

Bank Al Habib Limited
Annual Report 1996

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Board of Directors

Chairman

Hamid D. Habib

Chief Executive & Managing Director

Abbas D. Habib

Directors

Mohammad Usman Kushtiwala*

Habib Mohamed D. Habib

Ali Raza D. Habib

Faiz N. Abdulali

Imran Azim

Asghar D. Habib

Anwar Haji Karim

Liaquat H. Merchant

Mehr A. Bartas

Qumail R. Habib*

Murtaza H. Habib

* Denotes Executive Director

Company Secretary

Mahmood S. Allarakhia

Registered Office and Head Office

126-C, Old Bahawalpur Road,
Multan.
Phones: (92-61) 580314-16, 544539
& 111-786-110
Fax: (92-61) 582471
Telex: 42336 ALHML PK

Principal Office
Mackinnons Building,
1. I. Chundrigar Road, Karachi.
Phones: (92-21) 2412986-89, 2417065-68
& 111-786-110
Fax: (92-21) 2419752
Telex: 21285 ALFTAB PK

Branch Network

Karachi

Main Branch

Mackinnons Building, I.I. Chundrigar Road.
Phones: (92-21) 2412986-89, 2417065-68 &
& 111-786-110
Fax: (92-21) 2419752, 2425423 & 2412028
Telex: 21286 ALHAB PK

Shahrah-e-Faisal Branch

20-A-1, Block 6, P.E.C.H.S., Shahrah-e-Faisal.
Phones: (92-21) 4530140-42
Fax: (92-21) 4530143

Gulshan-e-Iqbal Branch

B-39, AI-Shams Centre, Block 13-A,
University Road, Gulshan-e-Iqbal.

Phones: (92-21) 4989161-63

Fax: (92-21) 4989164

Zamzama Branch

16-C, Commercial Lane 3,
Phase V, Zamzama Boulevard,
Defence Housing Authority.

Phones : (92-21) 5863986, 5861804, 5861863
& 5861407

Fax : (92-21) 5863914

S.I.T.E. Branch

E/76, S.S. Chambers, S.I.T.E.

Phones : (92-21) 2571710-11 & 2571521

Fax : (92-21) 2571522

Bahadurabad Branch

Central Commercial Area, B.C.H.S.,
Bahadurabad.

Phones : (92-21) 4915803-5

Fax : (92-21) 4915802

Quetta

Mannan Chowk, M.A. Jinnah Road.

Phones: (92-81) 844125, 844131

& 111-786-110

Fax: (92-81) 844125

Nawabshah

Masjid Road.

Phones: (92-241) 62738 & 62854

Fax: (92-241) 62737

Lahore

Main Branch

87, Shahrah-e-Quaid-e-Azam.

Phones: (92-42) 6305042-46 & 111-786-110

Fax: (92-42) 6368864

Telex: 44610 BAHLR PK

Garden Town Branch

Awami Complex, 1-4 Usman Block,
Front Block V, New Garden Town.

Phones: (92-42) 5869365-69

Fax: (92-42) 5869370

Gulberg Branch

3-E, Block E, Ground Floor,
Main Market, Gulberg II.

Phones: (92-42) 5762502 & 5754586

Fax : (92-42) 5762501

Multan

126-C, Old Bahawalpur Road.

Phones: (92-61) 544539,

580314-16 & 111-786-110

Fax: (92-61) 582471

Telex: 42336 ALHML PK

Faisalabad

Bank Square, Outside Kutchery Bazar.

Phones: (92-411) 637301-3 & 111-786-110

Fax: (92-411) 614266

Telex: 43528 ALHAB PK

Sialkot

Paris Road.

Phones: (92-432) 592747,

86055 & 111-786-110

Fax: (92-432) 592747. Telex: 46426 ALHAB PK

Peshawar

105-106, F.C. Trust Building,

Sonehri Masjid Road.

Phones : (92-521) 279814, 279856,

279859 & 111-786-I 10

Fax: (92-521) 279861

Islamabad

90-91, Razia Sharff Plaza,

Jinnah Avenue, Blue Area.

Phones: (92-51) 270881-4, 277928 &

111-786-110

Fax: (92-51) 270885

Telex: 54726 BAHID PK

Rawalpindi

M-101-A, Midjac House, Bank Road,

Rawalpindi Cantt.

Phones: (92-51) 519936-38

Fax: (92-51) 519939

Mirpur (Azad Kashmir)

82-A/B, Allama Iqbal Road, Sector B-4.

