

Bolan Bank Limited

Annual Report 1997

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Javed Yunus
Chairman

Mr. Mirza Ghulam Mustafa
Vice Chairman

Mr. Pervez Yunus
Mr. Naved Yunus
Mr. Maheen Yunus
Mrs. R.J. Yunus
Mrs. S.P.Yunus
Mrs. Arabteen Naved Yunus
Mrs. Najmus Sehar Mustafa
Mr. Mirza Ghulam Mujtaba
Mr. Syed Ijaz Hussain Shah
Mr. Ziaul Hasan Laj
Mr. A.K.M. Sayeed (NIT Nominee)

SECRETARY

Mr. Shabbir Ali Kanchwala

MANAGEMENT

Mr. Syed Ijaz Hussain Shah
President & Chief Executive

Mr. Ziaul Hasan Laj
Managing Director

AUDITORS

Taseer Hadi Khalid & Co.
Chartered Accountants

Taher Moochhala & Co.
Chartered Accountants

SHARE REGISTRARS

Bema Associates (Private) Limited
515, Qamar House,
M.A. Jinnah Road, Karachi.

CHAIRMAN'S REVIEW

It is a pleasure for me to present to you the 6th Annual Report of Bolan Bank Limited for the year ended December 31, 1997.

Performance Review

Our Bank continued to make satisfactory progress on sound footing in all areas of its operation despite unprecedented recession in our economy during the year under review. Under the circumstances, your bank adopted a cautious approach with strict monitoring of its risk assets, care in deployment of funds and controlled expenses.

The highlights of your Bank are as follows:-

	(Rupees in Million)			
	1997	1996	Increase/ (Decrease)	% age
1. Paid up Capital	322.500	300.000	22.500	7.50
2. Shareholders Equity	442.453	407.236	35.217	8.64
3. Total Assets	6507.429	4055.544	2451.885	60.46
4. Deposits	5761.170	3445.099	2316.071	67.22
5. Advances	3139.256	1974.338	1164.918	59.00
6. Investments	1440.842	660.738	780.104	118.06
7. Import/Export Business	2268.000	2936.000	(668.000)	(22.75)
8. Pre- Tax Profit	70.217	88.130	(17.913)	(20.32)

During the year under review, deposits have increased by Rs. 2,316.071 Million i.e. by 67.22% total advances have increased by Rs. 1,164.918 Million i.e. 59% and total investments have increased by Rs.780.104 Million i.e. 118.06% as compared to the previous year. Under the present circumstances a pretax profit of 70.217 Million for the year 1997 showing a decrease of 20.32% is due to fall in our foreign trade business by Rs. 668 Million i.e. 22.75% as compared to the previous year as it has been the main business of our Bank.

Further, we have issued bonus shares @ 7.5% per share to our shareholders during the year as a result of which paid up capital has increased by RS.22.500 Million making total to RS.322.500 Million.

Inshallah, we are hopeful that the Bank will be able to improve its growth in 1998 subject to upturn in import and export trade of the country.

Branch Network

The key branches of the bank are acquired in strategic and thriving markets on ownership basis giving a boost to the assets structure of the bank. The long term expansion programme of our branch network is the indispensable factor in' widening our scope of commercial banking activities across the country through all stratas of the population. By the grace of "Almighty Allah" today in respect of branch network, Bolan Bank is leading among new commercial banks with 50 branches all across the country. All these branches are fully automated/computerized and providing full range of banking services. Customers service and convenience is on top of our priorities. It is our organizational commitment to facilitate our client with zeal enthusiasm, respect and financial integrity.

Gratitude

I wish to place on record my sincere thanks to all our Account Holders for their wholehearted support and confidence in our bank. I would also like to appreciate the hard work devotion and commitment of all our Executives, Officers and staff who are running this bank.

I would also like to express my deepest gratitude and thanks to the Ministry of Finance and the State Bank of Pakistan for the invaluable guidance and support available at all times to run our Bank within the frame work of the Prudential Regulations and on sound financial lines.

May Allah Almighty bless you all.

Quetta: March 09,1998.

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors are pleased to present the 6th Annual Report of the bank together with Audited Accounts and Auditors' Report thereon for the year ended December 31, 1997. The Bank's financial results are as follows:-

	(Rupees)
Profit for the year before taxation	70,216,631
Taxation	
Current	32,000,000
Deferred	3,000,000

	35,000,000

Profit after taxation	35,216,631
Unappropriated Profit brought forward	136,207

Profit available for appropriation	35,352,838

Transfer to statutory reserve	7,100,000
Transfer to revenue reserve	28,000,000

	35,100,000

Balance carried forward	252,838
	=====
Earning per share (Before tax)	2.18
	=====

Auditors

The retiring auditors M/s Taseer Hadi Khalid & Co. Chartered Accountants and M/s Taher Moochhala & Co. Chartered Accountants being eligible, offer themselves for re-appointment.

Pattern Of Share Holding

A statement showing the pattern of share holding of the company as at December 31, 1997 is annexed with the report.

Thanks

The Board thanks all Executives, Officers and Staff of our Bank for their loyalty and dedicated services to implement our Bank's policies to make Bolan Bank a truly progressive, strong and dependable Financial Institution.

