finance- general	11.4	**(22,412)**	(27,693)
		25,874,972	29,021,974
11.1 Particulars of advances			
11.1.1 In local currency		**31,007,400**	29,959,123
In foreign currencies		**408,415**	1,567,950
		31,415,815	31,527,073
11.1.2 Short term (upto one year)		**17,754,907**	16,727,582
Long term (over one year)		**13,660,908**	14,799,491
		31,415,815	31,527,073

11.2 Advances include Rs. 6,136.018 million (2006: Rs. 4,634.695 million) which have been placed under non-performing status as detailed below :

Rupees in '000

Category of Classification- Specific	Classified Advances	Provision Required	Provision Held
Substandard	496,640	166,653	166,653
Doubtful	662,943	279,319	279,319
Loss	4,976,435	5,072,460	5,072,460
	6,136,018	**5,518,432**	**5,518,432**

11.3 Particulars of provision against non-performing advances

Rupees in '000

	Note	2007			2006		
		Specific	General	Total	Specific	General	Total
Opening balance		**2,477,406**	**27,693**	**2,505,099**	2,093,293	26,778	2,120,071
Charge/ (reversal) for the year		**3,293,174**	**(5,281)**	**3,287,893**	629,780	915	630,695
Reversals		**(158,523)**	**-**	**(158,523)**	(165,792)	-	(165,792)
Net Charge / (reversals) for the year		**3,134,651**	**(5,281)**	**3,129,370**	463,988	915	464,903
Amounts written off	10.5	**(93,625)**	**-**	**(93,625)**	(79,875)	-	(79,875)
Closing Balance		**5,518,432**	**22,412**	**5,540,844**	2,477,406	27,693	2,505,099

11.3.1 During the year State Bank of Pakistan amended Prudential Regulations for Corporate/ Commercial Banking through BSD Circular No. 7 dated October 12, 2007. As a consequence, Regulation No. 8 relating to provisioning against non-performing loans, was changed and benefit of forced sale value (FSV) of the mortgaged assets held as collateral, while calculating provision against non-performing loans was withdrawn with effect from December 31, 2007 except in case of housing finance. Previously, Banks were allowed to have benefit of FSV while calculating provision against non-performing loans.

Had the provision against non-performing loans and advances been determined in accordance with the previous requirements, the specific provision against non-performing loans and advances would have been lower and consequently loss before taxation, as at December 31, 2007 would have been lower by Rs. 2.043 billion and advances (net of provision) would have been higher by the same amount.

11.4 General Provision against consumer finance loans represents provision made 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 SBP for Consumer Financing.

11.4.1 Particulars of provision for consumer financing-general-in local currency

Rupees in '000

	2007	2006
Opening balance	**27,693**	26,778
Charge for the year	**-**	915
Reversals	**(5,281)**	-
Closing balance	**22,412**	27,693

Rupees in '000

	2007	2006
11.5 Paticulars of Write Offs:		
11.5.1 Against provision	**93,625**	79,875
Directly charged to Profit & Loss account	**-**	-
	93,625	79,875
11.5.2 Write offs of Rs. 500,000 and above	**93,427**	77,867
Write offs of below Rs. 500,000	**198**	2,008
	93,625	79,875

11.6 Detail of loan write off Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2007 is given in Annexure-I. However, this write-off does not effect the bank's right to recover the debts from these customers.

Rupees in '000

	2007	2006
11.7 Particulars of Loans and Advances to Directors, Associated Companies, etc.		
Debts due by directors, executives or officers of the bank or any of them either severally or jointly with any other persons		
Balance at beginning of year	**1,154**	825
Loans granted during the year	**2,859**	3,117
Repayments	**(1,388)**	(2,788)
Balance at end of year	**2,625**	1,154
Debts due by companies or firms in which the directors of the bank are/(were) interested as directors, partners or in the case of private companies as members		
Balance at beginning of year	**111,781**	33,332
Loans granted during the year	**35,000**	2,050,471
Repayments	**(81,948)**	(1,972,022)
Balance at end of year	**64,833**	111,781
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties.		
Balance at beginning of year	-	-
Loans granted during the year	-	-
Repayments	-	-
Balance at end of year	-	-

Rupees in '000

		2007	2006
12. OTHER ASSETS			
Income/ Mark-up accrued in local currency		**1,048,928**	880,154
Income/ Mark-up accrued in foreign currency		**-**	1,032
Advances, deposits, advance rent and other prepayments		**160,859**	150,286
Advance taxation (payments less provisions)		**-**	290,337
Non banking assets acquired in satisfaction of claims	12.1	**319,636**	292,868
Branch adjustment account		**33,462**	-
Unrealized gain on forward foreign exchange contracts		**15,980**	12,332
Others		**118,935**	129,976
		1,697,798	1,756,985
Less: Provision held against other assets	12.2	**(99,667)**	(99,667)
Other Assets (net of provision)		**1,598,131**	1,657,318
12.1 Market value of Non-Banking assets acquired in satisfaction of claims		**319,636**	292,868
12.2 Provisions against other assets			
Opening balance		**99,667**	99,469
Charge for the year		**-**	198
Closing balance		**99,667**	99,667
13. OPERATING FIXED ASSETS			
Capital work-in-progress	13.1	**92,447**	93,914
Property and equipments	13.2	**2,256,421**	2,214,455
Intangibles	13.3	**19,015**	14,002
		2,367,883	2,322,371
13.1 This represents civil works. Movement during the year is as follows:			
Opening balance		**93,914**	60,641
Additions during the year		**95,316**	159,089
Transferred to property and equipment		**(90,788)**	(125,816)
Insurance claim due to damages		**(5,995)**	-
		92,447	93,914

13.2 Property and equipments

Rupees in '000

	Cost / Revaluation					Accumulated Depreciation					
	As at Jan 01 2007	Adjustments	Additions / Revaluation*/ Lease**	Disposal	As at Dec 31 2007	As at Jan 01 2007	Adjustments	Charge for the year/ (Revaluation)* / (Deletions)	As at Dec 31 2007	Net Book value as at Dec 31 2007	Rate of Deprecation %
Freehold land	448,146	-	-	-	448,146	-	-	-	-	448,146	-
Building- Freehold Land	64,000	-	-	-	64,000	-	-	3,200	3,200	60,800	5%
Land- Leasehold	1,024,019	-	***599	-	1,024,618	-	-	-	-	1,024,618	-
Building- Leasehold	207,185	-	21,241	-	228,426	176	-	10,625	10,801	217,625	5%
Lease hold improvements	243,558	(3,764)	82,687	199	322,282	57,609	(645)	27,549 (61)	84,452	237,829	10%
Furniture & fixture	78,073	(1,119)	17,880	828	94,006	22,947	(187)	8,521 (268)	31,013	62,993	10%
Other Equipment	133,933	(3,556)	16,761	3,521	143,617	56,416	(757)	26,242 (2,558)	79,343	64,274	20%
Computers	108,669	(339)	33,212	-	141,542	97,713	73	13,563	111,349	30,192	33.3%
Vehicles	142,826	(56,197)	19,530	10,076	96,083	66,109	(7,957)	14,548 (7,182)	65,518	30,565	20%
	2,450,409	**(64,976)**	**191,910**	**14,624**	**2,562,719**	**300,970**	**(9,472)**	**104,248**	**385,677**	**2,177,042**	
Assets held under finance lease:											
Vehicles	8,999	-	48,240	4,452	52,787	-	-	10,917 (496)	10,421	42,366	20%
Computers	56,018	(502)	-	-	55,516	-	(167)	18,671	18,504	37,012	33.3%
	65,017	(502)	**48,240**	**4,452**	**108,303**	-	(167)	29,588	28,925	79,378	
DECEMBER 2007	**2,515,426**	**(65,478)**	**191,910 48,240**	**19,076**	**2,671,022**	**300,970**	**(9,639)**	**133,836 (10,565)**	**414,602**	**2,256,421**	
DECEMBER 2006	1,710,984	82,410	301,769 533,723* 65,017**	13,658	2,515,425	240,130	(17,251)	119,073 (29,199)* (11,783)**	300,970	2,214,455	

*** Mutation charges of land paid

13.2.1 Details of disposal of fixed assets - By negotiations

Rupees in '000

Description	Cost / revaluation	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Particulars of purchasers
Bank Vehicle Honda Civic AGN-549	1,248	582	666	875	209	Mr. Jamshed Minhas - Employee
Bank Vehicle Honda Civic ADX-026	1,105	1,092	13	570	557	Major Shahzad HR & Admin Department Karachi Stock Exchange Karachi
Bank Vehicle Honda City AJF-675	885	324	561	718	157	Ms. Nausheen Faisal - Employee
Bank Vehicle Honda City 'ACN-531	795	411	384	374	(10)	Mr. Jawed Ahmed PICIC commercial bank limited I.I chundrigar road Karachi
Bank Vehicle Suzuki Liana ALM-629	867	58	809	761	(48)	M/s Ittehad Motors Madina BAA Apartment Showroom # 8, 55 Muslimabad, M.A Jinnah Road Karachi
Bank Vehicle Toyota Corolla ALV-939	849	42	807	827	20	M/s Car Corporation 111/B, Khalid bin Waleed Road PECHS Karachi
Bank Vehicle Suzuki Cultus ALB-759	548	73	475	535	60	Mr. Syed Nadeemullah Khan House No. A-239 Block 3, Gulshan-e-Iqbal Karachi
Bank Vehicle Suzuki Cultus ALA-782	548	73	475	520	45	Mr. Naseem Abedi - Employee
Bank Vehicle Honda City AKF-692	703	94	609	741	132	M/s Farooq Motors 83-D, Block 2, Khalid Bin Waleed Road, P.E.C.H.S Karachi
Items having book value of less than Rs.250,000 and cost of less than Rs.1,000,000	11,528	7,816	3,712	5,002	1,290	Various
	19,076	10,565	8,511	10,923	2,412	

Assets of Korangi Industrial Area and Larkana branches had been damaged / burnt due to riot on December 27, 2007. These assets were insured with Adamjee insurance company limited. Written down value of amount Rs. 13.492 million has been assessed as lost against the damaged / burnt assets by the Bank and same has been claimed with the insurance company. Bank has reclassified the amount to Other Assets as insurance claim .