Phone: (92-58) 24726

Fax: (92-58) 24766

Dinga

Opp. Civil Hospital.

Phone: (92-43317) 2737

Fax: (92-43317) 2737

Gujrat

Ground Floor, Soufi Hotel, G.T. Road.

Phones:(92-4331) 525623, 525624,

525627 & 111-786-110

Fax : (92-4331) 525628

Sahiwal

271, Block-2,

High Street (Jinnah Road).

Phones: (92-441) 66021 & 67021

Fax: (92-441) 66021

Sheikhupura

B-IX-64-95/A,

Sarghoda Road.

Near Sharif Plaza.

Phones: (92-4931) 612906 & 111-786-1

Fax: (92-4931) 612877

Notice of Annual General Meeting

Notice is hereby given that the Sixth Annual General Meeting of Bank AL Habib Limited will be held at the Registered Office of the Company located at 126-C, Old Bahawalpur Road, Multan, on Wednesday, March 12, 1997, at 12:30 p.m., to transact the following business:

1. To receive and adopt the audited Accounts of the Bank for the year ended December 31, 1996, together with the Directors' and Auditors' Reports thereon.
2. To approve payment of cash dividend @ 15% i.e. Rs. 1.50 per share of Rs. 10 each for the year ended December 31, 1996 as recommended by the Directors.
3. To approve the issue of bonus shares as recommended by the Directors and in this regard to pass the following Ordinary Resolutions:

"RESOLVED that a sum of Rs. 30,000,000 (Rupees thirty million only) out of current year's profit be capitalized and distributed by issuing 3,000,000 fully paid ordinary shares of Rs 10 each as bonus shares in the proportion of one share for every ten shares held, to those members whose names appear in the register of members on March 12, 1997 and that the shares so distributed shall be treated for all purposes as an increase in the paid-up capital of the Company.

FURTHER RESOLVED that the bonus shares so distributed shall rank pari passu in all respects with the existing shares of the Company except that they shall not qualify for dividend for the year ended December 31, 1996.

FURTHER RESOLVED that in the event of any member holding shares which are not an exact multiple of ten, the Directors be and are hereby authorized to sell in the stock market such fractional entitlement and to pay the proceeds of sale when realized to a charitable institution.

FURTHER RESOLVED that the Directors be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of 3,000,000 shares."

4. To appoint Auditors for the year 1997 and to fix their remuneration. Messrs Hyder Bhimji & Company, Chartered Accountants, being eligible offer themselves for reappointment.
5. To consider any other business of the Company with the permission of the Chair.

By order of the Board

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy must be a member of the Company. Proxy forms in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
2. The share transfer books of the Company will remain closed from Wednesday, February 26, 1997, to Wednesday, March 12, 1997, both days inclusive.
3. Members are requested to promptly communicate to the Company any change in their address.

Directors' Report

The Board of Directors is pleased to present to you the Annual Report of the Bank for the year ended December 31, 1996.

The operating results and appropriations as recommended by the Board of Directors are as follows:

	Rupees
Profit for the year before taxation	343,435,079
Taxation	(188,000,000)

	155,435,079
Donations	(2,475,000)

Profit for the year after Tax	152,960,079
Unappropriated Profit brought forward	5,515,189

Profit available for Appropriation	158,475,268
Appropriations:	
Transfer to Reserve Fund	69,000,000
Transfer to Special Reserve	14,000,000
Proposed - Fully paid Bonus Shares in the ratio of 10 Ordinary Shares for every 100 shares held	30,000,000
- Cash Dividend @ 15% i.e. Rs. 1.50 per share of Rs. 10 each	45,000,000

	(158,000,000)

Unappropriated Profit carried forward	475,268
	=====

Performance Review

By the Grace of Allah, the Bank has continued to maintain satisfactory growth in all areas of its operations as indicated below:

(Rs. in Millions)

	Dec. 31, 1996	Dec. 31, 1995	Increase over 1995	
	Amount	Amount	Amount	%
Pre-Tax Profit	343.40	257.30	86.10	33.40
Post-Tax Profit	152.90	127.40	25.50	20.00
Capital and Reserves	718.00	605.00	113.00	18.60
Total Customers' Deposits	8,572.50	6,353.40	2,219.10	34.90
Total Advances	5,663.70	4,253.60	1,410.10	33.10
Foreign Trade Business	17,320.30	12,868.00	4,452.30	34.60

The Bank's policy continues to be to safeguard the interests of depositors, formulate prudent lending policies, steadily consolidate the capital base and to provide best possible services to our customers.

