



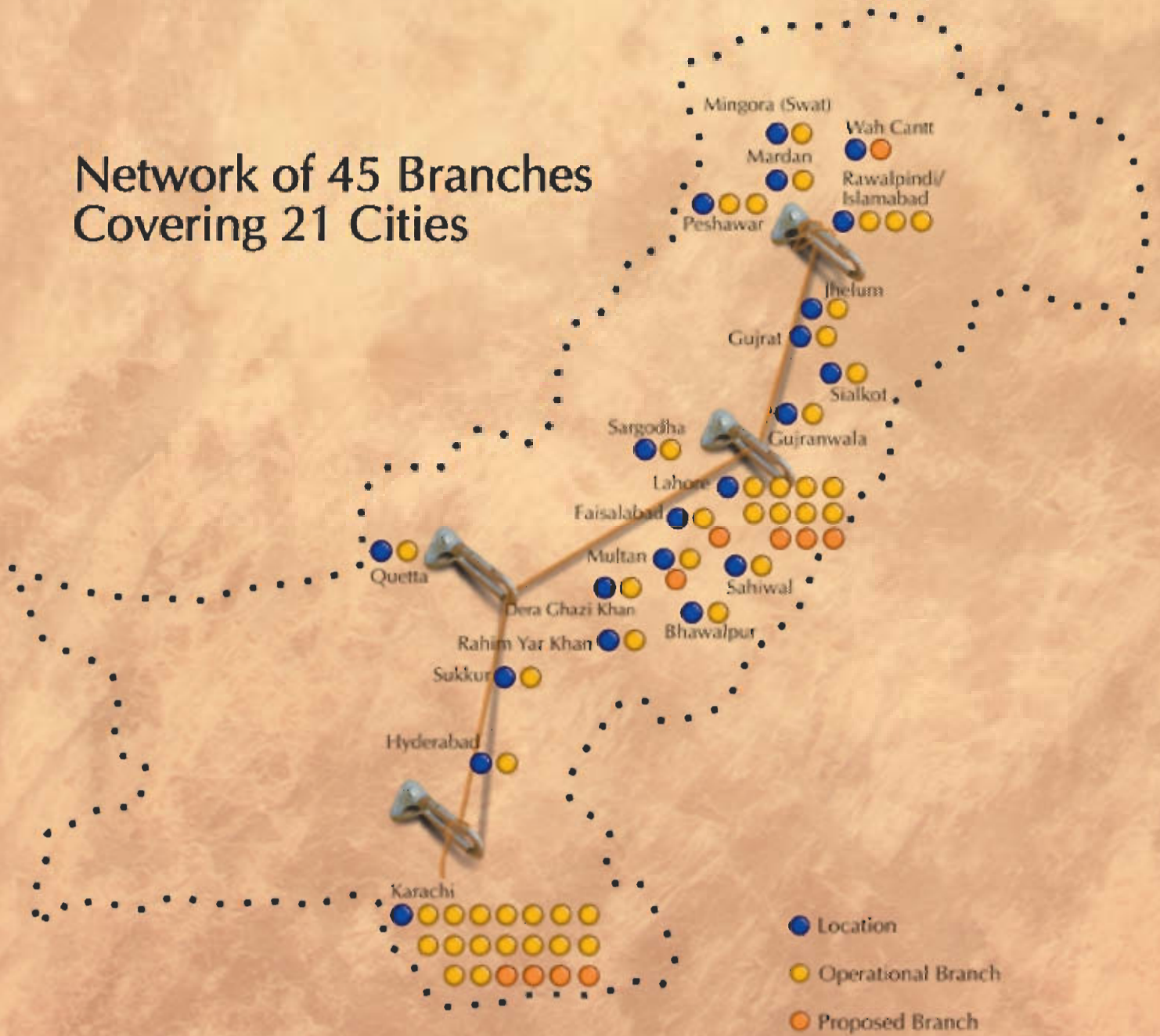
TAKING
SERVICE EXCELLENCE
TO NEW HEIGHTS

Annual Report 2002

*In the
Name of Allah
Subhanahu, The
Most Gracious,
The Most
Merciful*

Annual Report 2002

Network of 45 Branches Covering 21 Cities



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SHARING OUR COMMITMENT



Corporate Information

Company Secretary
Mr. Hamid Ashraf

Auditors
A. E. Ferguson & Co.
Chartered Accountants

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





H. E. Sheikh Nahayan Mubarak Al Nahayan
(Outgoing Chairman)



H. E. Sheikh Hamdan Bin Mubarak Al Nahayan
(Chairman)



Mr. Abdulla Nasser Hawalleel Al-Mansoori



Mr. Abdulla Khalil Al Mutawa



Mr. Khalid Mana Saeed Al Otaiba
(Appointed on January 8, 2003)

The Board



Mr. Omer Z. Al Askari
(Resigned on January 7, 2003)



Mr. Ikram Ul-Majeed Sehgal



Mr. Nadeem Iqbal Sheikh



Mr. Mohammad Saleem Akhtar
(Chief Executive Officer)

Board Advisory Committee

Mr. Abdulla K. Al Mutawa

Mr. Khalid Mana Saeed Al Otaiba

Mr. Bashir A. Tahir

Mr. Ganpat A. Singhvi

Executive Committee

Mr. Mohammad Saleem Akhtar
(Chief Executive Officer)

Mr. Ikram Ul-Majeed Sehgal

Mr. Parvez A. Shahid

Mr. Mohammad Yousuf

Mr. Tanweer A. Khan

Mr. Sirajuddin Aziz

Mr. Mahmood Ashraf

SHARING OUR VISION





H.E. Sheikh Hamdan Bin Mubarak Al Nahayan
(Chairman)

Chairman's Review

I am glad to present to you the performance of your Bank at the close of its sixth year of operations after its privatization in 1997. Since then, Bank Alfalah has been steadily reaching higher standards of service excellence and performance despite many challenges.

