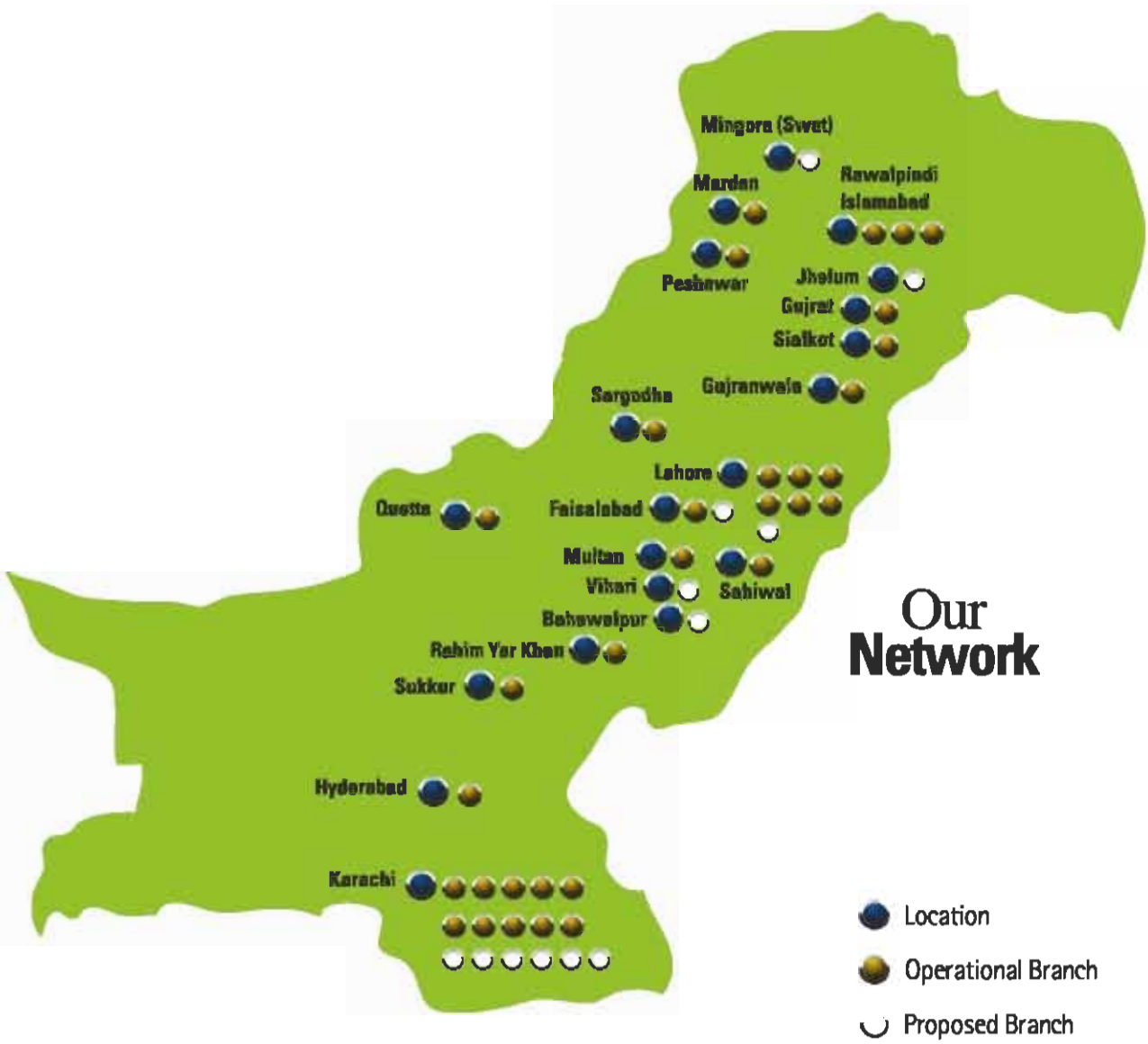
Annual Report 2001

BANK ALFALAH LIMITED بینک الفلاح المحدود

Shaahdin Manzil on Charing Cross – Lahore.
Being restored to its former glory by Bank Alfalah Limited.

In The Name Of Allah
The Most Gracious,
The Most Merciful

Annual Report 2001


Mingora (Swat)
Mardan
Rawalpindi
Islamabad
Peshawar
Jhelum
Gujrat
Sialkot
Sargodha
Gujranwala
Lahore
Quetta
Faisalabad
Multan
Vihari
Sahiwal
Bahawalpur
Rahim Yar Khan
Sukkur
Hyderabad
Karachi
Location
Operational Branch
Proposed Branch

Our Network


LONG LIVE PAKIS
BANK ALFALAH LIMITED
COURTESY BANK ALFALAH LIMITED

Table of Contents

The Board

H. H. Sheikh Nahayan Mabarak Al-Nahayan
(Chairman)

Mr. Abdulla Khalil Al-Mutawa

Mr. Omar Z. Al-Askari

Mr. Abdulla Nasser Hawaileel Al-Mansoori

Mr. Nadeem Iqbal Sheikh

Mr. Ikram Ul-Majeed Sehgal

Mr. Mohammad Saleem Akhtar
(Chief Executive Officer)

Corporate Information

Company Secretary
Mr. Hamid Ashraf

Auditors
A. F. Ferguson & Co.
Chartered Accountants

Head Office
B A Building
I. I. Chundrigarh Road
P. O. Box 6773
Karachi

Board Advisory **Committee**

Mr. Omar Z. Al-Askari

Mr. Abdulla Khalil Al-Mutawa

Mr. Ganpat Singhvi

Mr. Bashir A. Tahir

Executive **Committee**

Mr. Mohammad Saleem Akthar **(Chairman)**

Mr. Parvez A. Shahid

Mr. Ikram Ul-Majeed Sehgal

Mr. Mohammad Yousuf

Mr. Tanweer A. Khan

Mr. Sirajuddin Aziz

Mr. Mahmood Ashraf

H. H. Sheikh Nahayan Mabarak Al-Nahayan

Chairman's Review 2001

It gives me great pleasure to place before you the annual report signifying the close of your Bank's fifth year of operations, since its privatization in 1997. We attribute our achievements to the Grace and Blessings of Almighty Allah.

The year 2001 was a significant milestone in the evolution of Bank Alfalah's services and tradition. The growing client base is a manifestation of its recognition in the market place. Within a very short span of time, your Bank has made significant progress despite the keen and challenging business environment.

During the period under review, Bank Alfalah made notable progress in business volume, efficiency and profitability following its increased involvement in trade finance, commercial lending, foreign exchange and money market operations.

Good clientele is at the heart of good business. We are very selective of our clients and carefully check all references. Referrals are excellent sources of new accounts as they give us an opportunity to learn about a potential client before establishing a relationship. This helps protect the integrity of the Bank and ensures that the client will share with us, values necessary for a long term and stable relationship.

Being a Bank with a marketing philosophy and orientation, the client is always placed at the center of our business and all our products, services and programs are specifically designed and developed to serve our customers as best as possible.

Service excellence is indeed one of the cornerstones of Bank Alfalah's culture. While our focus has been to continue with the traditional banking activities of resource mobilization and credit disbursement, we strive continually on the development of new areas of activities that distinguish us in the market place.

With the backdrop of success achieved so far, the sponsors remain committed to the sustained growth of Bank Alfalah. While remaining focused on foreign trade as our primary niche of business, the Bank has made significant inroads into the areas of consumer banking, investment banking, structured deals and syndications.

Political & Economic Landscape

Pakistan has become a front line state, in the war against terrorism. In its efforts to brace against the political and economic fall out, Pakistan is being assisted by friendly countries and most of the post nuclear detonation sanctions have been lifted.

With foreign exchange reserves having reached the US$ 5 billion mark and a low interest rate regime going forward, an economic revival may well be on the anvil. The Government remains committed to deregulation and privatization. It is expected that in the financial sector some major institutions will be privatized.

Financial Highlights

Notwithstanding the keen competition and difficult business climate, the Bank made significant improvements in its operating results. The Bank earned a pre-tax profit of Rs. 524.164 million, a 31% growth over last year. Our goal is to be a top tier bank in terms of professionalism, profitability and market position. Return on equity, protection of depositors' funds and efficient risk management are our priority concerns.

We were successful during 2001 on the further mobilization of resources by attracting low cost and stable deposits. Our deposit base as on December 31, 2001 stood at Rs. 30.207 billion as against Rs. 20.482 billion at the close of year 2000, representing a 47% growth on year 2000. We developed innovative and attractive products for our depositors and offered them branded deposit schemes. The market response to these has been more than encouraging.

We look forward to an even greater increase in our deposit base, with the addition of new branches to our network.

Our Loan & Advances portfolio grew by 23.62% to Rs. 20.220 billion. Our objective is to increase revenue while limiting our exposure to risk. Through disciplined management and careful selection of clients, business and products, we maintain quality and foster productive growth.


BANK ALFALAH LIMITED
بنك الفلاح المحدود
JODIA BAZAR BRANCH
Alfalah
Car Financing
BANK ALFALAH

Credit Portfolio

Since the Bank's privatization in 1997, we have been pursuing and strictly adhering to a conservative yet dynamic credit policy. The conservative approach in lending policy and careful monitoring of facilities has enabled us to maintain a high quality risk asset portfolio.

The Bank actively manages the spectrum of risk arising from the nature of its business activities, including credit risk, liquidity risk, market risk and other operational risks. In the management of these risks, the Bank has a formalized credit approval process in place, built on the principle of checks and balances.

Treasury, Liquidity & Discount Rate

Our Treasury activities comprise of almost client-backed transactions, emanating largely from foreign trade business. The Treasury is quite active in both sections of the inter-bank market i.e. foreign exchange and money market.

The Bank continues to maintain positive and healthy liquidity. Our surplus liquidity is mainly kept in fixed income securities, issued by the Federal Government of Pakistan that can be easily converted into cash, if necessary.

The discount rate has been slashed by full 5 percentage points in the last six months by the State Bank of Pakistan to jump start the economy. Consequent to this, the yields on long term Government Paper have also been effectively reduced. The downward interest scenario has impacted our net interest margin in the last quarter and it is expected to spill over into year 2002, as well.

Foreign Trade & Correspondent Banking

Being a trade focused bank, we maintain high emphasis on enlarging our Correspondent Banking network besides aiming to enhance the scope and level of cooperation with existing correspondents. Presently, we have 86 correspondents compared to less than 35 a year ago, giving us global coverage, and with whom we enjoy substantial lines of credit.

During the year 2001, we handled combined trade volume of Rs. 51.919 billion, comprising exports of Rs. 25.261 billion and imports of Rs. 26.658 billion, representing a 51% and 102% growth, respectively.

Consumer Banking

In the arena of Consumer Banking, we have carved a niche for ourselves in the market place, with our products like Car Finance, Rupee Travellers Cheques, Home and Car Loans for U.A.E. based non-resident Pakistanis. We are planning to launch our own credit cards in association with a world-renowned franchise during the year 2002.

We have set up strong internal control mechanisms to monitor and measure risks arising out of our consumer banking products. We are developing electronic, automated and computerized environment to give impetus to our efforts in Consumer Banking area.

