

Credit Agricole Indosuez**Annual Report 1998****The Global French Bank**

(Formerly: Banque Indosuez)

(Incorporated in France with limited liability)

AUDITORS REPORT TO THE DIRECTORS

We have audited the annexed balance sheet of the Pakistan branches of Credit Agricole Indosuez - The Global French Bank - Pakistan Branches 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, 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;

(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 matter referred in note 6.1;

(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, the 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 except for the matters referred to in notes 6.1 and 18, given a true and fair view of the state of the branches' affairs as at December 31, 1998 and their true balance of the profit and loss and cash flow 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.

Dated: 24 March, 1999

Karachi

A.F. FERGUSON & CO.

Chartered Accountants

BALANCE SHEET AS AT DECEMBER 31, 1998

	Notes	1998	1997
		(Rupees in thousands)	
ASSETS			
Cash	4	701,338	517,967
Balances with other banks	5	21,110	142,501
Investments	6	1,029,663	946,218
Advances- net of provision	7	3,520,679	2,985,407
Operating fixed assets	8	62,374	46,708
Other assets	9	339,846	435,733
		-----	-----
		5,675,010	5,074,534
LIABILITIES			
Deposits & other accounts	10	4,159,831	3,579,441
Borrowings from other banks, agents etc.	11	741,264	867,387
Bills payable		39,971	43,293
Other liabilities	12	622,494	474,290
		-----	-----
		5,563,560	4,964,411
		-----	-----
NET ASSETS		111,450	110,123
		=====	=====
REPRESENTED BY			
Capital	13	-	-

Unremitted profits		111,450	110,123
		-----	-----
		111,450	110,123
		=====	=====

MEMORANDUM ITEMS

Bills for collection	14	289,941	334,778
Acceptances, endorsements and other obligations		812,321	2,850,636
Contingent liabilities and commitments	15		

The annexed notes form an integral part of these accounts

J.P. Fontaine	Zakir Mahmood
Chief Operating Officer	Senior Country Officer

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

	Notes	1998 (Rupees in thousands)	1997
Mark up/interest and discount and/or return earned		762,814	989,982
Less: Cost/return on deposits, borrowings etc.		676,705	868,664
		-----	-----
		86,109	121,318
Fees, commissions & brokerage		59,574	57,647
Other operating income - income from dealing in foreign currencies		120,535	145,707
		-----	-----
		180,109	203,354
		-----	-----
		266,218	324,672
Operating expenses:			
Administrative expenses	16	139,107	136,608
Provisions against non-performing advances - net	7.2	436	1,280
Provision for diminution in value of investments		-	1,476
		-----	-----
		139,643	139,364
		-----	-----
		126,675	185,308
Other charges - loss on disposal of fixed assets		961	3,977
		-----	-----
Profit before taxation		125,714	181,331
Taxation:			
- Current	17	96,000	84,000
- Deferred		(27,985)	7,255
		-----	-----
		68,015	91,255
		-----	-----
Profit after taxation		57,699	90,076
Unremitted profit brought forward		110,123	20,047
		-----	-----
Profit available for remittance		167,822	110,123
Remittance to Head Office		56,372	-
		-----	-----
Unremitted profit carried forward		111,450	110,123
		=====	=====

The annexed notes form an integral part of these accounts

J.P. Fontaine	Zakir Mahmood
Chief Operating Officer	Senior Country Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1998