At the outset I would like to convey on behalf of the Board, the Board Advisory Committee, the Management and all staff of the Bank, our sincere gratitude to His Highness Sheikh Nahayan Mubarak Al Nahayan, the outgoing Chairman, under whose dynamic and visionary leadership, the Bank within a short span of five years has evolved as a formidable financial institution in the market place. We thank him for his guidance and look forward to his continuing support.

The year 2002 has seen Bank Alfalah achieving significant success both in terms of product portfolio and customer service. The unfortunate "September 11" incident caused

economic uncertainty and political turbulence. However, by the Grace of Almighty Allah, your Bank was able to face these challenges. Consequently, we have seen a sizeable increase in the Bank's client base reflecting the favorable reputation that your Bank enjoys in the market place.

The Political and Economic Landscape

President Musharraf's government fulfilled its promise and a democratic government was instituted in the country. The new government has presented a very favorable agenda for the country, both in terms of economic and social reforms. The State Bank of Pakistan revised down the interest rates in order to spur economic development and investment activity in the country. This, coupled with an impressive increase in foreign exchange reserves to \$10 billion, augurs well for the country's economic revival. The government is also committed to the concepts of deregulation and privatization, which is a positive sign for the economy.

Financial Highlights

Our operating results show an impressive improvement compared to the last financial year. The Bank earned a pre-tax profit of Rs. 894.65 million, a significant growth of 70.68% over the last year. The improving Return on Assets (ROA) indicates the increasing operational and administrative efficiency we have been able to achieve with regard to the assets that the Bank employs. Also the Return on Equity (ROE) indicates that returns to investors have continually improved signifying the overall enhancement in the Bank's performance.

Deposit mobilization remained an area of key focus and our deposit base stood at Rs. 51.68 billion at the close of December 2002, which signifies an increase of 71.10% over the last financial year. This improvement is also attributable to the Bank's high customer value product offerings in the form of branded deposit schemes and certificates.

The Loan and Advances portfolio too has increased by 45.59% to Rs. 29.43 billion. Our strategy in this arena has been one of revenue maximization coupled with well-managed and quality credit expansion.

Branch Network

We aspire to make our services accessible to a growing market in the country. An efficient branch network is essential for achieving this target. We plan to open 10 more branches in the year 2003, at different locations in the country, increasing our network to 55 branches covering over 22 cities. Your Bank follows a strategy of optimum financial and quality human resource allocation in order to enhance the performance potential of all its branches.

Credit Portfolio

To capture good quality risk assets there is intense competition within the financial industry, given the declining interest rate regime. Despite that, Bank Alfalah still follows a policy of prudent lending being mindful of the fact, that it is not only a custodian of its customers and well-wishers' money, but also their trust.

It is a matter of great pleasure for us that Bank Alfalah's non-performing portfolio has decreased considerably since July 1997. While risks cannot be mitigated entirely, formal credit approval process along with inbuilt system of checks and balances has been put in place to achieve highest quality in our Loan and Advances portfolio.

Consumer Banking

We continually strive to improve and add to our consumer banking services. In our endeavor to provide best returns to our clients, an impressive product portfolio has been designed to provide reasonable returns to them, coupled with security of their capital.

The Bank Alfalah Visa Credit Card was launched for staff members in the latter half of the year 2002 and will be offered to the public in the first quarter of the year 2003.

The marketplace is dynamic as are our customer needs. Consequently, our product portfolio is continually modified in order to service these needs better.

Automation and Technology

Information technology and its optimum use greatly facilitate work and increase performance potential. Your Bank is in the forefront of providing customers on line and timely services. For this, automated and technologically sophisticated work flows and systems are a prerequisite.

Your Bank continually invests in upgrading these systems and similarly training our human resource. Our ultimate aim is to achieve both service and cost optimization.

Our in-house developed software BankSmart has been successfully installed in all branches and has been well received. Plans are underway for the installation of ATMs and joining a Switch Group of other prominent banks.

Foreign Trade and Correspondent Banking

Bank Alfalah is a trade-focused Bank. We place special emphasis on maintaining a synergistic correspondent-banking network, with a view to give our customers, greater global access. We work closely with all our correspondents in the areas of mutual interest and benefit. Today we enjoy mutually beneficial relationships with over 170 correspondents reflecting favorably not only on our reputation domestically but also globally. This network has facilitated us in handling a trade volume of Rs. 66.93 billion in the year 2002.

Credit Rating

Pakistan Credit Rating Agency – the leading credit agency in the country – has rated Bank Alfalah very favorably. The Bank has been awarded an AA- (double A minus) and an A1+ (A one plus) in the long and short term respectively. These ratings denote very high credit quality and very low expectation of credit risk.

The Bank also issued TFCs in the year 2002. These were very well received in the market and were oversubscribed by 6 times. PACRA awarded an A+ (A plus) rating to these certificates.

Training and Development

Bank Alfalah is committed to the personal welfare and professional development of all our team members.

We realize that proper training of human resource is essential, not only for a more productive and satisfied work force but also for a homogenous corporate culture.

The Bank continues to follow its strategy of hiring batches of young and energetic Management Trainees who are sent to our Training and Development Center for training in all areas of banking. Our Training and Development Center is a state of the art facility with an impressive faculty. Training for the fifth batch of our Management Trainees is expected to commence in May of 2003.

At the same time short courses are continually conducted for other team members to not only enhance their skill levels but also increase their performance potential.

Future Outlook

The economic future for the country seems brighter with many key indicators moving in a favorable direction. Investors' confidence is recovering and entrepreneurial activity has gained momentum. Amidst these positive developments, we will continue to follow a strategy based on business and deposit enhancement and network expansion.

Acknowledgments

I would like to convey my heartfelt gratitude to the Ministry of Finance, the State Bank of Pakistan and other regulatory bodies for their continued support. I would like to congratulate our staff members on their hard work and loyalty to their organization.