Automation & Computerization

Technology and automation play a pivotal role in the progressive development of any organization. It has become impossible to control the operations of a bank effectively in real time situation without the latest technology.

We continue to invest heavily into the progressive automation and computerization of all banking activities. Our plan is to achieve total connectivity between branches by the end of 1st quarter, 2002. The objectives are to achieve efficiency in services and to control costs. We are working on a program to increase our ATM installations and also join a Switch Group of other prominent banks. In the first phase of our program, the installation of 27 ATM machines is already underway. We also expect to be online with SWIFT by 1st quarter end of 2002.

Branch Network

Over the years, our emphasis on growth has resulted in a strong entity capability of offering high quality services to a wide spectrum of clients, in a highly challenging business environment. Our strategy is to maximize the synergies of branch network through an optimal allocation of financial, human and other resources in order to meet the dynamic challenges, of present financial environment. In the year 2001, our branch network increased to 32, giving us country-wide coverage in 17 cities.

Investment Banking / Structured Finance Unit

The Structured Finance Unit is a team dedicated to providing front-end and back-end support to the

Bank in the market for syndicated loans and structured products. SFU has acquired a known status in the market place with its capability to assist public and private sector entities, major financial institutions, multinational corporations and domestic & international institutional investors in innovative financing (including underwriting and private placements), and advisory assignments such as initial public offerings, recapitalizations and restructuring. During the year 2001, SFU participated and closed quite a few transactions involving large amounts.

Credit Rating

In pursuance of State Bank of Pakistan, directives to all commercial banks to get themselves "rated", Bank Alfalah also undertook the exercise with PACRA (Pakistan Credit Rating Agency). The premier rating agency, which is an affiliate of IBCA, rated us as AA- for long term and A1+ for short term. Both ratings are investment grade and denote very high credit quality and very low expectation of credit risk. The ratings are applicable to senior unsecured creditors of the Bank.

Acquisition

In our efforts to branch out overseas, we are in the process of acquiring a 25% stake in a banking company in Bangladesh. We are confident, this acquisition will not only help us promote bilateral trade with Bangladesh, but also help in the initiation of business with other countries of SAARC and Far-east region.

Training & Development

In our pursuit to impart sound technical skills to our staff, the Training & Development Center continues to offer programs in several skill areas. Our training and business philosophy is geared to provide professional, personalized and efficient services to our clients at all times. We are making our own positive contribution to the services culture of the banking system as a whole, providing at the same time a breakthrough to the customers in terms of choice based on quality.

We continue to hire fresh MBAs from prestigious Universities in batches of 20-25 officers, who then undergo rigorous and intensive training, first at the Development Center and later at the branches, for hands-on experience. The Board places utmost importance to its human asset base.

Future Outlook

The sluggishness in the economy prompts us to keep increased diligence and caution. In adhering to our traditional banking practices and fundamental principle of protecting depositors' funds, your Bank will continue to follow a strategy of strengthening capital, increasing the diversity of the deposit base, expanding fee producing lines of business and controlling expenses.

Despite economic and political upheaval in the region, we remain optimistic of our growth in the ensuing years. Following political dispensation in Afghanistan, reconstruction must begin and we see an upturn in economic opportunities in this region.

Increasing income, reducing expenditures and spreading and controlling risks would continue to be primary strategic objectives for the years ahead.

Acknowledgements

I would like to take this opportunity to place on record, our gratitude to the Ministry of Finance, the State Bank of Pakistan and other regulatory bodies, for their cooperation and continued guidance. I also commend the dedication, loyalty and hard work of all our staff members.

Finally, I would like to thank our valued clients, well-wishers and correspondents for their trust, support & confidence.

Nahayan Mabarak Al-Nahayan
Chairman

The Bank

Bank Alfalah during the past five years, has assumed a brand new identity plied with a spurred vision and revived commitment, following the privatization of H.E.C.B. in 1997. Since then, the board and management of the Bank have implemented strategies and policies to carve a distinct position for the Bank in the market place.

In our pursuit to satisfy our shareholders and valued clients, the management laid foundations for implementing new ambitious plans, which aim at consolidating the Bank's financial position and creating a large and diversified business base.

The Abu Dhabi Group, a paragon of strength has played a pivotal role in helping the Bank cross major milestones as a single source financial service provider of Corporate and Retail banking solutions.

The Management

Alfalah's management is known for their hard work, product innovation and dedication to make sure that the development and modernization process keeps the Bank ahead of competition.

With a team of talented, service-dedicated professional bankers, Bank Alfalah commits all its energies, resources and time to cater to banking and financial needs of its valued clients.

The Product Line

Our performance over the passing years has seen us excel even when faced with challenging economic conditions. This has been a result of our highly prioritized product portfolio, specifically tailored to suit the discerning needs and preferences of our highly valued customers.

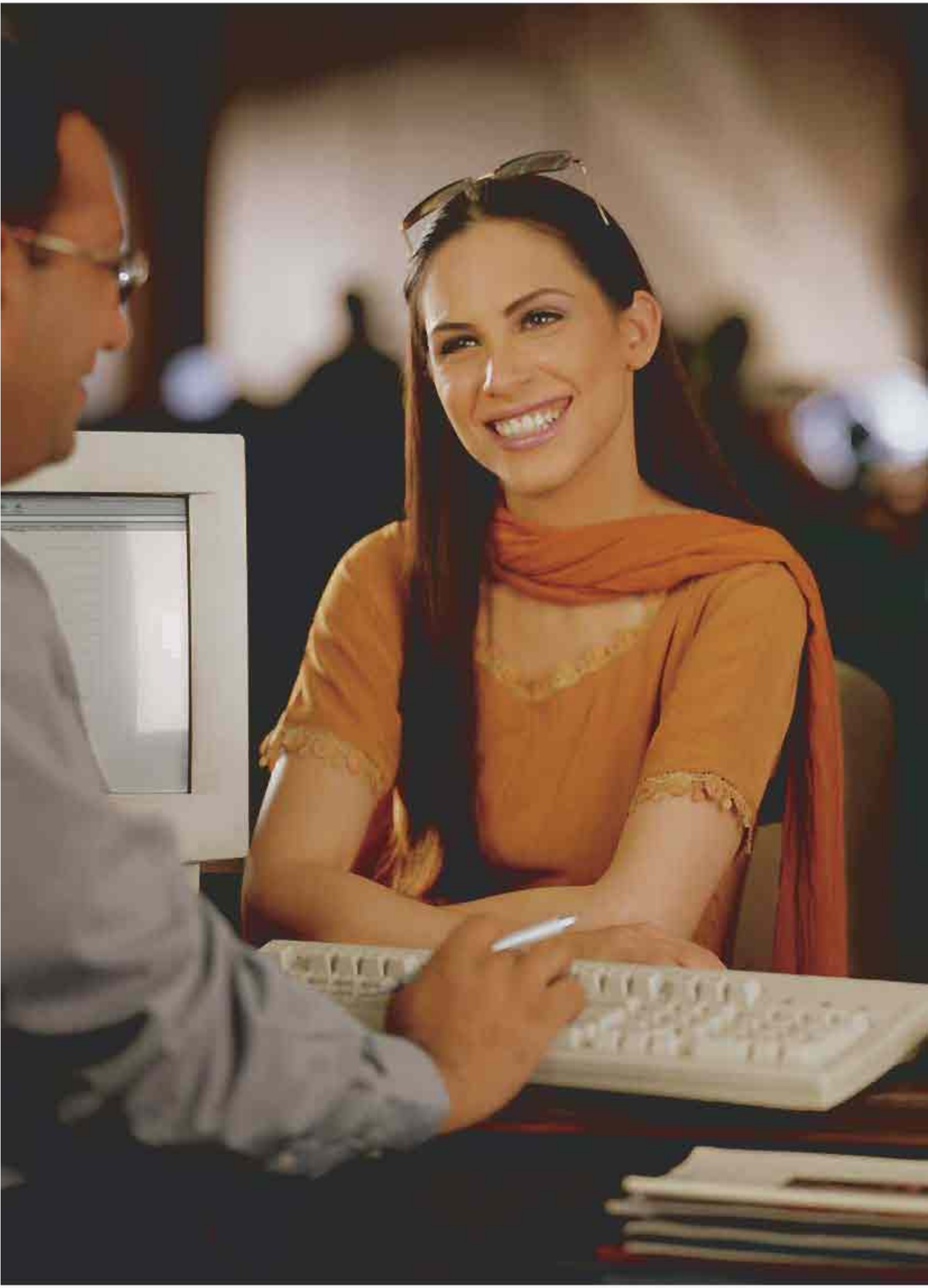
Our constantly evolving portfolio currently enjoys successful products like Car Financing, Rupee Travellers Cheques, Anmol Saving Certificates, Home Loans for NRPs, Online Banking and MoneyGram Remittance Service.

To further strengthen the reflection of our customers' trust and our proactive, responsive solutions geared at market needs, our valued clients will soon enjoy our upcoming products like Monthly Income Plan, Credit Cards, Leasing, ATMs, Phone Banking and Debit Cards.

Our primary commitment is to understand and support clients' business objectives and financial needs. At Bank Alfalah, all this is ensured through constant retraining regimes. These regimes are geared towards professional development, advanced banking solutions and information technology.

Community Development

Built on clients' trust and our performance, our resolve today is to actively pursue enrichment of Pakistan's economy through highly sophisticated products and services customized to your needs. This is a reflection of the reinforcement of our vision to carve out a brighter future for Pakistan.



The Vision

Our vision is to be a leading financial institution, with a niche in areas where we have a competitive advantage with complete banking solutions. Our focus is on improving performance in each of our businesses to achieve consistant and superior returns for our highly valued clients and stakeholders.

The Mission

Our mission is to maintain a competitive edge in quality banking, customer service and profit performance. Our activities are geared towards making Bank Alfalah a responsible corporate citizen. The emphasis on "Quality & Innovation" will remain our key mission statement. We will continue to strengthen our position as the leading provider of quality financial services in Pakistan.

