

Mashreq Bank**(Public Shareholding company Incorporated in Dubai, U.A.E.)****Annual Report 2000****AUDITORS' REPORT**

We have audited the annexed balance sheet of Mashreq Bank psc - Pakistan Branches as at December 31, 2000, profit and the loss account and the cash flow statement, together with the notes forming part thereof for the year then ended, in which are incorporated the audited certified returns from the 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 branches as required by the companies Ordinance, 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, and the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change in accounting policy referred to in note 3.2 to the accounts, with which we concur;

ii) the expenditure incurred during the year was for the purpose of the branches' business; and

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

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 the 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 branches' affairs as at December 31, 2000 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 branches and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi
Dated: 19 March, 2001

Khalid Majid Husain Rahman
Chartered Accountants

BALANCE SHEET AS AT DECEMBER 31, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in '000)</i>	
ASSETS			
Cash	4	2,939,963	3,138,879
Balances with other banks	5	605	127
Money at call and short notice investments	6	1,145,000	235,000
Advances - Net of provision	7	631,491	133,961
Operating fixed assets	8	2,125,338	2,545,723
Other assets	9	59,146	66,039
		1,146,406	875,935
		-----	-----
		8,049,949	6,995,664
LIABILITIES			
Deposits and other accounts	10	5,594,872	4,092,060
Borrowings from other banks, agents etc.	11	1,078,165	1,005,389
Bills payable		7,858	7,112
Other liabilities	12	882,106	1,326,907
Deferred liabilities - gratuity		--	6,438
		-----	-----
		7,563,001	6,437,906
		-----	-----

NET ASSETS		466,946	557,758
		=====	=====
REPRESENTED BY:			
Head office capital account	13	--	--
Unappropriated/unremitted profit		491,259	557,758
Surplus (Deficit) on revaluation of Govt. Securities	6	(4,311)	--
		-----	-----
		486,948	557,758
		=====	=====
MEMORANDUM ITEMS:			
Bills for collection	14	311,658	98,325
Acceptances, endorsements and other obligations		1,444,100	1,517,595
Contingent liabilities and commitments	15	--	--

The annexed notes form an integral part of these accounts.

Sd/-
AZMAT ASHRAF
Country Manager

Sd/-
S.M. SADIQ
Country Accountant

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2000

	Note	2000 (Rupees in '000)	1999
Mark-up/interest and discount and/or return earned		815,613	776,127
Less: Cost/return on deposits, borrowings etc.		739,365	721,279
		-----	-----
		76,248	54,848
Fees, commissions & brokerage		9,424	14,348
Profit from dealing securities		8,607	14,204
Other operating income	16	172,724	385,773
		-----	-----
		190,755	414,325
		-----	-----
		267,003	469,173
Operating Expenses			
Administrative expenses	17	124,034	123,009
Provisions against non-performing advances	7.2	24,531	42,315
Provision for diminution in value of investments		(20,000)	--
		-----	-----
		128,565	165,324
Other income	18	5,402	4,811
		-----	-----
		143,840	308,660
Taxation - current	19	15,408	--
- prior years		--	319,317
- deferred		44,062	(319,317)
		-----	-----
		59,470	--
		-----	-----
Profit after taxation		84,370	308,660
Unappropriated/unremitted profit brought forward		557,758	321,340
		-----	-----
Profit available for appropriation/unremitted profit		642,128	630,000
Remittance to head office		150,869	72,242
		-----	-----
Unappropriated/unremitted profit carried forward		491,259	557,758
		=====	=====

The annexed notes form an integral part of these accounts.