Quetta: March 09, 1998.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Bolan Bank Limited as at 31 December, 1997 and the related profit and loss account and cash flow statement together with the notes forming part thereof, for the year then ended, in which are incorporated the unaudited certified returns from the branches excepts for thirteen branches which have been audited by us arid, we state that we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, found them satisfactory and, we report that:

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

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

the business conducted, investments made and the expenditure incurred during the iii) year, were in accordance with the objects of the Bank and 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 and cash flow statement together with the notes forming part thereof, give the information required by the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 1997 and its true balance of the profit for the year then ended; and

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

Karachi:
Date : March 09, 1998

Balance sheet

As at 31 December. 1997

	Notes	1997	1996
Assets			
Cash	4	953,606,568	683,140,433

Balances with other banks	5	62,186,293	80,767,505
Money at call and short notice			135,000,000
Investments	6	1,440,841,975	660,738,000
Advances net of provision	7	3,139,255,693	1,974,338,413
Operating fixed assets	8	368,138,120	213,356,670
Capital work in progress	9	149,661,066	130,998,858
Net investment in finance lease			
Other assets	10	393,739,560	177,204,288
		-----	-----
		6,507,429,275	4,055,544,167

Liabilities

Deposits and other accounts	11	5,761,170,061	3,445,098,602
Borrowings from other banks, agents, etc.	12	94,133,936	57,662,000
Bills Payable		135,105,050	77,676,888
Other liabilities	13	71,567,390	67,870,470
Liability against assets subject to finance lease		--	--
Deferred liability for taxation		3,000,000	--
		-----	-----
		6,064,976,437	3,648,307,960

Net assets Rupees		442,452,838	407,236,207
Represented by :			
Share capital	14	322,500,000	300,000,000
Reserve fund and other reserves	15	119,700,000	107,100,000
Unappropriated profit		252,838	136,207
Surplus on revaluation of fixed assets		--	--
Sub-ordinated debt		--	--
		-----	-----

Shareholders equity	Rupees	442,452,838	407,236,207
		=====	=====

Memorandum Items

Bills for collection	16	233,757,162	211,914,038
Acceptances, endorsements and other obligations		925,485,294	700,659,846
Contingent liabilities and commitments	17		

These accounts should be read in conjunction with the attached notes.

Profit and Loss Account

For the year ended 31 December. 1997

	Note	1997	1996
Mark-up/Interest and/or return earned		538,948,370	386,645,072
Less : Cost/Return on deposits, borrowings etc.		(296,350,064)	(197,067,720)
		-----	-----
		242,598,306	189,577,352
Fees, comm and brokerage income		46,349,494	83,985,758
Other operating income	18	1,223,824	1,284,084
		-----	-----
		47,573,318	85,269,842
		-----	-----
		290,171,624	274,847,194
Operating expenses			
Administrative expenses	19	202,967,238	181,698,248
Provisions against non-performing advances	7.2	18,608,884	6,324,060
		-----	-----
		(221,576,122)	(188,022,308)
		-----	-----
		68,595,502	86,824,886
Other income	20	1,621,129	1,304,966
		-----	-----
Profit before taxation		70,216,631	88,129,852
Taxation - current	21	32,000,000	60,000,000
- deferred		3,000,000	--
		-----	-----
		(35,000,000)	(60,000,000)
		-----	-----
Profit after taxation		35,216,631	28,129,852
Unappropriated profit brought forward		136,207	6,355
		-----	-----

Profit available for appropriation	35,352,838	28,136,207
Appropriations		
Transfer to :		
Revenue reserve	'28,000,000	10,000,000
- Statutory reserve	7,100,000	18,000,000
	-----	-----
	(35,100,000)	(28,000,000)
	-----	-----
Unappropri Rupees	252,838	136,207
	=====	=====

These accounts should be read in Conjunction with the attached notes.

Cash Flow Statement

For the year ended 31 December, 1997 1997 1996

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	70,216,631	88,129,852
Less : Profit from investment securities	(171,056,008)	(124,344,829)
	-----	-----
	(100,839,377)	(36,214,977)
Adjustments for non-cash charges		
Depreciation	36,034,988	35,510,417
Provision for Gratuity	2,795,290	2,400,000
Amortization of discount on Investments	(379,000)	(384,454)
Profit on sale of fixed assets	(582,649)	(299,059)
Provision for non-Performing advances	18,608,884	6,324,060
Mark-up on borrowing from other banking companies & agents etc.	6,798,139	8,600,183
Amortization of preliminary expenses and deferred costs	--	2,997,607
	-----	-----
	63,275,652	55,148,754
	-----	-----
	(37,563,725)	18,933,777
(Increase)/Decrease in Operating Assets		
Advances	(1,183,526,164)	(875,463,658)
Other assets (excluding advance tax)	(169,595,279)	19,524,510
	-----	-----
	(1,353,121,443)	(855,939,148)
Increase/(Decrease) in Operating Liabilities		
Deposits & Other Accounts	2,316,071,459	1,051,042,768
Bills Payable	57,428,162	9,599,410
Other Liabilities(excluding provision for taxation)	7,899,890	23,204,259
	-----	-----
	2,381,399,511	1,083,846,437
	-----	-----
Net Cash from Operating Activities	990,714,343	246,841,066
Income tax Paid		
Income tax Paid	(55,682,448)	(69,356,937)
Gratuity Paid	(95,290)	--
	-----	-----
Net cash flow from operating activities	934,936,605	177,484,129
CASH FLOW FROM INVESTING ACTIVITIES		
Return on investments	141,009,324	122,918,577
Purchase/ sale of investments (Net)	(780,103,975)	118,528,005
Capital expense incurred	(211,152,841)	(185,784,220)
Proceeds from sale of fixed assets	2,256,844	2,669,646
	-----	-----
Net Cash (used in) flow from Investing Activities	(847,990,648)	58,332,011
CASH FLOW FROM FINANCING ACTIVITIES		
Other banking compa I	36,471,936	(81,483,132)
Mark-up on borrowings from other banking companies and agents	(6,532,970)	(9,627,000)
	-----	-----
Net cash flow from / (used in) financing activities	29,938,966	(91,110,132)
	-----	-----
Net cash increase in cash and equivalents	116,884,923	144,706,008
Cash and cash equivalents at the beginning of the year	898,907,938	754,201,930
	-----	-----
Cash and cash equivalents at the end of the year	Rupees 1,015,792,861	898,907,938
	=====	=====
Cash and cash equivalents		