The Philosophy

- Excellence in Service
- Quality Performance
- Product Innovations


BANK ALFALAH
CAR FINANCING
Breakthrough in Car Financing
Alfalah Car
Lowest Markup
Lowest Insurance Rates
Quickest Processing
UAN-111-777-786
BANK ALFALAH LIMITED
بنک الفلاح المحدود

Notice of the Tenth Annual General Meeting

February 18, 2002

NOTICE is hereby given that the Tenth Annual General Meeting of the Bank will be held on March 12, 2002 at 17:30 hours at Bank's Gulberg branch, 125-E/1, Gulberg III, Main Boulevard, Lahore to transact the following business:

1. To adopt the minutes of the Ninth Annual General Meeting held on April 23, 2001.
2. To receive, consider and adopt the Audited Annual Accounts together with the Directors' Report and the Auditors' Report for the year ended December 31, 2001.
3. To appoint external Auditors and fix their remuneration for the year 2002.
4. Any other matter with the permission of the Chair/Shareholders

BY ORDER OF THE BOARD
Company Secretary

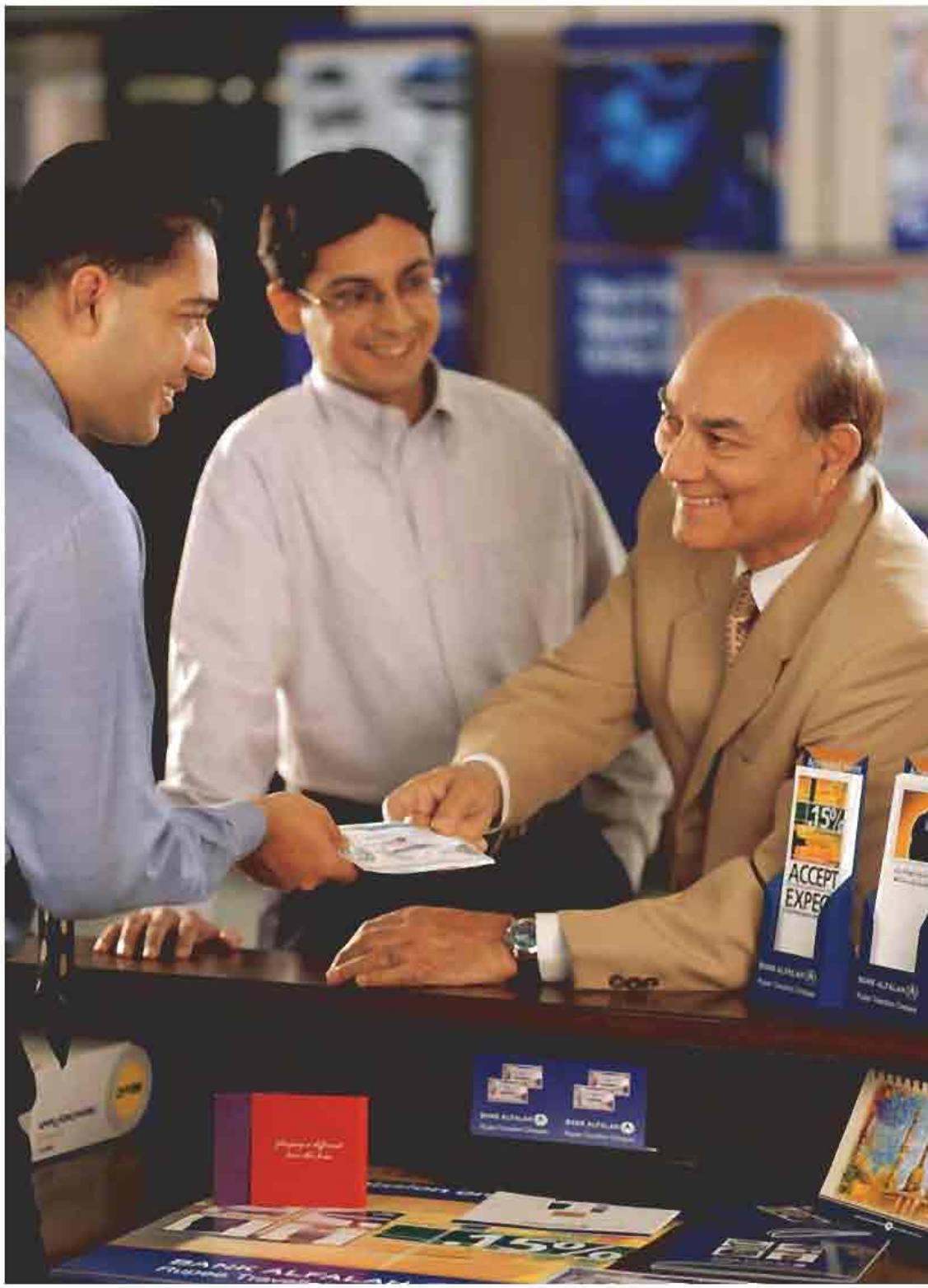
NOTES:

(1) The Audited Annual Accounts, Balance Sheet and Profit & Loss Account for the year ended December 31, 2001 and the Directors' Report approved by the Board together with the Auditors' Report are attached.

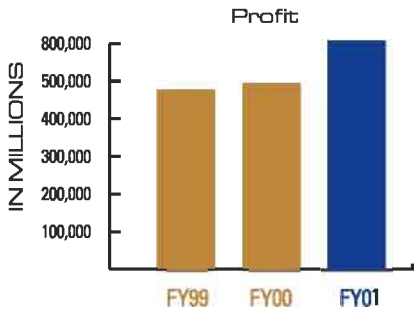
(2) A member entitled to attend the meeting has the right to appoint a proxy to attend, speak and vote in his place.

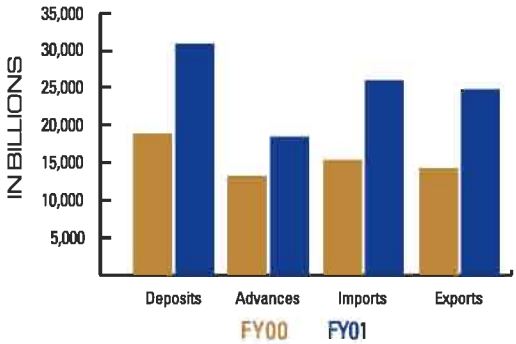
(3) The proxy form is attached. No person shall act as proxy unless he is a member of the Bank, except that a corporation being a member may appoint as its proxy one of its officers though not a member of the Bank.

(4) The proxy form should be deposited at the Registered Office of the Bank as soon as possible, but not less than 48 hours before the time of holding the meeting.



Directors' Report to the Shareholders





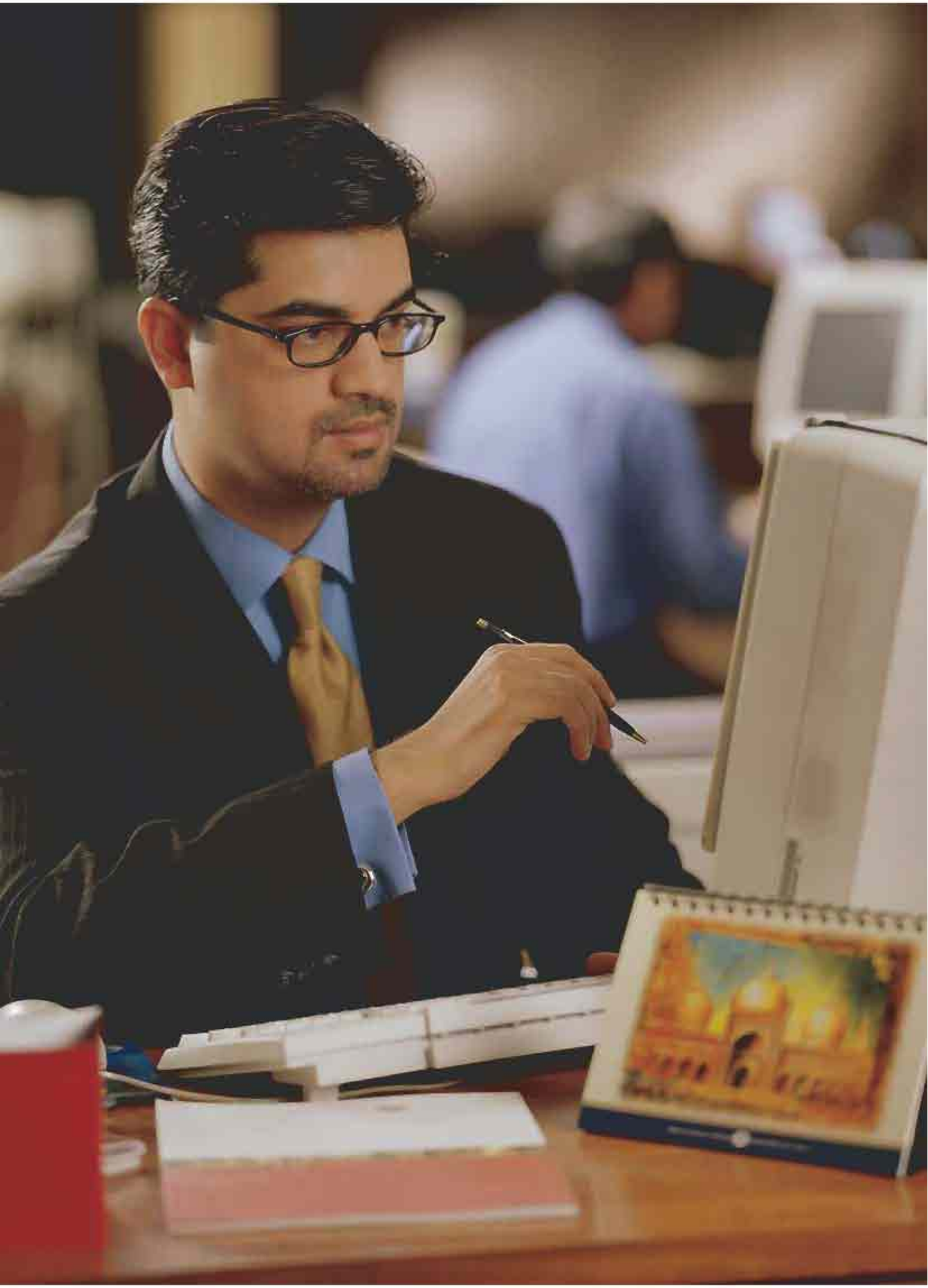
The Board of Directors is pleased to present the audited financial statements of the Bank for the year 2001.

	2001	2000
Profit before Tax	524,164	400,350
Taxation	(213,552)	(185,000)
Profit after Tax	310,612	215,350
Un-appropriated Brought forward	1,211	8,931
Profit available for appropriations	311,823	224,281
Appropriations		
- Statutory Reserve	(62,122)	(43,070)
- Transfer from Revenue Reserve	–	30,000
- Proposed Dividend	–	(210,000)
Un-appropriated Profit Carried forward	249,701	1,211

Inspite of country's weak economic growth in 2001, your Bank has shown a strong performance and the financial strength has greatly enhanced. Confronted with a more open financial market, but tougher competition, the Bank with its professional outlook and commitment maintained steady growth in resource mobilization and financing of foreign trade. The Bank has increased its branch network from 22 to 32 during the year. The expansion program is in line with our Strategic Business Plan.

The Board would like to acknowledge the support of State Bank of Pakistan, which helped us increase our delivery channels. The Board would also like to record its appreciation for devotion, hard work and professionalism of the senior management, officers and staff of the Bank at all levels.

Mohammad Saleem Akhtar
Director & Chief Executive Officer



Auditors' Report to the Members

We have audited the annexed balance sheet of Bank Alfalah Limited as at December 31, 2001, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'financial statements') for the year ended December 31, 2001, in which are incorporated the unaudited certified returns from the branches except for twenty 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 purpose of our audit.

It is the responsibility of the Bank's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with 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 sixty percent of the total loans and advances of the Bank, we report that:

(a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches 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.