Sd/-
AZMAT ASHRAF
Country Manager

Sd/-
S.M. SADIQ
Country Accountant

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2000

	2000	1999
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	143,840	308,660
Less: Profit from investment securities	(5,875)	(7,081)
	-----	-----
	137,965	301,279
Adjustment for non-cash charges		
Depreciation and amortization	8,603	11,576
Provision for diminution in the value of investments	(20,000)	--
Provision against non-performing advances	24,531	42,315
Provision for gratuity	--	(67)
Profit on sale of fixed assets	(3,701)	(2,981)
	-----	-----
	9,433	50,843
	-----	-----
	147,398	352,122
(Increase)/decrease in operating assets		
Dealing investments	(481,871)	174,089
Advances	395,854	(164,793)
Other assets (excluding advance tax)	(201,087)	325,292
	-----	-----
	(287,104)	1,901,089
Increase/(decrease) in operating liabilities		
Deposits and other accounts	1,521,343	(1,138,716)
Bills payable	7461	(8,763)
Other liabilities	(444,801)	163,007
	-----	-----
	1,077,288	(984,472)
	-----	-----
Cash flow before tax	937,582	1,269,039
Gratuity paid	(6,438)	--
Income tax paid	(131,677)	(186,693)
	-----	-----
Net cash flow from/(used in) operating activities	799,487	1,082,346
CASH FLOW FROM INVESTING ACTIVITIES		
Net sale proceeds of investment securities	5,905	67,631
Fixed capital expenditure	(1,533)	(1,406)
Sale proceeds of fixed assets	4,347	6,115
	-----	-----
Net cash flow from / (used in) investing activities	8,719	72,540
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings from other banks and agents etc	542,451	692,332
Dividend paid/Remittance to Head Office	(150,869)	(72,242)
	-----	-----
Net cash flow from/(used in) financing activities	(96,624)	620,090
	-----	-----
Net increase/(decrease) in cash and cash equivalents for the year	711,562	1,774,976
Cash and cash equivalents at January 1	3,374,006	1,599,030
	-----	-----
Cash and cash equivalents at December 31	4,085,568	3,374,006
	=====	=====
Cash and cash equivalents		
Cash	2,939,963	3,138,879
Balances with other banks	605	127
Money at call and shod notice	1,145,000	235,000
	-----	-----
	4,085,568	3,374,006
	=====	=====

Sd/-
AZMAT ASHRAF
Country Manager

Sd/-
S.M. SADIQ
Country Accountant

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2000

1. STATUS AND NATURE OF BUSINESS

1.1 Mashreq Bank Psc is a public shareholding company incorporated in Dubai in 1967. Pakistan operations were commenced in 1978 and them am two branches in Pakistan located in Karachi and Lahore.

1.2 The bank is operating in Pakistan under the authority of a license granted by the State bank of Pakistan, under section 28(1) of the Banking Companies Ordinance, 1962.

2. BASIS OF PRESENTATION

These financial statements are prepared in accordance with the requirements of State Bank of Pakistan (under the power conferred upon it under the Banking Companies Ordinance, 1962) to conform with the B.P.R.D. Circular No. 31 dated August 13, 1997. Expenses of the Head Office allocable to Pakistan branches are not incorporated in the books of account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Historical cost convention

The accounts are prepared under the historical cost convention.

3.2 Change in accounting policy

Commencing from the current year, the bank marks to market its investments in government securities excluding securities acquired under resale obligations, in accordance with the guidelines contained in the State Bank of Pakistan BSD Circular No. 20 dated August 4, 2000. Any difference between the carrying value and the revalued amount is taken to a surplus/deficit on revaluation account and shown separately in the balance sheet.

Previously these investments were carried at cost less amortization of premium or discount, where applicable.

Had this change not been made, the value of the bank's investments would be lower by Rs. 4.311 million as at December 31,2000. However, there is no effect on the profit and loss account.

3.3 Staff retirement benefits

3.3.1 Effective from January 2000, the bank carries an approved funded gratuity scheme for its permanent employees, for which a separate trust is established. Contributions are made on an annual basis.

3.3.2 The bank also carries an approved provident fund scheme for its permanent employees, for which a separate trust has been established. Equal monthly contributions are made both by the bank and its employees.

3.4 Taxation

Current

Provision for current taxation is based on taxable income after taking into account tax rebates available, if any.