	1998	1997
	(Rupees in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	125,714	181,331
Adjustment for non-cash charges		
Depreciation	9,858	3,315
Loss on disposal of fixed assets	961	3,977
Provision against non-performing advances	436	1,280
	-----	-----
	11,255	8,572
	-----	-----
	136,969	189,903
(Increase)/Decrease in operating assets		
Investment securities	(83,445)	3,601,793
Advances	(535,708)	(43,506)
Other assets (excluding taxation & deferred tax)	73,676	136,288
	-----	-----
	(545,477)	3,694,575
Increase/(Decrease) in operating liabilities		
Deposits & other accounts	580,390	(4,771,709)
Bills payable	(3,322)	18,966
Other liabilities	148,204	(76,586)
	-----	-----
	725,272	(4,829,329)
	-----	-----
Cash flow before tax	316,764	(944,851)
Income tax paid	(45,804)	(83,807)
	-----	-----
Net cash flow from operating activities	270,960	(1,028,658)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(27,019)	(42,669)
Sale proceeds of fixed assets	534	211
	-----	-----
Net cash used in investing activities	(26,485)	(42,458)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings from other banks, agents etc.	(126,123)	718,018
Remittance to Head Office	(56,372)	-
	-----	-----
Net cash flow from financing activities	(182,495)	718,018
	-----	-----
Increase/(Decrease) in cash and cash equivalents for the year	61,980	(353,098)
Cash and cash equivalents at January 1	660,468	1,013,566
	-----	-----
Cash and cash equivalents at December 31	722,448	660,468
	=====	=====
Cash and cash equivalents		
Cash	701,338	517,967
Balances with other banks	21,110	142,501
	-----	-----
	722,448	660,468
	=====	=====

J.P. Fontaine
Chief Operating Officer

Zakir Mahmood
Senior Country Officer

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

1. STATUS AND NATURE OF BUSINESS

Credit Agricole Indosuez The Global French Bank is incorporated in France with limited liability. It is operating in Pakistan as a Commercial Bank under Banking Companies Ordinance, 1962 through two branches located at Karachi and Lahore.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shift-ing of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. One permissible form of trade-related mode of financing comprises of purchase of goods by the bank from their cus-tomers 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 the accounts as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

These accounts are prepared in accordance with the requirements of the State Bank of Pakistan's BPRD Circular No. 31 dated August 13, 1997. This circular has amended the Second Schedule to the Banking Companies Ordinance, 1962. The corresponding figures are also rearranged and reclassified to facilitate com-parison.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These accounts have been prepared under the historical cost convention.

3.2 Staff retirement benefits

The branches operate an approved funded gratuity scheme for all its employees who have completed 5 years' service or more. Contributions allowable under Income Tax rules have been made to the fund.

3.3 Taxation

Taxation charge in the accounts is based on taxable income. The branches account for deferred taxation using the liability method, on the timing differences arising on account of provisions made for bad and doubtful advances and interest in suspense.

3.4 Advances

Advances are stated at cost less provision for bad and doubtful balances. The provision for bad and doubtful advances is made in accordance with the Prudential Regulations of the State Bank of Pakistan.

3.5 Investments

Investments are stated at the lower of cost and market value. The shortfall between cost and the market value is charged to profit and loss account. Premium/discount on purchase of investments are amortised over the term of the investments.

3.6 Operating fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method. A full month's depreciation is charged in the month of addition while no depreciation is charged for the month in which the disposal is made.

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

3.7 Revenue recognition

Profit/return on advances and investments are recognised on an accrual basis. Fees, commissions and brokerage income is recognised when earned.

3.8 Foreign currencies

Assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximate to those prevalent at the balance sheet date except those covered by forward exchange contracts which are converted at con-tracted rates. Other outstanding forward contracts, letters of credit and accep-tances are translated at the rates of exchange approximate to those prevalent at the balance sheet date. Exchange gains and losses are included in the profit and

loss account.

	1998	1997
	(Rupees in thousands)	
4. CASH		
In hand		
- local currency	20,618	2,301
- foreign currencies	11,399	15,004
	-----	-----
	32,017	17,305
With State Bank of Pakistan in Special deposit account head office capital account Current account	403,839 265,482 ----- 701,338 =====	275,910 224,752 ----- 517,967 =====

5. BALANCES WITH OTHER BANKS

Current Accounts		
- In Pakistan	500	18
Outside Pakistan	20,610	142,483
	-----	-----
	21,110	142,501
	=====	=====

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

Government		
Federal and Provincial Governments Securities		
- Federal Investment Bonds	320,000	94,485
(Market value Rs. 320 million 1997: Rs. 94.485 million)		
- Short Term Federal Bonds	-	846,000
- Long Term Bonds	289,100	-
- Treasury Bills	352,430	-