Cash	953,606,568	683,140,433
Balances with Other Banks	62,186,293	80,767,505
Money at Call and Short Notice	--	135,000,000
	-----	-----
Rupees	1,015,792,861	898,907,938
	=====	=====

Notes to the Accounts

For the year ended 31 December, 1997

1. STATUS AND NATURE OF BUSINESS

Bolan Bank Limited is incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on Karachi and Lahore Stock Exchanges.

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. One permissible form of trade related mode of financing comprises of purchase of goods by the banks from their customers and resale to them at appropriate markup 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 appropriate portion of markup thereon.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These accounts have been prepared using the historical cost convention and are in conformity with the accounting policies of banking institutions in Pakistan.

3.2 Taxation

The charge for taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits, rebates and tax losses etc. The bank accounts for deferred taxation using the liability method on all major timing differences except where these are not expected to reverse in the foreseeable future. However, deferred tax debits are not incorporated in the accounts.

3.3 Investments

Investments are stated at cost net of provisions made for Permanent diminution in value of investments, if any. Profit and Loss on sale of investments are dealt with through the profit and loss account in the year in which they arise. Premium/ Discount on purchase of investments are being amortised over the term of investment.

Where the bank enters into 'transactions of repurchase (Repo) and resale (Reverse Repo) of government securities, these are recorded/ deleted at contracted rates for specified period of time.

3.4 Advances

Advances are stated net of provisions for bad and doubtful debts. Specific and general provisions for bad and doubtful debts are determined by the management keeping in view the requirements of the Prudential Regulations issued by the State Bank Of Pakistan.

3.5 Premises. furniture & fixtures. vehicles and other fixed assets

i) The cost of premises, furniture, fixtures and other fixed assets are depreciated over its estimated useful life on reducing balance method. Further, the cost of vehicles is depreciated over its useful life on straight line basis.

ii) A full year's depreciation is provided on assets acquired upto 30 September, whereas, no depreciation is provided on assets disposed off before 30 September. Gains or losses on disposal of fixed assets are included in income currently.

iii) The rates of depreciation are as follows :

Premises	5% per annum
Furniture and fixtures and other fixed assets	10% to 33.33% per annum
Motor vehicles	20% per annum

3.6 Capital work-in-progress

This is stated at cost.

3.7 Foreign currencies

Assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the balance sheet date except those covered by forward exchange contracts which are converted at contracted rates. Exchange gains and losses are included in income currently.

3.8 Revenue recognition

Mark-up/return on advances and investments is recognised on accrual basis, except income which warrant carry forward in compliance with prudential regulations of the State Bank of Pakistan.

Commissions on letters of credit and guarantees are recognised on receipt basis.

3.9 Staff Retirement Benefits

3.9.1 Gratuity

The Bank operates an unfunded gratuity scheme for its employees, however, a provision for gratuity of Rs 200,000 per month is being charged on adhoc basis to profit and loss account. The Bank is in process to establish the gratuity fund and policy of provisioning the gratuity to its employee.

3.9.2 Provident Fund

The Bank also operates an approved provident fund scheme for all its employees and appropriate contributions are made by the employer and employees.

4. CASH

	1997	1996
In hand		
local currency	313,947,411	223,529,666
foreign currency	211,067,342	149,537,576
With State Bank of Pakistan in		
-- Special deposit account export refinance		57,662,000
-- Current accounts	357,238,097	207,499,281
With National Bank of Pakistan in current accounts	71,353,718	44,911,910
	-----	-----
Rupees	953,606,568	683,140,433
	=====	=====

5. BALANCES WITH OTHER BANKS

On Current Accounts		
- In Pakistan	53,146,5021	21,006,669
- Outside Pakistan	6,371,288	49,686,161
	59,517,790	70,692,830
On Deposit Accounts	2,668,503	10,074,675
	-----	-----
Rupees	62,186,293	80,767,505
	=====	=====

6. INVESTMENTS

Investment Securities

Federal and Provincial Government Securities :

Federal Investment Bonds	810,688,000	610,738,000
Short Term Federal Bonds	630,153,975	50,000,000
	-----	-----
Rupees	1,440,841,975	660,738,000
	=====	=====

Book value of unquoted investments Rs:1,440,841,975(1996: Rs:660,738,000)

6.1 At 31st December 1997 the bank had acquired government securities at a cost of Rs:130,000,000 (1996:Rs.50,000,000) under purchase and resale agreements (Reverse repo).

6.2 Investment securities include securities deposited as security with State Bank of Pakistan and National Bank of Pakistan as follows:

With State Bank of Pakistan

For discounting facilities	25,000,000	15,000,000
For surrender of foreign currency deposits	45,000,000	45,000,000
	-----	-----

With National Bank of Pakistan	Rupees	70,000,000	60,000,000
		=====	=====
For discounting facilities	Rupees	10,000,000	10,000,000
		=====	=====

7. ADVANCES - NET OF PROVISION

		1997	1996
Loans, cash credits, overdrafts etc.			
- In Pakistan		3,131,933,023	1,944,411,922
- Outside Pakistan		--	--
		-----	-----
		3,131,933,023	1,944,411,922
Bills discounted and purchased (excluding Government Treasury Bills)			
- Payable in Pakistan		14,379,999	12,842,300
- Payable outside Pakistan		18,485,943	24,018,579
		-----	-----
		32,865,942	36,860,879
		-----	-----
		3,164,798,965	1,981,272,801
		=====	=====
Provision for non- performing advances (Note-7.2)		' (25,543,272)	(6,934,388)
		-----	-----
	Rupees	3,139,255,693	1,974,338,413
		=====	=====

Advances include Rs:49,064,623 which have been placed on non performing status.