Deferred

The bank accounts for deferred taxation on major timing differences using the liability method. Deferred tax debits are, however, recognized when there is a reasonable expectation of realization.

3.5 Advances

Advances are stated at their principal amounts less provisions for balances considered doubtful, if any.

Specific provisions are made against advances if their recovery is in doubt and additional provisions are made in accordance with the requirements specified in the Prudential Regulations issued by the State Bank of Pakistan.

Uncollectible advances are written off where full and final settlements are reached, and/or there are no chances of recoveries.

3.6 Investments

Investment in government securities are marked to market in accordance with BSD Circular No. 20, dated August 4, 2000. The difference between the carrying value, representing cost adjusted for amortization of discount or premium and the revalued amount is recognized in the surplus/deficit on revaluation account until realized on disposal.

Unquoted investing securities are carried at cost, adjusted for amortization of premium or discount. Other investments in quoted securities are carried at the lower of cost and market/realizable value. Interest/discount from investments is accounted for on an accrual basis.

3.7 Operating fixed assets and depreciation

Fixed Assets are stated at cost less accumulated depreciation, except land which is not depreciated.

Depreciation is charged using the straight-line method over the estimated useful lives of the respective assets.

Depreciation is charged effective from the month of purchase or the month of use, if later, until the month of disposal.

Gain and losses on the disposal of fixed assets are included in the income currently.

Fixed Assets having a value of less than the Pakistani Rupee equivalent of to UAE Dirham 25,000 acquired after December 15, are accounted for in the next financial year.

3.8 Deferred expenditure

Expenditure incurred on renovation of branches and consultancy charges are deferred, on account of future operational benefits which will accrue to the bank. Non recurring expenditure having a value of less than equivalent to UAE Dirham 10,000 is, however, not capitalized. These are amortized over a period not exceeding five years from the year in which these were incurred.

3.9 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing on the balance sheet date except those covered by forward exchange contracts which are translated at the contracted rates.

Gains and losses on forward exchange contracts are included in the determination of net income for the year.

3.1 Revenue recognition

Income from advances and government securities are recognized an accrual basis.

	2000	1999
	(Rupees in '000)	
4. CASH		
In hand:		
-Local currency	12,074	37,722
-Foreign currencies	4,079	9,899
With State Bank of Pakistan in:		
- special deposit account	2,152,376	1,742,062
- current account	61,646	159,384
- others (capital deposited with the SBP)	709,788	1,189,812
	-----	-----
	2,939,963	3,138,879
	=====	=====

5. BALANCES WITH OTHER BANKS

In Pakistan - current accounts	605	127
Outside Pakistan	--	--
	-----	-----
	605	127
	=====	=====

6. INVESTMENTS (at cost less provisions)**Dealing securities**

Federal and Provincial Government Securities		
- Federal Investment Bonds	50,349	54,210
- Short Term Federal Bonds/Treasury Bills	515,208	29,476
	-----	-----
	565,557	83,686
Less: Provision for diminution in value of investments	(4,311)	--
	-----	-----
	561,246	83,686

Investing securities

Federal and Provincial Government Securities		
- Government loans	50,000	50,000
Fully paid up ordinary shares - listed companies	100,000	100,000
WAPDA Bearer Bond	--	30
Other investments		
Mutual Fund Units	1,687	1,687
	-----	-----
	151,687	151,717
Less: Provision for diminution in value of investments	81,442	101,442
	-----	-----
	70,245	50,275
	-----	-----
	631,491	133,961
	=====	=====

Dealing securities

- Market value of quoted investments	--	--
- Book value of unquoted investments	561,246	83,686
	-----	-----
	561,246	83,686

Investing securities

-Market value of quoted investments	26,295	402,531
-Book value of unquoted investments	50,000	50,030
	-----	-----
	76,295	90,283
	-----	-----
	637,541	173,969

7. ADVANCES

Loans, cash credits and overdrafts, etc.