Rupees in '000

	2007	2006
13.2.2 The gross carrying amount of fully depreciated assets that are still in use		
Furniture, electrical, office and computer equipment	**115,962**	80,381
Vehicle	**19,351**	12,675
	135,313	93,056

13.3 Intangible assets

Rupees in '000

	Cost				Accumulated amortization				
	As at Jan 01 2007	Additions	Disposal	As at Dec 31 2007	As at Jan 01 2007	Amortization for the year	As at Dec 31 2007	Net Book value as at Dec 31 2007	Amortization Rate in percentage
Computer Software	29,026	18,327	-	47,353	15,024	13,415	28,338	19,015	33.3%
DECEMBER 2006	17,420	11,606	-	29,026	7,379	7,645	15,024	14,002	33.3%

14. DEFERRED TAX ASSETS- NET

Rupees in '000

		2007	2006
Deferred tax debits arising in respect of			
Provision :			
- Investments		**31,959**	34,513
- Non performing advances		**1,600,610**	867,092
- Consumer Financing		**7,844**	9,693
- Other Assets		**34,883**	34,883
- Accumulatted Loss		**132,841**	132,841
- Revaluation of securities	22.1	**38,166**	40,397
		1,846,303	1,119,420
Deferred tax credits arising in respect of			
- Liabilities against assets subject to finance lease		**(272)**	(695)
- Accelerated tax depreciation		**(59,180)**	(83,733)
- Revaluation of fixed assets	22.2	**(19,136)**	(19,869)
		(78,588)	(104,297)
		1,767,715	1,015,123

15. BILLS PAYABLE

In Pakistan	**570,756**	408,342
Outside Pakistan	**-**	-
	570,756	408,342

16. BORROWINGS FROM FINANCIAL INSTITUTIONS

In Pakistan	**6,771,368**	4,236,775
Outside Pakistan	**109,081**	-
	6,880,449	4,236,775

16.1 Particulars of borrowings from financial institutions

In local currency	**6,771,368**	4,236,775
In foreign currencies	**109,081**	-
	6,880,449	4,236,775

16.2 Details of borrowings from financial institutions

16.3 These represent funds borrowed from the local interbank money market carrying interest rate ranging from 9.1% to 9.95% (2006: 8.50 % to 9.10 %) per annum with maturities upto January, 2008

16.4 These represent unsecured borrowings from the local money market carrying interest rate ranging from 9.7% to 10.35% (2006:12%) per annum with maturities upto April 2008

17. DEPOSITS AND OTHER ACCOUNTS

Rupees in '000

	2007	2006
Customers		
Fixed deposits	**23,142,344**	26,328,636
Savings deposits	**9,230,897**	15,088,460
Current accounts - non-remunerative	**4,704,610**	4,348,803
Margin accounts	**523,326**	691,888
Others	**149,462**	224,712
	37,750,639	46,682,499
Financial Institutions		
Remunerative deposits	**4,612,887**	2,320,883
Non-remunerative deposits	**10,184**	11,708
	4,623,071	2,332,591
	42,373,710	49,015,090
17.1 Particulars of deposits		
In local currency	**40,194,022**	46,394,496
In foreign currencies	**2,179,688**	2,620,594
	42,373,710	49,015,090

18. SUB ORDINATED LOANS - UNSECURED

	650,000	650,000

This represents short term bridge finance provided by Saudi Pak Industrial & Agricultural Investment Company (Private) Limited (SPIAICO) with the approval of State Bank of Pakistan through a formal agreement executed between the bank and SPIAICO on December 31, 2003 initially for a period of six months which was later rolled over from time to time. The rate of mark-up on this finance is base rate (6-month ask average KIBOR to be set on commencement of half year) plus 2% and is payable quarterly.

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Rupees in '000

Period	2007			2006		
	Minimum lease payments	Financial charges allocated to future periods	Principal outstanding	Minimum lease payments	Financial charges allocated to future periods	Principal outstanding
Not later than one year	**37,945**	**7,593**	**30,352**	23,833	7,035	16,798
Later than one year and not later than five years	**53,426**	**3,624**	**49,803**	52,182	5,950	46,232
Over five years						
	91,371	**11,217**	**80,155**	76,015	12,985	63,030

19.1 The bank enters into various lease agreements with leasing companies for office equipment and motor vehicles. Lease rentals are payable monthly and include finance charge at base rate plus 3.75 % & 3.5% (2006:KIBOR plus 3.75%) per annum which has been used as a discounting factor. The base rate is defined as 6 Months ask side Kibor rate to be revised half yearly.The bank intends to exercise its option to purchase the assets upon completion of lease periods.

20. OTHER LIABILITIES

Rupees in '000

	2007	2006
Mark-up/ Return/ Interest payable in local currency	**659,222**	582,246
Mark-up/ Return/ Interest payable in foreign currency	**14,090**	20,274
Unearned commission and income on bills discounted	**32,541**	27,831
Accrued expenses	**29,060**	68,933
Branch adjustment account	**-**	9,063
Tax liability - net	**41,024**	-
Provision for gratuity	**21,164**	23,956
Others	**127,990**	97,269
	925,091	829,573

21. SHARE CAPITAL

21.1 Authorized capital

2007	2006		2007	2006
Shares in (000)			Rupees in '000	
1,000,000	1,000,000	Ordinary shares of Rs. 10 each.	**10,000,000**	10,000,000

21.2 Issued, subscribed and paid up share capital

2007	2006		2007	2006
Shares in (000)			Rupees in '000	
		Issued and subscribed		
400,175	284,750	Fully paid up ordinary shares of Rs. 10 each	**4,001,750**	2,847,500
100,000	100,000	Fully paid up ordinary shares of Rs. 10 each issued at a discount of Rs.2.5 per share	**1,000,000**	1,000,000
500,175	384,750		**5,001,750**	3,847,500

21.3 Capital management policies and procedures

The company's objectives when managing capital are:

to comply with the capital requirements set by the regulators of the company;

to safeguard company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

to acquire, develop and maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored frequently by the company's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented in Pakistan by the State Bank of Pakistan (SBP).

The company's regulatory capital is divided into two tiers:

Tier 1 or core capital: share capital, share premium, reserves for bonus shares, general reserves created out of the profits for the year and unappropriated profit.; and

Tier 2 supplementary capital: general provisions or general reserves for loans losses, revaluation reserves exchange translation reserves, undisclosed reserves and subordinated debt.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table refer to in note 39, summaries the composition of regulatory capital and the ratios of the company for the year ended December 31, 2007. The company has adhered to the minimum capital requirements as imposed by SBP.

21.4 Board of Directors had announced issuance of 30% right shares on November 27, 2006, which were exercised in March 2007.

21.5 Reconciliation of number of ordinary shares of Rs. 10 each

Rupees in '000

	2007	2006
At the beginning of the year	**384,750**	384,750
Issued during the year	**115,425**	-
At the end of the year	**500,175**	384,750

22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

(Deficit) on revaluation of securities	22.1	**(146,854)**	(215,178)
Surplus on revaluation of property and equipments	22.2	**1,226,524**	1,227,887
		1,079,670	1,012,709

22.1 (Deficit) on revaluation of securities

Federal Government securities		**(109,047)**	(115,673)
Quoted securities		**(75,973)**	(139,903)
Other securities		**-**	-
	10.2	**(185,020)**	(255,576)
Deferred tax (asset) recognised	14	**38,166**	40,398
		(146,854)	(215,178)

22.2 Surplus on revaluation of property and equipments

Surplus on revaluation of properties	22.2.1	**1,245,660**	1,247,756
Deferred tax (liability) recognised	14	**(19,136)**	(19,869)
		1,226,524	1,227,887

22.2.1 Reconciliation of surplus on revaluation of property and equipments

At the beginning of the year	**1,247,756**	686,325
Surplus during the period	**-**	562,923
Suplus realized on disposal of property and equipment	**-**	-
Suplus realized on account of incremental depreciation (net of tax)	**(2,096)**	(1,492)
At the end of the period	**1,245,660**	1,247,756

Rupees in '000

	2007	2006
23 CONTINGENCIES AND COMMITMENTS		
23.1 Direct credit substitute	-	-
23.2 Transaction-related contingent liabilities		
Guarantees favouring		
Government	**4,412,443**	4,025,908
Banking companies and other financial institutions	**122,721**	152,750
Others	**1,534,723**	1,413,697
23.3 Trade-related contingent liabilities		
Letters of credit & Acceptances favouring:		
Government	-	-
Others	**3,975,489**	6,542,695
23.4 Other contingencies		
Claims against the bank not acknowledged as debt	**228,339**	51,974

23.4.1 This includes penalties of Rs 20.732 million (2006: 20.732 million) on alleged non filing of certain tax statements in respect of assessment years 1997-98 to 1998-99. The matter is being dealt by the bank's tax advisor.

23.5 Commitments in respect of:		
Forward Exchange contracts with		
State Bank of Pakistan, banks and other institutions		
Sale	**1,635,082**	4,549,516
Purchase	**3,119,169**	4,665,381
	4,754,251	9,214,897
23.6 Commitments in respect of:		
Property, civil work & equipment	**78,234**	52,303
Purchase of software	**38,101**	101,983
	116,335	154,286

24 DERIVATIVE INSTRUMENTS

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. The principal derivatives used by the bank are forward foreign exchange contracts and equity futures. The bank at this stage does not engage in Interest Rate Swaps, Forward Rate Agreements and FX Options.

A forward foreign exchange contract is an agreement to buy or sell a specified amount of foreign currency on a specified future date at an agreed rate. Equity futures are exchange traded contractual agreements to either buy or sell a specified security at

25. MARK-UP / RETURN / INTEREST EARNED

Rupees in '000

	Note	2007	2006
On loans and advances to:			
Customers	25.1	**3,263,727**	2,264,920
Financial insitutions		**-**	-
On Investments in:			
Held-for-trading securities		**-**	-
Available-for-sale securities		**911,266**	486,809
Held-to-maturity securities		**470,121**	385,732
On deposits with financial institutions		**47,469**	98,251
On call money lendings		**56,698**	157,498
On securities purchased under resale agreements		**50,572**	319,210
		4,799,853	3,712,420

25.1 This figure is net of markup suspended in accordance with the Prudential regulations of the State Bank of Pakistan amounting to Rs 277.25 million (2006 : Rs 69.691 million)

26. MARK-UP/RETURN/INTEREST EXPENSED

Deposits	**3,550,241**	2,922,874
Securities sold under repurchase agreements	**411,746**	186,250
Call borrowings	**277,714**	8,190
Borrowing from State Bank of Pakistan under export refinance scheme	**116,009**	67,377
Interest on sub-ordinated loan	**81,209**	73,352
Others	**3,197**	2,910
	4,440,116	3,260,952

27. GAIN / (LOSS) ON SALE OF SECURITIES

Federal Govt. Securities		
Market Treasury Bills	**92**	(1,648)
Pakistan Investment Bonds	**1,038**	-
Provincial Govt. Securities	**-**	-
Shares - Listed	**(10,697)**	78,270
- Unlisted	**-**	-
Term Finance Certificates		442
Mutual Funds	**220,422**	68,113
	210,855	145,177

28. OTHER INCOME

Rent on property	**11,291**	11,962
Net profit on sale of property and equipment	**2,411**	1,984
Income from non-banking assets and profit from sale of or dealing wih such assets	**-**	-
Recovery of expenses from customers	**24,966**	23,654
Others	**49,057**	101,004
	87,725	138,604

29 ADMINISTRATIVE EXPENSES

Rupees in '000

		2007	2006
Salaries, allowances and other benefits		**550,112**	523,459
Charge for defined benefit plan	35.5	**21,049**	14,739
Contribution to defined contribution plan		**17,619**	12,564
Non-executives directors' fees, allowances and other expenses		**2,795**	3,167
Rent, taxes, insurance, electricity, etc.		**188,090**	168,444
Legal and professional charges		**16,901**	43,403
Communications		**43,651**	44,062
Repairs and maintenance		**28,329**	22,253
Financial charges on leased assets		**11,662**	51
Stationery and printing		**27,683**	26,481
Security charges		**29,615**	22,520
Advertisement and publicity		**71,786**	132,516
Donation		**-**	-
Depreciation	13.2	**133,836**	119,073
Amortization of intangible assets	13.3	**13,415**	7,645
Auditors' remuneration	29.1	**1,126**	1,200
Fuel and traveling expenses		**45,670**	44,290
Brokerage and commission		**11,734**	25,100
Subscriptions and newspapers		**8,971**	3,003
Entertainment		**9,627**	8,216
Others		**36,646**	40,262
		1,270,317	1,262,448

29.1 Auditors' remuneration

Audit fee	**700**	700
Special certifications, limited scope review	**350**	457
Out-of-pocket expenses	**76**	43
	1,126	1,200

30. OTHER CHARGES

Commission paid to National Accountability Bureau	**10,123**	69,000
Penalty imposed by SBP	**4,614**	6,700
	14,737	75,700

31. TAXATION

For the year		
Current	**35,382**	-
Deferred	**(754,091)**	(105,282)
	(718,709)	(105,282)

31.1 Status of assessments

The income tax assessment of the bank has been completed up to and including tax year 2007. The bank has filed appeals before the Income Tax Appellate Tribunal (ITAT) against certain disallowances amounting to Rs 3,330 million made by the Taxation Officer(TO) in assessment year / tax years 2000-01, 2001-02, 2002-03, 2003 and 2004.

