

Bank Alfalah
Annual Report 1998

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of BANK ALFALAH LIMITED as at December 31, 1998 and the related profit and loss account and the cash flow statement, together with the notes forming part thereof for the year then ended, in which were incorporated the unaudited certified returns from branches except for three 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, and after due verification thereof, found them satisfactory and, we report that:

(a) in our opinion, proper books of account have been kept by the bank as required by the Companies Ordinance, 1984, and the returns referred to above received from 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 and the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with amounting policies consistently applied except for the change in an accounting policy as explained in note 3.6 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 and cash flow statement, together with the notes forming part thereof give the information required by the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 1998 and its true balance of the profit and cash flows for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The accounts of Bank Alfalah Limited for the year ended December 31, 1997 were audited by another firm of Chartered Accountants, who have expressed an unqualified opinion thereon dated April 28, 1998.

Karachi
Dated: 08 March, 1999

Chartered Accountants
A.F. FERGUSON & CO

BALANCE SHEET AS AT DECEMBER 31, 1998

	Note	1998	1997
		(Rupees in thousand)	
ASSETS			
Cash	4	721,285	471,538
Balances with other banks	5	386,211	60,636
Money at call and short notice		248,000	400,000
Investments	6	3,406,514	3,348,747
Advances - net of provisions	7	7,757,708	4,849,653
Operating fixed assets	8	263,760	175,397
Other assets	9	1,537,629	1,220,666
		14,321,107	10,526,637
LIABILITIES			
Deposits and other accounts	10	11,878,221	9,018,777
Borrowings from other banks, agents etc.	11	1,348,313	553,042
Bills payable		51,737	64,491
Other liabilities	12	176,630	167,079
Deferred liability - staff retirement gratuity		7,400	9,807
		13,462,301	9,813,196
NET ASSETS			
		858,806	713,441

REPRESENTED BY

Share capital	13	600,000	600,000
Reserve fund and other reserves	14	255,094	111,021
Unappropriated profits		3,712	2,420
		-----	-----
		858,806	713,441
		=====	=====

MEMORANDUM ITEMS

Bills for collection	15	1,759,691	962,570
Acceptances, endorsements and other obligations		963,260	1,570,129
Contingent liabilities and commitments	16		

The annexed notes form an integral part of these accounts.

Mohammad Saleem Akhtar **Ikramul Majeed Seghal** **Abdullah Naseer Hawaileel Al-Mansoori**
 Chief Executive Officer Director Director

Nahayan Mabarak Al-Nahayan
 Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1998

	Note	1998	1997
		(Rupees in thousand)	
Mark-up/interest and discount and/or return earned		1,625,352	1,056,284
Less: Cost/return on deposits, borrowings etc.		1,313,564	933,996
		-----	-----
		311,788	122,288
		-----	-----
Fees, commissions and brokerage		39,438	49,211
Profit from investment securities		3,345	-
Other operating income - income from dealing in foreign currencies		121,764	127,891
		-----	-----
		164,537	177,102
		-----	-----
		476,325	299,390
Operating expenses			
Administrative expenses	17	337,447	233,195
Provision against non-performing advances - ne	7.2	94,756	74,462
		-----	-----
		432,203	307,657
		-----	-----
		44,122	(9,267)
Other income	18	23,614	14,989
		-----	-----
Profit before taxation		67,736	6,722
Taxation-Current	19	(405,141)	(6,620)
- Deferred		482,770	-
		-----	-----
		77,629	(6,620)
		-----	-----
Profit after taxation		145,365	102
Unappropriated profit brought forward		2,420	2,339
		-----	-----
Profit available for appropriation		147,785	2,441
Appropriations			
Transfer to statutory reserve		(29,073)	(21)
Transfer to general reserve		115,000	-
		-----	-----
Unappropriated profit carried forward		3,712	2,420
		=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Saleem Akhtar **Ikramul Majeed Seghal** **Abdullah Naseer Hawaileel Al-Mansoori**
 Chief Executive Officer Director Director