In Pakistan	2,348,888	2,614,541
Bills discounted and purchased (excluding Government Treasury Bills)		
Payable in Pakistan	104,754	410,001
Payable outside Pakistan	146,315	--
	-----	-----
	251,069	410,001
	-----	-----
	2,599,957	3,024,542
	-----	-----
General and specific provision for non-performing Advances (Note 7.2)	(474,619)	(478,819)
	-----	-----
	2,125,338	2,545,723

Advances include Rupees 649,763 thousand (1999: Rupees 684,632 thousand) with have been placed on non-performing status.

	2000	1999
	<i>(Rupees in '000)</i>	
7.1 Particulars of advances		
In local currency	2,545,723	2,125,338
In foreign currencies	--	--
	-----	-----
	2,125,338	2,545,723

Debts Considered good in respect of which the bank is fully secured	2,125,338	2,545,723
Debts Considered good for which the bank holds no other security than the debtor' personal security	--	--
Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	--	--
Debts considered doubtful or bad not provided for	--	--
	-----	-----
	2,125,338	2,545,723

**Balance Maximum total amount
outstanding of advances including
at December temporary advances
31, 2000 granted during the year
(Rupees in '000)**

Debts due by directors or executives of the bank or any of them either severally or jointly with any other persons	9,479	10,298
Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies, as members	--	--
Debts due by subsidiary companies, controlled firms, managed modarabas and other associated undertakings	--	--
	-----	-----
	9,479	10,298

7.2 Particulars of provisions against non-performing advances

	Specific	General	2000	1999
	----- (Rupees in '000) -----			
Opening balance	478,819	--	478,819	1,136,356
Exchange adjustments	--	--	--	--
Charge for the year	24,531	--	24,531	42,315
Amounts written of (Note 7.3)	--	--	--	(404,195)
Reversals	(73,932)	--	(73,932)	(301,320)
Other movements (Note 7.4)	45,201	--	45,201	5,663

Closing balance	474,619	--	474,619	478,819
Provision against:				
- Advances to banks	--	--	--	--
- Advances to others	474,619	--	474,619	478,819
	474,619	--	474,619	478,819

7.3 Other movements

This represents mark-up accrued against non performing advances.

8. OPERATING FIXED ASSETS

	Cost			Depreciation			Book value			Depreciation rate % per annum
	As at January 1, 2000	Additions during the year	Deletions during the year	As at December 31, 2000	As at January 1, 2000	Adjustment during the year	Charge for the year	As at December 31, 2000	As at December 31, 2000	
	(Rupees in '000)									
Land - freehold	35,303	--	--	35,303	--	--	--	--	35,303	--
Buildings on freehold land	37,750	--	--	37,750	22,002	--	1,326	23,328	14,422	5
Furniture, fixture and Office equipment	32,145	408	(5,574)	26,979	18,848	(4,928)	4,387	18,307	8,672	14.29/25
Vehicles	9,646	--	(3,553)	6,093	7,955	(3,553)	942	5,344	749	20
2000	114,844	408	(9,127)	106,125	48,805	(8,481)	6,655	46,979	59,146	
1999	127,971	1,406	(14,533)	114,844	52,245	(11,399)	7,959	48,805	66,039	

8.1 Details of disposals of fixed assets

Description	Original cost	Accumulated depreciation value	Sale proceeds	Mode of disposal	Particulars of buyers
(Rupees in '000)					
Motor Vehicle	577	577	--	284	Bank policy Zafer H. Jilani S/O Hamid Husain Jilani (Ex-Employee)
Motor Vehicle	615	615	--	343	-do- Nadeem Ahmed Khan S/O Abdul Hameed (Employee)
Motor Vehicle	720	720	--	320	-do- Waseem Ahmed Khan S/O Nisar Ahmed Khan (Employee)
Motor Vehicle	1,641	1,641	--	609	By quotation Tushmaninty Jan Buksh Bamji D/O Jan Buksh Bamji-Soldier Bazar Karachi

2000 1999
(Rupees in '000)