I would also like to extend my thanks to all our valued clients, well-wishers and correspondents for their trust and support.

Sheikh Hamdan Bin Mubarak Al Nahayan
Chairman

About the Bank

Pursuit of excellence

Bank Alfalah has continued its upward climb in pursuit of excellence. Strengthened by the backing of the Abu Dhabi Group and driven by strategic goals set out by its Board and Management, Bank Alfalah increasingly inspires trust and confidence of all its clients. Within a short span of time the bank has carved a significant niche for itself in the banking industry.

These achievements have been preceded by concerted efforts to provide highest levels of service and value to our customers. The bank aims to further enhance performance standards through implementation of innovations in both products as well as customer care, by discovering newer avenues of client benefit. This customer focused strategy has enabled Bank Alfalah to evolve as a single source financial service provider of corporate and retail banking services.

Dedicated professionals

The Bank Alfalah team comprises of dedicated professionals equipped with a diverse array of skills, vast experience and pro-customer attitudes. The management concentrates its energies on making informed economic decisions, translating it into greater returns for our investors and customers. This prudent attitude has created a synergistic organizational structure leading to improvements in profitability and a sustainable competitive advantage for the bank.

A highly responsive product portfolio

Not only comprehensive but also customizable to match the needs and preferences of our customers. These strategic characteristics of our portfolio have helped us to face challenging economic conditions.

Our product lineup continues to fulfill and satisfy the banking requirements of not just the conventional consumer, but the demanding financial needs of the corporate sector as well. The lineup includes:

- Car Financing • Rupee Travellers Cheques
- Anmol Saving Certificates • Home Loans
- On-line Banking • MoneyGram Remittance Services
- Monthly Income Plan • Credit Cards • ATMs

Defence Branch - Karachi



Korangi Industrial Area Branch - Karachi



Banking on consumers

As we thread our ropes to be the leader in consumer banking in Pakistan, our operating strategy has been aligned with key consumer needs – highest value and expert service. As custodians of financial services, we feel duty bound to do more than conventional banking. As an extra step towards financial security and freedom for our consumers, we constantly devise safety management regimes to maximize returns on hard earned savings and investments. These values form a prime-directive which is evident in our responsive teams, present at our nationwide branches, ready to provide all our clients timely assistance.

Cognizant of the continually changing customer needs environment, we have devised our product portfolio to stay ahead of the emerging consumer patterns.

- Branded saving schemes have been set up to address a wide range of customer needs. The Royal Profit Account, for example, is targeted at both the individual investor as well as the institutional investor.
- Alfalah Car Financing has edged its way to the number one spot in the industry. Giving customers a chance to own the automobiles of their choice at the lowest prevailing markup, is just a small affirmation of our stance to provide maximum value for money.
- Alfalah Visa Credit Cards, introduced earlier this year, have been well received in a fiercely competitive market. The Alfalah Card Centre in Lahore, is a state-of-the-art facility that is dedicated to providing the highest levels of service to clients. Although the Card Center operates as an independent unit yet its operations synchronize with the rest of the organizational workflows, which is essential for efficiency. A similar facility will soon be opened in Karachi later this year.
- In the consumer credit arena, the Bank offers Home Loans for Pakistanis and NRPs. The customers have been responding positively to the appealing rates for loans.
- On-line Banking and MoneyGram Remittance Services provide the customers with the facility to bank at their own convenience when conventional branch banking is not required.
- A country wide ATM network and Phone Banking will soon be launched in addition to Debit Cards and Micro Finance for Consumer Durables.