The bank's assessment in respect of AJK branch operation has been completed up to and including tax year 2007. Certain appeals were filed before the various appellate forums which are pending for adjudication. The management is confident that the outcome of these appeals would be in favor of the bank, therefore, no additional provision has been made in these financial statements.

32. BASIC / DILUTED EARNINGS PER SHARE

Rupees in '000

	2007	2006
Profit after taxation for the year	**(3,040,907)**	(303,686)
	Number of shares in '000	
Weighted average number of ordinary shares	**486,849**	446,310
Basic / diluted earnings per share	**(6.25)**	(0.68)

33. CASH AND CASH EQUIVALENTS

Rupees in '000

		2007	2006
Cash and balance with treasury banks	7	**3,223,780**	3,994,136
Balance with other banks	8	**128,991**	613,678
Call money lendings	9	**-**	1,957,500
		3,352,771	6,565,315

34. STAFF STRENGTH

Permanent	**886**	987
Temporary/ Contractual basis	**15**	26
Daily wages	**-**	-
Others	**-**	-
Bank's own staff strength at the end of the year	**901**	1,013
Outsourced	**352**	413
Total Staff Strength	**1,253**	1,426

35. DEFINED BENEFIT PLAN

35.1 General description

The Bank operates an approved gratuity scheme for all its regular employees. The entitlement of the employees will start on completion of two years with the Bank beginning from January 01, 2005. Projected Unit Credit Actuarial Cost Method has been used for actuarial valuation.

A portion of the actuarial gains or losses is recognized if the net cumulative unrecognized actuarial gains or losses at the end of the previous year exceeds the "corridor" which is defined as the greater of:

a) 10% of the present value of the defined benefit obligation at that date (before deducting plan assets) and;
b) 10% of the fair value of any plan assets at that date.

Rupees in '000

	Note	2007	2006
The main assumptions used for actuarial vauation are as under:			
35.2 Principal actuarial assumption			
Discount factor used per annum		**10%**	10%
Expected increase in eligible pay per annum		**10%**	10%
Normal retirement age		**60 years**	60 years
Average future remaining working life of employees		**15 years**	15 years
35.3 Reconciliation of amount payable to defined benefit plan			
Present value of defined benefit obligation		**42,493**	25,530
(Unrecognized) / Recognised actuarial gain		**(25,129)**	(1,574)
Fair value of plan assets		**3,800**	-
Liability recognised in balance sheet	35.4	**21,164**	23,956
35.4 Movement in payable to defined benefit plan			
Opening balance		**23,956**	9,217
Charge for the year	35.5	**21,049**	14,739
Contribution during the period		**23,841**	-
Closing balance		**21,164**	23,956
35.5 Charge for defined benefit plan			
Current service cost		**18,369**	13,332
Interest cost		**3,424**	1,407
Expected return on assets		**(1,289)**	-
Recognition of (gain) / loss on obligation		**545**	-
	29	**21,049**	14,739

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

Rupees in '000

	President / CEO		Directors		Executives	
	2007	2006	2007	2006	2007	2006
Managerial remuneration	**7,386**	5,318	-	-	**81,218**	62,844
Charge for defined benefit plan	**616**	443	-	-	**6,768**	3,686
Contribution to defined contribution plan	**1,219**	361	-	-	**6,477**	4,180
Rent and house maintenance	**3,323**	2,393	-	-	**30,873**	24,042
Utilities	**738**	532	-	-	**8,135**	6,371
Medical	**738**	532	-	-	**7,809**	6,060
Conveyance	**-**	-	-	-	**12,696**	11,333
Others	**3,816**	3,397	-	-	**37,516**	27,834
	17,836	12,976	-	-	**191,492**	146,350
Number of persons	**1**	1			**66**	66

The Chief Executive and other Executives are provided with free use of bank maintained cars. Executive means employees, other

37 FAIR VALUE OF FINANCIAL INSTRUMENTS

37.1 On-balance sheet financial instruments

Rupees in '000

	2007		2006	
	Book value	Fair value	Book value	Fair value
Assets				
Cash balances with treasury banks	**3,223,780**	**3,223,780**	3,994,136	3,994,136
Balances with other banks	**128,991**	**128,991**	613,678	613,678
Lending to financial institutions	**839,959**	**839,959**	4,747,567	4,747,567
Investments	**17,859,169**	**16,968,807**	15,828,682	15,744,854
Advances	**25,874,972**	**25,874,974**	29,021,974	29,021,974
Other assets	**1,048,928**	**1,048,928**	880,154	880,154
	48,975,799	**48,085,437**	55,086,191	55,002,363
Liabilities				
Bills payable	**570,756**	**570,756**	408,342	408,342
Borrowings	**6,880,449**	**6,880,449**	4,236,775	4,236,775
Deposits and other accounts	**42,373,710**	**42,373,710**	49,015,090	49,015,090
Sub-ordinated loans	**650,000**	**650,000**	650,000	650,000
Liabilities against assets subject to finance lease	**80,155**	**80,155**	63,030	63,030
Other liabilities	**659,222**	**659,222**	582,246	582,246
	51,214,292	**51,214,292**	54,955,483	54,955,483
37.2 Off-balance sheet financial instruments				
Forward purchase of foreign exchange	**3,119,169**	**3,145,548**	4,665,381	4,665,381
Forward agreements for borrowing	-	-	-	-
Forward sale of foreign exchange	**1,635,082**	**1,645,477**	4,549,516	4,549,516
Forward agreements for lending	-	-	-	-

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

The fair value of fixed term advances of over one year and fixed term deposits of over one year can not be calculated with sufficient reliability due to non-availibility of relevant active market for similar assets and liabilities. Loans and advances are reduced for any impairment against non-performing advances determined in accordance with Prudential Regulations detailed in note 11.3.

The maturity and repricing profile and effective yield / interest rates are stated in notes 41.2.3 and 41.3.1 respectively.

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

38 Segment Details with respect to Business Activities

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

Rupees in '000

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
			2007		
Current Year					
Total income	**69,291**	**1,651,628**	**143,316**	**3,413,836**	**5,278,098**
Total expenses	**81,209**	**692,658**	**-**	**3,666,249**	**4,440,116**
Net income (loss)	**(11,918)**	**958,970**	**143,316**	**(252,386)**	**837,982**
Segment Assets (Gross)	**2,731,905**	**19,447,011**	**1,461,785**	**35,560,742**	**59,201,444**
Segment Non Performing Loans	**-**	**-**	**68,615**	**6,067,403**	**6,136,018**
Segment Provision Required	**-**	**-**	**62,802**	**5,478,041**	**5,540,843**
Segment Liabilities	**650,000**	**5,268,108**	**20,336**	**45,541,717**	**51,480,161**
Segment Return on net Assets (ROA) (%)	**(0.57)**	**6.76**	**9.94**	**2.53**	**-**
Segment Cost of funds (%)	**12.49**	**13.15**	**-**	**8.05**	**-**
			2006		
Prior Year- Restated					
Total income	-	1,658,633	53,924	2,440,246	4,152,803
Total expenses	73,352	197,349	-	2,990,251	3,260,952
Net income (loss)	(73,352)	1,461,284	53,924	(550,005)	891,851
Segment Assets (Gross)	3,550,449	22,226,339	1,293,656	34,562,700	61,633,144
Segment Non Performing Loans	-	-	-	4,634,695	4,634,695
Segment Provision Required	-	-	-	2,477,406	2,477,406
Segment Liabilities	650,000	2,623,041	33,785	51,895,984	55,202,810
Segment Return on net Assets (ROA) (%)	(2.53)	7.45	4.28	3.17	-
Segment Cost of funds (%)	11.28	7.52	-	5.76	-

39. Related Party Transactions

Related parties comprise of directors, major shareholders of the bank and the companies owned by such shareholders, entities owned by the directors of the company, companies where directors of the bank also hold directorship. Key employees and entities that have key management personnel in common

Transactions with the related parties are executed substantially on the same terms, including mark-up rates and collaterals, as those prevailing at the time for comparable transaction with the unrelated parties and do not involve more than a normal risk (i.e. under the Comparable Uncontrolled Price Method).

Other than those transactions which are made under the terms of employment, the majority of the transactions with related parties comprise of loans and advances, deposits, issuance of letter of credits and guarantees. Advances for the house

	2007			2006		
	Directors	Key Management Personnel	Associated Companies & common Directorship	Directors	Key Management Personnel	Associated Companies & common Directorship
Balances						
Loans						
Outstanding at the beginning of the year	-	1,154	111,781	-	825	33,333
Loans given during the year	-	2,859	35,000	-	3,117	2,050,470
Loans repaid during the year	-	(1,388)	(81,948)	-	(2,788)	(1,972,022)
Loans outstanding at the end of the year	-	2,625	64,833	-	1,154	111,781
Deposits						
Deposits at the beginning of the year	1,006	33,651	209,255	3,718	13,129	434,478
Deposit received during the year	47,034	192,928	30,420,265	25,934	165,143	25,520,628
Deposit repaid during the year	(46,899)	(193,643)	(30,409,956)	(28,646)	(144,622)	(25,745,851)
Deposit at the end of the year	1,141	32,936	219,564	1,006	33,651	209,255
Subordinated loan	-	-	650,000	-	-	650,000
Letter of credit and acceptance	-	-	52,534	-	-	39
Investment in Term Fiancne Certificates	-	-	77,143	-	-	105,714
Forward foreign exchange contracts	-	-	526,405	-	-	1,644,395
Transactions						
Short term employment benefits	-	103,025	-	-	90,016	-
Termination benefits	-	8,333	-	-	5,090	-
Mark-up and commission earned	-	216	20,453	-	77	20,382
Mark-up and commission paid	73	596	91,921	113	237	107,401
Brokerage paid	-	-	12	-	-	154
Revaluation & exchange income	-	-	27,715	-	-	15,624
Rent Paid	-	-	152	-	-	-