7.1 Particulars of Advances

In local currency		3,139,255.69	1,974,338,413
In foreign currency		--	--
		-----	-----
Rupees		3,139,255,693	1,974,338,413
		=====	=====
Debts considered good in respect of which the bank is fully secured		3,139,255,693	1,974,338,413
Debts considered good for which the bank holds no other security than the debtors' personal security.		--	--
Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors.		--	--
Debts considered doubtful or bad not provided for		--	--
		-----	-----
	Rupees	3,139,255,693	1,974,338,413
		=====	=====

Balance outstanding at December. 1997 Maximum total amount of advances including temporary advances granted during the year

Debts due by directors or executives of the bank or any of them either severally or jointly with any other person.		4,959,119	5,776,425
Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies, as members.		--	--
Debts due by subsidiary companies, controlled firms, managed modarabas and other associated undertakings.		--	--

7.2 Particulars of provision against non-performing advances

Specific	General	1997	1996
----------	---------	------	------

Opening balance	6,934,388	--	6,934,388	610,328
Charge for the year	21,271,884	--	21,271.88	6,324,060
Reversals/(recoveries)	(2,663,000)	--	(2,663,000)	
Closing balance Rupees	25,543,272	--	25,543,272	6,934,388
	=====	=====	=====	=====
Provision against :				
Advances to banks	--	--	--	--
Advances to others	25,543,272	--	25,543,272	6,934,388
	Rupees	--	25,543,272	6,934,388
	=====	=====	=====	=====

8. OPERATING FIXED ASSETS

	As at 01 January 1997	Cost Additions (deletions)	As at 31 December 1997	Rate %	As at 01 January 1997	Depreciation Additions (deletions)	As at 31 Dec. 1997	Book Value As at 31 December 1997
Building on lease hold land	136,564,803	136,272,327	272,837,130	5%	11,820,222	6,237,229	18,057,451	254,779,679
Furniture, fixtures and office equipments	103,359,027	44,519,172 (85,932)	147,792,267	10% to 33.33%	40,548,119	20,478,639 (61,456)	60,965,302	86,826,965
Vehicles	50,613,004	11,699,134 (4,191,172)		20%	24,811,823	9,319,120 (2,541,453)	31,589,490	26,531,476
	-----	-----	-----		-----	-----	-----	-----
1997 Rupees	290,536,834	192,490,633 (4,277,104)	478,750,363		77,180,164	36,034,988 (2,602,909)	110,612,243	368,138,12
	=====	=====	=====		=====	=====	=====	=====
1996 Rupees	157,911,438	137,211,403 (4,586,007)	290,536,834		43,885,164	35,510,420 (2,215,420)	77,180,164	213,356,670
	=====	=====	=====		=====	=====	=====	=====

8.1 Particulars of assets disposed off during the year (only for assets with original cost or book value in excess of Rupees one million or Rupees one hundred thousand whichever is lower).

Description	Cost	Book Value	Sale Proceeds	Mode of disposal	Purchaser
Motor vehicle	258,657	103,463	103,463	Negotiation	Mr. Ramzan Ahmed Khan, Bank's employee
Motor vehicle	513,000	410,400	410,400	Insurance claim	East West Insurance Company Limited
Motor vehicle	1,065,084	640,251	1,200,000	Insurance claim	East West Insurance Company Limited
Motor vehicle	367,800	220,680	36,780	Negotiation	Mr. S. M. Zafar, Ex-employee

9. CAPITAL WORK IN PROGRESS

	1997	1996
Premises	125,792,255	100,369,754
Equipment and Electrical Fittings	13,317,060	13,074,711
Furniture & fixtures and Vehicles	10,551,751	17,554,393
	-----	-----
Rupees	149,661,066	130,998,858
	=====	=====

10. OTHER ASSETS

Stationery and stamps on hand	12,593,175	10,607,865
Income/mark-up accrued on advances and Investments	188,492,454	91,206,839
Prepaid exchange risk fee	10,483,861	4,158,114
preliminary, formation and organisation		

expenses, renovation/development	1,338,035	--
Other advances, deposits, advance rent & prepayments.	58,828,384	47,713,525
Taxation (payment less provision)	16,514,309	--
Branch adjustment account	95,598,133	17,983,369
Others	9,891,209	5,534,576
	-----	-----
Rupees	393,739,560	177,204,288
	=====	=====

11. DEPOSITS AND OTHER ACCOUNTS

Fixed deposits	2,437,242,279	1,263,686,967
Saving deposits	934,870,095	871,860,060
Current accounts	1,940,358,766	1,172,611,038
Margin, Key and call deposits	347,990,850	95,842,003
Deposits and other accounts of banks	100,708,071	41,098,534
	-----	-----
Rupees	5,761,170,061	3,445,098,602
	=====	=====

11.1 Particulars of deposits and other accounts

In local currency	2,930,866,483	1,967,074,855
In foreign currency	2,830,303,578	1,478,023,747
	-----	-----
Rupees	5,761,170,061	3,445,098,602
	=====	=====