Saving Certificates



Car Financing



Credit Cards



Home Loans



On-line Banking



ATMs



Remittance Services



Monthly Income Plan



Consumer Financing

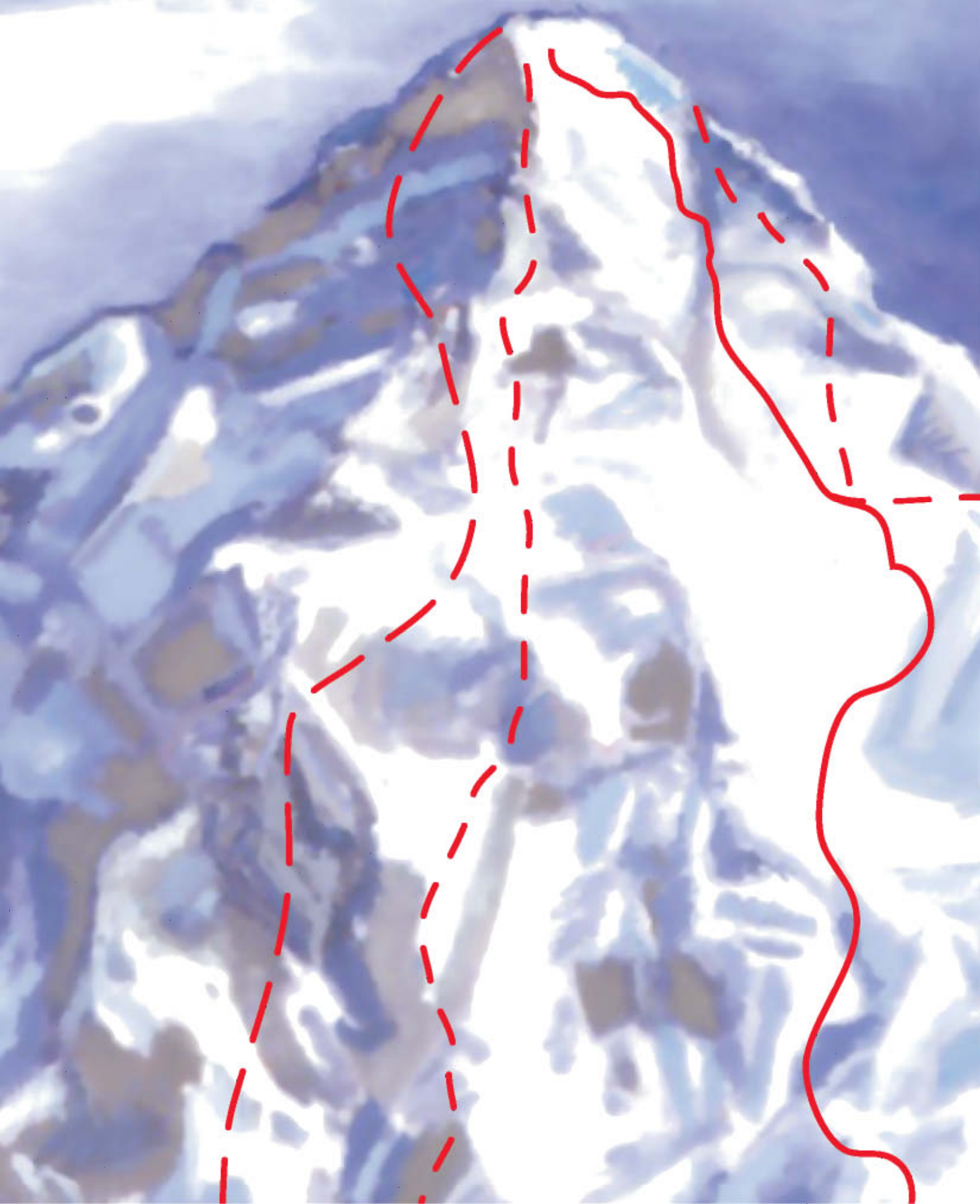
Gulberg Branch - Lahore



Abdali Road Branch - Multan



SHARING OUR MISSION



Banking for tomorrow

Bank Alfalah aspires to evolve as the premier banking institution in the country. The path towards this goal is challenging but realistic. Strategic alternatives are continually evaluated so that our corporate strategy remains relevant to emerging trends in the market. This adequately prepares the organization to cope with unexpected challenges to deliver products and services more efficiently.

Customer satisfaction will always remain the number one benchmark as we move forward towards attaining our goals. We employ and retain an unparalleled work force of highly motivated, energetic, well-trained and productive employees. We offer an inspiring work environment, competitive salaries, excellent benefits and caring leadership.

We strive to achieve superior financial performance, to be considered a leading bank in Pakistan by reputation and performance, and to be a good corporate citizen of the communities we serve.

We wish to promote strong and ethical business practices in the industry by focusing more on effective collaboration with our stakeholders. Team members remain aware of the organization's commitment to them as well. We cultivate a sense of ownership, amongst the employees, with the overall business plan and the direction in which their organization is headed.

Performance banking

Our corporate strategy focuses on striking the optimum balance in organizational work flows and processes. The dynamic environment in which we operate impels us to remain poised for the unexpected as competitive pressures mount. Consequently business process reengineering and benchmarking remain notable guidelines for strategy development. This requires flexibility in operations, as well as management thinking. Also quality control in all facets of operations remains an area of focus. Information technology remains an indispensable tool to empower more effective decision making and streamline work flows.

Our mission is

To maintain a strong grip in market for professional banking, customer service and profit performance. And for our challenging trek towards realization of our goals, Service Quality and Innovation will be our preferred tools. Our core objective is to offer both traditional and innovative products, and to deliver unparalleled personalized service to our customers. Our primary focus is on taking service excellence to new heights.

SHARING OUR PROGRESS



Notice of the Eleventh Annual General Meeting

March 24, 2003

NOTICE is hereby given that the Eleventh Annual General Meeting of the Bank will be held on April 23, 2003 at 13:00 hours at Bank Alfalah Building, I.I. Chundrigar Road, Karachi, to transact the following business:

1. To adopt the Minutes of the Tenth Annual General Meeting held on March 12, 2002.
2. To receive, consider and adopt the Audited Annual Accounts together with the Directors' Report and the Auditors' Reports for the year ended December 31, 2002.
3. To consider and declare cash dividend at the rate of Rs. 2.50 per share, i.e. 25%, for the year ended December 31, 2002 as recommended by the Board of Directors to be paid to the Shareholders whose names appear in the Register of Members on April 23, 2003.
4. To appoint external Auditors and fix their remuneration for the year 2003.
5. Any other matter with the permission of the Chair/Shareholders.

NOTES:

- 1) The Audited Annual Accounts, Balance Sheet and Profit & Loss Account for the year ended December 31, 2002 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. 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.
- 3) 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.
- 4) For the purpose of entitlement of cash dividend, the share transfer book of the Bank will be closed from April 21, 2002 to April 23, 2003 (both days inclusive).

BY ORDER OF THE BOARD
Company Secretary

Auditors' Report to the Members

We have audited the annexed balance sheet of Bank Alfalah Limited as at December 31, 2002, and the related Profit and Loss account, Cash Flow Statement and Statements of Changes in Equity together with the notes forming part thereof (hereinafter referred to as the 'Financial Statements') for the year ended December 31, 2002, in which are incorporated the unaudited certified returns from the branches except for fifteen 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 misstatements. An audit includes examining, on a test basis, evidence supporting amounts and disclosure 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:

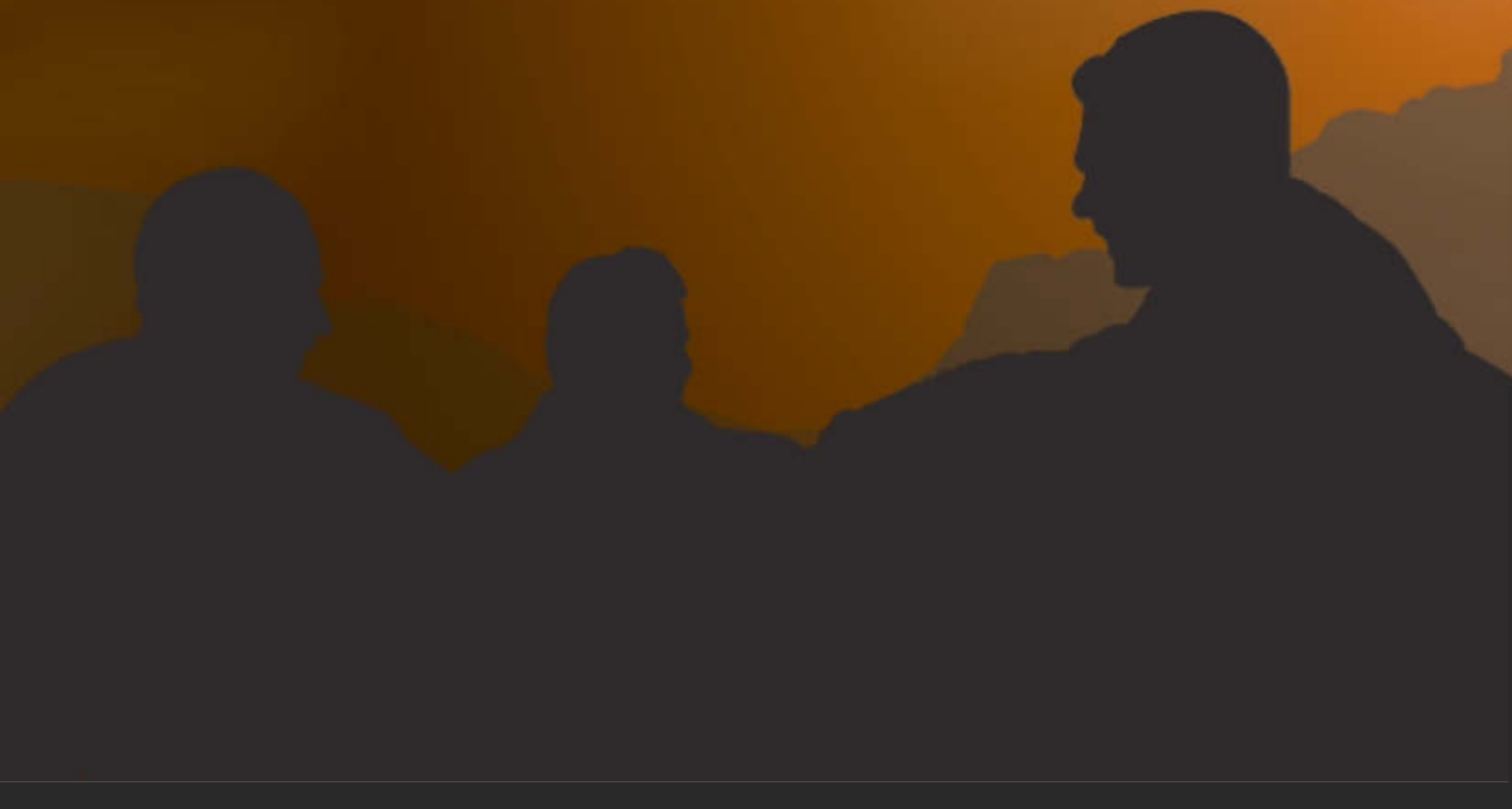
- (i) the Balance Sheet and Profit and Loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 5.7 of these accounts with which we concur;
- (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 affair as at December 31, 2002, its true balance of profit, its cash flows and changes in equity for the year ended December 31, 2002; 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
March 10, 2003

SHARING OUR GROWTH

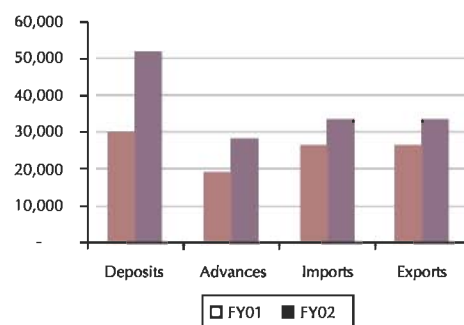
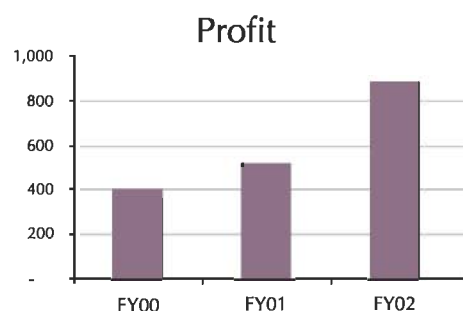


Directors' Report to the Shareholders

The Board of Directors is pleased to present the audited financial statements of the Bank for the year 2002.

	(Rs. In '000')	
	2002	2001
Profit before Tax	894,653	524,164
Taxation	(448,974)	(213,552)
Profit After Tax	445,679	310,612
Un-appropriated profit brought forward	249,701	1,211
Transfer from General Reserve	85,000	-
Transfer from Surplus on revaluation of Fixed Assets	58,806	-
Profit available for appropriations	839,186	311,823
Appropriations		
- Statutory Reserve	(89,136)	(62,122)
- Issue of Bonus Shares - Interim 33.33% (2001:Nil)	(250,000)	-
- Proposed Cash Dividend @ 25% (2001:Nil)	(250,000)	-
Un-appropriated profit carried forward	250,050	249,701
Earnings per Share before issue of bonus shares	Rs. 5.94	Rs. 5.16
Earnings per Share after issue of bonus shares	Rs. 4.46	Rs. 3.65

Operating Results – Rs. in Million



Economic Overview

The present political structure of the Government is determined in adopting the policies and reforms introduced by the last regime especially in privatization and deregulation of the government controlled sectors. Continuation of these policies would guarantee the increase in foreign investment and result in restoration of investors confidence (both local and foreign) in government plans and their continuity.