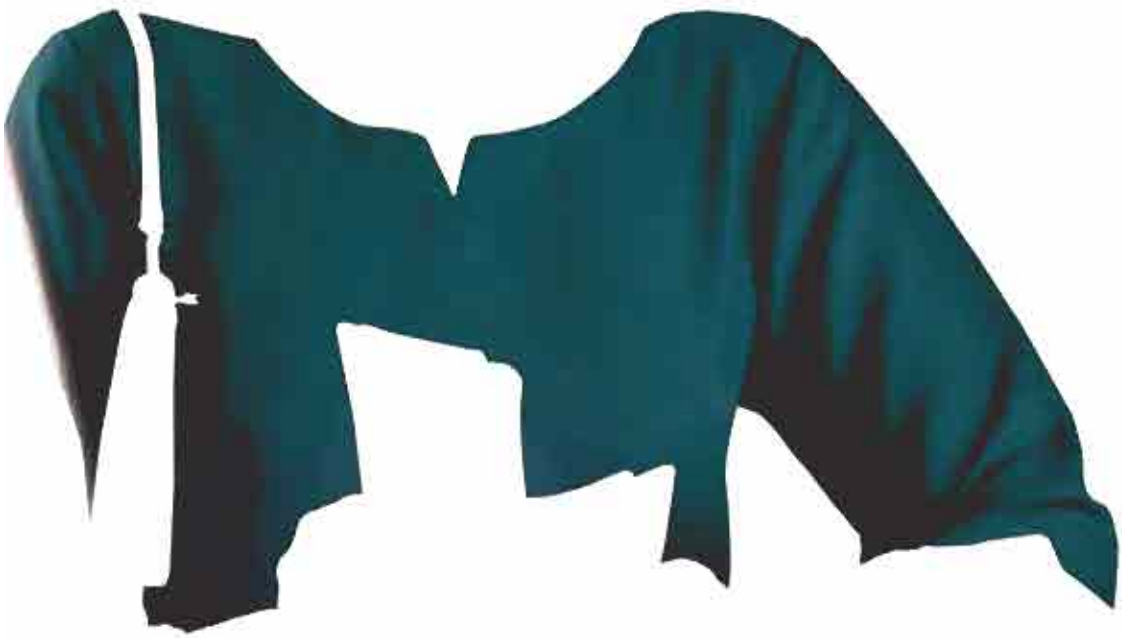
(ii) the expenditure incurred during the year was for the purpose of Bank's business; and

(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 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 give a true and fair view of the state of the Bank's affairs as at December 31, 2001, its true balance of the profit, its cash flows and changes in equity for the year ended December 31, 2001; and

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

A. F. FERGUSON & CO.
Chartered Accountants
February 18, 2002



Financial Statements

BALANCE SHEET AS AT DECEMBER 31, 2001

	Note	2001	2000
		Rupees '000	
ASSETS			
Cash and balances with treasury banks	6	3,885,612	2,044,825
Balances with other banks	7	1,081,208	1,797,986
Lendings to financial institutions	8	1,698,969	2,260,315
Investments	9	11,396,616	4,874,700
Advances	10	19,131,494	15,242,317
Other assets	11	1,180,775	1,090,918
Operating fixed assets	12	1,424,883	1,287,355
Deferred tax asset	13	298,538	256,216
		40,098,095	28,854,632
LIABILITIES			
Bills payable	14	305,558	106,353
Borrowings from financial institutions	15	6,709,054	5,916,603
Deposits and other accounts	16	30,207,324	20,481,568
Sub - ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities	17	716,475	632,006
		37,938,411	27,136,530
NET ASSETS		2,159,684	1,718,102
REPRESENTED BY			
Share capital	18	750,000	600,000
Reserves		361,591	299,469
Unappropriated profit		249,701	1,211
		1,361,292	900,680
Surplus/(deficit) on revaluation of assets	19	798,392	817,422
		2,159,684	1,718,102
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 40 form an integral part of these accounts.

Chief Executive Officer Director Director Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2001

	Note	2001	2000
		Rupees '000	
Mark-up/return/interest earned	21	3,387,377	2,261,828
Mark-up/return/interest expensed	22	2,515,074	1,724,041
Net mark-up/interest income		872,303	537,787
Provision against non-performing loans and advances - net reversals	10.5	13,705	103,950
Provision for diminution in the value of investments		–	–
Bad debts written off directly		–	–
		13,705	103,950
Net mark-up/interest income after provisions		886,008	641,737
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		147,277	103,838
Dividend income		41,910	8,951
Income from dealing in foreign currencies		113,923	69,195
Other income	23	79,314	87,504
Total non-mark up/interest income		382,424	269,488
		1,268,432	911,225
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	24	743,602	503,028
Other provisions/write offs		–	7,619
Other charges	25	666	228
Total non-mark up/interest expenses		744,268	510,875
Extraordinary/unusual items		–	–
PROFIT BEFORE TAXATION		524,164	400,350
Taxation	26	(213,552)	(185,000)
PROFIT AFTER TAXATION		310,612	215,350
Unappropriated profit brought forward		1,211	8,931
Profit available for appropriation		311,823	224,281
APPROPRIATIONS			
Transfer to statutory reserve		(62,122)	(43,070)
Transfer from revenue reserve		–	30,000
Dividend Nil (2000: Rs. 3.5 per share)		–	(210,000)
		(62,122)	(223,070)
Unappropriated profit carried forward		249,701	1,211
Basic earnings per share	27	5.16	3.59
Diluted earnings per share		5.16	3.59

The annexed notes 1 to 40 form an integral part of these accounts.

Chief Executive Officer Director Director Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2001

	Note	2001	2000
		Rupees '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		524,164	400,350
Less: Dividend income		(41,910)	(8,951)
		482,254	391,399
Adjustments for non-cash charges			
Depreciation		80,862	59,934
Amortization - intangible assets		347	235
Amortization - deferred cost		7,989	7,989
Provision against non-performing advances - write back		(13,705)	(103,950)
Gain on sale of fixed assets		(401)	(1,420)
Gratuity		11,646	8,589
		86,738	(28,623)
		568,992	362,776
(Increase)/ decrease in operating assets			
Lendings to financial institutions		(178,654)	(1,270,315)
Advances		(3,875,472)	(4,870,043)
Others assts		(70,355)	(206,051)
		(4,124,481)	(6,346,409)
Increase/ (decrease) in operating liabilities			
Bills Payable		199,205	(14,515)
Borrowings from financial institutions		792,451	2,571,385
Deposits		9,725,756	4,661,095
Other liabilities		285,498	156,932
		11,002,910	7,374,897
		7,447,421	1,391,264
Payments of provision against off-balance sheet obligations			
Gratuity paid		(2,675)	(3,262)
Income tax paid		(270,633)	214,020
Net cash flow from operating activities		7,174,113	1,602,022
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(5,346,241)	89,636
Net investments in held-to-maturity securities		(1,194,705)	347,149
Dividend received		29,178	1,617
Investments in operating fixed assets		(221,688)	(158,502)
Sale proceeds of property and equipment disposed off		3,352	2,199
Net cash flow from investing activities		(6,730,104)	302,099
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		150,000	–
Dividend paid		(210,000)	(120,000)
Net cash flow from financing activities		(60,000)	(120,000)
Increase/(decrease) in cash and cash equivalents		384,009	1,784,121
Cash and cash equivalents at beginning of the year	28	4,732,811	2,948,690
Cash and cash equivalents at end of the year	28	5,116,820	4,732,811

The annexed notes 1 to 40 form an integral part of these accounts.

Chief Executive Officer | Director | Director | Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2001

	Share capital	Statutory reserve	General reserve	Unappropriated profit	Total
	Rupees '000				
Balance at january 1, 2000	600,000	171,399	115,000	8,951	895,350
Profit after tax for the year ended December 31, 2000	–	–	–	215,350	215,350
Transfer to statutory reserve	–	43,070	–	(43,070)	–
Transfer from general reserve to unappropriated profit	–	–	(30,000)	30,000	–
Dividend paid	–	–	–	(210,000)	(210,000)
Balance at December 31, 2000	600,000	214,469	85,000	1,211	900,680
Profit after taxation for the year ended December 31, 2001	–	–	–	310,612	310,612
Transfer to statutory reserve	–	62,122	–	(62,122)	–
Issue of share capital	150,000	–	–	–	150,000
Balance at December 31, 2001	750,000	276,591	85,000	249,701	1,361,292

The annexed notes 1 to 40 form an integral part of these accounts.

Chief Executive Officer | Director | Director | Chairman

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2001

1. STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited was incorporated on June 21, 1992 as a public limited company under the Companies Ordinance, 1984. It commenced banking operations from November 1, 1992. The bank is operating through 32 branches with the registered office at B.A. Building, I.I. Chundrigar Road, Karachi.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding 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 the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale 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. STATEMENT OF COMPLIANCE

These accounts have been prepared in accordance with the directives issued by SBP, the requirements of the Banking Companies Ordinance, 1962, Companies Ordinance, 1984 and the accounting standards issued by the International Accounting Standards Committee (IASC) and interpretations issued by Standing Interpretations Committee of the IASC, as adopted in Pakistan.

4. BASIS OF MEASUREMENT

These accounts have been prepared under the historical cost convention, except that certain investments and fixed assets have been included at revalued amounts.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity including:

- Cash and balances with treasury banks
- Balances with other banks
- Call lendings

Revenue recognition

Mark-up/return on advances and investments are recognized on accrual basis. Fee, commission and brokerage except income from guarantees are accounted for on receipt basis.

Advances

These are stated at cost less provision for bad and doubtful debts. The provision for bad and doubtful debts is made in accordance with the requirements of the Prudential Regulations issued by SBP.

Investments

The investments of the bank are classified into the following three categories:

Securities held for trading

These are investments acquired principally for the purpose of generating profits from short-term fluctuations in price or dealer's margin.

Securities held to maturity

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

Available for sale

These are investments which do not fall under the trading or held to maturity categories.

In accordance with the requirements of SBP quoted securities are valued at market values and surplus/deficit arising thereon is kept in a separate account shown in the balance sheet below equity.

Unquoted securities are stated at cost less provision for impairment.

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

Operating fixed assets and depreciation

Capital work in progress

Capital work in progress is stated at cost.

Property and equipment

Office premises are shown at cost/revalued amount less accumulated depreciation. All other assets 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 capitalised. Gains or losses on disposal of fixed assets are taken to profit and loss account.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. The assets are amortised using the straight-line method over their useful lives.

Taxation

Taxation charge in the accounts is based on the taxable income at the current rates of taxation. The bank accounts for deferred taxation on timing differences using the liability method.

Staff retirement benefits

Defined Benefit Plan

The bank operates an approved funded gratuity scheme for officers and executives. Contributions to the fund are made on the basis of actuarial valuation.
Actuarial valuation of the scheme was carried out as at January 1, 1999 using the Projected Unit Credit Method. The fair values of the fund's assets and liabilities as at that date were Rs. 15.00 million and Rs. 28.88 million respectively. The transitional obligation of Rs. 13.88 million is being recognised by the bank over a period of five years beginning from 1999 on a straight-line basis.

The bank also operates an unapproved unfunded gratuity scheme for its clerical staff who have completed the qualifying period of service under the scheme.