12. BORROWINGS FROM OTHER BANKS, AGENTS ETC.

	1997	1996
In Pakistan	94,133,936	57,662,000
Outside Pakistan	--	--
	-----	-----
Rupees	94,133,936	57,662,000
	=====	=====

12.1 Particulars of borrowings from other banks, agents etc.

In local currency	94,133,936	57,662,000
In foreign currency	--	--
	-----	-----
Rupees	94,133,936	57,662,000
	=====	=====

12.2 Secured

Loans from State Bank of Pakistan export refinance Rupees	94,133,936	57,662,000
	=====	=====

13. OTHER LIABILITIES

	2,649,595	6,495,457
	24,086,882	17,608,181
	16,036,135	15,293,653
	--	7,168,139
	4,732,163	944,167
	24,062,615	20,360,873
	-----	-----
Rupees	71,567,390	67,870,470
	=====	=====

14. SHARE CAPITAL

60,000,000	Authorised : Ordinary shares of Rs. 10/- each	600,000,000	600,000,000
30,000,000	Issued, subscribed and paid up : Ordinary shares of Rs. 10/- each issued for cash	300,000,000	300,000,000
2,250,000	Ordinary shares of Rs. 10/- each issued as bonus shares	22,500,000	--
-----		-----	-----
32,250,000		322,500,000	300,000,000
=====		=====	=====
	Rupees		

15. RESERVE FUND & OTHER RESERVES

	Statutory	Revenue	1997	1996
Balance at the beginning of the year	74,500,000	32,600,000	107,100,000	79,100,000
Transfer from profit and loss account	7,100,000	28,000,000	35,100,000	28,000,000
Issue of Bonus Shares	--	(22,500,000)	(22,500,000)	--
	-----	-----	-----	-----
Rupees	81,600,000	38,100,000	119,700,000	107,100,000
	=====	=====	=====	=====

16. BILLS FOR COLLECTION

Payable in Pakistan		24,883,174	5,720,196
Payable outside Pakistan		208,873,988	206,193,842
		-----	-----
Rupees		233,757,162	211,914,038

17. CONTINGENT LIABILITIES AND COMMITMENTS**17.1 Contingencies**

Money for which the bank is continentally liable :

a) Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings.

b) Contingent liability in respect of guarantees given favouring :

i) Government			
ii) Banking companies and other financial institutions		221,034,894	199,161,494
iii) Others		5,509,705	1,894,886

c) Liability on bills of exchange rediscounted		-----	-----
	Rupees	226,544,599	201,056,380

Claims against the bank not acknowledged as debts	Rupees	1,054,856	1,332,646
---------------------------------------------------	--------	-----------	-----------

17.2 Commitments

		1997	1996
Commitments in respect of forward exchange contracts:			
Sale			
Purchase	Rupees	198,500,690	66,042,250
with State Bank of Pakistan Against foreign currency deposits	Rupees	2,673,789,164	1,377,764,271
Commitments to extend credit that are irrevocable		--	--

Other commitments in respect of:

Sale and repurchase agreements (Repo)	Rupees	150,000,000	200,000,000
---------------------------------------	--------	-------------	-------------

18. OTHER OPERATING INCOME

Miscellaneous income	Rupees	1,223,824	1,284,084
		=====	=====

19. ADMINISTRATIVE EXPENSES

Salaries, allowances etc.		71,544,016	57,808,024
Staff retirement benefits		5,119,090	5,780,592
Non-executive directors fees, and allowances		7,000	16,000
Rent, taxes, insurance, electricity etc.		36,283,297	29,721,925
Legal and Professional charges		601,424	588,002
Communications		8,514,53	9,061,661
Repairs and maintenance		7,475,363	6,904,720
Stationery and Printing		9,287,004	7,282,463
Advertisement and publicity		739,659	986,990
Auditors' remuneration	(Note 19.1)	731,401	325,651
Depreciation	(Note 8)	36,034,988	35,510,420
Other expenditure		26,629,464	27,711,800
		-----	-----
	Rupees	202,967,238	181,698,248

19.1 Auditors' remuneration

	1997			1996		
	Taseer Hadi Khalid & Co.	Taher Moochhala & Co	Total	Taseer Hadi Khalid & Co.	Taher Moochhala & Co.	Total
Audit fee	285,000	285,000	570,000	115,000	115,000	230,000
Special certification/ examinations and sundry advisory services	45,000	10,000	55,000	10,000	10,000	20,000
Tax services		67,500	67,500	--	50,000	50,000
Out of pocket expenses	21,923	16,978	38,901	14,121	11,530	25,651
	-----	-----	-----	-----	-----	-----
Rupees	351,923	379,478	731,401	139,121	186,530	325,651
	=====	=====	=====	=====	=====	=====

20. OTHER INCOME

	1997	1996
Rent	703,554	369,570
Net Profit on sale of fixed assets	582,649	419,859
Other receipts	334,926	515,537
	-----	-----
Rupees	1,621,129	1,304,966
	=====	=====

21. TAXATION

The income tax assessment of the bank have been completed upto and including assessment year 1997~98.

Taxation charged in the accounts is based on taxable income. The taxation charge represents approx.50% of accounting profit. The difference between the effective tax rate and the rate applicable for the banking companies represents temporary timing difference relating to prior years.

22. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Managing Director	Other Directors and Executives		
	1997	1996		1997	1996	1997
Fees						
Managerial remuneration	1,014,000	804,000	954,000	744,000	--	--
Retirement benefits	101,400	80,400	95,400	74,400	--	--
House rent	811,200	643,200	763,200	595,200	--	--
House maintenance	18,759	24,996	18,759	24,996	--	--
Utilities	126,047	140,358	180,017	212,085	--	--
Medical	58,024	29,234	17,977	41,949	--	--
Conveyance	108,790	45,331	154,305	63,647	--	--
Others	1,713,075	1,453,000	1,544,170	1,298,950	--	--
	-----	-----	-----	-----	-----	-----
Rupees	3,951,295	3,220,519	3,727,828	3,055,227	--	--
	=====	=====	=====	=====	=====	=====
Number of persons	1	1	1	1	--	--
	=====	=====	=====	=====	=====	=====

The bank also provides free use of Bank maintained cars to Chief Executive and Managing Director.

23. MATURITIES OF ASSETS AND LIABILITIES**23.1 Assets**

	Total	Upto One Month	Over One month to one Year	Over one year to five years	Over five years
Cash	953,606,568	953,606,568	--	--	--
balances with other banks	62,186,293	62,186,293	--	--	--
Investments	1,440,841,975	--	630,153,975	--	810,688,000
Advances	3,139,255,693	--	3,043,482,104	90,814,470	4,959,119
Operating fixed assets	368,138,120	--	--	--	368,138,120
Capital work in progress	149,661,066	--	149,661,066	--	--
Other assets	393,739,560	106,744,778	253,153,784	33,840,998	--
	-----	-----	-----	-----	-----

Rupees	6,507,429,275	1,122,537,639	4,076,450,929	124,655,468	1,183,785,239
	=====	=====	=====	=====	=====

23.2 Liabilities

Deposits & other accounts	5,761,170,061	4,034,230,061	1,405,313,000	321,627,000	--
Borrowings from other banks, agents etc.	94,133,936	--	94,133,936	--	--
Bills payable	135,105,050	135,105,050	--	--	--
Other liabilities	71,567,390	50,804,040	5,516,592	15,246,758	--
Deferred liability for taxation	3,000,000	--	--	--	3,000,000
	-----	-----	-----	-----	-----
Rupees	6,064,976,437	4,220,139,151	1,504,963,528	336,873,758	3,000,000
	=====	=====	=====	=====	=====
Rupees	442,432,838	(3,097,601,512)	2,571,487,401	(212,218,290)	1,180,785,239
	=====	=====	=====	=====	=====

23.3 Net balance

Shareholders' equity	Rupees	442,452,838
		=====

24. SEGMENT ANALYSIS**24.1 Geographic segment**

These financial statements represent operations of Pakistan Branches only and all assets represent transactions entered by Pakistan Branches.

24.2 Segment by class of business

	Deposits	%	Advances	%
Chemical and Pharmaceuticals	427,170,000	7.41	108,732,000	3.44
Agribusiness	27,508,000	0.48	12,247,000	0.39
Textile	367,074,000	6.37	342,655,000	10.83
Cement	2,194,000	0.04	99,000	0.00
Sugar	47,902,000	0.83	19,650,000	0.62
Shoes and leather garments	35,624,000	0.62	90,681,000	2.87
Automobile and transportation equipment	25,731,000	0.45	167,291,000	5.29
Financial	108,231,000	1.88		
Insurance	8,141,000	0.14	3,125,000	0.10
Transportation	14,867,000	0.26	715,000	0.02
Electronics and electric appliances	115,827,000	2.01	25,416,000	0.80
Production and transmission of energy	--	--	--	--
Others (including individuals)	4,580,901,061	79.51	2,368,644,693	75.64
	-----	-----	-----	-----
Rupees	5,761,170,061	100.00	3,139,255,693	100.00
	=====	=====	=====	=====

24.3 Segment by sector

Public/Government	184,485,000	3.00	6,518,000	0.50
Private	5,576,685,061	97.00	3,132,737,693	99.50
	-----	-----	-----	-----
Rupees	5,761,170,061	100.00	3,139,255,693	100.00
	=====	=====	=====	=====

25. CURRENCY BREAKDOWN OF ASSETS AND LIABILITIES

	Assets	%	Liabilities	%
Pak rupees	6,271,504,702	96.41	3,234,672,859	53.50
US Dollars	231,296,010	3.52	2,753,352,418	45.23
Pound sterling	3,798,349	0.06	55,773,011	0.92
Deutsche mark	830,214	0.01	20,069,607	0.33
Japanese Yen	--	--	1,108,542	0.02
	-----	-----	-----	-----
Rupees	6,507,429,275	100.00	6,064,976,437	100.00
	=====	=====	=====	=====

26. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

1997 1996

Insurance premium	Rupees	33,990,154	28,867,463
		=====	=====

27. GENERAL

27.1 Previous year's figures have been rearranged, wherever necessary for the purpose of comparison.

27.2 Figures have been rounded off to the nearest Rupee.

27.3 The President and Chief Executive of the bank has proceeded aboard for medical reasons and in his absence the Board of Directors has authorised Chairman, Vice Chairman, Managing Director and Mr. Naved Yunus a director to sign the accounts.

27.4 The format as prescribed in BPRD Circular No.31 dated 13 August 1997 has been modified suitably wherever there were no figures to report.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of Bolan Bank Limited will be held on Monday 30th March 1998, at 12:00 Noon at Head Office, 5222/15, Hanna Road, Cantonment Quetta, to transact the following business :

1. To confirm the minutes of the Extra Ordinary General Meeting of the Bank held on 28th October, 1997.
2. To receive, consider and adopt the Audited Accounts for the year ended 31st December, 1997 along with Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration.
4. To transact any other business with the permission of the Chair.