During the year under review, deposits have increased by Rs. 2,219.1 Million i.e. by 34.9% while total advances have increased by Rs. 1,410.1 Million i.e. 33.1% as compared to the previous year. The Bank continues to follow a prudent credit policy with emphasis on short term trade related lending.

Overall Foreign Trade business handled by the Bank during the year was Rs. 17,320.3 Million as compared to Rs. 12,868.0 Million in 1995.

Inshallah, we are hopeful that the Bank will continue to maintain a steady growth in 1997.

Branch Network

During the year, two new branches were added, bringing the total number of branches to 22. All these branches are fully automated and providing full range of banking services.

Directors

The following changes have taken place on the Board of Directors since the last report:

Mr. Mansoor G. Habib, resigned with effect from July 8, 1996 from the Board of Directors of the Company. The Board while accepting the resignation with regret, acknowledges the services rendered by him as a Director with the Bank.

To fill up the casual vacancy which occurred among the directors due to the resignation of Mr. Martsocr G. Habib, Mr. Mehr A. Barias, an eminent banker who has over 40 years of banking experience, was appointed as Director of the Bank.

Pattern of Shareholdings

The statement of pattern of shareholdings of the Bank as at December 31, 1996, is shown on page 18.

Auditors

Our present auditors, Messrs Hyder Bhimji & Company, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

General

We are grateful to our customers for their support, to the State Bank of Pakistan for their continued guidance and to our foreign and local correspondent banks for their valuable services. We also thank all our staff members for their sincere and dedicated services, which enabled the Bank to achieve these results.

On Behalf of the Board of Directors

HAMID D. HABIB

Chairman

Karachi: January 25, 1997.

Balance Sheet as at December 31, 1996

	Rupees	
	1996	1995
CAPITAL AND LIABILITIES		
Authorized Capital		
60,000,000 Ordinary Shares of Rs. 10 each	600,000,000	600,000,000
Issued, Subscribed and Paid-up Capital		
30,000,000 Ordinary Shares of Rs. 10 each issued for cash	300,000,000	300,000,000
Reserve Fund and other Reserves	418,000,000	305,000,000
Deposits and other Accounts		
Fixed Deposits	3,973,587,917	2,866,811,326
Saving Deposits	3,311,429,265	2,273,847,225
Current Accounts, Contingency Accounts, etc.	1,287,507,718	1,212,693,664
	8,572,524,900	6,353,352,215
Borrowings from other Banks, Agents, etc.		
In Pakistan	1,269,067,000	9,066,000
Outside Pakistan	-	-
	-----	-----
	1,269,067,000	9,066,000
Particulars of above:		
Secured against Export Refinance Facilities obtained from the State Bank of Pakistan	1,269,067,000	9,066,000
Unsecured	-	-
CARRIED FORWARD	10,559,591,900	4,418,215
PROPERTY AND ASSETS		
Cash		
On hand and with State Bank of Pakistan and National Bank of Pakistan (including foreign currency notes)	2,117,051,052	1,783,180,618
Balances with other Banks		
In Pakistan - on current account	9,684,602	6,489,175
Outside Pakistan - on current account	32,108,891	221,757,475
	-----	-----
	41,793,493	228,246,650
Money at Call and Short Notice	300,000,000	200,000,000

Investments at Cost

(i) Securities of the Federal and Provincial Governments	959,607,296	1,084,900,850
(ii) Federal Government Treasury Bills/Short Term Federal Bon	1,494,000,000	1,628,786
(iii) Fully paid Ordinary Shares	-	47,720,000
(iv) Other Investments	35,461,017	32,059,198

(Market value of investments Rs. 2,608,231,364 - 1995: Rs. 2,047,506,672)	2,489,068,323	2,055,308,834

Advances

(Other than bad and doubtful debts for which provision has been made to the satisfaction of the auditors)

(i) Loans, Cash Credits, Overdrafts, etc. In Pakistan	4,733,942,545	4,859,897
Outside Pakistan	-	-

	4,733,942,545	4,859,897
(ii) Bills Discounted and Purchased Payable in Pakistan	45,944,587	18,951,985
Payable outside Pakistan	883,834,558	869,823,807

	929,779,145	888,775,792

	5,663,721,690	4,253,635,689
CARRIED FORWARD	10,611,634,545	5,203,371,791

CAPITAL AND LIABILITIES

BROUGHT FORWARD	10,559,591,900	4,418,215
Bills Payable	190,660,439	534,151,901

Bills for Collection being Bills Receivable as per contra

Payable in Pakistan	102,239,151	40,456,269
Payable Outside Pakistan	1,556,543,465	1,032,036,472