Defined Contribution Plan

The bank operates a recognised provident fund for all its permanent employees to which equal monthly contributions are made by both the bank and the employees at the rate of 8.33% of basic salary.

Foreign currencies

Assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange approximating those prevailing at the balance sheet date. Foreign currency transactions are converted at the rates prevailing on the transaction date.

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

Forward purchase contracts with SBP relating to foreign currency deposits are valued at the spot rate prevailing on the balance sheet date. The forward cover fee payable on such contracts is amortized over the term of the contracts.

Exchange gains and losses are included in income currently.

Deferred costs

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

6. CASH AND BALANCES WITH TREASURY BANKS

	2001	2000
	Rupees '000	
In hand		
Local currency	505,664	231,485
Foreign currency (including in transit Rs 173.93 million)	266,476	93,018
With State Bank of Pakistan in		
Local currency current account – note 6.1	1,496,883	955,253
Foreign currency current account – note 6.2	289,363	–
Local currency deposit account – note 6.3	126,000	–
Foreign currency deposit account – note 6.4	1,157,453	764,969
With National Bank of Pakistan in		
Local currency current account	53,773	100
	3,885,612	2,044,825

6.1 The current account is maintained with SBP under the requirement of section 22 of the Banking Companies Ordinance, 1962.

6.2 The current account is maintained with SBP under the requirement of BSD Circular No.18 dated March 31, 2001.

6.3 This represents placement of funds with SBP for special commodity operations. Rate of profit paid by SBP is around 11% per annum.

6.4 This deposit account is maintained with SBP under the requirement of BSD Circular No.18 dated March 31, 2001. Profit rates on these deposits are fixed by SBP on monthly basis. Profit ranging between 1.14% to 4.08% was paid during the year.

7. BALANCES WITH OTHER BANKS

	2001	2000
	Rupees '000	
In Pakistan		
On current account	328	24,170
On deposit account	–	–
Outside Pakistan		
On current account	76,451	210,306
On deposit account – note 7.1	1,004,429	1,563,510
	1,081,208	1,797,986

7.1 This represents placements of funds with banks outside Pakistan which have been generated through foreign currency deposits scheme (FE-25). The placements are made at interest rates ranging from 1.43% per annum to 3.88% per annum with maturities in January 2002.

	2001	2000
	Rupees '000	

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings – note 8.1	150,000	890,000
Repurchase agreement lendings (Reverse Repo) – note 8.2	1,548,969	1,370,315
	1,698,969	2,260,315

8.1 This represents call lendings in interbank market at the rates ranging from 8.3% per annum to 8.5% per annum maturing in January 2002.

8.2 SECURITIES HELD AS COLLATERAL AGAINST LENDINGS TO FINANCIAL INSTITUTIONS

	2001			2000		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees '000					
Treasury Bills	1,248,969	–	1,248,969	701,315	–	701,315
Federal Investment Bonds	300,000	–	300,000	669,000	–	669,000
	1,548,969	–	1,548,969	1,370,315	–	1,370,315

This represents repurchase agreement lendings at interest rates ranging from 6.50% per annum to 8.75% per annum maturing in January 2002.

9. INVESTMENTS

9.1 INVESTMENTS BY TYPE

	2001			2000		
	Held by bank	given as collateral	Total	Held by bank	given as collateral	Total
	Rupees '000					
Available for sale securities						
Term Finance Certificates	279,544	–	279,544	76,449	–	76,449
Treasury Bills	5,004,688	2,840,326	5,845,014	1,874,756	387,473	2,262,229
Pakistan Investment Bonds	833,432	625,000	1,458,432	–	–	–
Fully paid up ordinary shares	244,331	–	244,331	154,306	–	154,306
Pakistan Export Finance Guarantee Agency Ltd.	5,725	–	5,725	5,725	–	5,725
Prize Bonds	12,459	–	12,459	555	–	555
	4,380,179	3,465,326	7,845,505	2,111,791	387,473	2,499,264

	2001			2000		
	Held by bank	given as collateral	Total	Held by bank	given as collateral	Total
	Rupees '000					
Held to maturity securities						
Central Government Loans	56,200	–	56,200	296,800	–	296,800
Government Bonds	85,341	–	85,341	85,341	–	85,341
Federal Investment Bonds	473,043	–	473,043	1,045,608	890,000	1,935,608
Pakistan Investment Bonds	2,950,365	–	2,950,365	–	–	–
Term Finance Certificates	18,720	–	18,720	71,215	–	71,215
	3,583,669	–	3,583,669	1,498,964	890,000	2,388,964
	7,963,848	3,465,326	11,429,174	3,610,755	1,277,473	4,888,228
Less: Surplus/(deficit) on revaluation of securities (net) - note 19.2	(32,558)	–	(32,558)	(13,528)	–	(13,528)
	7,931,290	3,465,326	11,396,616	3,597,227	1,277,473	4,874,700

	Note	2001	2000
		Rupees '000	
9.2 INVESTMENTS BY SEGMENT			
Federal Government Securities			
-Treasury Bills	9.2.1	5,845,014	2,262,229
-Pakistan Investment Bonds	9.2.2	4,408,797	–
-Federal Investment Bonds	9.2.3	473,043	1,935,608
-Central Government Loans	9.2.4	56,200	296,800
-Government Bonds	9.2.5	85,341	85,341
-Prize Bonds		12,459	555
		10,880,854	4,580,533
Provincial Government Securities		–	–
Fully Paid up Ordinary Shares			
-Listed Companies	9.2.6	244,331	154,306
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates			
-Term Finance Certificates – quoted	9.2.7	279,544	76,449
-Term Finance Certificates – unquoted	9.2.8	18,720	71,215
Other Investments	9.2.9	5,725	5,725
		11,429,174	4,888,228
Less: Deficit on revaluation of securities (net) – note 19.2		(32,558)	(13,528)
		11,396,616	4,874,700

9.2.1 Treasury bills are for the periods of three months, six months and one year. The rates of profit on treasury bills range from 7.96% to 12.94% per annum with maturities up to December 2002.

9.2.2 Pakistan Investment Bonds (PIBs) are for the periods of three, five and ten years. The rates of profit on PIBs range from 10.5% to 14% per annum with maturities from February 2004 to December 2011.

9.2.3 Federal Investment Bonds (FIBs) are for the periods of ten years. The rate of profit on FIBs is 15% per annum with maturities ranging from January 2002 to October 2004.

9.2.4 This represents Central Government loan at the rate of 11.75% per annum redeemable on maturity in June 2002.

9.2.5 This represents bond issued by the Federal Government to settle the dues of Heavy Mechanical Complex at the rate of 12.775% per annum redeemable on maturity in March 2009.

9.2.1 Investments in listed companies/modarabas include the following:

The par value of these shares/certificates is Rs. 10.

2001	2000		2001	2000
No. of shares / certificates			Rupees '000	
		MUTUAL FUNDS		
968,500	783,000	I.C.P.S.E.M.F	15,792	13,576
		MODARABAS		
-	33,500	First Grindlays Modaraba [Managed by Grindlays Management Services (Pvt.) Limited]	-	593
		INVESTMENT COMPANIES & BANKS		
-	29,500	Al-Meezan Investment Bank Limited	-	281
175,000	-	Askari Commercial Bank Limited	2,436	-
1,850,000	1,725,000	Crescent Investment Bank Limited	17,474	32,248
-	29,325	Pakistan Industrial Credit & Investment Corporation	-	411
		TEXTILE SPINNING		
210,290	-	Kohinoor Textile Mills Limited	1,794	-
		TEXTILE WEAVING		
171,000	65,000	Nishat (Chunian) Limited	3,908	1,582
		TEXTILE COMPOSITE		
260,500	-	Nishat Mills Limited	5,817	-
		SYNTHETIC & RAYON		
60,750	20,000	Dewan Salman Fibre Limited	1,239	519
1,019,375	359,000	Ibrahim Fibre Limited	15,825	6,104
		CEMENT		
-	91,000	Lucky Cement Limited	-	890
213,710	-	Maple Leaf Cement Company	1,872	-
		FUEL & ENERGY		
1,925,000	-	Hub Power Company Limited	41,122	-
-	161,400	Ibrahim Energy Limited	-	1,861
100,000	-	Japan Power Generation Limited	552	-
-	430,000	Maple Leaf Electric Company Limited	-	3,717
410,000	174,900	Pakistan State Oil Company Limited	58,115	30,535
-	107,500	Southern Electric Power Co. Limited	-	887
200,000	285,000	Sui Northern Gas Pipelines Company Limited	2,291	3,936
		Carried forward	168,237	97,140

2001	2000		2001	2000
No of shares / certificates			Rupees '000	
		Brought forward	168,237	97,140
		TRANSPORT & COMMUNICATION		
3,096,000	2,420,500	Pakistan Telecommunication Company Limited	68,898	56,095
–	25,000	Telecard Limited	–	428
		CHEMICALS & PHARMACEUTICALS		
175,000	–	Fauji Fertilizer Company Limited	7,196	–
		MISCELLANEOUS		
–	20,000	Tri-pack Films Limited	–	643
			244,331	154,306

8.2.7 Term Finance Certificates – Quoted, Secured

Saudi Pak Leasing Company Limited 15 certificates of Rs 5,000 each 148 certificates of Rs 100,000 each Mark up: 18.25% per annum Redemption: Eight equal semi-annual installments commencing July 1998 Maturity: January 2003	5,578	9,297
Dawan Salman Fibres Limited 11,800 certificates of Rs 5,000 each Mark up: 16% per annum Redemption: Eight equal quarterly installments commencing September 2002 Maturity: June 2005	58,976	59,000
ICI Pakistan Limited 12,000 certificates of Rs 5,000 each Mark up: 3% above the cut off yield of 5 year Pakistan Investment Bonds Redemption: Six equal semi-annual installments commencing February 2004; the issuer has a call option exercisable any time at par value plus a premium Maturity: August 2006	60,000	8,152
Engro Asahi Polymer & Chemical Limited 10,000 certificates of Rs 5,000 each Mark up: 1.5% above the cut off yield of 5 year Pakistan Investment Bonds with a floor of 13% per annum and a ceiling of 17% per annum Redemption: Four equal semi-annual installments commencing June 2004; the issuer has a call option exercisable at par after June 2004 Maturity: June 2006	49,990	–
Carried forward	174,544	76,449

	2001	2000
	Rupees '000	
Brought forward	174,544	76,449
Gulistan Textile Mills Limited 6,000 certificates of Rs 5,000 each Mark up: 2% above SBP discount rate with a floor of 14% per annum and a ceiling of 17.5% per annum Redemption: Six equal semi-annual installments commencing March 2004 Maturity: September 2006	30,000	-
Pak Arab Refinery Company Limited 15,000 certificates of Rs 5,000 each Mark up: 1.45% above the cut off yield of 3 year Pakistan Investment Bonds with a floor of 13% per annum and a ceiling of 15% per annum Redemption: Two equal semi-annual installments commencing June 2004 Maturity: December 2004	75,000	-
	279,544	76,449

8.2.8 Term Finance Certificates – Unquoted, Secured

First International Investment Bank Limited 250 certificates of Rs 100,000 each Mark up: 17.50% per annum Redemption: Four equal annual installments commencing December 2000 Maturity: December 2003 Chief Executive Officer: Mr. A. Saeed Siddiqui	18,720	24,965
Artal Restaurant International	-	40,000
Shaheen Foundation PAF	-	6,250
	18,720	71,215

8.2.9 Other investments represent 572,531 shares of Pakistan Export Finance Guarantee Agency Ltd. Chief Executive Officer: Mr. S M Zaeem.