In spite of unsettled economic condition at home and globally during 2002, your Bank has shown an impressive 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 32 to 45 during the year. The expansion program is in line with our strategic business plan.

Credit Rating

Based on the Bank's operations, it has been able to maintain its credit rating in Long Term to AA- and Short Term to A1+.

Corporate Governance

1. The Bank has implemented the requirements of the Code of Corporate Governance relevant for the year ended December 31, 2002. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed to the report.
2. Statement under clause XIX of the Code:
 - a) The financial statements prepared by the management of the Bank, present fairly, the state of affairs, the result of its operations, cash flows and changes in equity.
 - b) Proper books of accounts of the Bank have been maintained.
 - c) Appropriate accounting policies have been consistently applied in preparation of financial statements except as stated in note 5.7 to the accounts, and accounting estimates are based on reasonable and prudent judgment.
 - d) International Accounting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements without any material departure.
 - e) The system of internal control is sound in design and has been effectively implemented and monitored.
 - f) There are no doubts about the Bank's ability to continue as a going concern.
 - g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations duly adopted by the State Bank of Pakistan vide BSD Circular No. 15 dated June 13, 2002.
 - h) Summarized key operating and financial data of last six years is annexed to the audited accounts.

- i) Book value of investments in Provident Fund and Gratuity Funds as at December 31, 2002 is:

Provident Fund	Rs. 149.607 million
Gratuity Fund	Rs. 15.300 million

- j) The number of Board meetings held during 2002 were 5 and attended by directors as under:

H. E. Nahayan Mabarak Al Nahayan	3
H. E. Hamdan Bin Mubarak Al Nahayan	1
Mr. Abdulla Nasser Hawaileel	5
Mr. Omar Z. Jaafar Al Askari	3
Mr. Abdulla Khalil Al Mutawa	5
Mr. Ikram Ul-Majeed Sehgal	5
Mr. Nadeem Iqbal Sheikh	5
Mr. Mohammad Saleem Akhtar	5

- k) The aggregate shares held by the following are:

1 H.E. Nahayan Mabarak Al Nahayan	21,280,293
2 H.E. Hamdan Bin Mubarak Al Nahayan	14,332,549
3 H.E. Suroor Bin Mohammad Al Nahayan	14,332,549
4 Mr. Abdulla Nasser Hawaileel	9,555,016
5 Mr. Omar Z. Jaafar Al Askari	9,555,016
6 H.E. Saeed Bin Mohammad Al Nahayan	14,332,549
7 M/s. Electro Mechanical Co. LLC	9,554,966
8 H.E. Dr. Mana Saeed Al Otaiba	6,999,832
9 Mr. Abdulla Khalil Al Mutawa	840
10 Mr. Mohammad Saleem Akhtar	833
11 Mr. Syed Shahid Ali	18,519
12 Mr. S. Mohammad Jawad Abidi	18,519
13 Mr. Zakir Hussain	18,519
	<hr/>
	100,000,000

Future Plans

In 2003, we plan to open 10 more branches all over Pakistan.

Directors

In the year under review, H. E. Sheikh Nahayan Mabarak Al Nahayan resigned on November 03, 2002 and in his place H.E. Sheikh Hamdan Bin Mubarak Al Nahayan was appointed by the Board as a Director and Chairman. The Board records its appreciation for the valuable services rendered by the outgoing Chairman H.E. Sheikh Nahayan Mabarak Al Nahayan.

Acknowledgement

The Board would like to acknowledge the support of State Bank of Pakistan, which helped us to 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

Six Year Financial Summary

1997 1998 1999 2000 2001 2002
Rupees in million

OPERATIONAL RESULTS

Total Income	1,248	1,814	2,096	2,531	3,770	5,246
Operating Expenses	233	337	403	511	744	1,184
Profit before Income Tax and Provision	81	162	218	304	510	948
Profit before Income Tax	7	68	354	400	524	895
Profit after Taxation	-	145	157	215	311	446

BALANCE SHEET

Shareholders' Equity	713	859	895	901	1,362	1,616
Total Assets	10,527	14,321	21,019	28,855	40,098	65,167
Advances - net of provision	4,850	7,758	10,327	15,242	19,131	28,319
Investments -net of provision	3,349	3,407	4,993	4,875	11,397	24,694
Deposits and other accounts	9,019	11,878	15,821	20,482	30,207	51,685

OTHERS

Imports	1,491	4,709	5,909	13,856	26,658	33,676
Exports	4,313	6,787	10,020	16,756	25,261	33,042

RATIOS

Capital Adequacy	%	16.90	13.08	13.52	8.35	9.56	8.70
Profit before Tax ratio (PBT / Gross mark up income)	%	0.64	4.17	18.60	17.70	15.45	19.32
Gross spread ratio (Net mark up income/ gross mark up income)	%	11.58	19.19	22.64	23.78	25.85	32.79
Income / Expense ratio	Times	5.36	5.38	5.20	4.95	5.07	4.43
Return on Average Equity (ROE)	%	-	18.45	17.90	23.94	27.49	29.95
Return on Average Assets (ROA)	%	-	1.17	0.89	0.89	0.90	0.85
Advances / Deposit Ratio	%	53.78	65.31	65.27	74.42	63.33	54.79
Cash Dividends	%	-	-	20	35	-	25
Stock Dividend	%	-	-	-	-	-	33.33
Book Value per share excluding revaluation of Assets	Rs.	11.89	14.31	14.92	15.01	18.15	16.16
Book Value per share including revaluation of Assets	Rs.	11.89	14.31	30.44	28.64	28.80	36.53
Earnings per Share before issue of bonus shares	Rs.	-	2.42	2.61	3.59	5.16	5.95
Earnings per Share after issue of bonus shares	Rs.	-	2.42	2.61	3.59	3.65	4.46
No of Employees	No.	546	488	564	695	959	1,504

Statement of compliance with the best practices of corporate governance to the members

The Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan to manage a company in compliance with best practices, has been made applicable on banks by the State Bank of Pakistan in June 2002.