Others

Term Finance Certificates- listed (Market value Rs. 68.135 million 1997: Rs. 5.810 million)	68,133	5,733
	-----	-----
	1,029,663	946,218
	=====	=====

Book value of unquoted investments Rs. 641.53 million (1997: Rs. 846 million)
Federal Investment Bonds having face value of Rs. 68 million (book value Rs.
68.038 million) have been deposited with the State Bank of Pakistan pursuant to
section 13(2) of the Banking Companies Ordinance, 1962.

6.1 Interest income on long term bonds amounting to Rs. 66 million has not been
accounted. Management of the bank will recognise this on a receipt basis.

	1998	1997
	(Rupees in thousands)	
7. ADVANCES		
Loans, cash credits, overdrafts etc.		
In Pakistan	2,941,188	2,580,214
Bills discounted and purchased		
Payable in Pakistan	235,766	192,180
Payable outside Pakistan	497,469	369,254
	-----	-----
	733,235	561,434
	-----	-----
	3,674,423	3,141,648
General and specific provision for non-performing advances-note 7.2	(153,744)	(156,241)
	-----	-----
	3,520,679	2,985,407

Advances before provision for doubtful debts include Rs. 153.843 million which have been placed on non-performing status.

	1998	1997
	(Rupees in thousands)	
7.1		
- in local currency	3,520,679	2,985,407
- in foreign currencies	-	-
	-----	-----
	3,520,679	2,985,407
	=====	=====
Debts considered good in respect of which the bank is fully secured	3,519,180	2,984,393
Debts considered good for which the bank holds no Other security than the debtors' personal security	1,499	1,014
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	-	-
	-----	-----
	3,520,679	2,985,407

	Balance outstanding at December 31, 1998	Maximum total amount of financing including temporary financing granted during the year 1998
	(Rupees in thousand)	

Debts due by directors or executives of the bank or any of them either severally or jointly with any other persons	28,895	29,884
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	-	15,179

7.2 Particulars of provision against non-performing advances

Specific		
Opening balance	156,241	160,667
Provision for the year	23,714	31,343
Reversals	(23,278)	(30,063)
	-----	-----
	436	1,280
Amounts written off	(2,933)	(5,706)
	-----	-----
Closing balance	153,744	156,241
	=====	=====
Provision against		
- advances to banks	-	-
- advances to others	153,744	156,241
	-----	-----
	153,744	156,241
	=====	=====

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

S. No.	Name and address of the person	Name of individuals/partners/directors/ (NIC No.)	Father's name/ Spouse's name	Outstanding liabilities on the opening day of the year	Amount recovered	Amount written off	Other financial relief provided	Total
					A		B	A+B
					Rupees in thousands			
1.	Revoni & Company (Pvt) Ltd. Plot Nos. 555,556,557, Sector 7/A, Korangi Industrial Area, Karachi	Mohammed Naeem Durrani NIC: 515-85-130531 Mrs. Tahira Durrani NIC: 501-59-40673	Mohammad Yaqoob Durrani w/o Mohammad Naeem Durrani	4,293	2,703	1,590	Nil	1,590
2.	Rashid Pak Textile & Hosiery Mills (Pvt.) Ltd. Plot No. 10/6, Sector 16, Korangi Industrial Area, Karachi	M.A. Aleem Ghori NIC: 517-37-450903 Mrs. Alia Afsar Jehan NIC: 517-44-220658 M.A. Hakim Ghori NIC: 517-62-220659 Mrs. Nusrat Aleem Ghori NIC: 521-55-240530 Miss. Kaneez Fatima NIC: 517-85-220661 M.A. Karim Ghori NIC: 517-80-220662 M.A. Haleem Ghori NIC: 517-64-220660	s/o M.A. Latif Ghori w/o M.A. Aleem Ghori s/o M.A. Aleem Ghori w/o M.A. Aleem Ghori d/o M.A. Aleem Ghori s/o M.A. Aleem Ghori s/o Aleem Ghori	9,443	8,100	1,343	Nil	1,343
				----- 13,736 -----	----- 10,803 -----	----- 2,933 -----	----- - -----	----- 2,933 -----