	1,658,782,616	1,072,492,741

Other Liabilities

Provision for Taxation	188,000,000	127,714,586
Proposed Dividend	45,000,000	45,000,000
Fund Management Liabilities	166,413,825	157,196,967
Others (including inter-branch adjustment of Rs. 227,310 - 1995: Rs. 187,677)	249,042,487	170,188,014

	648,456,312	500,099,567

Acceptances, Endorsements & other Obligations as per contra

	1,658,226,127	334,958,732
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Profit and Loss

Profit for the Year before Tax	343,435,079	257,391,234
Less: Taxation	(188,000,000)	(127,770,044)

	155,435,079	129,621,190
Less: Donations	(2,475,000)	(2,175,000)

	152,960,079	127,446,190
Add: Unappropriated Profit brought forward	5,515,189	68,999

Profit Available for Appropriation	158,475,268	127,515,189

Appropriations:

Transfer to Reserve Fund	(69,000,000)	(51,500,000)
Transfer to Special Reserve	(14,000,000)	(25,500)

Transfer to Reserve for issue of Bonus Shares	(30,000,000)	-
Cash Dividend	(45,000,000)	(45,000,000)

	(158,000,000)	(122,000,000)
Unappropriated Profit carried forward	475,268	5,515,189
CARRIED FORWARD	14,716,192,662	394,636,345
	Rupees	
	1996	1995
PROPERTY AND ASSETS		
BROUGHT FORWARD	10,611,634,545	20,371,791
Particulars of Advances;		
(i) Debts considered good in respect of which the bank is fully secured	5,663,721,620	253,601,203
(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	-	34,486
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors.	-	-
(iv) Debts considered doubtful or bad not provided for	-	-

	5,663,721,620	253,635,689
(v) Debts due by the directors or officers of the Bank or any of them either severally or jointly with any other persons	4,088,299	87,500
(vi) Debts due by the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or in the case of private companies, as members	248,162,274	-
(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the Bank or any of them, either severally or jointly with any other persons	4,166,484	246,730
(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or in the case of private companies, as members	257,118,887	-
(ix) Due from other banking companies	-	-

CARRIED FORWARD	10,611,634,545	20,371,791
	Rupees	
	1996	1995
CAPITAL AND LIABILITIES		
BROUGHT FORWARD	14,716,192,662	394,636,345
Contingent Liabilities		
(i) Claims against the Bank not acknowledged as debts	-	-
(ii) Guarantees issued on behalf of directors or officers of the Bank	-	-
(iii) Guarantees issued by the Bank (included under Acceptances, Endorsements and other Obligations as per contra) in favour of:		
- Government	188,456,765	210,721,970
- Banks and other Financial Institutions	75,472,674	174,166,772

- Others	80,216,398	84,231,637
(iv) Bills of Exchange Rediscounted	122,139,860	354,230,062
(v) Outstanding Forward Exchange Contracts	7,958,580,901	1,672,127,206
(vi) Others	-	26,393,161
	-----	-----
TOTAL RUPEES	14,716,192,662	394,636,345
	=====	=====

The annexed Notes form an integral part of these accounts.

	Rupees	
	1996	1995
PROPERTY AND ASSETS		
BROUGHT FORWARD	10,611,624,545	520,371,791
Bills Receivable being Bills for Collection as per contra		
Payable in Pakistan	102,239,151	40,456,269
Payable outside Pakistan	1,556,543,465	1,032,036,472
	-----	-----
	1,658,782,616	1,072,492,741
Constituents' Liabilities for Acceptances, Endorsements and other Obligations as per contra	1,658,226,127	1,334,958,732
Premises		
Balance as per last Balance Sheet	35,667,871	3,667,871
Net Additions during the year	52,088,850	32,000,000
	-----	-----
	87,756,721	35,667,871
Less: Accumulated Depreciation	(8,321,411)	(2,150,181)
	-----	-----
	79,435,310	33,517,690
Furniture and Fixtures		
Balance as per last Balance Sheet	34,616,057	17,809,753
Net Additions during the year	17,495,950	16,806,304
	-----	-----
	52,112,007	34,616,057
Less: Accumulated Depreciation	(16,195,971)	(9,674,933)
	-----	-----
	35,916,036	24,941,124
Other Assets		
(i) Stationery and Stamps on Hand	8,556,257	5,680,475
(ii) Profit Accrued on Investments, Mark-up on Advances and other Income Receivable	201,689,247	97,060,234
(iii) Advance Deposits and Advance Rent	16,266,768	30,393,146
(iv) Renovation and Development Expenses and Prepaid Expenses	77,901,617	55,267,148
(v) Income Tax Deducted at Source and Paid in Advance	155,260,795	51,811,509
(vi) Fund Management Assets	166,413,825	157,196,967
(vii) Branch Adjustments	-	-
(viii) Others	46,109,516	10,944,788
	-----	-----
	672,198,025	408,354,267
Non-Banking Assets Acquired in Satisfaction of Claims	-	-
	-----	-----
TOTAL RUPEES	14,716,192,662	394,636,345
	=====	=====