The Board of Directors has adopted the Code of Corporate Governance and necessary actions have been initiated for compliance with all applicable and relevant clauses. The Bank applies the principles contained in the Code in the following manner:

- i) Except for the Chief Executive Officer, all the other Directors are non-executive Directors.
- ii) None of the Directors of the Bank are serving as a Director in ten or more listed companies.
- iii) The resident Directors of the Bank are registered as tax payers and to the best of our knowledge, none of the Directors have defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI) or a Non Banking Financial Institution (NBFI) or being a member of Stock Exchange, has been declared as a defaulter by that Stock Exchange.
- iv) None of the Directors or their spouses is engaged in the business of Stock Exchange.
- v) During the year there was one casual vacancy which was timely filled by the Directors.
- vi) The Bank is in the process of preparing a "Statement of Ethics and Business Practices" which shall be signed by the Directors and Employees of the Bank.
- vii) The Board has already adopted its vision/mission statement, overall corporate strategy and significant policies. Materiality level will be set in due course.
- viii) All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer are approved by the Board.
- ix) The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once every quarter after the implementation of the Corporate Governance. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated to all concerned.
- x) Directors are aware of the relevant laws applicable to the Bank, its polices and procedures and provisions of the Memorandum and Articles of Association to manage the affairs of the Bank on behalf of the shareholders. Further, an orientation course of Directors will be conducted in due course.
- xi) There was no new appointment of CFO, Company Secretary or Head of Internal Audit after the implementation of Corporate Governance.
- xii) An effective Internal Audit department has already been established.
- xiii) The Directors' Report for this year has been prepared keeping in view the requirements of the Code and fully describes the salient matters required to be disclosed.
- xiv) The financial statements of the Bank have been duly endorsed by the Chief Executive Officer and the Chief Financial Officer.
- xv) The Bank has complied with all the applicable corporate and financial reporting requirements.
- xvi) The Directors, CEO and Executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern shareholding.
- xvii) The Board has formed an audit committee. It comprises of four members, two of which are non-executive Directors of the Bank.
- xviii) Audit Committee met twice during the year 2002.
- xix) The Statutory Auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- xx) The Statement of Compliance with best practices of corporate governance is being published and circulated along with the annual report of the Bank.

For and on behalf of the Board

Mohammad Saleem Akhtar
Director & Chief Executive Officer

Review report to the members on statement of compliance with best practices of code of corporate governance

We have reviewed the Statement of Compliance with best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Bank Alfalah limited to comply with the Prudential Regulation No. XXIX, Responsibilities of Board of Directors through BSD Circular No. 15, dated June 13, 2002.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Bank. Our responsibility is to review to the extent where such compliance can be objectively verified whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Bank personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control

systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and the effectiveness of such internal controls. Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended December 31,2002.

A.F. Ferguson & CO.
Chartered Accountants

SHARING
OUR ACHIEVEMENTS

Deposits 71.10 %

Advances 45.59 %

Foreign Trade 28.92 %

Profit Before Tax 70.68 %

Profit After Tax 43.48 %

	Dec - 02 Rs. (000)	Dec - 01 Rs. (000)	% Growth
DEPOSITS	51,684,984	30,207,324	71.10%
ADVANCES	29,437,408	20,219,589	45.59%
FOREIGN TRADE	66,935,563	51,919,473	28.92%
PROFIT BEFORE TAX	894,653	524,164	70.68%
PROFIT AFTER TAX	445,679	310,612	43.48%

Financial Statements

BALANCE SHEET AS AT DECEMBER 31, 2002

	Note	2002	2001
		Rupees '000	
ASSETS			
Cash and balances with treasury banks	6	4,540,486	3,885,612
Balances with other banks	7	232,728	1,081,208
Lendings to financial institutions	8	4,634,398	1,698,969
Investments	9	24,694,397	11,396,616
Advances	10	28,319,401	19,131,494
Other assets	11	984,847	1,180,775
Operating fixed assets	12	1,760,774	1,424,883
Deferred tax asset	13	-	298,538
		65,167,031	40,098,095
LIABILITIES			
Bills payable	14	758,961	305,558
Borrowings from financial institutions	15	6,037,576	6,709,054
Deposits and other accounts	16	51,684,984	30,207,324
Sub - ordinated loans	17	650,000	-
Liabilities against assets subject to finance lease		-	-
Other liabilities	18	1,196,342	716,475
Deferred tax liabilities	13	1,186,501	-
		61,514,364	37,938,411
NET ASSETS		<u>3,652,667</u>	<u>2,159,684</u>
REPRESENTED BY			
Share capital	19	1,000,000	750,000
Reserves		365,727	361,591
Unappropriated profit		250,050	249,701
		1,615,777	1,361,292
Surplus on revaluation of assets	20	2,036,890	798,392
		<u>3,652,667</u>	<u>2,159,684</u>
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2002