40 CAPITAL ADEQUACY

Rupees in '000

	2007	2006
The risk weighted assets to capital ratio, calculated in accordance with the State Bank's guidelines on capital adequacy is as follows:		
Regulatory capital base		
Tier I Capital		
Shareholders Capital/Assigned Capital	5,001,750	3,847,500
Reserves	218,556	218,556
Unappropriated / unremitted profits (Net of Losses)	(4,119,537)	(1,080,726)
	1,100,769	2,985,330
Less: Adjustments		
Deficit on account of revaluation of AFS investments	146,854	215,178
Total Tier I Capital	953,915	2,770,152
Tier II Capital		
Subordinated Debt (upto 50% of total Tier I Capital)	476,958	650,000
General Provisions subject to 1.25% of Total Risk Weighted Assets	22,412	27,693
Revaluation Reserve (upto 50%)	584,844	553,927
Total Tier II Capital	1,084,213	1,231,620
Eligible Tier III Capital	-	-
	1,084,213	1,231,620
Total supplementary capital eligible for MCR	953,915	1,231,620
Total Regulatory Capital (a)	1,907,830	4,001,772

Rupees in '000

Risk-Weighted Exposures	2007		2006	
	Book value	Risk Adjusted value	Book value	Risk Adjusted value
Credit risk				
Balance Sheet Items:				
Cash and other liquid Assets	**3,352,771**	**47,574**	4,607,814	183,646
Money at call	**839,959**	**-**	4,747,567	1,957,500
Investments	**17,859,169**	**2,681,593**	15,828,682	3,286,621
Loans and Advances	**24,388,412**	**20,967,230**	27,156,960	24,094,481
Fixed Assets	**2,367,883**	**2,367,883**	2,322,371	2,322,371
Other Assets	**3,284,846**	**3,284,846**	2,672,441	2,392,480
	52,093,040	**29,349,126**	57,335,835	34,237,099
Off Balance Sheet items				
Loan Repayment Guarantees	**-**	**-**	-	-
Purchase and Resale Agreements	**-**	**-**	-	-
Performance Bonds etc	**5,117,021**	**2,558,510**	4,642,839	2,321,420
Revolving underwriting Commitments	**-**	**-**	-	-
Stand By Letters of Credit	**2,342,902**	**930,507**	3,751,585	1,562,520
Acceptances	**1,437,846**	**1,437,846**	2,687,629	2,687,629
Outstanding Foreign Exchange Contracts				
-Purchase	**3,119,169**	**12,477**	4,665,381	18,662
-Sale	**1,635,082**	**6,540**	4,549,516	18,198
	13,652,020	**4,945,880**	20,296,950	6,608,429
Credit risk-weighted exposures		**34,295,006**		40,845,528
Market Risk				
General market risk		**41,537**		43,213
Specific market Risk		**16,820**		81,126
Market risk-weighted exposures		**58,357**		124,339
Total Risk-Weighted exposures	(b)	**34,353,363**		40,969,867
Capital Adequacy Ratio [(a) / (b) x 100]		**5.55**		9.77

41 RISK MANAGEMENT

The International Convergence of Capital Measurement and Capital Standard commonly known as Basel II Accord, is a mandatory requirement for all banks to implement.

The Bank is exposed to a number of risks, which it manages at different levels.

The main categories of risk are;

Credit risk The risk of losses because counterparties fail to meet all or part of their obligations towards the Bank.

Market risk The risk of losses because the market value of the Bank's assets and liabilities will vary with changes in market conditions.

Operational risk The risk of losses owning to deficient or erroneous internal procedures, human or system errors, or external events.

Liquidity risk The risk of losses because the Bank's normal liquidity reserves are not sufficient to meet its obligations.

The bank has set up Risk Management Committee (RMC) and Asset and Liability Committee (ALCO) that are part of the framework for management of risk. The RMC is responsible for determination of general principles for measuring, managing and reporting the risk exposures of the Bank, risk policies, overall risk exposure, overall investment strategy and capital deployment and risk tolerance.

The ALCO is responsible for determination of the composition of assets and liabilities; management of liquidity, timely identification of sources of market and liquidity risk, pricing of deposits and advances, deciding on the required maturity profile and the mix of incremental assets and liabilities, defining the interest rate view of the bank and deciding on future strategies for treasury, reviewing and articulating the funding policy; and evaluating the market and liquidity risks involved in launching of new products.

41.1 Credit Risk

Credit risk management objective and policies

Credit Risk is the risk that a counterparty will not settle its obligations in accordance with the terms of approval or agreed terms.

Credit exposures include both individual borrowers and groups of connected counterparties and portfolios in the banking and trading books.

Credit Risk Policy & Management Group (CRP & MG) is structured to effectively analyze, monitor & manage credit risk through its policy & procedures that are closely aligned with the SPCB's business plan, State Bank of Pakistan's Prudential Regulations & Basel II requirements.

Sanctioning authority & approval levels of all facilities as conferred by Board of Directors upon various functionaries of the Bank and is circulated for the information of all concerned through circulars issued by CRP&MG. Credit Sanctioning powers / Authority levels in terms of BOD approval as enhanced/amended from time to time relates to the total exposure of a customer or a customer-group, and not to specific loans.

Credit Risk Rating

Credit risk rating is an important tool in monitoring and controlling credit risk. In order to facilitate early identification of changes in risk profiles, credits with deteriorating ratings should be subject to additional oversight and monitoring, for example, through more frequent visits from Relationship Managers and inclusion on a watch list that is regularly reviewed by senior management. The internal risk ratings can be used by line management in different departments to track the current characteristics of the credit portfolio.

In light of the requirements of SBP guidelines & in view of Basel II Accord, the bank has to assess soundness and appropriateness of internal credit risk measurement and management system. We now need to build the foundation for the IRB (Internal Rating Based) Approach and construct default warehouse conforming to the default criterion of Basel II.

In the absence of standard and reliable financials to realistically evaluate the strength of a company for assigning CRR, we have to resort to other pragmatically emphasized quantitative and qualitative factors, which have traditionally been considered for extending credit. The Quantitative Evaluation shall be based on financial indicators, while Qualitative Evaluation shall be done based on subjective factors.

Objective of Internal Credit Risk Rating (CRR)

Usually credit ratings are aimed at achieving one or more of the following:

- Internal capital allocation;
- Internal risk reporting;
- Portfolio management;
- The setting of credit risk concentration limits;
- Developing risk-based pricing benchmarks.

At SPCBL the initial objective of CRR is to generate accurate and consistent ratings for the credit portfolio of the bank. Credit risk ratings are summary indicators of the degree of risk inherent in SPCBL's individual credit exposures. A credit rating represents an assessment of the probability of default attached to a given counterparty to meet debt servicing and other repayment obligations on a timely basis. At SPCB a system has been developed to assign Credit Risk Rating to each borrower. The system was successfully implemented during the year 2007.

41.1.1 SEGMENTAL INFORMATION

41.1.1.1 Segments by class of business

	2007					
	Gross Advances		Deposits		Contingencies and Commitments	
	Rs. in '000	Percent	Rs. in '000	Percent	Rs. in '000	Percent
Chemical and Pharmaceuticals	3,020,101	9.6%	1,096,044	2.6%	984,380	6.5%
Agribusiness	47,574	0.2%	365,169	0.9%	-	0.0%
Cement	670,646	2.1%	161,592	0.4%	318,030	2.1%
Sugar	971,154	3.1%	33,767	0.1%	212,020	1.4%
Textile	5,148,683	16.4%	174,716	0.4%	1,393,276	9.2%
Footwear and Leather garments	940,661	3.0%	28,641	0.1%	-	0.0%
Automobile/transportation equipment	1,051,604	3.3%	490,895	1.2%	130,241	0.9%
Electronics and electrical appliances	500,003	1.6%	124,134	0.3%	275,626	1.8%
Power (electricity), Gas, Water, Sanitary	1,310,610	4.2%	1,716,834	4.1%	811,735	5.4%

	2006					
	Gross Advances		Deposits		Contingencies and Commitments	
	Rs. in '000	Percent	Rs. in '000	Percent	Rs. in '000	Percent
Chemical and Pharmaceuticals	3,020,101	9.6%	1,525,876	3.1%	1,401,166	6.5%
Agribusiness	47,574	0.2%	289,406	0.6%	-	0.0%
Textile	670,646	2.1%	567,438	1.2%	452,685	2.1%
Cement	971,154	3.1%	52,680	0.1%	301,790	1.4%
Sugar	5,148,683	16.3%	210,341	0.4%	1,983,189	9.2%
Shoes and leather garments	940,661	3.0%	43,281	0.1%	-	0.0%
Automobile/transportation equipments	1,051,604	3.3%	268,216	0.5%	185,385	0.9%
Financial	500,003	1.6%	82,296	0.2%	392,327	1.8%
Insurance	1,310,610	4.2%	1,967,119	4.0%	1,155,423	5.4%
Electronics and electrical appliances	998,312	3.2%	5,895,412	12.0%	10,036,663	46.6%
Production and transmission of energy	36,166	0.1%	220,674	0.5%	349,214	1.6%
Individuals	2,275,642	7.2%	11,206,989	22.9%	4,311	0.0%
Others	14,555,917	46.2%	26,685,362	54.4%	5,294,253	24.6%
	31,527,073	100%	49,015,090	100%	21,556,406	100%

41.1.1.2 Segment by sector

	2007					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	Percent	Rs. in '000	Percent	Rs. in '000	Percent
Public / Government	-	-	8,758,873	21%	4,433,175	29%
Private	31,415,815	100%	33,614,827	79%	10,711,126	71%
	31,415,815	100%	42,373,710	100%	15,144,301	100%
	2006					
Public / Government	-	-	13,700,915	28%	3,278,714	15%
Private	31,527,073	100%	35,314,175	72%	18,277,692	85%
	31,527,073	100%	49,015,090	100%	21,556,406	100%

41.1.1. 3Details of non-performing advances and specific provisions by class of business segment

Rupees in '000

	2007		2006	
	Classified Advances	Specific Provisions	Classified Advances	Specific Provisions
Agriculture, forestry, hunting and fishing	**62,800**	**62,551**	131,263	52,512
Mining and Quarrying	-	-	-	-
Textile	**1,484,430**	**1,333,624**	882,186	282,755
Chemical and Pharmaceuticals	**146,131**	**127,642**	46,685	37,299
Cement	**200,000**	**100,000**	42,699	10,675
Sugar	**21,368**	**21,368**	21,868	21,868
Footwear and Leather garments	**12,102**	**8,448**	14,516	14,516
Automobile and transportation equipment	**7,886**	**7,886**	8,063	8,063
Electronics and electrical appliances	**455,369**	**435,624**	143,498	43,255
Construction	-	-	3,928	982
Power (electricity), Gas, Water, Sanitary	-	-	203,257	4,353
Wholesale and Retail Trade	-	-	-	-
Exports/Imports	-	-	-	-
Transport, Storage and Communication	-	-	-	-
Financial	**111,876**	**111,876**	147,606	147,606
Insurance	-	-	-	-
Services	-	-	879	440
Individuals	**39,959**	**9,990**	37,128	21,346
Others	**3,594,097**	**3,299,423**	2,951,117	1,831,736
	6,136,018	**5,518,432**	4,634,695	2,477,406

Rupees in '000

	2007 Classified Advances	2007 Specific Provisions	2006 Classified Advances	2006 Specific Provisions
41.1.1.4 Details of non-performing advances and specific provisions by sector				
Public/ Government	-	-	-	-
Private	**6,136,018**	**5,518,432**	4,634,695	2,477,406
	6,136,018	**5,518,432**	4,634,695	2,477,406

41.1.1.5 GEOGRAPHICAL SEGMENT ANALYSIS

	2007 Profit before taxation	2007 Total assets employed	2007 Net assets employed	2007 Contingencies and commitments
Pakistan	**(3,320,265)**	**53,660,600**	**2,180,439**	**15,144,301**
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	(3,320,265)	**53,660,600**	**2,180,439**	**15,144,301**
	2006			
Pakistan	(408,968)	59,200,849	3,998,039	21,556,406
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	(408,968)	59,200,849	3,998,039	21,556,406

41.2 Market Risk

Market risk is defined as the potential loss in market value of a given portfolio that can be expected to be incurred arising from changes in market prices, namely interest rates, foreign exchange rates and equity prices.