9. OTHER ASSETS

Stationery and stamps on hand	207	273
Income/markup accrued on advances and investments	102,870	108,116
Other income receivable	27,025	7,308
Prepaid exchange risk fee	17,997	27,539
Other advances, deposits, advance rent and other prepayments	2,996	5,415
Taxation (payments less provisions)	398,660	282,391
Deferred taxation	344,074	388,136
	742,734	670,527
Deferred expenditure	3,840	4,663
Branch adjustment account (net)	65,039	28,559
Suspense account		
Outward clearing	177,937	5,107
	7,761	18,428

	1,148,406	875,935
	=====	=====

10. DEPOSITS AND OTHER ACCOUNTS

Fixed deposits	3,356,376	2,812,697
Savings deposits	1,627,189	1,018,871
Current accounts	538,162	169,536
Others		
- Margins	9,259	37,984
- Miscellaneous	31,426	1,981
Deposits and other accounts of banks	32,460	50,991
	-----	-----
	5,594,872	4,092,060
	=====	=====

10.1 Particulars of deposits and other accounts

In local currency	2,347,824	1,266,609
In foreign currencies	3,247,048	2,825,451
	-----	-----
	5,594,872	4,092,060
	=====	=====

11. BORROWINGS FROM OTHER BANKS, AGENTS, ETC.

In Pakistan	1,078,165	1,005,389
Outside Pakistan	--	--
	-----	-----
	1,078,165	1,005,389
	=====	=====

11.1 Particulars of borrowings from other banks, agents, etc.

In local currency	1,078,165	1,005,389
In foreign currencies	--	--
	-----	-----
	1,078,165	1,005,389
	=====	=====

11.2 Secured

Export refinance from the State Bank of Pakistan (mark-up rate 6% & 8% (1999: 6%) per annum)	207,165	355,389
---	---------	---------

Unsecured

From other banks (mark-up rate ranges between 10.15 to 13.9 (1999: 10 to 14) percent per annum)	871,000	650,000
	-----	-----
	1,078,165	1,005,389
	=====	=====

12. OTHER LIABILITIES

Due to head office - Deposit in compliance with Sub-section (3) of section 13 of the Banking Companies Ordinance, 1962 (Note 13)	709,788	1,189,812
Mark-up/interest on loans/borrowings	55,110	34,768
Profit payable on PLS deposits and other accounts	108,869	91,326
Unearned commission		
Accrued expenses	1,545	3,705
Others	1,255	4,383
- Withholding tax	19	146
- Zakat payable	8	47
- Other sundry creditors	7,512	2,720
	-----	-----
	882,103	1,326,907
	=====	=====

13. HEAD OFFICE CAPITAL ACCOUNT

Head office capital account AED 44,959,851 equivalent to Rupees 709,788 thousand (1999: AED 84,192,158 equivalent to Rupees 1,189,812 thousand) deposit kept with the State Bank of Pakistan in compliance with sub-section 3 of section 13 of the Banking Companies Ordinance, 1962 (Note 12).

14. BILLS FOR COLLECTION

Payable in Pakistan	985	65,195
Payable outside Pakistan	310,673	32,130
	-----	-----
	311,658	98,325
	=====	=====

15. CONTINGENT LIABILITIES AND COMMITMENTS**Contingencies**

Money for which the bank is contingently liable:

Contingent liability in respect of guarantees given favouring:

i) Government	82,646	485,570
ii) Banking companies and other financial institutions	104,943	35.85
	252,790	2,714
	-----	-----
	440,790	564,135

Commitments

Commitments in respect of forward exchange contracts

- Sale	5,400,376	5,282,535
- Purchase	5,400,376	5,282,535
Commitments in respect of operating leases	6,094	6,227

Other commitments

- Repo	1,664,348	1,782,524
- Reverse Repo	1,460,869	477,865
	-----	-----
	3,125,217	2,260,389

16. OTHER OPERATING INCOME

Income from dealing in foreign currencies	33,268	41,626
Bad debts recovered	100,524	334,148
interest received from suspended accounts	34,815	--
Miscellaneous income - service charges	4,117	9,999
	-----	-----
	172,724	385,773
	=====	=====