8. OPERATING FIXED ASSETS-TANGIBLE

Description	cost as at January 1, 1998	Additions/ (Disposals)	Cost as at December 31, 1998	Accumulated depreciation as at January 1, 1998	Depreciation Charge for the year/ (Accumulated Depreciation on disposals)	Accumulated Depreciation as at Dec. 31, 1998	Net book value at Dec. 31, 1998	Rate of depreciation % per annum
	Rupees in thousands							
Furniture and fixtures	23,805	18,478 (3,003)	39,280	2,697	2,923 (2,088)	3,532	35,748	10
Office equipment	33,507	8,541 (3,227)	38,821	7,907	6,935 (2,647)	12,195	26,626	20
	-----	-----	-----	-----	-----	-----	-----	-----
	57,312	27,019 (6,230)	78,101	10,604	9,858 (4,735)	15,727	62,374	
	=====	=====	=====	=====	=====	=====	=====	=====
1997	28,197	42,669 (13,554)	57,312	16,665	3,315 (9,366)	10,604	46,708	
	=====	=====	=====	=====	=====	=====	=====	=====

8.1 Details of disposal of fixed assets

Description	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of purchaser
Furniture and fixture	2,811	1,996	815	-	-Written off	-
	145	69	76	369	Negotiation	Mr. Anwar Taiwana Bank Square, The Mall Lahore
	47	23	24	24	Negotiation	Various staff
Office equipment	3,107	2,579	528	-	-Written off	-
	40	24	16	40	Negotiation	M/s Nawab Sons 654 Omer Block, Allama Iqbal Town Lahore.

	1998	1997
	(Rupees in thousands)	
9. OTHER ASSETS		
Stationery and stamps in hand	112	232
Income/mark up accrued on advances and investments	128,958	139,646
Accrued profit on forward exchange contracts	4,337	4,018
Prepaid exchange risk fee	20,552	65,141
Other advances, deposits, advance rent and other prepayments	6,221	17,560
Net amount due from Head Office	228	-
Branch Adjustment Account	76	-
Taxation (payments less provision)	62,565	112,761
Deferred taxation	113,917	85,932
Others	2,890	10,443
	-----	-----
	339,846	435,733
	=====	=====
10. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits	621,510	1,133,288
Savings deposits	1,131,123	1,060,642
Current accounts	424,420	406,185
Margin accounts	131,227	4,400
Deposit of Federal Government	323,247	-
Deposits and other accounts of banks	1,528,304	974,926
	-----	-----
	4,159,831	3,579,441
	=====	=====
10.1 Particulars of deposits and other accounts		
-in local currency	1,589,561	627,158
-in foreign currencies	2,570,270	2,952,283
	-----	-----
	4,159,831	3,579,441
	=====	=====
11. BORROWINGS FROM OTHER BANKS, AGENTS ETC.		
In Pakistan	740,663	856,115
Outside Pakistan	601	11,272
	-----	-----
	741,264	867,387
	=====	=====
11.1 Particulars of borrowings from other banks, agents etc.		
-in local currency	740,663	856,115
-in foreign currencies	601	11,272
	-----	-----
	741,264	867,387
	=====	=====
11.2 Secured		
in Pakistan		
Export refinance from State Bank of Pakistan		
-rate of mark-up 6% per annum	490,663	406,115
Unsecured		
In Pakistan		
Loans from banks-rate of mark-up ranges from 11.55% to 12.40% per annum	250,000	450,000
Outside Pakistan		
Overdrawn nostro accounts	601	11,272
	-----	-----
	741,264	867,387

=====

1998 1997
(Rupees in thousands)