The Bank is exposed to market risk in its trading portfolio because the values of its trading positions are sensitive to changes in market prices and rates. Similarly, it is also exposed to market risk in its investment portfolio.

The Bank has a well established framework for Market Risk management with the Treasury Investment Policy, Liquidity Policy and market Risk Management policies and procedures. Its major objective is of protecting and increasing the bank's

Management of interest rate risk of the Banking Book is primarily focused on interest and fair value through Re-pricing Gap Analysis, Analysis of the Net Interest Income Sensitivity, Duration and Fair Value Sensitivity. The management of interest risk of the trading book is achieved through mark-to-market practice and exposure analysis. On a periodical basis, risk monitoring reports and prepared for senior management to gain an accurate understanding of bank's risk position. Mathematical model like Stress-Testing is carried out at least biannually.

The Middle Office in Risk Management Division has an independent reporting structure on risk aspects and helps management in determining compliance in terms of exposure analysis, tracking of limits, funding and various other risk sensitive market parameters.

41.2.1 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuation of exchange rates.ÿBank currency risk is first controlled through a substantially matched funding policy.ÿWe utilize appropriate hedging instruments, such as forward Foreign Exchange (FX) contracts, swaps to effectively hedge and manage currency risks.

The majority of Foreign Currency Exposure is in the US dollar.ÿBank is carefully monitoring the net foreign currency exposure and the effect of exchange rate fluctuation by conducting mark to market sensitivity and stress testing on a regular basis as well as utilizing the currency forward FX contracts to control the risk.

Bank limits its foreign currency net open position to Rs 300 million. Bank's currency risk is monitored by Treasury Front, Back and Middle Office on a daily basis. Bank's open currency position limits, with respect to both spot and forward positions are established by ALCO.

Rupees in '000

	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
		2007		
Pakistan rupee	**48,018,099**	**49,066,737**	**(1,241,155)**	**(2,289,793)**
United States dollar	**840,708**	**1,849,902**	**1,048,435**	**39,241**
Great Britain pound	**66,965**	**223,953**	**152,661**	**(4,327)**
Japanese yen	**619**	**33**	**-**	**586**
Euro	**48,440**	**85,343**	**37,579**	**676**
Other currencies (to be specified, if material)	**968**	**2,414**	**2,480**	**1,034**
	48,975,799	**51,228,382**	**-**	**(2,252,583)**
		2006		
Pakistan rupee	15,709,881	52,324,093	(6,961)	(36,621,173)
United States dollar	2,386,130	2,397,410	217,017	205,737
Great Britain pound	4,875,732	254,253	(210,056)	4,411,423
Japanese yen	8,601,871	-	-	8,601,871
Euro	23,323,184	-	-	23,323,184
Other currencies (to be specified, if material)	64,224	-	-	64,224
	54,961,022	54,975,756	-	(14,734)

41.2.2Equity position Risk

The bank is exposed to equity price changes on its investments in Trading Book. These equity exposures are primarily related to market price movements in local equity market index. Changes in the overall value of equity trading book are recorded through Profit and loss account.Bank's Investment Committee approves the investment stocks and their limits. It also reviews the portfolio with mark to market position on regular basis. Stop loss limits has been approved and monitored.

41.2.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Rupees in '000

	Effective Yield/ Inerest rate	Total	December 31, 2007 Exposed to Yield / Interest risk									
			Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Yerars	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial Instruments
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		**3,223,780**	337,602	-	-	-	-	-	-	-	-	2,886,178
Balances with other banks	-	**128,991**	-	-	-	-	-	-	-	-	-	128,991
Lending to financial institutions	10.28%	**839,959**	-	-	-	-	-	-	-	-	-	839,959
Investments	12.09%	**17,859,169**	2,476,184	5,393,986	1,185,665	55,861	94,896	82,753	4,792,666	1,720,414	-	2,056,742
Advances	12.81%	**25,874,972**	10,922,871	1,974,416	2,743,124	2,022,546	3,019,454	939,564	2,287,044	1,278,532	503,521	183,900
Other assets		**1,048,928**	-	-	-	-	-	-	-	-	-	1,048,928
		48,975,799	13,736,657	7,368,402	3,928,789	2,078,407	3,114,350	1,022,317	7,079,710	2,998,946	503,521	7,144,700
Liabilities												
Bills payable		**570,756**	-	-	-	-	-	-	-	-	-	570,756
Borrowings	9.30%	**6,880,449**	2,017,912	3,749,604	874,403	-	47,706	47,706	95,412	47,706	-	-
Deposits and other accounts	7.97%	**42,373,710**	6,434,763	10,269,770	6,975,378	5,905,427	1,226,965	1,415,390	2,185,237	1,713,932	856,966	5,389,883
Sub-ordinated loans	12.49%	**650,000**	-	650,000	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	13.50%	**80,155**	2,375	4,831	7,455	16,025	40,335	9,134	-	-	-	-
Other liabilities		**673,312**	-	-	-	-	-	-	-	-	-	673,312
		51,228,382	8,455,050	14,674,205	7,857,236	5,921,452	1,315,006	1,472,230	2,280,649	1,761,638	856,966	6,633,950
On-balance sheet gap		**(2,252,583)**	5,281,607	(7,305,803)	(3,928,447)	(3,843,045)	1,799,344	(449,913)	4,799,061	1,237,308	(353,445)	510,750
Off-balance sheet financial instruments												
Forward Lending (Including call lending, repurchase agreement, commitments to extend credit, etc.)		-	-	-	-	-	-	-	-	-	-	-
Forward borrowings (Including call borrowing, repurchase agreement borrowing etc.)		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-		-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		**(2,252,583)**	5,281,607	(7,305,803)	(3,928,447)	(3,843,045)	1,799,344	(449,913)	4,799,061	1,237,308	(353,445)	510,750
Cumulative Yield/Interest Risk Sensitivity Gap			5,281,607	(2,024,196)	(5,952,643)	(9,795,688)	(7,996,344)	(8,446,257)	(3,647,196)	(2,409,888)	(2,763,333)	(2,252,583)

41.3 Liquidity Risk

Saudi Pak Bank is exposed to liquidity risk, arising from mismatches between the maturities of its assets and liabilities.

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet in orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets. The Bank maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new loans, participate in new investments when opportunities arise, and repay borrowings as they mature. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Liquidity risk is managed within a framework of Liquidity Policies, controls and limits approved by the Bank's Board of Directors. These policies, controls and limits ensure that the Bank maintains well diversified sources of funding, as well as sufficient liquidity to meet all its contractual obligations when due. The management of liquidity is carried out using a prudent strategic approach to manage the Bank's funding requirements.

ALCO monitors Bank's liquidity risk position through liquidity reports from the Treasury Front and Treasury Middle Office and takes the necessary actions to match asset and liability positions both on- and off-balance sheet in such a way that Bank is able to meet its obligations. Bank's short-term liquidity can also be provided by the inter-bank market, through instruments such as inter-bank lending and Repos. SBP provides discounting facility to meet any short-term fundin needs that may arise.

Bank's short-term liquidity can also be provided by the inter-bank market, through instruments such as inter-bank lending and Repos. SBP provides discounting facility to meet any short-term funding needs that may arise.

Liquidity contingency funding plans have been drawn up to ensure that alternative funding strategies are in place when any of the indicators being monitored enter into the warning or stress zone and can be implemented on a timely basis to minimize the liquidity risks that may arise upon the occurrence of an unanticipated change in market conditions.

41.3.1 Maturities of Assets and Liabilities

Rupees in '000

	Total	Upto 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Years	2007 Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	3,223,780	3,223,780	-	-	-	-	-	-	-	-
Balances with other banks	128,991	128,991	-	-	-	-	-	-	-	-
Lending to financial institutions	839,959	839,959	-	-	-	-	-	-	-	-
Investments	17,857,169	4,277,246	5,393,986	1,185,666	55,861	94,896	132,753	4,792,666	1,720,414	205,681
Advances	25,874,972	10,945,857	1,997,403	2,766,113	2,045,534	3,042,442	962,551	2,333,018	1,278,533	503,521
Other assets	1,598,131	298,638	308,044	399,324	141,094	112,758	112,758	225,516	-	-
Operating fixed assets	2,367,883	-	-	-	-	92,447	86,219	137,205	300,822	1,751,190
Deferred tax assets	1,767,715	-	-	-	-	1,767,715	-	-	-	-
	53,660,600	19,714,471	7,699,433	4,351,103	2,242,489	5,110,258	1,294,281	7,488,405	3,299,769	2,460,392
Liabilities										
Bills payable	570,756	570,756	-	-	-	-	-	-	-	-
Borrowings	6,880,449	2,017,914	3,749,602	874,403	-	47,706	47,706	95,412	47,706	-
Deposits and other accounts	42,373,710	6,794,088	10,988,421	7,514,366	6,983,405	1,563,832	1,752,258	2,858,972	2,612,246	1,306,122
Sub-ordinated loans	650,000	-	650,000	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	80,155	2,375	4,831	7,455	16,025	40,335	9,134	-	-	-
Other liabilities	925,091	260,251	167,047	185,220	196,837	57,868	57,868	-	-	-
	51,480,161	9,645,384	15,559,901	8,581,444	7,196,267	1,709,741	1,866,966	2,954,384	2,659,952	1,306,122
Net assets	**2,180,439**	**10,069,087**	**(7,860,468)**	**(4,230,341)**	**(4,953,778)**	**3,400,517**	**(572,685)**	**4,534,021**	**639,817**	**1,154,270**

Share capital	5,001,750
Reserves	218,556
Accumulated loss	(4,119,537)
Surplus/(Deficit) on revaluation of assets	1,079,670
	2,180,439

41.4 Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

Operational risks are managed within a policy framework set by the Directors. This covers operations risk, protective security, and validation of policies and procedures of every new activity initiated within the bank and Business Continuity / Disaster Recovery planning. SPCB's approval procedures for new products prioritise that the products are evaluated for possible operational risks.