Nahayan Mabarak Al-Nahayan
 Chairman

CASH FLOW STATEMENT OR THE YEAR ENDED DECEMBER 31, 1998

	1998	1997
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	67,736	6,722
Adjustment for non-cash charges		
Depreciation	15,274	14,283
Provision against non-performing advances - net	94,756	74,462
Profit on sale of fixed assets	(265)	(295)
Provision for gratuity	15,751	8,546
	-----	-----
	125,516	96,996
	-----	-----
	193,252	103,718
Increase/(decrease) in operating assets		
Government securities	82,888	284,912
Advances	(3,002,811)	(1,332,545)
Other assets	(32,510)	(272,010)
	-----	-----
	(2,952,433)	(1,319,643)
Increase/(decrease) in operating liabilities		
Deposits and other accounts	2,859,444	1,038,588
Bills payable	(12,754)	32,909
Other liabilities	(5,449)	(73,512)
	-----	-----
	2,841,241	997,985
	-----	-----
Cash flow before gratuity and tax	82,060	(217,940)
Gratuity paid	(3,158)	(4,161)
Income tax paid	(206,824)	(231,987)
	-----	-----
Net cash used in operating activities	(127,922)	(454,088)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments other than Government securities	(147,500)	-
Net proceeds from the redemption of term finance certifica	6,845	8,185
Fixed capital expenditure	(107,057)	(5,035)
Sale proceeds of fixed assets	3,685	1,613
	-----	-----
Net cash flow from investing activities	(244,027)	4,763
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing from other banks, agents etc.	795,271	(6,626)
Dividends paid	-	(75,000)
	-----	-----
Net cash flow from financing activities	795,271	(81,626)
	-----	-----
Increase/(decrease) in cash and cash equivalents during th	423,322	(530,951)
Cash and cash equivalents at the beginning of the year	932,174	1,463,125
	-----	-----
Cash and cash equivalents at the end of the year	1,355,496	932,174
	=====	=====
Cash and cash equivalents		
Cash	721,285	471,538
Balances with other banks	386,211	60,636
Money at call and short notice	248,000	400,000
	-----	-----
	1,355,496	932,174
	=====	=====

The annexed notes form an integral part of these accounts.

Mohammad Saleem Akhtar **Ikramul Majeed Seghal** **Abdullah Naseer Hawaileel Al-Mansoori**
 Chief Executive Officer Director Director

Nahayan Mabarak Al-Nahayan
 Chairman

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 1998

1. STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (formerly Habib Credit and Exchange Bank Limited) was incorporated on June 21, 1992 as a public limited company under the Companies Ordinance, 1984 and it commenced banking operations from November 1, 1992. It is engaged in commercial banking and related services as defined in the Banking Companies Ordinance, 1962.

2. BASIS OF PRESENTATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

3.2 Advances

These are stated net of provisions for bad and doubtful debts. The provision for bad and doubtful balances is made in accordance with the Prudential Regulations of the State Bank of Pakistan.

3.3 Investments

Investments are stated at cost less provisions for any diminution in value. Gains or losses on disposal during the year are taken to profit and loss account. Premium/discount on purchase of investments are amortized over the term of such investments.

3.4 Foreign Currencies

Assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange approximating those prevailing at the balance sheet date. Contingent liabilities for outstanding forward contracts, letters of credit and acceptances are translated at the contracted rates. Exchange gains or losses are included in the profit and loss account.

3.5 Operating Fixed Assets and Depreciation

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains or losses on disposal of fixed assets are taken to the profit and loss account.

3.6 Taxation

Taxation charge in the accounts is based on the taxable income. The bank accounts for deferred taxation on timing differences using the liability method. From the current year the bank has started recognizing the net deferred tax debits in the accounts. Previously net deferred tax debits were not accounted for. This change in accounting policy resulted in recognition of net deferred tax debit of Rs. 482.770 million in the current year's accounts, consequentially the profit after tax for the year has increased by the same amount.

3.7 Staff Retirement Benefits

The bank operates an unapproved unfunded gratuity scheme for its clerical staff who have completed the qualifying service period under the scheme. Provision was made annually to cover the obligation.

The bank operates an approved funded gratuity scheme for officers and executives. Provision has been made in the accounts for estimated initial

contribution permissible under the income tax laws.

3.8 Deferred Costs

These are amortised over a maximum period of five years commencing from the year in which these are incurred.

3.9 Revenue Recognition

Mark-up/return on advances and investments are recognized on accrual basis. Exchange earning, fees, commission and brokerage except income from letters of guarantee are accounted for on receipt basis.