10. ADVANCES

Loans, cash credits, running finances, etc.		
In Pakistan	18,646,818	14,775,538
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	492,347	357,711
Payable outside Pakistan	1,080,424	1,223,899
	1,572,771	1,581,610
	20,219,589	16,357,148
Provision for non-performing advances – note 10.3	(1,088,095)	(1,114,831)
	19,131,494	15,242,317

10.1 Particulars of advances

10.1.1 In local currency	19,092,442	15,242,317
In foreign currencies	39,052	-
	19,131,494	15,242,317

		2001	2000
		Rupees '000	
10.1.2	Short term (for up to one year)	15,334,147	11,130,190
	Long term (for over one year)	3,797,347	4,112,127
		19,131,494	15,242,317

10.2 Advances include Rs. 1.575 billion (2000: Rs. 1.548 billion) which have been placed under non-performing status as detailed below:

	Domestic	Overseas	Total	Provision required	Provision held
	Rupees '000				
Category of classification					
Other Assets Especially mentioned	53,745	–	53,745	–	–
Substandard	5,795	–	5,795	160	160
Doubtful	19,084	–	19,084	3,029	3,029
Loss	1,496,716	–	1,496,716	1,073,714	1,073,714
	1,575,340	–	1,575,340	1,076,903	1,076,903

10.3 Particulars of provision against non-performing advances:

	2001			2000		
	Specific	General	Total	Specific	General	Total
	Rupees '000					
Opening balance	1,114,831	–	1,114,831	1,241,363	–	1,241,363
Charge for the year	51,274	11,192	62,466	206,591	–	206,591
Reversals	(76,171)	–	(76,171)	(310,541)	–	(310,541)
	(24,897)	11,192	(13,705)	(103,950)	–	(103,950)
Amounts written off - note 10.4	(13,031)	–	(13,031)	(22,582)	–	(22,582)
Closing balance	1,076,903	11,192	1,088,095	1,114,831	–	1,114,831

10.4 PARTICULARS OF WRITE OFFs

		Note	2001	2000
			Rupees '000	
10.4.1	Against provisions	10.3	13,031	22,582
	Directly charged to profit and loss account		–	–
			13,031	22,582
10.4.2	Write offs of Rs 500,000 and above	10.5	11,231	22,075
	Write offs of below Rs 500,000		1,800	507
			13,031	22,582

10.5 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

In terms of sub-section (3) of Section 35A 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, 2001 is given in Annexure-I.

	Balance as at December 31, 2001	Maximum total amount of advances including temporary advances granted during the year
	Rupees '000	
10.6 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	158,718	165,397
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 related parties	–	–
	158,718	165,397

	2001	2000
	Rupees '000	
11. OTHER ASSETS		
Income/mark-up accrued in local currency	804,580	539,879
Income/mark-up accrued in foreign currency	5,189	38,856
Advances, deposits, advance rent and other prepayments	295,012	350,651
Advance taxation (payments less provisions)	94,219	79,460
Prepaid exchange risk fee	91,043	100,712
Unrealized gain on forward foreign exchange contracts	–	109,957
Deferred costs – note 11.1	7,989	15,979
Stationery and stamps on hands	24,491	5,287
	1,322,523	1,240,781
Less: Provision held against other assets – note 11.2	(7,619)	(7,619)
Mark-up held in suspense account	(134,129)	(142,244)
	1,180,775	1,090,918

11.1 This represents unamortised portion of Voluntary Severance Scheme payments which will be amortized by the year 2002.

11.2 Provisions against other assets

Opening balance		7,619	–
Charge for the year		–	7,619
Closing balance		7,619	7,619

12. OPERATING FIXED ASSETS

Capital work-in-progress	12.1	94,388	56,194
Property and equipment	12.2	1,321,017	1,229,826
Intangible assets	12.3	9,478	1,335
		1,424,883	1,287,355

12.1 Capital work-in-progress

Advances to suppliers and contractors	94,388	56,194

12.2 Property and equipment

Description	Cost and * revaluation at January 1, 2001	Additions / (disposals)/ adjustment **	Cost and * revaluation at December 31, 2001	Accumulated depreciation at January 1, 2001	Depreciation for the year/ on disposals	Accumulated depreciation at December 31, 2001	Net book value at December 31, 2001	Rate of depreciation % per annum
	Rupees '000							
Office premises	345,530 * 830,950	14,160	359,690 *830,950	77,541 19,049	8,460 19,049	86,000 38,098	273,690 792,852	2.5-5.5
Lease hold improvement	25,555	20,201	45,756	5,118	7,811	12,929	32,827	20
Furniture and fixtures	56,914	23,657 (1,879) ** (975)	78,306	36,613	3,578 (1,455)	38,736	39,570	10-25
Office equipment	104,544	86,038 (2,858) ** 375	188,099	129,315	26,604 (2,045)	153,872	134,227	20
Vehicles	60,992	30,968 (2,922)	88,978	26,956	15,360 (1,199)	41,117	47,861	25
	1,534,415	175,004 (7,650)	1,691,769	294,589	80,863 (4,699)	370,752	1,321,017	
2000	1,396,007	157,685 (9,275)	1,534,415	243,151	59,954 (8,496)	294,589	1,239,826	

The fair value of property and equipment as per the management estimate is not materially different from the carrying amount. The bank revalued its leasehold land and building in 1999.

Had there been no revaluation, the figures would have been as follows:

	Cost at December 31, 2001	Accumulated depreciation at December 31, 2001	Book value at December 31, 2001
	Rupees '000		
Office premises	359,690	86,000	273,690

12.3 Intangible assets

Description	Cost			Depreciation			Net book value as at December 31, 2001	Rate of amortisation % per annum
	As at January 1, 2001	Additions/ (deletions)	As at December 31, 2001	As at January 1, 2001	Amortisation	As at December 31, 2001		
	Rupees '000							
Computer software	1,789	8,490	10,279	454	347	801	9,478	20
2000	970	819	1,789	219	235	454	1,335	

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees '000					
Vehicle	795	120	615	670	Insurance claim	Adamjee Insurance Co. Ltd.
Vehicle	719	420	299	550	Insurance claim	Adamjee Insurance Co. Ltd.

12.5 Following is the detail of assets which are fully depreciated and are still in use of the bank:

Description	Cost at December 31, 2001	Accumulated depreciation at December 31, 2001	Book value at December 31, 2001
	Rupees '000		
Furniture & fixtures	26,467	26,466	1
Office equipment	91,828	91,828	–
Vehicles	2,863	2,863	–
	121,158	121,157	1

	2001	2000
	Rupees '000	
13. DEFERRED TAX ASSET		
Deferred debits arising in respect of:		
Provision for doubtful debts	633,792	602,559
Provision for gratuity	16,675	6,235
	650,467	608,794
Deferred credits arising in respect of:		
Write offs/reversal of provision for bad debts	331,817	333,023
Unamortised balance of payments made under Voluntary Severance Scheme	3,994	7,989
Excess of accounting net book value over tax written down value of fixed assets	16,118	11,566
	351,929	352,578
	298,538	256,216
14. BILLS PAYABLE		
In Pakistan	305,558	106,353
Outside Pakistan	–	–
	305,558	106,353
15. BORROWINGS FROM FINANCIAL INSTITUTIONS		
In Pakistan	6,553,995	5,892,908
Outside Pakistan	155,059	23,695
	6,709,054	5,916,603
15.1 Particulars of borrowings from financial institutions		
In local currency	6,553,995	5,892,908
In foreign currencies	155,059	23,695
	6,709,054	5,916,603

	2001	2000
	Rupees '000	

15.2 Details of borrowings from financial institutions

Secured		
Borrowings from financial institutions	–	–
Borrowings from subsidiary companies, managed modarabas and associated undertakings	–	–
Borrowings from directors (including Chief Executive) of the bank	–	–
Borrowings from State Bank of Pakistan under export refinance scheme – note 15.2.1	2,988,669	3,535,435
Repurchase agreement borrowings – note 15.2.2	3,465,326	1,277,473
	6,453,995	4,812,908
Unsecured		
Call borrowings - note 15.2.3	100,000	1,080,000
Overdrawn nostro accounts	155,059	23,695
	255,059	1,103,695
	6,709,054	5,916,603

15.2.1 This represents borrowing from SBP under export refinance scheme at rates ranging from 8.50% to 11.50% per annum maturing within six months up to June 2001.

15.2.2 This represents repurchase agreement borrowings from other banks at rates ranging from 7.85% to 10.25% per annum maturing up to March 2002.

15.2.3 This represents call borrowing in interbank market at rates ranging from 7.30% to 8.50% per annum maturing in January 2002.

	2001	2000
	Rupees '000	

16. DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	7,735,240	6,746,000
Savings deposits	18,170,854	10,825,543
Current accounts - Remunerative	–	–
Current accounts - Non-remunerative	4,016,691	2,612,516
Margin, call and sundry deposits	284,386	297,309
	30,207,171	20,481,368
Financial Institutions		
Remunerative deposits	–	–
Non-remunerative deposits	153	200
	153	200
	30,207,324	20,481,568

16.1 Particulars of deposits

In local currency	21,203,968	12,905,828
In foreign currencies	9,003,356	7,575,740
	30,207,324	20,481,568

	2001	2000
	Rupees '000	
17. OTHER LIABILITIES		
Mark-up/return/interest payable in local currency	497,214	217,266
Mark-up/return/interest payable in foreign currency	46,906	38,199
Unearned commission and income on bills discounted	1,888	1,569
Accrued expenses	20,807	22,241
Proposed dividend	–	210,000
Branch adjustment account	23,604	58,789
Unrealized loss on forward foreign exchange contracts	39,635	–
Payable to defined benefit plan	33,350	24,379
Others	53,071	59,563
	716,475	632,006

18. SHARE CAPITAL

18.1 Authorized Capital

2001	2000			
200,000,000	100,000,000	Ordinary shares of Rs.10 each	2,000,000	1,000,000

18.2 Issued, subscribed and paid up

75,000,000	60,000,000	Ordinary shares of Rs 10 each fully paid in cash	750,000	600,000

19. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS

19.1 Surplus on revaluation of fixed assets	830,950	830,950
19.2 Surplus/(deficit) on revaluation of securities		
i) Government securities	49,481	(2,455)
ii) Quoted shares	(83,526)	(11,533)
iii) Term Finance Certificates – quoted	1,487	458
	(32,558)	(13,528)
	798,392	817,422

20. CONTINGENCIES AND COMMITMENTS

20.1 Direct Credit Substitutes

Contingent liability in respect of guarantees given favouring:

i) Government	169,294	49,118
ii) Banking companies and other financial institutions	15,550	–
iii) Others	122,777	27,893