Risk policy sets minimum standards and requires all business units to identify and assess risks. The business units are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. The business unit must report operational risk events in the management reporting system. Risk Management has developed a loss database for recording of these events which will be utilized to mitigate operational risk in advance approaches,

The Saudi Pak Bank has decided to apply the basic indicator method in the calculation of operational risk as per the State Bank's Minimum Capital Requirements (MCR) Directive .

The implementation of Operational Risk Policy is subject to regular audit and underpins corporate governance.

42 SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to December 31, 2007, that might require an adjustment to the financial statements or that may require disclosure and have not already been disclosed in these financial statements.

43. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorised for issue on **March 6, 2008** by the Board of Directors of the Bank.

44. GENERAL

Figures have been rounded off to the nearest thousand rupee except stated otherwise.

Mansoor M. Khan President & Chief Executive	**Muhammad Rashid Zahir** Chairman	**Basheer A. Chowdry** Director	**Javed Aslam Callea** Director

Six Year Key Financial Data

(Rupees in Million)

	After Change of Management					Before Change of management
	2007	2006 Restated	2005 Restated	2004	2003 Restated	2002 Restated*
As at December 31						
Share Capital	5,002	3,848	3,848	2,250	2,250	1,500
Deposits	42,374	49,015	37,136	33,271	24,578	12,341
Advances	25,875	29,022	19,513	25,487	18,536	7,773
Investments	17,859	15,829	12,465	9,707	9,369	6,278
Assets	53,661	59,200	47,748	42,837	35,142	18,830
Year ended December 31						
Import Business	15,792	16,660	19,706	31,087	19,015	9,971
Export Business	11,259	10,874	8,438	14,682	15,542	7,105
Guarantees	3,311	3,978	3,315	5,699	5,730	3,795
Remittances	67,076	70,266	48,671	37,829	40,746	13,825
Gross Revenue						
Profit / (loss) before taxation	(3,320)	(409)	140	497	979	842
Profit / (loss) after taxation	(3,041)	(304)	65	326	378	654
Branches	55	50	50	37	28	28

Annexure-I

STATEMENT OF WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2007

Rupees in '000

S.No.	Name and address of borrowers	Name of individuals / partners / directors (With N.I.C. No.)	Father's / Husband's name	Outstanding liabilities at the beginning of the year				Amount written off / Concession			
				Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Other Financial Relief Provided	Total
1.	Prime Industries House # R-381 Block # 16 F.B.Area Karachi.	Ms Shazia Riffat NIC No: 42101-6092233-0	D/o Syed Riffat Ali	998	166	-	1,164	999	166	-	1,164
2.	Mohib Textile Mills Limited 6-F-B Awami Complex, Usman Block, New Garden Town, Lahore	Muhammad Arif Saigol NIC #: 35202-9563094-9 Muhammad Abid Saigol NIC #: 270-92-006204 Muhammad Asif Saigol NIC #: 270-93-006202	M. Rafique Saigol M. Rafique Saigol M. Rafique Saigol	36,417	18,822	-	55,239	36,417	18,822	-	55,239
3.	Hafeez ur Rehman Butt B-75, Block-15, Gulshan-e- Iqbal, Karachi	Hafeez-ur-Rehman Butt NIC # 42301-9579871-5	Abdul Rehman Butt	370	933	-	1,303	-	684	-	684
4.	Naz Farbircs Chak # 203, R. B. Maanaan Wala, Faisalabad	Mr Rana Khalid Javaid NIC #: 244-85-059320 Mr Farrukh Latif Mr Rana Abdul Latif NIC #: 244-85-059439	Rana Abdul Latif Khan Rana Abdul Latif Khan CH. Abdul Aziz Khan	2,679	7,335	-	10,014	-	7,335	-	7,335
5.	Gangji Group 21- Oil Installation Area, Keamari, Karachi	Sadruddin Gangji Hashim Gangji	Abdullah Gangji Sadruddin Gangji	113,547	3,055	-	116,602	48,546	3,055	-	51,601
6.	A. Rehman Enterprises 320-321, Sector 7-A, Korangi Industrial Area, Karachi	Late Mrs Kauser Habib NIC #:501-50-390220 Mr Kamran Habib	W/o Habib-ur-Rehman Habib-ur-Rehman	3350	305	-	3,655	2,350	305	-	2,655
7.	Al-Basra Poultry Farms Chak No: 12/ B.C. Yazman Road, Bahawalpur	Mr. Adil Mushtaq	Mushtaq Ahmed Shouq	459	669	-	1,128	-	528	-	528
8.	Prime International 86, Fruit & Vegetable Market, Feroze pur Road, Lahore	Mst Najma Nasreen		4208	3,606	-	7,814	4,208	3,606	-	7,814
9.	2-B Enterprises 394/E, Gulshan-e-Ravi, Lahore	Mr Tariq Javaid		907	707	-	1,614	907	707	-	1,614
10	Friends Ginning & Oil Mills	Sabtain Hussain NIC # 241-64-19223-8 Iqbal Hussain NIC # 241- 56-56450-7 Ghulam Akbar Khan NIC # 38101-4829467-9 Mumtaz Hussain NIC # 149-64-03495-2 Sharafat Hussain NIC# 149-54-03494-9	Malik Ghulam Hussain Malik Ghulam Hussain Sher Muhammad Habibullah Habibullah	7,500	848	-	8,348	-	1,425	-	1,425
11	Sket Industries	Mirza Amanatullah NIC# 301-51-022178	Hafiz Muhammad Tufail	1,998	406	-	2,404	-	558	-	558

Combined Pattern of CDC and Physical Share Holdings

As at December 31, 2007

Share Holders Category	Number of shareholders	Shares held	Percentage %
1. Individual	2,480	93,000,844	18.59%
2. Investment Companies	18	374,645,616	74.90%
3. Joint Stock Companies	90	14,942,435	2.99%
4. Banks, DFIs, NBFIs, Insurance Companies, Modaraba and Mutual Funds	21	9,292,956	1.86%
5. Financial Institution	2	6,794,599	1.36%
6. Public Sector Companies and Corporation	-	-	-
7. Foreign Investors	8	1,036,550	0.21%
8. Co-Operative Societies	1	5,000	0.00%
9. Charitable Trust	1	10,000	0.00%
10. Others	3	447,000	0.09%
TOTAL	2,624	500,175,000	100.00%

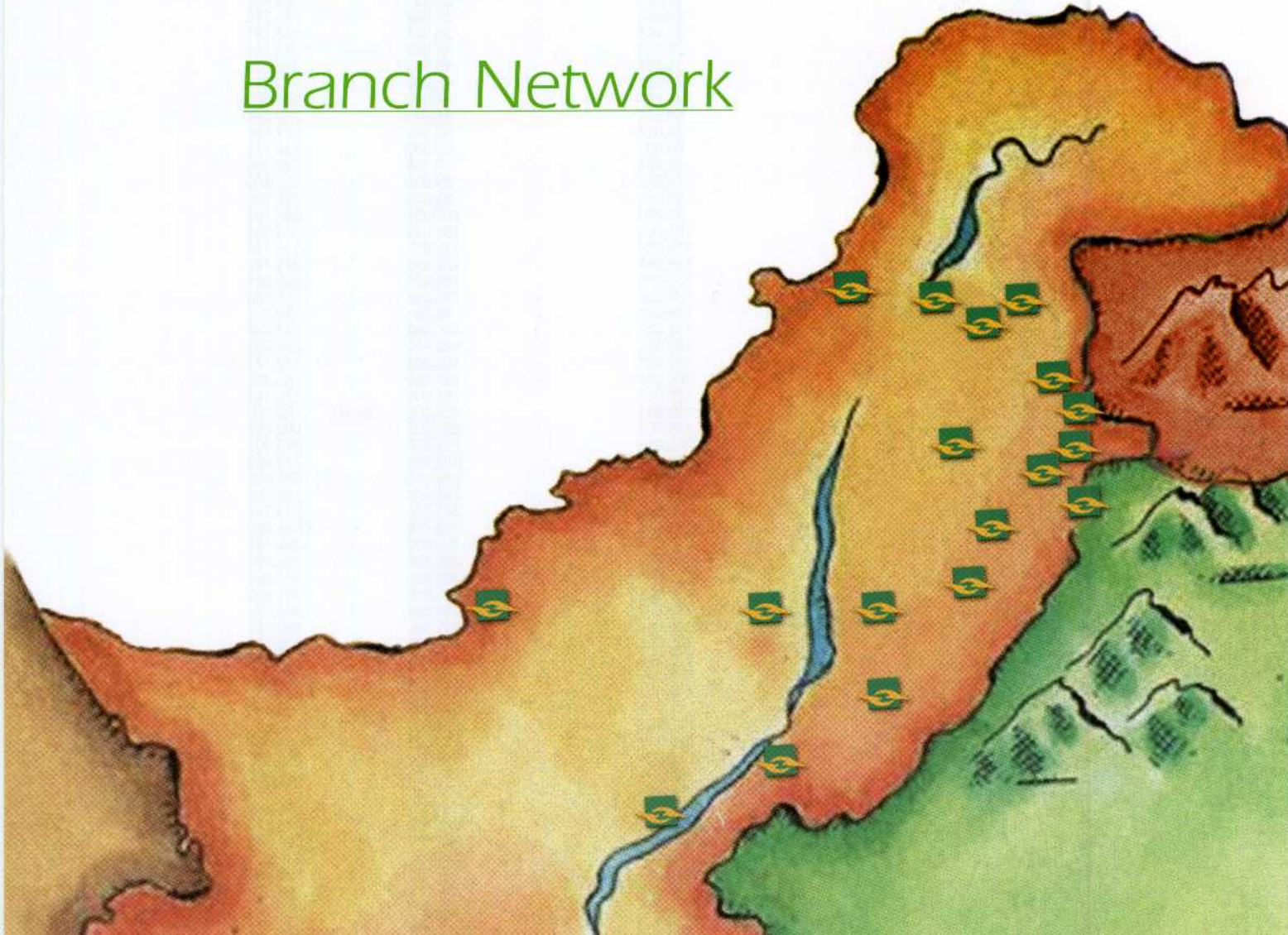
Additional Shareholders' Information

Share Holders Category	Shares held
Associated Companies	
- Saudi Pak Industrial and Agricultural Investment Companies (Pvt) Limited	340,151,591
- J.K Sons (Pvt) Limited	16,599,882
- Orix Investment Bank Limited	190,500
National Bank of Pakistan	6,794,599
Investment Corporation of Pakistan	-
Directors, Chief Executive Officer, their spouse and minor Children	
Mr. Muhammad Rashid Zahir	500
Mr. Hidayatulla Khan Khaishgi	500
Mr. Farrukh S. Ansari	500
Mr. Javed Aslam Callea	500
Mr. Muhammad Bilal	1,000
Mr. Basheer Ahmed Chowdry	20,000
Mr. Syed H.S. Mansoor Naqvi	11,115
Mr. Mansoor M. Khan	-
Public Sector Companies and Corporation	Nil