1998 1997
(Rupees in thousand)

4. CASH

In hand		
- local currency	89,281	44,656
- foreign currencies	89,239	64,379
	-----	-----
	178,520	109,035
	65,734	17,193
In transit-foreign currency		
With State Bank of Pakistan in		
- Current account	477,031	345,310
	-----	-----
	721,285	471,538
	=====	=====

5. BALANCES WITH OTHER BANKS

In Pakistan		
- On current accounts	8,248	19,269
Outside Pakistan		
- On current accounts	107,668	41,367
- On deposit accounts	270,295	-
	-----	-----
	386,211	60,636
	=====	=====

6. INVESTMENTS

Investment securities

Federal and Provincial Government Securities

Central Government Loans	320,000	352,121
Provincial Government Loans	18,350	49,350
Federal Investment Bonds	1,375,000	1,375,000
Short Term Federal Bonds	-	1,445,000
Treasury Bills	1,425,158	-
Government Bonds	85,341	85,341
Prize Bonds	195	120
	-----	-----
	3,224,044	3,306,932

1998 1997
(Rupees in thousand)

Others

Term Finance Certificates - Unquoted	147,500	-
Term Finance Certificates - Quoted	34,970	41,815
	-----	-----
	3,406,514	3,348,747
	=====	=====

Market value of quoted investments Rs. 35.739 million
(1997: Rs. 43.383 million)

Book value of unquoted investments Rs. 3,371.544 million
(1997: Rs. 3,306.932 million)

7. ADVANCES

Loans, cash credits, overdrafts etc. in Pakistan	8,264,486	5,656,050
Bills discounted and purchased Payable in Pakistan	403,742	22,818
Payable outside Pakistan	505,898	505,317
	-----	-----
	909,640	528,135
	-----	-----
	9,174,126	6,184,185
Specific provision for non-performing advances - note 7.2	(1,416,418)	(1,334,532)
	-----	-----
	7,757,708	4,849,653
	=====	=====

Advances include Rs. 2,006.099 million which have been placed on non-performing status. However, due provision has been made there against as required under prudential regulations issued by the State Bank of Pakistan.

7.1 Particulars of advances

- In local currency	7,757,708	4,649,653
	=====	=====
Debts considered good in respect of which the bank is fully secured	7,752,369	4,844,127
Debts considered good for which the bank holds no other security than the debtors' personal security	5,339	5,526
Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	-	-
Debts considered bad or doubtful not provided for	-	-
	-----	-----
	7,757,708	4,849,653
	=====	=====

**Balance Maximum total amount
outstanding of advances including
at December temporary advances
31, 1998 granted during the year**

(Rupees in thousand)

Debts due by directors or executives of the bank or any of them either severally or jointly with any other persons	475	506
Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in case of private companies, as members	-	-
Debts due by the subsidiary companies, controlled firms, managed modarabas and other associated undertakings	-	-
	-----	-----
	1998	1997
	(Rupees in thousand)	

7.2 Particulars of provision against non-performing advances Specific

Opening balance	1,334,532	1,270,392
Charge for the year	200,000	150,000
Amounts recovered being written back	(105,244)	(75,538)
	-----	-----
	94,756	74,462
Amounts written off - note 7.3	(12,870)	(10,156)
	-	(166)

Reversals	-----	-----
Closing balance	1,416,418	1,334,532
	=====	=====
Provision against		
- advances to banks	-	-
- advances to others	1,416,418	1,334,532
	-----	-----
	1,416,418	1,334,532
	=====	=====

7.3 Statement showing written off advances or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 1998.

S. No.	Name and address of the person*	Nature of Individuals/ Partners/Directors with NIC#*	Father's Name*	Outstanding liabilities on the opening day of the year	Amount	Other	Total
					written off	Financial reliefs provided	(A+B)
				A	B	Rupees in thousand	
1.	National Woollen and Cotton Mills (Pvt) Ltd. C.L 9/10/1 Dr. Ziauddin Ahmed Road, Civil Lines, Karachi.	Afzal Rashid Nazim H. M. Dossani Munawwar .All Fazal	Sher Ali Rashid Mohammad Bandeali	8,489	840	-	840
2.	Shell Pakistan Limited Shell House 6, Ch. Khaliqzaman Road, Karachi.	T.V. Higgins A. Aziz C. Baimes F. K. Captain A. Khawaja G. Lezaun S. Qureshi M. Soomro T. Taylor F. W. Vellani D. Weston	Not available	17,059	3,104	-	3,104
3.	Hanif Tyre Corporation W-733 Ganjmandi, Rawalpindi.	M. Hanif	Not available	8,286	2,586	5,700	8,256
4.	Fazal Rehman Mills Limited 6th Floor, 632 Stock Exchange Building, I.I. Chundrigar Road, Karachi,	Umer Farooq Mubarak Ahmed	Not available	1,759	1,759	3,078	4,837
5.	Permanent Trading Company 28, Idrees Chamber, Talpur Road, P.O. Box No. 5175, Karachi.	Mohammad Ashraf (517-41-124430)	A. Sattar	6,107	945	-	945
6.	Mrs. Birjees Alam E-83, Block F, North Nazimabad, Karachi.	Birjees Alam	W/o Aziz Alam	1,652	1,325	-	1,325
7.	Texpax Exports Plot # 92, Sector 7-A Korangi Industrial Area, Karachi.	Iftikhar Lal Dean Wilson Dean	Chaudhry Lal J.D. Wilson	817	817	500	1,317