20.2 Transaction-related Contingent Liabilities

Contingent liability in respect of performance bonds, bid bonds, shipping guarantees, standby letters of credit etc. favouring:

i) Government	871,257	967,589
ii) Banking companies and other financial institutions	302,124	364,060
iii) Others	1,371,029	1,306,257

		2001	2000
		Rupees '000	
20.3	**Trade-related Contingent Liabilities**		
	Letters of credit	2,613,056	3,814,327
	Acceptances	719,420	772,470
20.4	**Other Contingencies**		
	Claims against the bank not acknowledged as debts	942,029	806,980
20.5	**Commitments in respect of forward lending**		
	Commitments to extend credit	150,000	–
20.6	**Commitments in respect of forward exchange contracts**		
	Purchase	8,160,355	5,898,960
	Sale	2,422,040	1,944,162
20.7	**Commitments for the acquisition of operating fixed assets**	88,427	10,920
20.8	**Commitments in respect of repo transactions**		
	Repurchase	3,506,809	1,296,823
	Resale	1,555,156	1,381,261
20.9	**Other commitments**		
	For purchase of 25% equity in Shamil Bank of Bangladesh	77,851	–
	Payment to Microsoft for acquiring software	16,101	–
21.	**MARK-UP/RETURN/INTEREST EARNED**		
	a) On loans and advances to: i) customers	2,328,153	1,457,422
	ii) financial institutions	13,315	–
	b) On investments in: i) available for sale securities	346,670	212,592
	ii) held to maturity securities	440,829	382,333
	iii) associates and subsidiaries	–	–
	c) On deposits with financial institutions	147,798	190,900
	d) On securities purchased under resale agreements	110,612	18,581
		3,387,377	2,261,828
22.	**MARK-UP/RETURN/INTEREST EXPENSED**		
	Deposits (including exchange risk fee)	1,945,360	1,360,199
	Securities sold under repurchase agreements	238,843	151,308
	Other short term borrowings	330,871	212,534
		2,515,074	1,724,041
23.	**OTHER INCOME**		
	Postage, telex, service charges etc.	74,355	69,768
	Net profit on sale of property and equipment	401	1,420
	Gain on sale of investments – trading securities (listed)	4,558	16,316
		79,314	87,504

	Note	2001	2000
		Rupees '000	

24. ADMINISTRATIVE EXPENSES

Salaries, allowances, etc.		309,584	208,091
Charge for defined benefit plan – Gratuity		11,646	8,589
Contribution to defined contribution plan – Provident Fund		9,147	5,957
Non-executive directors' fees, allowances and other expenses		–	–
Brokerage and commissions		20,567	8,827
Rent, taxes, insurance, electricity, etc.		103,111	72,826
Legal and professional charges		10,924	12,278
Communication		47,090	26,233
Repairs and maintenance		20,501	10,252
Stationery and printing		18,679	11,119
Advertisement and publicity		34,323	23,077
Donations	24.1	1,217	–
Auditors' remuneration	24.2	1,651	1,303
Depreciation	12.2	80,862	59,934
Amortization of intangible assets	12.3	347	235
Amortization of deferred cost		7,989	7,989
Entertainment, vehicle running expenses, travelling and subscription		41,316	29,811
Others		24,648	16,507
		743,602	503,028

24.1 Donation

Hailey College of Commerce, Lahore	120	–
Kashmir Education Foundation	1,097	–
	1,217	–

None of the directors or their spouses had any interest in the donees.

24.2 Auditors' remuneration

Audit fee	1,280	1,025
Special certifications and sundry advisory services	205	125
Tax services	–	–
Out-of-pocket expenses	166	153
	1,651	1,303

25. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	666	228

26. TAXATION

For the year		
Current	255,874	170,000
Deferred	(42,322)	190,000
	213,552	360,000
For prior year		
Current	–	(175,000)
Deferred	–	–
	–	(175,000)
	213,552	185,000

	2001	2000
	Rupees '000	

26.1 Relationship between tax expense and accounting profit

Profit before tax	524,164
Tax calculated at the rate of 50%	262,082
Effect of :	
-disallowance of provision for doubtful debts	(32,440)
-dividend chargeable to tax at reduced rates	(15,265)
-income exempt from tax	(2,280)
-provision for gratuity disallowed	8,454
-unamortized payments for Voluntary Severance Scheme	(3,994)
-timing difference on account of accounting and tax WDV of fixed assets	(3,005)
Tax expense for the year	213,552

27. BASIC EARNINGS PER SHARE

Profit for the year	310,612	215,350
	Number of shares in thousand	
	2001	2000
Weighted average number of ordinary shares	60,205	60,000
Basic earnings per share	Rs 5.16	Rs 3.59

	2001	2000
	Rupees '000	

28. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	3,885,612	2,044,825
Balances with other banks	1,081,208	1,797,986
Lendings to financial institutions	150,000	890,000
	5,116,820	4,732,811

29. STAFF STRENGTH

	Number of employees	
Total number of employees at the end of the year	959	695

30. DEFINED BENEFIT PLAN

30.1 Principal actuarial assumptions

- Expected rate of increase in salary level 10 percent per annum compounded annually
- Expected rate of interest on investment 12 percent per annum

30.2 Reconciliation of payable to defined benefit plan

Present value of defined benefit obligations	56,997	47,159
Fair value of plan assets	(13,495)	(11,665)
Net actuarial gains or losses not recognized	(5,202)	(3,689)
Unrecognized transitional obligation	(4,950)	(7,426)
Past service cost not yet recognized	–	–
Any amount not recognized as an asset	–	–
	33,350	24,379

	2001	2000
	Rupees '000	
30.3 Movement in payable to defined benefit plan		
Opening balance	24,379	18,855
Charge for the year	11,646	8,589
Contribution to fund made during the year	(2,675)	(3,065)
Closing balance	33,350	24,379
30.4 Charge for defined benefit plan		
Current service cost	5,292	3,006
Interest cost	5,820	4,766
Expected return on plan assets	(1,942)	(1,659)
Actuarial gains and losses	–	–
Past service cost	–	–
Amortization of transitional obligation	2,476	2,476
	11,646	8,589
30.5 Actual return on plan assets	1,750	505

31. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Executives	
	2001	2000	2001	2000
	Rupees '000			
Managerial remuneration	4,000	3,750	47,641	19,109
Gratuity	250	250	1,803	122
Provident fund	–	–	1,804	781
Rent and house maintenance	–	–	14,903	6,626
Utilities	7	94	822	1,132
Medical	67	90	–	282
Others	–	–	1,500	3,503
	4,324	4,184	68,473	31,555
Number of person	1	1	32	22

The Chief Executive and certain executives have been provided with the free use of cars and household equipment.

32. MATURITIES OF ASSETS AND LIABILITIES

	2001				
	Total	Upto three months	Over 3 months to one year	Over one year to five years	Over five year
	Rupees '000				
Assets					
Cash and balances with treasury banks *	3,885,612	1,585,266	352,876	158,006	1,789,464
Balances with other banks	1,081,208	1,081,208	–	–	–
Lending to financial institutions	1,698,969	1,698,969	–	–	–
Investments	11,396,616	2,230,391	4,181,796	1,690,918	3,293,511
Advances	19,131,494	3,448,663	11,285,484	2,874,899	922,448
Other assets	1,180,775	668,021	361,474	94,219	57,061
Operating fixed assets	1,424,883	–	–	–	1,424,883
Deferred tax assets	298,538	–	–	298,538	–
	40,098,095	10,712,518	16,781,630	5,116,580	7,487,367
Liabilities					
Bills payable	305,558	305,558	–	–	–
Borrowings from financial institutions	6,709,054	3,720,385	2,988,669	–	–
Deposits and other accounts **	30,207,324	5,205,584	4,400,486	1,970,386	18,630,868
Other liabilities	716,475	416,724	240,716	–	59,035
	37,938,411	9,648,251	7,629,871	1,970,386	18,689,903
Net assets	2,159,684	1,064,267	9,151,759	3,146,194	(11,202,536)
Share capital	750,000				
Reserves	361,591				
Unappropriated profit	249,701				
Surplus/(deficit) on revaluation of assets	798,392				
	2,159,684				

* Included in cash balance is the current account with SBP. This account is classified in categories based on the maturity of deposits.

** The entire balance in savings accounts is classified under the category of over five years since the savings accounts do not have any contractual maturity, further it is assumed that on an aggregate these will remain at this level in future.

32.1 Liquidity risk is the risk that the bank will not be able to raise funds to meet its commitments. The bank's Asset and Liability Management Committee manages the liquidity position on a continuous basis. The Committee monitors the maintenance of balance sheet liquidity ratios, depositors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits and liquidity contingency plans. Moreover, core retail deposits, (current accounts and saving accounts) form a considerable part of the bank's overall funding therefore significant importance is attached to the stability and growth of these deposits.

33. YIELD / INTEREST RATE RISK

	2001						
	Effective yield / interest rate	Total	Exposed to yield / interest risk				Not exposed to yield/ interest risk
			Upto three months	Over 3 months to one year	Over one year to five years	Over five year	
	Rupees '000						
On-balance sheet financial instruments							
Assets							
Cash and balances with treasury banks	0.70	3,885,612	3,885,612	–	–	–	–
Balances with other banks	1.42	1,081,208	1,081,208	–	–	–	–
Lendings to financial institutions	7.46	1,698,969	1,698,969	–	–	–	–
Investments	11.25	11,396,616	2,131,791	4,306,133	1,486,193	3,293,511	178,988
Advances	13.29	19,131,494	3,448,665	11,886,484	2,874,899	922,448	–
Other assets	–	2,904,196	675,640	–	–	–	2,228,556
		40,098,095	12,921,883	16,191,617	4,361,092	4,215,959	2,407,544
Liabilities							
Bills payable	–	305,558	305,558	–	–	–	–
Borrowings from financial institutions	8.46	6,709,054	5,214,719	1,494,335	–	–	–
Deposits and other accounts	7.32	30,207,324	5,205,584	22,571,340	1,970,386	460,014	–
Other liabilities	–	716,475	544,120	–	–	–	172,355
		37,938,411	11,269,981	24,065,675	1,970,386	460,014	172,355
On-balance sheet gap		2,159,684	1,651,902	(7,874,058)	2,390,706	3,755,945	2,235,189
Off-balance sheet financial instruments							
Forward lendings		–	–	–	–	–	–
Forward borrowings		–	–	–	–	–	–
Off-balance sheet gap		–	–	–	–	–	–
Total yield/interest risk sensitivity gap		2,159,684	1,651,902	(7,874,058)	2,390,706	3,755,945	2,235,189
Cumulative yield/interest risk sensitivity gap			1,651,902	(6,222,156)	(3,831,450)	(75,505)	2,159,684

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

The bank's interest rate risk is limited since the majority of customers' deposits are retrospectively re-priced on a biannual basis on the profit and loss sharing principles. Hence bank's exposure in three months to one year time as mentioned above has no impact on bank's results.