17. ADMINISTRATIVE EXPENSES

Salaries, allowances, etc.	37,160	50,592
Staff retirement benefits	39,624	12,990
Rent, taxes, insurance, electricity, etc.	12,227	19,503
Legal and professional charges	1,606	(2,536)
Communications	5,777	9,824
Repairs and maintenance	1,960	2,260
Petrol, oil and lubricants	2,093	2,313
Rentals of operating leases	3,251	2,043
Stationery and printing	1,731	2,488
Advertisement and publicity	(190)	1,253
Auditors' remuneration (Note 17.1)	413	363
Depreciation (Note 8)	6,655	7,959
Amortization of deferred expenditure	1,948	3,617
	-----	-----
Other expenditure	8,603	11,576
- Fees and subscription	3,886	3,928
- Conveyance and travelling	1,223	1,956
- Others	4,670	4,456
	-----	-----
	124,034	123,009
	=====	=====

17.1 Auditors' remuneration

Audit fee	190	190
Special certifications/examinations and sundry advisory services	118	67
Out-of-pocket expenses	105	106
	-----	-----
	413	363
	=====	=====

18. OTHER INCOME

Rent	1,701	1,830
Net profit on sale of fixed assets	3,701	2,981
	-----	-----
	5,402	4,811
	=====	=====

19. TAXATION

Provision for taxation for Pakistan (Note 19.1)

- Current	15,408	--
- Prior years	--	319,317
	-----	-----
	15,408	319,317
Deferred tax	44,062	(319,317)
	-----	-----
	59,470	--
	=====	=====

19.1 Relationship between tax expenses and accounting profit:

Accounting profit	143,840	338,660
Add: Disallowances	54,697	107,202
Less: Allowances	(171,971)	(793,746)
	-----	-----
Taxable income	26,566	(377,884)
	=====	=====
Tax expense @ 58% (1999: 58%)	15,408	--
	=====	=====

20. REMUNERATION OF COUNTRY MANAGER AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Country Manager and Executives of the Bank was as follows:

	Country Manager		Executive	
	2000	1999	2000	1999
	----- (Rupees in '000) -----			
Managerial remuneration	1,693	1,571	2,457	2,823
Retirement benefits	284	224	220	368
Rent and house maintenance	762	707	1,105	1,270
Utilities	169	157	246	282
Medical	15	15	36	48
Drivers' Salary	169	157	246	282
Bonus	282	262	409	1,067
	-----	-----	-----	-----
	3,374	3,093	4,719	6,140
	=====	=====	=====	=====
Number of persons	1	1	3	4
	=====	=====	=====	=====

In addition, the Country Manager and Executives were provided with free use of bank maintained cars in accordance with their terms of employment.

21. MATURITIES OF ASSETS AND LIABILITIES

	<i>Total</i>	<i>Upto one month</i>	<i>Over one month to one year</i>	<i>Over one year to five years</i>	<i>Over five years</i>
	----- (Rupees in '000) -----				
Assets					
Cash	2,939,963	2,229,027	1,148	--	709,788
Balances with other banks	605	605	--	--	--
Money at call and short notice	1,145,000	1,145,000	--	--	--
Investments	631,491	65,173	546,073	--	20,245
Advances	2,125,338	728,529	522,300	97,396	777,113
Operating fixed assets	59,146	--	--	9,421	49,725
Other assets	1,148,406	383,835	17,997	746,574	--
	-----	-----	-----	-----	-----
	8,049,949	4,552,169	1,087,518	853,391	1,556,871
	=====	=====	=====	=====	=====
Liabilities					
Deposits and other accounts	5,594,872	2,216,930	3,377,359	583	--
Borrowings from other banks,					

agents, etc	1,078,165	547,750	530,415	--	--
Bills payable	7,858	7,858	--	--	--
Other liabilities	882,106	172,318	--	--	709,788
Deferred liabilities - gratuity	--	--	--	--	--
	7,563,001	2,944,856	3,907,774	583	709,788
	-----	-----	-----	-----	-----
Net balance	486,948	1,607,313	(2,820,256)	852,808	847,083
	=====	=====	=====	=====	=====
Shareholders' equity	486,948				
	=====				