8.	Razzak Construction (Pvt) Ltd. 45 B-II, M.A. Johar Town, Lahore.	G. Ahmed Bhatti S.M. Ather Zaidi Mohammad Khalid Mehmood Mumtaz Ahmed Malik	Not available	756	756	-	756
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* As available in the records of the bank.

8. OPERATING FIXED ASSETS

Description	Cost at January 1, 1998	Additions/ (Disposals)	Adjustment	Cost at December 31, 1998	Accumulated depreciation at January 1, 1998	Depreciation charge for the year/ (Accumulated depreciation on disposals)	Adjustments	Accumulated depreciation at December 31, 1998	Net book value at December 31, 1998	Rate of depreciation % per annum
(Rupees in thousand)										
Office premises	222,009	68,871	(9,899)	280,981	68,975	5,290	(9,899)	62,366	218,615	2.5
Furniture, fixtures and office equipment	156,450	28,241 (9,405)	(41)	175,245	140,153	7,982 (6,581)	(41)	141,513	33,732	10-25
Vehicles	24,944	9,945 (3,288)	-	31,601	20,878	2,002 (2,692)	-	20,188	11,413	25
1998	403,403	107,057 (12,693)	(9,940)	487,827	228,006	15,274 (9,273)	(9,940)	224,067	203,750	
1997	405,409	5,035 (6,804)	(237)	403,403	219,446	14,283 (5,486)	(237)	228,006	175,397	

8.1 Details of disposal of fixed assets

Description	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of purchaser
Vehicles	475	249	226	226	Bank Policy	Jamil ul Haq-Ex Employee
-do-	442	287	155	155	-do-	Iftikhar A. Chishti-Ex-Employee
-do-	475	259	216	216	-do-	Sertaj A. Khan-Ex-Employee

1998 1997
(Rupees in thousand)

9. OTHER ASSETS

Stationery and stamps on hand	4,122	1,535
Income/mark-up accrued on advances and investments	165,232	267,644
Other income receivable	36,481	-
Prepaid exchange risk fee	130,256	112,052
Other advances, deposits, advance rent and other prepayments - note 9.1	251,115	214,976
Taxation - payments less provision	305,432	503,749
Deferred taxation	482,770	-
Deferred cost - note 9.2	31,958	-
Branch adjustment account	118,714	52,579
Exchange difference on revaluation of liabilities under forward exchange contracts	11,549	68,131
	-----	-----
	1,537,629	1,220,666
	=====	=====

9.1 This includes the decretal amount of Rs. 168 million deposited with the Honourable Lahore High Court as per order of the Honourable Supreme Court of Pakistan in respect of a suit filed by a borrower against the stay order obtained by the bank from Lahore High Court. The stay order obtained by the bank was

against the Civil Courts decision to refund the amount adjusted by the bank against the foreign currency account of the borrower, which was under the bank.

The bank has filed appeals with the Honourable Lahore High Court against the decision of the Civil Court. The management of the bank and legal advisor are of the opinion that the bank should eventually be able to recover the above mentioned amounts.

9.2 This represents unamortized portion of Voluntary Severance Scheme payments made during the year. As per bank's policy the payments are amortized over the period of five years from the year in which these are paid.