Profit and Loss Account for the year ended December 31, 1996

	Rupees	
	1996	1995
EXPENDITURE		

Interest paid on Deposits, Borrowings, etc. and/or Return*	819,813,988	582,040,759
Salaries and Allowances (Salaries and Allowances paid to Chief Executive 1996: Rs. 1,420,000 - 1995: Rs. 1,420,000)	85,126,432	63,422,397
Directors' and Local Committee Members' Fee and Allowances	9,000	7,000
Rent, Taxes, Insurance, Lease Rentals, Lighting, etc.	52,932,914	39,042,290
Legal and Professional Charges	1,002,345	298,171
Postage, Telephone, Telegrams and Stamps	5,705,570	4,208,405
Auditors' Fee	100,000	100,000
Depreciation on Fixed Assets, Repairs and Maintenance	30,175,993	19,047,683
Stationery, Printing, Advertisement, etc.	8,308,291	6,755,509
Loss from Sale of or Dealing with Non-Banking Assets	-	-
Other Expenditure	25,799,236	17,202,085
Profit for the Year before Taxation	343,435,079	257,391,234
	-----	-----
TOTAL RUPEES	1,372,408,848	999,515,533
	=====	=====

*Return means income from, or as the case may be, paid on non-interest bearing accounts.
The annexed Notes form an integral part of these accounts.

INCOME

(Less provisions made during the year for
bad and doubtful debts and other usual or
necessary provisions)

Interest and Discount and/or Return*	1,114,334,023	823,307,392
Commission, Exchange and Brokerage	250,090,746	159,198,062
Rents	-	-
Net Profit on Sale of Investments and Fixed Assets	1,245,891	209,755
Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	-	-
Other Receipts	6,738,200	6,800,324
	-----	-----
TOTAL RUPEES	1,372,408,848	999,515,533
	=====	=====

Notes to the Accounts for the year ended December 31, 1996

1. STATUS AND NATURE OF BUSINESS

The Bank was incorporated in Pakistan on October 15, 1991, as a public limited company and is principally engaged in the business of commercial banking.

2. BASIS OF PRESENTATION:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

Accounting Convention

These accounts have been prepared under the historical cost convention.

Investments

Investments are stated at cost, less provisions, if any, for permanent diminution in its value. Profit or loss on sale of investments are dealt with through the profit and loss account in the year in which they arise.

Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged by using the straight line method during the estimated useful life of the assets. Half year's depreciation is charged on Fixed Assets purchased or disposed of during the year. Maintenance and normal repairs are charged to income as and when incurred. Gains or loss on sale of fixed assets are treated as revenue items.

Taxation

Provision for taxation is based on taxable income at the current rates of taxation after taking into account applicable exemptions and rebates, as permissible under the Income Tax Ordinance, 1979.

As an allowable deduction under section 23 (1) (ix) of the Income Tax Ordinance, 1979, the Bank has transferred Rs. 14,000,000 (1995: Rs. 25,500,000) to Special Reserve. The Central Board of Revenue has not granted approval for the creation of this Reserve, against which an appeal is being submitted.

The Bank has not made provision for deferred tax amounting to Rs. 69,200,000 (1995: Rs. 28,500,000) arising due to the timing differences as the management is of the opinion that the timing differences are not likely to reverse in the near future.

Foreign Currencies

Assets and liabilities in foreign currencies have been translated into rupees at the rate of exchange approximating those ruling at the balance sheet date except those covered by forward exchange contracts which are converted at contracted rates. Exchange gains and losses have been accounted for in the current year's income.

Operating Lease

Lease rentals payable on assets held under operating lease are charged to profit and loss account for the year.