Quetta:
March 09, 1998

NOTES

1. The share transfer books of the Bank will remain closed from 30th March, 1998 to 6th April, 1998 (both days inclusive).
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another member, as Proxy. Proxies, in order to be effective, must be received at the Registered Office of the Bank not later than 48 hours before the meeting and must be duly stamped, signed and witnessed.
3. Shareholders are requested to promptly notify the Company of any change in their address.

PATTERN OF SHAREHOLDINGS**AS AT 31 DECEMBER. 1997.**

Number of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
65	1	100	1240	0.0038
3325	101	500	769972	2.3875
5758	501	1000	3104261	9.6256
520	1001	5000	928248	2.8782
57	5001	10000	362594	1.1243
20	10001	15000	231593	0.7181
7	15001	20000	119446	0.3703
6	20001	25000	128462	0.3983
4	25001	30000	107929	0.3346
4	30001	35000	130719	0.4053
1	40001	45000	43000	0.1333
1	45001	50000	45795	0.1420
2	50001	55000	107822	0.3343
2	55001	60000	112552	0.3489
1	70001	75000	72132	0.2236
2	80001	85000	169420	0.5253
1	100001	105000	103737	0.3216
1	105001	110000	106425	0.3300

1	130001	135000	134160	0.4160
1	160001	165000	163400	0.5066
1	205001	210000	207045	0.6420
1	350001	355000	354857	1.1003
1	360001	365000	363887	1.1283
1	420001	425000	424607	1.3166
1	480001	485000	482567	1.4963
1	805001	810000	806035	2.4993
1	1450001	1455000	1451250	4.5000
12	1610001	1615000	19351290	60.0040
1	1865001	1870000	1865555	5.7846

9799		32250000		100.0000
=====				

Categories of Share Holders	Shareholders	Shareholdings	Percentage
Individuals	9767	26525726	82.2503
Investment Companies	2	72239	0.2239
Insurance Companies	3	1661735	5.1526
Joint Stock Companies	8	1958340	6.0723
Financial Institutions	3	1982837	6.1483
Modarabas	1	32250	0.1000
Non-Residents	15	16873	0.0526

	9799	32250000	100.0000
=====			

OFFICES/BRANCH NETWORK

Head Office (Registered office)

5222/15, Hanna Road, Cantonment Quetta, (Pakistan)
 Tel: (92-81) 822562,821517,824596
 Fax: (92-81) 824595 Tlx:78310 BOLAN PK.

Regional Office

7th Floor, State Life Building No.2, Wallace Road,
 Off: I.I Chundrigar Road, Karachi (Pakistan)
 Tel: (92-21) 2412167,2412169 Fax:(92-21) 2433623
 Tlx: 20475 BOLAN PK.
 KARACHI

1. New Challi Branch

Zia Plaza, Altaf Hussain Road, New Challi, Karachi.
 Tel:(92-21) 2620231-33 Fax: (92-21) 2621202
 Tlx: 29782 BBL NC PK.

2. Plaza Quarters Branch

AI-Shafi Building, 15.
 Karachi. Tel: 7771515-16-18 Fax: (92-21) 7771517
 Tlx: 29816 BBL PQ PK.

3. Jodia Bazar Branch

Ram Bharti Street, Jodia Bazar, Karachi.
 Tel: 2437991-2-3,Fax: (92-21) 2437994
 Tlx: 29860 BBL JB PK.

4. Cloth Market Branch

Alam Market, Saleh Muhammad Street, Karachi.
 Tel: 2424177-8, Fax: (92-21) 2424175.

5. North Napier Road Branch

Bolan Bank Building No. 1, North Napier Road,
 Karachi.Tel:7766755,7766477 Fax:(92-21) 7766487

6. Clifton Branch

Near Clifton Centre, Khayaban-e-Roomi, Clifton,
 Karachi. Tel: 5872647,573230-1
 Fax: (92-21) 5867651.

7. Timber Market Branch

Harchand Rai Road, Siddique Wahab Road, Karachi,
 Tel: 7732729.

8. Gulshan-e-Iqbal Branch

Main University Road, Gulshan-e-Iqbal, Karachi.
Tel:4987688,4987739,4987740,Fax:(92-21)4987689.
Tlx: 27087 BBL GIK PK.

9. Lea Market Branch

Nawab Mahabat Khanji Road(Embankment Road)
Lea Market, Karachi. Tel: 742111,7520694,
Fax: (92-21) 7520684.

10. Paper Market Branch

AI-Abbas Centre, Paper Market, Shahrah-e-Liaquat,
Karachi. Tel: 2639671-72, Fax: 2639670.

11. Tariq Road Branch

Central Commercial Area,
Near Cafe Liberty, P.E.C.H.S., Karachi.
Tel:4556682,4556486,Fax:4555478.

12. Ahdullah Haroon Road Branch

Building No.282/3,Abdullah Haroon Road, Saddar,
Karachi. Tel:5681422,5685393,5685269.Fax:5683991

13. Barkat-e-Hydari Branch

Aimas Square, Block-G, North Nazimabad, Karachi,
Tel: 6628931.6629144, Fax:(92-21) 6629145

14. Water Pump Branch

Lateef Square Block-6,Federal "B" Area, Karachi,
Tel: 6314817.6315769, Fax: (92-21) 6314848.

15. Shahrah-e-Faisal Branch

Business Avenue, Block-6,P.E.C.H.S.
Shahrah-e-Faisal, Karachi.Tel:0321-243610.