	1998	1997
	(Rupees in thousand)	
10. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits	4,109,625	3,689,256
Savings deposits	5,715,281	4,312,625
Current accounts	1,316,022	908,911
Margin, call and sundry deposits	497,370	107,834
Deposits of Federal Government	239,923	-
Deposits and other accounts of banks	-	151
	-----	-----
	11,878,221	9,018,777
	=====	=====
10.1 Particulars of deposits and other accounts		
- In local currency	3,994,462	1,209,799
- In foreign currencies	7,883,759	7,808,978
	-----	-----
	11,878,221	9,018,777
	=====	=====
11. BORROWINGS FROM OTHER BANKS, AGENTS ETC.		
In Pakistan	1,314,210	527,899
Outside Pakistan	34,103	25,143
	-----	-----
	1,348,313	553,042
	=====	=====
11.1 Particulars of borrowings from other banks, agents etc.		
- In local currency	1,314,210	527,899
- In foreign currencies	34,103	25,143
	-----	-----
	1,348,313	553,042
	=====	=====
11.2 Secured		
In Pakistan		
Export-refinance from State Bank of Pakistan		
- rate of mark-up 6%	1,314,206	519,356
Unsecured		
In Pakistan	4	-
Outside Pakistan		
Overdrawn nostro accounts	34,103	33,686
	-----	-----
	1,348,313	553,042
	=====	=====
12. OTHER LIABILITIES		
Mark-up/interest on loans/borrowings	15,133	4,898
Profit payable on PLS deposits and other accounts	43,316	45,938
Interest on foreign currency deposits	35,773	43,883
Unearned commission	834	1,732
Accrued expenses	14,875	17,850
Payable to the Employees Gratuity Fund	15,000	-
Others	51,699	52,778
	-----	-----

	176,630	167,079
	=====	=====

13. SHARE CAPITAL

Authorised		
100,000,000 (1997: 100,000,000) ordinary shares of Rs. 10 each	1,000,000	1,000,000
	=====	=====
Issued subscribed and paid up		
60,000,000 (1997: 60,000,000) ordinary shares of Rs. 10 each issued for cash	600,000	600,000
	=====	=====

14. RESERVE FUND AND OTHER RESERVES

	Statutory	General	Total	
			1998	1997
	(Rupees in thousand)			
Balance at the beginning of the year	111,021	-	111,021	111,000
Transfer from profit and loss account	29,073	115,000	144,073	21
Balance at the end of the year	140,094	115,000	255,094	111,021
	=====	=====	=====	=====
			1998	1997
			(Rupees in thousand)	

15. BILLS FOR COLLECTION

Payable in Pakistan	40,455	2,493
Payable outside Pakistan	1,719,236	960,077
	-----	-----
	1,759,691	962,570
	=====	=====

16. CONTINGENT LIABILITIES AND COMMITMENTS**Contingencies**

Money for which the bank is continentally liable;

a. Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings	-	-
b. Contingent liability in respect of guarantees given favouring:		
i. Government	941,071	764,852
ii. Banking companies and other financial institutions	521,343	255,761
iii. Others	176,173	58,847
c. Claims against the bank not acknowledged as debts	745,471	-
d. Capital expenditure contracted but not provided for	4,588	-

Commitments

Commitments in respect of forward exchange contracts		
- Sale	975,844	604,332
- Purchase	490,713	235,789
Commitments in respect of repo transactions		
- Repurchase	1,157,146	605,000
- Resale	1,142,090	-
Commitments in respect of Tenancy Agreements	86,575	-

	1998	1997
	(Rupees in thousand)	

17. ADMINISTRATIVE EXPENSES

Salaries, allowances etc.	148,438	130,825
Staff retirement benefits	40,869	12,970
Brokerage and commission	6,226	3,414
Rent, taxes, insurance and electricity	37,552	28,413
Legal and professional charges	8,757	6,279
Communication	12,969	9,491
Repairs and maintenance	6,873	4,030
Stationery and printing	5,639	2,656
Advertisement and publicity	22,186	838
Auditors' remuneration - note 17.1	440	371
Depreciation on operating fixed assets	15,274	14,283
Amortization of deferred cost	7,989	-
Entertainment, vehicle running expenses, travelling and subscription	17,703	13,224
Others	6,532	6,401
	-----	-----
	337,447	233,195
	=====	=====

17.1 Auditors' remuneration

Audit fee	400	200
Special certifications/examinations	40	22
Tax services	-	139
Out of pocket expenses	-	10
	-----	-----
	440	371
	=====	=====

18. OTHER INCOME

Profit on disposal of fixed assets	265	295
Postage, telex, service charges, rent on lockers and other income	23,349	14,694
	-----	-----
	23,614	14,989
	=====	=====

19. TAXATION - current

Provision - for the year	181,755	6,620
- for prior years	223,386	-
	-----	-----
	405,141	6,620
	=====	=====

20. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	1998	1997	1998	1997

	(Rupees in thousand)			

Managerial remuneration	3,745	1,614	7,105	1,802
Retirement benefits	250	-	394	2,229
Rent and house maintenance	-	138	4,526	706
Utilities	50	45	706	100
Medical	110	27	68	323
Others	-	-	1,986	171
	-----	-----	-----	-----
Total	4,155	1,824	14,785	5,331
	=====	=====	=====	=====
No. of persons	1	1	10	5
	=====	=====	=====	=====

20.1 In addition to the above, the Chief Executive and the Executives were provided with free use of bank maintained cars and household equipment in accordance with their terms of employment.