12. OTHER LIABILITIES

Capital in term of section 13(3) Of Banking Companies Ordinance, 1962	471,877	343,948
Mark-up/interest on loans/borrowings	17,450	23,092
Profit payable on PLS deposits and other accounts	39,006	19,720
Interest on foreign currency deposits	49,807	48,266
Branch adjustment account	-	1,751
Accrued expenses	15,159	28,268
Provision for gratuity	5,327	3,604
Net amount due to Head Office and branches outside Pakistan	-	765
Others	23,868	4,876
	-----	-----
	622,494	474,290
	=====	=====

13. CAPITAL (shown under 'other liabilities')

Amount deposited with State Bank of Pakistan under Section 13(3) of the Banking Companies Ordinance 1962 FRF 49,442,551 and Rs. 68,038,021 (1997: FRF 37,500,000 and Rs. 68,038,021) aggregating to Rs. 471,876,512 (1997: Rs. 343,948,321)	-	-
	=====	=====

14. BILLS FOR COLLECTION

Payable in Pakistani	3,095	2,249
Payable outside Pakistan	286,846	332,529
	-----	-----
	289,941	334,778
	=====	=====

15. CONTINGENT LIABILITIES AND COMMITMENTS**Contingencies**

Money for which the bank is contingently liable

a. Contingen 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

-	-
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b. Contingent liability in respect of guarantees given favouring:

i. Government	100,398	580,203
ii. Banking companies and other financial institutions	190,412	40,394
iii. Others	164,699	13,795

c. Liability on bills of exchange rediscounted

-	-
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Claims against the bank not acknowledged as debts

-	-
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Commitments

Commitments in respect of forward exchange contracts

-Sale	2,404,569	3,280,752
-Purchase	2,005,549	3,312,243

Commitments in respect of operating leases	17,579	29,076
Capital expenditure contracted for but not provided for	-	-

Commitments to acquire investments under sale and repurchase agreements at the repurchase price of	2,152,130	1,769,515
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16. ADMINISTRATIVE EXPENSES

Salaries, allowances etc.	60,854	55,591
Staff retirement benefits	5,294	3,937
Brokerage and commission	3,526	2,520

Rent, taxes, insurance and electricity	8,591	17,086
Legal and professional charges	2,698	4,076
Communication	7,551	7,616
Repairs and maintenance	3,596	4,391
Rentals of operating leases	10,800	9,286
Stationery and printing	1,860	1,456
Advertisement and publicity	4,654	3,004
Donations	317	315
Auditors' remuneration-note 16.1	1,130	1,024
Depreciation on operating fixed assets - note 8	9,858	3,315
Data processing	10,704	12,868
Others	7,674	10,123
	-----	-----
	139,107	136,608
	=====	=====

16.1 Auditors' remuneration

Audit fee	400	345
Fee for audit of provident and gratuity funds	25	10
Special certifications/examinations	400	355
Tax services	250	200
Out of pocket expenses	55	52
Central and provincial excise duties	-	62
	-----	-----
	1,130	1,024
	=====	=====

17. TAXATION- current

Provision - for the year	85,416	64,000
- for prior years	10,584	-
	-----	-----
	96,000	64,000
	=====	=====

18. In arriving at the balance of profit for the year, consistent with the practice followed in the preceding years, head office administrative expenses have not been considered.

19. REMUNERATION OF SENIOR COUNTRY OFFICER AND EXECUTIVES

	Senior Country		Executives	
	Officer			
	1998	1997	1998	1997
	(Rupees in '000)			
Fee	-	-	-	-
Managerial remuneration	3,140	2,899	8,990	4,743
Retirement benefits	285	264	1,484	704
Rent and house maintenance	1,080	960	3,968	2,197
Utilities	225	189	1,137	738
Medical	-	-	596	293
Conveyance	-	-	-	67
Others	2,904	1,547	3,613	1,626
	-----	-----	-----	-----
	7,634	5,859	19,788	10,368
	=====	=====	=====	=====
No. of person(s)	1	1	12	7
	=====	=====	=====	=====

19.1 The senior country officer and executives are provided with free use of the bank's maintained cars and household equipment.