Combined Pattern of CDC and Physical Share Holdings

Number of Share holders	Share Holding From		To	Total Shares Held
167	1	-	100	12,500
692	101	-	500	253,487
503	501	-	1,000	450,845
791	1,001	-	5,000	2,149,000
189	5,001	-	10,000	1,546,615
63	10,001	-	15,000	816,340
42	15,001	-	20,000	785,662
32	20,001	-	25,000	755,776
16	25,001	-	30,000	446,591
10	30,001	-	35,000	330,125
8	35,001	-	40,000	309,000
4	40,001	-	45,000	172,317
6	45,001	-	50,000	292,966
4	50,001	-	55,000	209,250
4	55,001	-	60,000	231,685
3	60,001	-	65,000	194,125
5	65,001	-	70,000	342,300
2	75,001	-	80,000	153,600
2	80,001	-	85,000	162,300
7	95,001	-	100,000	690,439
1	100,001	-	105,000	104,950
1	110,001	-	115,000	113,100
2	120,001	-	125,000	243,480
2	125,001	-	130,000	260,000
2	130,001	-	135,000	265,500
1	135,001	-	40,000	139,500
1	140,001	-	145,000	142,000
2	145,001	-	150,000	300,000
3	155,001	-	160,000	472,142
1	160,001	-	165,000	165,000
1	175,001	-	180,000	176,150
1	190,001	-	195,000	190,500
3	195,001	-	200,000	600,000
1	210,001	-	215,000	215,000
1	215,001	-	220,000	218,000
3	220,001	-	225,000	666,800
1	235,001	-	240,000	240,000
1	240,001	-	245,000	244,352
4	245,001	-	250,000	1,000,000
2	250,001	-	255,000	504,482
1	255,001	-	260,000	256,600
1	295,001	-	300,000	300,000
1	380,001	-	385,000	381,600
1	385,001	-	390,000	385,500
1	400,001	-	405,000	400,550
1	405,001	-	410,000	406,500
1	415,001	-	420,000	416,000
1	465,001	-	470,000	466,667
2	495,001	-	500,000	1,000,000
1	500,001	-	505,000	505,000
1	505,001	-	510,000	506,250
1	520,001	-	525,000	524,500
1	650,001	-	655,000	650,250
1	660,001	-	665,000	661,500
1	795,001	-	800,000	800,000
1	915,001	-	920,000	918,500
1	995,001	-	1,000,000	1,000,000
1	1,000,001	-	1,005,000	1,001,500
1	1,020,001	-	1,025,000	1,025,000
1	1,495,001	-	1,500,000	1,500,000
1	1,760,001	-	1,765,000	1,760,500
1	1,995,001	-	2,000,000	2,000,000
1	2,520,001	-	2,525,000	2,521,127
1	2,865,001	-	2,870,000	2,867,643
1	3,445,001	-	3,450,000	3,450,000
1	4,270,001	-	4,275,000	4,273,472
1	5,065,001	-	5,070,000	5,065,875
1	5,485,001	-	5,490,000	5,489,500
1	6,495,001	-	6,500,000	6,500,000
1	10,420,001	-	10,425,000	10,423,500
1	11,895,001	-	11,900,000	11,900,000
3	14,370,001	-	14,375,000	43,121,750
1	14,375,001	-	14,380,000	14,378,364
1	16,595,001	-	16,600,000	16,599,882
1	50,250,001	-	50,255,000	50,254,868
1	85,075,001	-	85,080,000	85,079,941
1	204,815,001	-	204,820,000	204,816,782
2,624				**500,175,000**

Branch Network



SAUDI PAK BANK NETWORK

KARACHI REGION A & B

Mr. Mirajuddin Aziz
EVP/ Regional General Manager - Karachi A & B
Saudi Pak Building,
I. I. Chundrigar Road Karachi.
Tel: (021) 2460426, 2460475 -94
Fax: (021) 2460419

Mr. Mirajuddin Aziz
Chief Manager (Officiating)
Karachi Main Branch
Saudi Pak Building
I.I.Chundrigar Road, Karachi
Tel: (021) 2460426, 2460475 -94
Fax: (021) 2460419

Mr. Saeed Ahmad Khan
Manager (Officiating)
Quetta Branch
Firdousi Building, Jinnah Road, Quetta
Tel: (081) 2821773
Fax: (081) 2824061

Mr. Mumtaz Ahmed
Manager
Hyderabad Branch
F-17, Badri Manzil,
Opposite Cafe George
Risala Road, Hyderabad
Tel: (0222) 784592
Fax: (0222) 781192

Mr. Muhammad Ahmed
Manager
Gulshan-Iqbal, Branch.
Saima Classic,
Main Rashid Minhas Road
Gulshan-e-Iqbal, Karachi
Tel: (021) 4991139, 4989652-3
Fax: (021) 4989654

Mr. Muhammad Arshad
Manager
Shahrah-e-Faisal Branch
Business Arcade 27-A,
Block 6, P.E.C.H.S. Karachi
Tel: (021) 4533106-9
Fax: (021) 4533110

Mr. Muhammad Abid
Manager
Jodia Bazar Branch
6/16, Virjee Street, Jodia Bazar, Karachi
Tel: (021) 2440005, 2436915,
2446386,2440016
Fax: (021) 2441049

Mr. Saeed Ahmed Sheikh
Manager
Bahdurabad Branch
Survey No. 35, P/1, Khenani Centre
Main Bahadurshah Zafar Road
Bahdurabad Commercial Area, Karachi
Tel: (021) 4933262, 4145180-81
Fax: (021) 4145182

Mr. Imran Alam Fazli
Chief Manager
S.I.T.E. Branch
Address: Plot No. B/9, C-1, Unit No. 2,
Sind Industrial Trading Estate, Karachi
Tel: (021) 2586671-4
Fax: (021) 2586675

Mr. Muhammad Ali Rangoonwala
Manager (Officiating)
Cloth Market Branch
Property No. BR-1-50,
Khandwala Building,
Fakhre Matri Road, Kharadar, Karachi
Tel: (021) 2201908, 2201041-42
Fax: (021) 2201860

Mr.Syed Riaz Jaffer
Manager
Hyderi Branch
D-11, Block-H
Khayaban Shershah Suri
North Nazimabad, Karachi
Tel: (021) 6643280, 6643275-76
Fax: (021) 6643263

Mr. Abdul Munim Khan
Manager
Korangi Road Branch
Plot # 119, Arcade Shopping Mall
DHA, Phase-1, Main Korangi Road
Karachi.
Tel: (021) 5388021, 5388018-20
Fax: (021) 5804342

Mr. Sameer S. Valiani
Manager
Defence Branch
Property No. 39/C,
Shahbaz Commercial Area
Khayaban-e-Shahbaz, Phase-VI
D.H.A Karachi.
Tel: (021) 5844002, 5341145-47
Fax: (021) 5341148

Mr. Syed Asim Raza Shah
Manager
M.A. Jinnah Road Branch
Plot No.21 Survey Sheet No. WO-7
Wadhumal Odharam Quarters
Opp. City Court, M.A. Jinnah Road
Tel: (021) 2745624-27
Fax No: (021) 2745628

Mr. Syed Latafat Hussain Naqvi
Manager
Sohrab Goth, Branch
Al-Asif Square, Sohrab Goth, Karachi.
Tel: (021) 6345827, 6340984
Fax: (021) 6343704

Mr. Habibur Rehman
Manager
University Road Branch
Plot No. 9-10, Block -16
Main University Road, Karachi
Tel: (021) 4829593, 4829590-1
Fax: (021) 4829593

Mr. Mahmood Ahmed
Manager (Officiating)
Korangi Industrial Area Branch
Plot No.25/1-A, Sector 23,
Korangi Industrial Area
Near Suzuki South, Karachi.
Tel: (021) 5067201, 5067214
Fax: (021) 5067215

Mr. Syed Muhammad Faisal Imam
Manager
Saddar Branch
Shop No. 1, 283-A, Snow White Center,
Abdullah Haroon Road,
Near Hotel Jabees, Sadar, Karachi.
Tel: (021) 5223049-53
Fax: (021) 5223051

ISLAMABAD REGION

Mr. Jawed Rajput
EVP / Regional General Manager
1st Floor, Laraib Plaza, Plot # 6,
Sector I-8 Markaz, Islamabad.
Tel: (051) 4861301, 4861324
Fax: (051) 4861320

Mr. Muhammad Farooq Sarwar
Manager
Islamabad Main Branch
93-Razia Sharif Plaza, Blue Area,
Islamabad
Tel: (051) 2276101, 2802061-3,
2272921-23
Fax: (051)-2829935

Syed Furqan Ali
Manager
Rawalpindi Main Branch
Aslam Plaza, 60 Main Adamjee Road,
Rawalpindi Cantt
Tel: (051) 5794165- 66, 5512104-6
Fax: (051) 5524560

Mr. Munawaruddin Durrani
Chief Manager
Peshawar Main Branch
Lamsy Arcade, 1-C Fakhar-e-Alam Road
Peshawar Cantt
Tel: (091) 5276290, 5278122, 5276938
Fax:(091) 5276414

Mr. Ishtiaq Ahmed Qazi
Manager
Mirpur(Azad Kashmir) Branch
82-D, Allama Iqbal Road,
Sector B-4 Mirpur (Azad Kashmir)
Tel: (058610) 46559
Fax: (058610) 45145

Mr. Iqbal Shah
Manager
Khyber Bazar Branch, Peshawar
Haji Khan Building, Suikarno Square,
Khyber Bazar, Peshawar
Tel: (091) 9213883, 2552832
Fax: (091) 2552481

Mr. Sohail Gulzar
Manager
F-11 Markaz Branch
Plot # 25-D, F-11 Markaz, Islamabad
Tel : (051) 2210586, 2102305,
2228005-06
Fax: (051) 2210587

Mr. Khalid Latif
Manager
G-9 Markaz Branch, Islamabad
4-B Karachi Company, G-9 Markaz,
Islamabad
Tel: (051) 2855826, 2855824-5
Fax: (051) 2855827

Mr. Barney Sarfaraz
Manager
Rawalpindi Satellite Town Branch
D-321, Fifth Road Satellite Town,
Rawalpindi
Tel: (051) 4850676-8
Fax: (051) 4850674

Mr. Sheikh Ahmed Afzal Ullah
Manager
Attock Branch
B- 2, Pleader Lane, Attock City,
Tehsil & District Attock.
Tel No: (057) 2613646, 2702202,
2702199
Fax No: (057) 2613486

Mr.Tariq Mahmood
Manager
Gujar Khan Branch
Ward No.5, Main G.T. Road
Gujar Khan
Tel: (0513) 510026, 512866-71
Fax: (0513) 512872

Lahore Region

Mr. Mushtaq Riaz Mirza
EVP/ Regional General Manager
Saudi Pak House,
14 - Egerton Road, Lahore
Tel: (042) 6316356-57
Fax: (042) 6316367

Mr. Farooq Qamar Khan
Manager
Gulberg Branch,
97-A/D-I, P.E.C. Building,
Liberty Roundabout.
Gulberg III, Lahore
Tel: (042) 5878010-11, 5878351
Fax: (042) 5878012

Mr. Irfan Ahmed
Manager (Officiating)
PECO Road Branch
896-D, Faisalabad Town,
Peco Road, Lahore
Tel: (042) 5177411-12
Fax: (042) 5177413

Mr. Ghulam Shabir Malik
Manager
Allama Iqbal Town Branch
6-Hunza Block,
Allama Iqbal Town, Lahore
Tel: (042) 5433680-81
Fax: (042) 5433682