34. CURRENCY RISK

	2001			
	Assets	Liabilities	Off-balance sheet items*	Net foreign currency exposure
	Rupees '000			
Pakistan Rupee	37,308,667	28,726,522	(6,612,638)	1,969,507
United States Dollar	2,714,642	8,505,645	5,938,096	147,093
Great Britain Pound	37,743	654,382	643,788	27,149
Deutsche Mark	1,265	18,279	17,564	550
Japanese Yen	13,033	22,550	9,705	188
Euro	7,749	9,884	(3,590)	(5,725)
Other currencies	14,996	1,149	7,075	20,922
	40,098,095	37,938411	-	2,159,684

* The off balance sheet items have been valued at year end rates.

34.1 Currency risk arises from the fluctuation in the value of financial instrument consequent to the changes in foreign exchange rates. The bank manages this risk by setting and monitoring dealer, currency and counterparty limits for on and off balance sheet financial instruments.

Off balance sheet financial instruments are contracts the characteristics of which are derived from those of underlying assets. These include forwards and swaps in foreign exchange market. The bank's exposure in these instruments represents forward foreign exchange contracts on behalf of customers in import and export transactions and forward sales and purchases on behalf of customers in the inter-bank market. The risks associated with forward exchange contracts are managed by matching the maturities and fixing counter-party, dealers' intra-day and overnight limits.

The exposure of the bank to currency risk is also restricted by the statutory limit on aggregate exposure enforced by the State Bank of Pakistan.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

On-balance sheet financial instruments

	2001		2000	
	Book value	Fair value	Book value	Fair value
	Rupees '000			
Assets				
Cash balances with treasury banks	3,885,612	3,885,612	2,044,825	2,044,825
Balances with other banks	1,081,208	1,081,208	1,797,986	1,797,986
Lendings to financial institutions	1,698,969	1,698,969	2,260,315	2,260,315
Investments	11,396,616	11,662,540	4,874,700	4,887,899
Advances	19,131,694	19,287,613	15,242,317	15,207,963
Other assets	2,904,196	2,904,196	2,634,489	2,634,489
	40,098,095	40,520,138	28,854,632	28,833,477
Liabilities				
Bills payable	305,558	305,558	106,353	106,353
Borrowings from financial institutions	6,709,054	6,700,697	5,916,603	5,903,372
Deposits and other accounts	30,207,324	30,389,726	20,481,568	20,261,166
Other liabilities	716,475	716,475	632,006	632,006
	37,938,411	38,112,456	27,136,530	26,902,897

	2001		2000	
	Book value	Fair value	Book value	Fair value
	Rupees '000			
Off-balance sheet financial instruments				
Forward purchase of foreign exchange	7,915,502	7,915,502	6,007,135	6,007,135
Forward agreements for borrowing	-	-	-	-
Forward sale of foreign exchange	2,366,066	2,366,066	1,947,615	1,947,615
Forward agreements for lending	-	-	-	-

Investments

The fair value of investments is the market price. Where this information is not available, fair value has been calculated by discounting amounts of future cash flows using market interest rates.

Advances, borrowings from financial institutions and deposits

'The fair values are the amounts of future cash flows discounted at the market rates.

38. CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The bank has built-up and maintained a sound loan portfolio in terms of well-defined Credit Policy approved by the Board of Directors. It's credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Special attention is paid to the management of non-performing loans. A separate Credit Monitoring Cell (CMC) is operational at the Head Office. A "watchlist" procedure is also functioning which identifies loans showing early warning signals of becoming non-performing.

The bank constantly monitors overall credit exposure and takes analytical and systematic approaches to its credit structure categorized by group and industry. The credit portfolio is well diversified sectorally with manufacturing and exports accounting for the bulk of the financing which is considered to be low risk due to the nature of underlying security.

35.1 Segment by Class of Business

	2001					
	Advances		Deposits		Contingencies and Commitments	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Agribusiness	77	–	39,459	0.13	82,147	1.33
Automobiles & Allied	491,705	2.57	27,016	0.09	140,880	2.28
Cables / Electronics	5,880	0.03	23,786	0.08	22,478	0.36
Carpets	336,704	1.75	19,116	0.06	1,325	0.02
Cement	–	–	65,693	0.22	122,897	1.99
Chemicals / Pharmaceuticals	234,914	1.23	171,481	0.57	236,279	3.82
Engineering	177,092	0.93	405,726	1.34	138,082	2.23
Fertilizer	–	–	580,548	1.92	35,120	0.57
Food & Allied	242,513	1.27	492,588	1.63	106,531	1.72
Fuel / Energy	2,902,621	15.17	4,275,729	14.16	1,498,686	24.23
Ghee & Edible Oil	526,578	2.75	64,997	0.22	265,840	4.30
Glass & Ceramics	–	–	81,527	0.27	32,972	0.53
Hotel / Restaurants	2,997	0.02	3,948	0.01	6,143	0.10
Individuals	852,158	4.45	14,676,098	48.58	29,085	0.47
Insurance	–	–	24,896	0.08	172	0.00
Investment Banks / Scheduled Banks	170,000	0.89	136,015	0.45	–	–
Leasing	–	–	47,242	0.16	–	–
Leather products & Shoes	650,950	3.40	328,263	1.09	80,474	1.30
Modarabas	7,415	0.04	–	–	2,795	0.05
Paper & Board	82,685	0.43	39,668	0.13	23,451	0.38
Plastic products	5,648	0.03	3,819	0.01	15,025	0.24
Ready made garments	657,402	3.44	275,181	0.91	87,289	1.41
Real Estate / Construction	165,483	0.86	745,646	2.47	154,875	2.50
Rice processing & Trading	679,488	3.55	51,552	0.17	167,012	2.71
Rubber products	–	–	443	0.00	24,611	0.40
Services (other than financial hoteling)	13,765	0.07	530,725	1.76	3,200	0.05
Sports Goods	30,615	0.16	54,034	0.18	–	–
Sugar	699,520	3.66	72,810	0.24	25,044	0.41
Surgical equipment / Metal products	31,807	0.17	14,785	0.05	3,652	0.06
Synthetic & Rayon	782,467	4.09	82,477	0.27	184,765	2.99
Textile	4,921,843	25.73	1,060,139	3.51	1,116,250	18.05
Transport & communication	199,031	1.04	466,331	1.54	148,601	2.40
Travel agencies	237	0.00	22,166	0.07	3,388	0.05
Woolen	993	0.01	18,893	0.06	–	–
Others	4,258,908	22.26	5,304,527	17.57	1,425,438	23.05
	19,131,494	100.00	30,207,324	100.00	6,184,507	100.00

35.2 Segment by Sector

Public / Government	2,460,626	12.86	4,314,628	14.28	1,449,436	23.44
Private	16,670,868	87.14	25,892,696	85.72	4,735,071	76.56
	19,131,494	100.00	30,207,324	100.00	6,184,507	100.00

37. GEOGRAPHICAL SEGMENT ANALYSIS

	2001			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees '000			
Pakistan	524,164	40,098,095	2,159,684	6,184,507
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	524,164	40,098,095	2,159,684	6,184,507

There are no intra group items.

	2001	2000
	Rupees '000	

38. RELATED PARTY TRANSACTIONS

38.1 Current account/Borrowings

Balance at beginning of the year	219,822	393,546
Net movement	(127,316)	(173,724)
Balance at the end of the year	92,506	219,822

These accounts are of current nature which are subject to variations.

38.2 Deposits/Placements

Balance at beginning of the year	540,720	405,540
Placements during the year	18,186,488	23,859,174
Withdrawal during the year	(17,740,216)	(23,784,075)
Balance at the end of the year	986,992	480,639

38.3 Mark-up/Interest earned	43,667	6,620
38.4 Mark-up/Interest expensed	55,437	15,831

38.5 There are no loans and advances to directors and related parties.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on Feburary 13, 2001 by the Board of Directors of the bank.

40. CORRESPONDING FIGURES

These accounts have been presented in accordance with the revised forms of Accounts and Balance Sheet issued by SBP under BSD Circular No. 36 dated October 10, 2001. These forms require additional disclosures which needed certain reclassifications and rearrangements therefore corresponding figures have been reclassified and rearranged for comparison purposes.

Chief Executive Officer | Director | Director | Chairman

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROV

S.No.	Name and address of the borrower	Name of individuals / partners / directors with N.I.C. # *	Father's name / Husband's name *	O Principal
1	2	3	4	5
1	Al-Farooq Autos	Noor Elahi Sheikh	Sheikh Mohammad Farooq	620,824
2	Al-Safa International	Idrees	Ismail	1,171,016
3	Al-Farooq Steel Industries	Nasir Farooq	Sheikh Mohammad Farooq	517,524
4	Universal Business Equipments 1st Floor Trade Center, I.I.Chundrigar Road, Karachi	Salahuddin Ahmed N.I.C. # 517-86-054867 Mumazza Ahmed N.I.C. # 451-50-219510 Sohail Ahmed N.I.C. # N/A Shamim Shujah N.I.C. # 601-42-302853	Abdul Rasheed W/o Salahuddin Ahmed Salahuddin Ahmed D/o Abdul Rasheed	4,057,952
5	Bhatti Exporters (Pvt) Ltd. 60-B, Jail Road, Lahore	Ashiq Mohammad Bhatti N.I.C. # 276-32-110230 Nadeem Tariq Bhatti N.I.C. # N/A Naeem Tariq Bhatti N.I.C. # N/A Sohail Mahmood Bhatti N.I.C. # 276-59-059393 Raheel Mahmood Bhatti N.I.C. # 276-60-059394 Khalid Mahmood Bhatti N.I.C. # 276-55-059398	Haji Allah Din Ashiq Mohammad Bhatti Ashiq Mohammad Bhatti Ashiq Mohammad Bhatti Ashiq Mohammad Bhatti Ashiq Mohammad Bhatti	5,028,419
6	Robert Orient Exports Int'l Baghwandas Bldg. Tufail Road Lahore	Robert Dass Faith Robert Dass N.I.C. # 277-41-282580	S. Dass w/o Robert Dass	1,127,240
7	D.M.Textile Mills Ltd. P.O.Box No.54 Rawalpindi	Mian Habib Ullah N.I.C. # 246-90-011850 Mian Mohammad Saleem Omer N.I.C. # 246-85-084916 Mian Naeem Omer N.I.C. # 246-87-133613	Mian Mohammad Omer Mian Mohammad Omer Mian Mohammad Omer	4,280,000
				16,802,975

* As available in the records of the bank

IDED DURING THE YEAR ENDED DECEMBER 31, 2001

ANNEXURE 1

utstanding liabilities at beginning of year			Principal written-off	Interest / Mark-up written-off	Other financial relief provided	Total (9+10+11)
Interest / Mark-up	Others	Total				
6	7	8	9	10	11	12
-	-	620,824	620,824	-	-	620,824
726,016	-	1,897,032	1,171,016	726,016	-	1,897,032
-	-	517,524	517,524	-	-	517,524
-	366,182	4,424,134	1,923,535	-	-	1,923,535
-	-	5,028,419	3,677,819	-	-	3,677,819
-	-	1,127,240	577,240	-	-	577,240
-	1,101,034	5,381,034	2,742,674	-	-	2,742,674
726,016	1,467,216	18,996,207	11,230,632	726,016	-	11,956,648

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