22. SEGMENT ANALYSIS

22.1 Geographic segment

	<i>Profit before taxation</i>	<i>Total assets employed</i>	<i>Net assets employed</i>	<i>Bills for collection</i>	<i>Endorsements And other obligations</i>
	----- (Rupees in '000) -----				
Pakistan	143,840	8,049,949	486,948	311,658	1,444,100
Asia Pacific (including South Asia)	--	--	--	--	--
Europe	--	--	--	--	--
United States of America and Canada	--	--	--	--	--
Middle East	--	--	--	--	--
Others	--	--	--	--	--
	-----	-----	-----	-----	-----
	143,840	8,049,949	486,948	311,628	1,444,100
	=====	=====	=====	=====	=====

22.1.1 Total assets employed include intra group items of Rupees 65,039 thousand (1999: Rupees 28,559 thousand).

22.2 Segment by class of business

	Deposits		Advances	
	<i>(Rupees in '000)</i>	<i>Percentage</i>	<i>(Rupees in '000)</i>	<i>Percentage</i>
Chemical and Pharmaceuticals	23,834	0.43	96,261	4.50
Agribusiness				
Textile	30,247	0.54	633,203	29.79
Cement	4,103	0.07	56,333	2.75
Sugar	66	--	--	--
Shoes and leather garments	3,630	0.07	111,469	5.25
Automobile and transportation equipment	192,322	3.46	12,100	0.57
Financial	2,761,024	49.35	99,956	4.70
Insurance	1,000	0.02	--	--
Transportation	331,402	5.92	85.56	4.03
Electronics and electric appliances	111	--	22,563	1.06
Production and transmission of energy	180	--	111,341	5.24
Others	2,246,953	40.20	894,556	42.09
	-----	-----	-----	-----
	5,594,872	100.00	2,125,338	100.00
	=====	=====	=====	=====

22.3 Segment by sector

	Deposits		Advances	
	<i>(Rupees in '000)</i>	<i>Percentage</i>	<i>(Rupees in '000)</i>	<i>Percentage</i>
Public/Government	191,259	3.42	525,514	24.73
Private	5,403,613	96.58	1,599,824	75.27
	-----	-----	-----	-----
	5,594,872	100.00	2,125,338	100.00
	=====	=====	=====	=====

23. CURRENCY BREAKDOWN OF ASSETS AND LIABILITIES

	Assets		Liabilities	
	<i>(Rupees in '000)</i>	<i>Percentage</i>	<i>(Rupees in '000)</i>	<i>Percentage</i>
Pak rupees	5,029,059	62.47	3,606,165	37.60
U.S. dollar	2,309,609	28.69	3,235,049	43.41
Pound sterling	1,352	0.02	10,154	0.39
Deutsche mark	141	0.00	721	0.12
Japanese yen	--	--	124	--
Other European currencies	--	--	--	--
Other currencies	709,788	8.82	709,788	18.46
	-----	-----	-----	-----

8,049,949 103.00 7,563,001 100.00

=====

2000 1999
(Rupees in '000)

24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Advances given during the year	--	--
Advances repaid during the year	--	--
Deposits (at year end)	--	--
Mark-up/interest expensed	--	--
Mark-up/interest earned	--	--
Provision for non-performing advances charged against income during the year	--	--
Provision for non-performing advances at year end	--	--
Commitments and contingent liabilities for irrevocable commitments and contingencies	--	--
Others	--	--
	-----	-----
	--	--
	=====	=====

25. GENERAL

25.1 Previous year's figures have been re-arranged and reclassified wherever necessary for the purpose of comparison.

25.2 Figures have been rounded off to the nearest thousand Rupees.

Sd/-
AZMAT ASHRAF
Country Manager

Sd/-
S.M. SADIQ
Country Accountant