Mr. Shahid Manzoor Ahmed
Manager
Defence Branch
101-Commercial Sector 'Y', Phase-III,
Defence Housing Authority, Lahore
Tel: (042) 5692491, 5692495
Fax: (042) 5692493

Mr. Iqbal Mussarat Siddiqui
Manager
Circular Road Branch
73-Circular Road, Lahore
Tel: (042) 7673828-29, 7673834
Fax: (042) 7673831

Mr. Riyaz Ahmed
Manager
Badami Bagh Branch
66, Grain Market,
Badami Bagh, Lahore
Tel: (042) 7731351-2
Fax: (042) 7731355

Mr. Asif Ali Qureshi

Mr. Aftab Saleem
Manager (Officiating)
Shahdman Town
119-A, Colony No. 1
Shadman Town, Lahore.
Tel : (042) 7576442, 7576397
Fax: (042) 7576559

Mr. Sajid Ali Khan
Manager
Garden Town
14-A, Ali Block,
New Garden Town Lahore
Tel: (042) 5886930-35
Fax: (042) 5886931

Mr. Rizwan Hameed
Manager (Officiating)
Tufail Road Branch
Shop # 1-C, Park Lane Tower,
172-Tufail Road, Lahore Cantt.
Tel: (042) 6602822-25
Fax: (042) 6602547

Mr. Anjum Rafiq
Manager
Faisalbad Branch
Kotwali Road, Faisalabad
Tel: (041) 2619973, 2600588
Fax: (041) 2619984

Mr. Umar Ali Shahikh
Manager
Faisalabad - Madina Town Branch
Madina Town, Faisalabad
Tel: (041) 8503414
Fax: (041) 8503416

Multan Region

Mr. Mirajuddin Aziz
EVP/ Regional General Manager
(Officiating)
Abdali Road Multan
Tel: (061) 4589087, 4587355
Fax: (061) 4577387

Mr. Ahmed Bilal
Manager
Bahawalpur Branch
Near Fawara Chowk,
Off Ahmedpur East Road, Bahawalpur
Tel: (062) 2876184, 2877520-521
Fax: (062) 2877531

Mr. Ashfaq Ahmed Khan Ghori
Manager
Dera Ghazi Khan, Branch
Hotel Shalimar, Faridi Bazar,
Dera Ghazi Khan
Tel: (0642) 466684, 465007
Fax: (0642) 466682

Mr. Afzaal Ahmad Khan
Chief Manager
Multan Branch
Abdali Road, Multan
Tel: (061) 4782713, 4589087, 4587355
Fax: (061) 4589801

Mr. Muhammad Ikramullah
Manager (Officiating)
Sahiwal Branch
Jail Road / Civil Lines Sahiwal
Tel: (040) 4222627, 4224184
Fax: (040) 4222915

Mr. Nooruddin Sheikh
Manager
Sukkur Branch
Husaini Road, Sukkur
Tel: (071) 5619141-43
Fax: (071) 5619151

Mr. Mehmood Hussain
Manager
Rahimyar Khan, Branch
26-Shahi Road Branch, Rahim Yar Khan
Tel: (068) 5881302, 5878795
Fax: (068) 5879408

Mr. Badar-Ud-Din-Abro
Manager
Larkana Branch
Pakistan Chowk, Larkana
Tel: (074) 4059499
Fax: (074) 4059599

Gujranwala Region

Mr. Mushtaq Riaz Mirza
SVP/Regional General Manager
R.G.M. Office, Shaukat Centre,
G.T. Road, Gujranwala
Tel: (055) 3846834, 3846844
3856268-70
Fax: (055) 3846560

Mr. Nawazish Ali Hashmi
Chief Manager
Gujranwala Branch
B-13/7S-147, Shaukat Centre,
G.T. Road, Gujranwala
Tel: (055) 3856268-70
Fax: (055)3856271

Mr. Sohail Ikram
Manager
Sialkot Branch
70, Paris Road, Sialkot
Tel: (052) 4266778, 4597489, 4597491
Fax: (052) 4266712

Mr.Tasaddaq Maqbool Malik
Manager
Gujrat Branch
Near Eid Gah Masjid,
G.T. Road, Gujrat.
Tel: (053) 3531466, 3535144
Fax: (053) 3531732

Mr. Khaliq Ikramullah
Manager
Sargodha Branch
Khayyam Chowk,
Gulberg Park, Sargodha.
Tel: (048) 9230826-28
Fax: (048) 9230825

Mr. Azam Saroya
Manager (Officiating)
Sheikhupura Branch
Shairf Plaza,
Main Lahore Sargodha Road. Sheikhpura

Tel: (056) 3813529, 3812665
Fax: (056) 3810059

Mr. Asif Saeed
Manager (Officiating)
Mandi Bahauddin
Qader Trade Centre, Ghallah Mandi,
Mandi Bahaudddin
Tel: (0546) 507055-58
Fax: (056) 507059

SAUDI PAK BANK FOREIGN CORRESPONDENTS

Argentina
HSBC Bank U.S.A.
Abn Amro Bank

Australia
Abn Amro Australia Limited
HSBC Bank Australia Limited

Austria
Bank Austria Creditanstalt Vienna
Abn Amro Bank
Raiffeisen Zentralbank Oesterreich

Azerbaijan
National Bank of Pakistan

Bahrain
Arab Investment Company
United Bank Ltd
National Bank of Pakistan
Standard Chartered Bank
Woori Bank,

Bangladesh
HSBC Bank U.S.A.
Woori Bank,
Habib Bank Ltd.
Standard Chartered Bank
National Bank of Pakistan

Belgium
Habib Bank Ltd
Commerzbank Ag,
Banque Bruxelles Lambert S.A.
Kbc Bank Nv
Fortis Bank S.A. /N.V. Brussels
Abn Amro Bank

Brazil
HSBC Bank
Standard Chartered Bank

Bulgaria
Citi Bank
United Bulgarian Bank

Canada
HSBC Bank
Habib Canadian Bank
Abn Amro Bank

Channel Islands
HSBC Bank

Chile
Citibank N.A
HSBC Bank

China
HSBC Bank
Standard Chartered Bank
Agricultural Bank of China
Dresdner Bank
Commerzbank AG
Abn Amro Bank
Bank of China
China Construction Bank
Woori Bank

Cyprus

Finland
Nordea Bank Finland Plc
Skandinaviska Enskilda Banken

France
HSBC Bank
Commerzbank AG
National Bank of Pakistan
Habib Bank Ltd
Deutsche Bank AG
BNP Paribas
Fortis Bank

Germany
HSBC Bank
Abn Amro Bank
Commerzbank AG
Dresdner Bank AG
National Bank of Pakistan
Deutsche Bank AG

Gibraltar
Commerzbank
Abn Amro Bank

Greece
HSBC Bank
Abn Amro Bank

Netherlands
Commerzbank
Habib Bank Ltd.
Hollandsche Bank Unie NV
Abn Amro Bank
Fortis Bank Nederland N.V.
ING Bank N.V.

Hungary
Central-European Int'l Bank
K & H Bank NYRT
Deutsche Bank Rt.
Calyon

HongKong
Mashreqbank psc
Standard Chartered Bank
HSBC
Habib Bank AG Zurich
ABN Amro
UBAF

India
HSBC Bank
Standard Chartered
Commerzbank AG
Mashreqbank
Abn Amro Bank

Indonesia
HSBC Bank
Standard Chartered Bank
Woori Bank
Abn Amro Bank

Ireland
HSBC

Italy
HSBC Bank
Commerzbank Ag
ING Bank
Mizuho Corporate Bank ltd
Sumitomo Mitsui Bank

Jordan
HSBC Bank
Standard Chartered Bank

Kenya
Abn Amro Bank
Standard Chartered Bank
Habib Bank Ltd

Kuwait
Gulf Bank, K.S.C.
Alahli Bank of Kuwait K.S.C.
National Bank of Kuwait

Korea
Woori Bank
Korea Exchange Bank
Korea Development Bank
National Bank of Pakistan
Standard Chartered Bank
HSBC Bank U.S.A.
UBAF
Abn Amro Bank

Luxembourg
HSBC Private Bank
Commerzbank Ag
Abn Amro Bank

Malaysia
HSBC Bank
Standard Chartered Bank
Citi Bank Berhad
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Maldives
Habib Bank Ltd
HSBC Bank

Mauritius
HSBC Bank
Mauritius Commercial Bank

Mexico
HSBC Bank

Morocco
Banque Commerciale Du Maroc

Nepal
Habib Bank Ltd
Himalayan Bank

New Zealand
HSBC Bank

Norway
Nordea Bank Norge Asa
Abn Amro Bank
DNB Nor Bank ASA

Oman
Habib Bank Ltd
Oman International Bank
Standard Chartered Bank
HSBC Bank

Peru
HSBC Bank
Standard Chartered Bank

Philippines
Abn Amro Bank
HSBC Bank
Standard Chartered Bank

Portugal
Abn Amro Bank

Qatar
HSBC Bank
United Bank Limited
Doha Bank
Mashreq Bank

Romania
Piraeus Bank Romania
Commerzbank
Abn Amro Bank

Saudi Arabia
National Commercial Bank
Saudi Hollandi Bank

Singapore
HSBC Bank
Fortis bank
Standard Chartered Bank
UBAF
Abn Amro Bank
Citibank Singapore N.A.
Woori Bank

Slovenia
Commerzbank

South Africa
HSBC Bank
Commerzbank
Habib Overseas Bank
Abn Amro Bank
Habib Bank AG Zurich
ABSA Bank Ltd

Spain
HSBC Bank
Commerzbank
Fortis Bank S.A.
Abn Amro Bank
Banco Popular Espanol, S.A.

Sri Lanka
HSBC Bank
Standard Chartered Bank
Muslim Commercial Bank Ltd
Habib Bank Ltd

Sweden
Svenska Handelsbanken
Abn Amro Bank
Den Danske Bank

Switzerland
Habib Bank Ag Zurich
Habibsons Bank
Abn Amro Bank
Credit Sussie

Turkey
HSBC Bank
Abn Amro Bank
Habib Bank Ltd
Turkiye Vakiflar Bankasi

U.A.E.
HSBC Bank Middle East
Standard Chartered Bank
United Bank Ltd
Mashreq Bank Psc
Habib Bank Ag Zurich
Barclay Bank
Citibank
Dubai Islamic Bank
Noor Islamic Bank
National Bank of Fujairah
Emirates Bank International

U.K.
HSBC Bank
Standard Chartered Bank
Commerzbank
Mashreq Bank Psc
Abn Amro Bank
Habibsons Bank Ltd
Citibank N.A.
Habib Bank AG Zurich
Fortis bank
Lloyds TSB Plc

U.S.A.
Abn Amro Bank
American Express Bank
Bank of America
Bank of New York
Citibank
Commerzbank
Deutsche Bank
Doha Bank
Habib American Bank
Habib Bank Ltd
HSBC Bank U.S.A.
Mashreqbank
Standard Chartered Bank
United Bank Ltd
Wachovia Bank, NA
Woori Bank

Venezuela
HSBC Bank
Standard Chartered Bank
Abn Amro Bank

Vietnam
HSBC Bank
Abn Amro Bank

Yemen
United Bank Ltd