20. 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 thousands				

ASSETS					
Cash	701,338	297,499	-	-	403,839
Balances with other banks	21,110	21,110	-	-	-
Investments	1,029,663	-	827,293	144,550	57,820
Advances	3,520,679	85,841	3,052,142	290,295	92,401
Operating fixed assets	62,374	-	-	62,374	-
Other assets	339,846	166,154	57,243	113,917	2,532
	-----	-----	-----	-----	-----
	5,675,010	570,604	3,936,678	611,678	556,592
	=====	=====	=====	=====	=====

Liabilities					
Deposits and other accounts	4,159,831	447,984	1,109,782	2,602,065	-
Borrowings from other banks, agents etc.	741,264	250,601	490,663	-	-
Bills Payable	39,971	39,971	-	-	-
Other liabilities	622,494	-	145,241	5,377	471,876
	-----	-----	-----	-----	-----
	5,563,560	738,556	1,745,686	2,607,442	471,876
	-----	-----	-----	-----	-----
Net balance	111,450	(167,952)	2,190,992	(1,996,306)	8,716
	=====	=====	=====	=====	=====

21. SEGMENT ANALYSIS

21.1 Geographic segment

	Profit before taxation	Total assets employed	Net assets employed	Bills for collection	Endorsements and other obligations
Rupees in thousand					
Pakistan	125,714	5,675,010	111,450	289,941	812,321
Asia Pacific (including South Asia)	-	-	-	-	-
Europe	-	-	-	-	-
United States of America and Canada	-	-	-	-	-
Middle East	-	-	-	-	-
Other	-	-	-	-	-
	-----	-----	-----	-----	-----
	125,714	5,675,010	111,450	289,941	812,321
	=====	=====	=====	=====	=====

Total assets employed include intra grams of Rs 76 thousand.

21.2 Segment by class of business

	Deposits		Advances	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Automobile and transportation equipment	107,073	2.57	132,487	3.76
Cement	-	-	47,380	1.35
Chemical and pharmaceuticals	52,288	1.26	331,435	9.41
Commodity trading	-	-	-	-
Electronics and electric appliances	45	-	29,606	0.84
Financial	1,540,517	37.03	-	-
Food & allied	22,468	0.54	365,125	10.37
Paper Products	946	0.02	48,101	1.37
Engineering	981	0.02	-	-
Fuel & Energy	43,316	1.04	825,942	23.46
Shoes and leather garments	805	0.02	64,260	1.83
Textiles	132,018	3.17	1,098,204	31.19

Transportation	173,289	4.17	249,234	7.08
Others	2,086,085	50.16	328,905	9.34
	-----	-----	-----	-----
	4,159,831	100.00	3,520,679	100.00
	=====	=====	=====	=====

21.3 Segment by sector

	Deposits		Advances	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Public/Government	37,210	0.90	256,148	7.28
Private	4,122,621	99.10	3,264,531	92.72
	-----	-----	-----	-----
	4,159,831	100.00	3,520,679	100.00
	=====	=====	=====	=====

22. CURRENCY BREAKDOWN OF ASSETS AND LIABILITIES

	Deposits		Advances	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Pak rupees	5,564,707	98.05	2,646,242	46.63
US dollar	109,368	1.93	2,159,094	38.04
Pound sterling	27	-	37,268	0.66
Deutsche mark	-	-	360,528	6.35
Japanese yen	541	0.01	1	-
Other European currencies	367	0.01	471,877	8.32
Other currencies	-	-	-	-
	-----	-----	-----	-----
	5,675,010	100.00	5,675,010	100.00
	=====	=====	=====	=====

1998 1997
(Rupees in thousands)

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

i) Advances given during the year	529,042	243,347
ii) Advances repaid during the year	592,526	243,347
iii) Deposits as at December 31	5,751	25,502
iv) Mark up/interest expensed	525	347
v) Mark up/interest earned	2,132	3,181

J.P. Fontaine
Chief Operating Officer

Zakir Mahmood
Senior Country Officer