21. MATURITIES OF ASSETS AND LIABILITIES

	Total	Upto one month	Over one Month to One year	Over one year to five years	Over five years
(Rupees in thousand)					
Assets					
Cash	721,285	366,592	293,767	60,844	82
Balances with other banks	386,211	161,916	224,295	-	-
Money at call and short notice	248,000	248,000	-	-	-
Investments	3,406,514	199,039	1,346,337	1,775,797	85,341
Advances	7,757,708	711,704	5,462,228	1,286,198	297,578
Operating fixed assets	263,760	-	-	-	263,760
Other assets	1,537,629	185,915	535,928	815,786	-
	14,321,107	1,873,166	7,862,555	3,938,625	646,761
	=====	=====	=====	=====	=====
Liabilities					
Deposits and other accounts	11,878,221	3,027,085	7,268,765	1,580,345	2,026
Borrowings from other banks, agents etc.	1,348,313	34,107	1,314,206	-	-
Bills payable	51,737	51,737	-	-	-
Other liabilities	176,630	43,316	133,314	-	-
Deferred liabilities	7,400	-	-	3,700	3,700
	13,462,301	3,156,245	8,716,285	1,584,045	5,726
	=====	=====	=====	=====	=====
Net balance	858,806	(1,283,079)	(853,730)	2,354,580	641,035
	=====	=====	=====	=====	=====
Shareholders' equity	858,806				
	=====				

22. SEGMENT ANALYSIS**22.1 Geographic segment**

	Profit before Taxation	Total assets employed	Net assets employed	Bills for collection	Acceptances Endorsements and other obligations
(Rupees in thousand)					
Pakistan	67,736	14,321,107	858,806	1,759,691	963,260
	=====	=====	=====	=====	=====

22.2 Segment by class of business

	Deposits		Advances	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Automobile and transportation equipment	229,739	1.93	335,922	4.33
Cement	286,367	2.41	1,041,446	13.42
Chemical and pharmaceuticals	19,517	0.16	223,307	2.88
Individuals	8,128,297	68.43	597,047	7.70
Food & Allied	324,767	2.73	91,537	1.18
Real estate	85,741	0.72	356,096	4.59
Ready made garments	9,054	0.08	250,264	3.22
Fuel & Energy	1,453,211	12.23	1,122,942	14.48
Shoes and leather products	24,642	0.21	356,631	4.60

Textiles	205,173	1.73	2,237,939	28.85
Others	1,111,513	9.37	1,144,577	14.75
	-----	-----	-----	-----
	11,878,221	100.00	7,757,708	100.00
	=====	=====	=====	=====

22.3 Segment by sector

	Deposits		Advances	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Public/Government	610,009	5.14	137,798	1.78
Private	11,268,212	94.86	7,619,910	98.22
	-----	-----	-----	-----
	11,878,221	100.00	7,757,708	100.00
	=====	=====	=====	=====

23. CURRENCY BREAKDOWN OF ASSETS AND LIABILITIES

	Assets		Liabilities and shareholders' equity	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Pak rupees	13,788,172	96.28	6,403,247	44.71
US dollar	407,956	2.85	7,329,681	51.18
Pound sterling	9,384	0.07	572,042	3.99
Deutsche mark	10,594	0.07	14,940	0.11
Japanese yen	82,858	0.58	885	0.01
Other European currencies	22,143	0.15	112	0.00
	-----	-----	-----	-----
	14,321,107	100.00	14,321,107	100.00
	=====	=====	=====	=====

23.1 The currency risk in respect of foreign currency deposits is covered under forward foreign exchange contracts entered into with the State Bank of Pakistan to the extent uncovered by corresponding foreign currency assets.

1998 1997
(Rupees in thousand)

24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

i) Deposits at December 31	92,724	53,804
ii) Borrowings at December 31	34,103	8,770
iii) Mark-up/interest expensed	39,385	67,021
iv) Mark-up/interest earned	16,419	64,323

25. CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

Mohammad Saleem Akhtar
Chief Executive Officer
Abdullah Nasser Hawaileel Al-Mansoori
Director

Ikramul Majeed Seghal
Director
Nahayan Mabarak Al-Nahayan
Chairman