16. Bahadur Shah Centre Branch

Ram Chandra Temple Road, Ram Bagh Quarters,
Bahadur Shah Centre, Urdu Bazar Karachi.Tel:776148

HYDERABAD

17. Latifabad Branch

Block-D, Latifabad No.7,Hyderabad.
Tel:868297,Fax: (92-221)862698.

SUKKUR

18. Marich Bazar Brauch

Marich Bazar, Sukkur.
Tel: 24316, Fax: (92-71) 411389

MIRPUR KHAS

19. Shaheed-e-millat Road Branch

Shaheed-e-millat Road, Mirpur Khas. Tel:2212,2612.

LAHORE

20. Shahrah-e-Quaid-e-Azam Branch

AI-Fred Building ,Tolenton Market, Lahore.
Tel:354821,7350942,7239076 Fax:(92-42)7238308
Tlx: 47731 BOLAN SQ PK.

21. Badami Bagh Branch

203,Grain Market, Badami Bagh Lahore.
Tel:7724583,7721333,Fax:(92-42)7721344
Tlx: 44169 BBL BB PK.

22. Shah Alam Gate Branch

Shah Alam Gate, Lahore.
Tel:7663090,7630616, Fax:(92-42)7663488,
Tlx:44047 BBL SG PK.

23. Liberty Market Branch

26/C, Commercial Zone, Liberty Market, Gulberg,
Lahore. Tel: 5763910,5763308-09
Fax: (92-42)5763310, Tlx:44396 BBL LM PK.

24. Azam Cloth Market Branch

Near Punjab Block, Azam Cloth Market, Lahore.
Tel:7651374, Fax:(92-42) 7662026.

25. Montgomery Road Branch

Abdul Karim Road, Qilla Gujjar Singh,
Montgomery Road, Lahore.Tel:6364522,6364532.

26. SAHIWAL

Saddar Bazar Branch
saddar Bazar, Sahiwai. Tel: 76000.

SARGODHA

27. Sargodha Branch

36, Block -5, Kachri Bazar,
Sargodha. Tel: 722913, 722914.

OKARA

28. Okara Branch

Ravi Road, Okara. Tel: 2472,2473.

FAISALABAD

29. Aminpur Bazar Branch

Aminpur Bazar Faisalabad
Tel:626783,636783,Fax:(92-411)611363
Tlx:43359 BBL AB PK.

GUJRANWALA

30. Bank Square Branch

Bank Square, Gujranwala.
Tel: 241778, 238431 Fax: (92-431)223978
Tlx: 45278 BBL GR PK.

SIALKOT

31. Railway Road Branch

Railway Road, Sialkot.
Tel:582231,586507,Fax:(92-432)582232
Tlx:46224 BBL RR PK.

GUJARAT

32. Village Dinga Branch

Ravi Road, Tehsil Kharian, Village Dinga.
Distt. Gujrat, Tel:(92-43317)2037.

33. Circular Road Branch

Circular Road Gujrat
Tel:524640.524447. Fax: (92-4331)525108.

MULTAN

34. Hussain Agahi Branch

Hussain Agahi Road, Multan,
Tel: 583268, 543794.Fax: (92-61)583268.

RAWALPINDI

35. Saddar Bazar Branch

Bank Road, Rawalpindi Cantt.
Tel:523840-41 ,Fax: (92-51)523837.

36. Village Kallar Saidan Branch

Choa Road, Tehsil Kahuta, Distt. Rawalpindi,
Tel: 570244.

37. Raja Bazar Branch

Raja Bazar Rawalpindi. Tel: 71431.

RAHIM YAR KHAN

38. Rahim yar Khan Branch

Shahi Road, Rahim yar Khan
Tel: 57765.Fax:(92-73 I)76776

ISLAMABAD

39. Blue Area Branch

Saleem Plaza, Blue Area, Islamabad
Tel:274001-2,Fax: (92-51) 274276,
Tlx:54720 BOLAN PK.

40. Village Bharah Koh Branch

Khasra No. 119-15/309, Muree Road, Tehsil Distt.
Islamabad, Tel:231344,Fax:(92-51) 231345.

PESHAWAR

41. Peshawar Cantt. Branch

Arbab Road, Peshawar Cantt. Peshawar
Tel:275915,270463,Fax: (92-521)274251
Tlx: 503 BBL PC PK.

42. Chowk Yadgar Branch

Near Clock Tower, Chowk Yadgar, Peshawar City,
Peshawar. Tel:250466,250477,Fax:(92-521 250488.

MARDAN

43. Mardan Branch

Bank Road Mardan.
Tel:65341 ,Fax: (92-531)65342.

MINGORA

44. Mingora Branch

Bank Square, Main Bazar, Mingora,
Tel:712326

QUETTA

45. Jinnah Road Branch

Regal Chowk,Jinnah Road, Quetta.
Tel:824966,61938, Fax: (92-81) 824966
Tlx:78310 BOLAN PK.

46. Liaquat Bazar Branch

Ainuddin Street, Liaquat Bazar, Quetta.
Tel: 837301, Fax:(92-81)837202.

47. Shaharah-e-Iqbal Branch

Qandhari Bazar, Shahrah-e-Iqbal, Quetta.
Tel:820935, Fax:(92-81) 820935.

TURBAT

48. Main Bazar Branch

Main Bazar, Turbat,
Tel:413979, Fax:(92-861)411389

MIRPUR (A.K)

49. Nangi Chowk Branch

Nangi Chowk, Mirpur, Azad Kashmir,
Tel: 4550. Fax:(92-0582)4550

DADYAL (A.K)

50. Dadyal Branch

Maqbool Butt Shaheed Chowk, Dadyal,
Azad Kashmir, Tel: 207.