4. RESERVE FUND AND OTHER RESERVES:

	Rupees	
	1996	1995
Statutory Reserve Fund	206,500,000	137,500,000
Special Reserve	81,500,000	67,500,000
General Reserve	100,000,000	100,000,000
Reserve for issue of Bonus Shares	30,000,000	-

Total	418,000,000	305,000,000
	=====	

5. CASH:

This includes balance of Rs. 1,269,067,000 (1995: Rs. 919,903,000) with State Bank of Pakistan in Special Deposit Account under Export Refinance Scheme.

6. COMMITMENTS:

6.1 Commitments for rentals amounting to Rs.43,579,947 (1995: Rs. 22,528,935) under lease agreements are outstanding in respect of motor vehicles and office equipment payable during the years 1997 to 2000.

6.2 The bank enters into transactions of repurchase (repo) or resale (reverse repo) of government securities at contracted rates for specified periods of time. As a consequence thereof, at year end, securities of the face value of Rs. 581,000,000 (1995: Rs. 8,700,000) under repurchase commitments have been deleted from investments and securities of the face value of Rs. NIL (1995: Rs. 460,000,000) under resale commitments have been included under Investments.

7. COMPARATIVE FIGURES:

Previous year's figures have been rearranged, wherever necessary, to facilitate comparison.

Auditors' Report to the Members

We have audited the annexed Balance Sheet of Bank AL Habib Limited as at December 31, 1996, and the related Profit and Loss Account together with the notes forming part thereof for the year then ended, in which

are incorporated certified returns from all the branches which have been audited by us and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 Bank AL Habib Limited as required by the Companies Ordinance, 1984, and the returns referred to above received from the branches have been found adequate for the purposes of our audit;

(b) in our opinion:

i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962, and the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

iii) the business conducted, investments made and 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 and the Profit and Loss Account together with the notes forming part thereof give the information required by the Banking Companies Ordinance, 1962, and the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 1996, and its true balance of the profit for the year then ended;

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

Pattern of Shareholdings as at December 31, 1996

Number of Shareholders	Size of Shareholding (Rs. 10 each)		Total Shares held
285 From	1	To 100	28,500
4,586 From	101	To 500	2,218,000
257 From	501	To 1,000	247,500
276 From	1,001	To 5,000	759,250
95 From	5,001	To 10,000	861,300
33 From	10,001	To 15,000	429,960
31 From	15,001	To 20,000	594,700
14 From	20,001	To 25,000	339,700
24 From	25,001	To 30,000	717,140
1 From	30,001	To 35,000	33,300
14 From	35,001	To 40,000	544,100
1 From	40,001	To 45,000	43,400
6 From	45,001	To 50,000	297,200
2 From	50,001	To 55,000	104,300
1 From	55,001	To 60,000	60,000
1 From	65,001	To 70,000	70,000
3 From	75,001	To 80,000	238,000
1 From	80,001	To 85,000	83,300
3 From	95,001	To 100,000	300,000
1 From	105,001	To 110,000	107,900
2 From	110,001	To 115,000	225,000
1 From	115,001	To 120,000	120,000
8 From	120,001	To 125,000	1,000,000
1 From	130,001	To 135,000	130,900
2 From	155,001	To 160,000	311,800
3 From	175,001	To 180,000	540,000
2 From	195,001	To 200,000	399,400
1 From	205,001	To 210,000	209,900
1 From	235,001	To 240,000	237,250
13 From	245,001	To 250,000	3,250,000

1 From	265,001	To	270,000	269,000
1 From	280,001	To	285,000	280,900
3 From	300,001	To	305,000	905,900
2 From	395,001	To	400,000	800,000
3 From	495,001	To	500,000	1,499,000
1 From	555,001	To	560,000	555,500
1 From	580,001	To	585,000	580,800
2 From	605,001	To	610,000	1,212,300
1 From	630,001	To	635,000	630,900
1 From	980,001	To	985,000	980,900
1 From	1,525,001	To	1,530,000	1,525,200
1 From	6,255,001	To	6,260,000	6,257,800

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5,687	30,000,000
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Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Individuals	5,628	17,026,850	56.76
Investment Companies	5	321,400	1.07
Insurance Companies	4	1,739,100	5.80
Joint Stock Companies	21	1,972,050	6.57
Financial Institutions	14	7,936,500	26.46
Modaraba Companies	5	141,400	0.47
Foreign Companies	8	719,300	2.40
Co-operative Society	1	100,000	0.33
Charitable Trust	1	43,400	0.14
Others	-	-	-
TOTAL:	5,687	30,000,000	100.00