	Note	2002	2001
		Rupees '000	
Mark-up / return / interest earned	22	4,630,494	3,391,935
Mark-up / return / interest expensed	23	3,112,313	2,515,074
Net mark-up / interest income		1,518,181	876,861
Provision against non-performing loans and advances - net	10.4	(53,619)	13,705
Provision for diminution in the value of investments		-	-
Bad debts written off directly		(1,447)	-
		(55,066)	13,705
Net mark-up/interest income after provisions		1,463,115	890,566
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		316,368	147,277
Dividend income		62,077	41,910
Income from dealing in foreign currencies		95,165	113,923
Other income	24	141,808	74,756
Total non-mark up/interest income		615,418	377,866
		2,078,533	1,268,432
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	25	1,182,887	743,602
Other provisions / write offs		-	-
Other charges	26	993	666
Total non-mark up / interest expenses		1,183,880	744,268
PROFIT BEFORE TAXATION			
Taxation	27	894,653	524,164
		(448,974)	(213,552)
PROFIT AFTER TAXATION			
Unappropriated profit brought forward		445,679	310,612
Transfer from general reserve		249,701	1,211
Transferred from surplus on revaluation of fixed assets		85,000	-
- Prior year		38,098	-
- Current year - net of tax		20,708	-
		58,806	-
Profit available for appropriation		839,186	311,823
APPROPRIATIONS			
Transfer to statutory reserve		(89,136)	(62,122)
Issue of bonus shares - Interim @ 33.33%(2001: Nil)		(250,000)	-
Cash dividend @ 25% (2001: Nil)		(250,000)	-
		(589,136)	(62,122)
Unappropriated profit carried forward		250,050	249,701
Basic and diluted earnings per share	28	4.46	3.65

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2002

	Note	2002	2001
		Rupees '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		894,653	524,164
Less: Dividend income		(62,077)	(41,910)
		<u>832,576</u>	<u>482,254</u>
Adjustments for non-cash charges			
Depreciation		141,235	80,862
Amortization - intangible assets		1,898	347
Amortization - deferred cost		7,989	7,989
Provision against non-performing advances		53,619	(13,705)
Bad debts written off directly		1,447	-
Gain on sale of fixed assets		(2,568)	(401)
Provision for gratuity		15,925	11,646
		<u>219,545</u>	<u>86,738</u>
		<u>1,052,121</u>	<u>568,992</u>
(Increase) / Decrease in operating assets			
Lendings to financial institutions		(2,535,429)	(178,654)
Advances		(9,242,973)	(3,875,472)
Others assets		77,083	(70,355)
		<u>(11,701,319)</u>	<u>(4,124,481)</u>
Increase / (decrease) in operating liabilities			
Bills Payable		453,403	199,205
Borrowings from financial institutions		(671,478)	792,451
Deposits		21,477,660	9,725,756
Other liabilities		196,464	285,498
		<u>21,456,049</u>	<u>11,002,910</u>
		<u>10,806,851</u>	<u>7,447,421</u>
Gratuity paid		(3,490)	(2,675)
Income tax paid		(277,366)	(270,633)
Net cash flow from operating activities		<u>10,525,995</u>	<u>7,174,113</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(13,584,669)	(5,346,241)
Net investments in held-to-maturity securities		3,012,810	(1,194,705)
Dividend received		78,714	29,178
Investments in operating fixed assets		(481,755)	(221,688)
Sale proceeds of fixed assets disposed of		5,299	3,352
Net cash flow from investing activities		<u>(10,969,601)</u>	<u>(6,730,104)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	150,000
Issuance of Term Finance Certificates		650,000	-
Dividend paid		-	(210,000)
Net cash flow from financing activities		<u>650,000</u>	<u>(60,000)</u>
Increase / (Decrease) in cash and cash equivalents		<u>206,394</u>	<u>384,009</u>
Cash and cash equivalents at beginning of the year	29	<u>5,116,820</u>	<u>4,732,811</u>
Cash and cash equivalents at end of the year	29	<u>5,323,214</u>	<u>5,116,820</u>

The annexed notes form an integral part of these accounts.

Chief Executive Officer

Director

Director

Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2002

	Share Capital	Statutory reserve	General reserve	Unappro- priated profit	Total
	←----- Rupees '000 ----->				
Balance at January 1, 2001	600,000	214,469	85,000	1,211	900,680
Profit after tax 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
Profit after taxation for the year ended December 31, 2002	-	-	-	445,679	445,679
Transfer from general reserve	-	-	(85,000)	85,000	-
Transfer to statutory reserve	-	89,136	-	(89,136)	-
Transfer from surplus on revaluation of fixed assets					
- Prior years	-	-	-	38,098	38,098
- Current year - net of tax	-	-	-	20,708	20,708
Issue of bonus shares	250,000	-	-	(250,000)	-
Proposed dividend	-	-	-	(250,000)	(250,000)
Balance at December 31, 2002	1,000,000	365,727	-	250,050	1,615,777

The annexed notes form an integral part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

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 45 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 the 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 financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the directives issued by the State Bank of Pakistan (SBP), and the International Accounting Standards (IASs) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretations Committee of IASC (the interpretations), as adopted in Pakistan. However, the requirements of the above ordinances and the directives of SBP have been followed in case where their requirements are not consistent with the requirements of IASs and the interpretations.

The SBP as per BSD circular No.10 dated August 26, 2002 has deferred the applicability of IAS 39, Financial Instruments: Recognition and Measurement and IAS 40, Investment Property for Banking Companies till further instructions. Accordingly, the requirements of these standards have not been considered in preparation of these financial statements. However, investments have been classified in accordance with the requirements of the format prescribed by the SBP as per BSD circular No. 36 dated October 10, 2001.

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

5.1. 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

5.2. 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.

Income on lease finance is recognised over the term of the lease using the net investment method which reflects constant periodic rate of return. Unrealised lease income is suspended in compliance with the requirements of Prudential Regulations issued by SBP which is recorded on receipt basis. Gains and losses on termination of lease, documentation charges and front end fees are recognised on receipt basis.

Dividend income from investments is recognised when bank's right to receive the income is established.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

5.3. 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.

5.4. 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 net of amortization of premium 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.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at trade date which is the date that the Bank commits to purchase or sell the investment.

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

Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in "borrowings from financial institutions" or "deposits" as appropriate. Securities purchased under agreement to resell (reverse repo) are included in "lendings to financial institutions" or "advances" as appropriate. The difference between sale and repurchase price is treated as mark up/return earned and expensed.

5.5 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.

During the year certain amendments in the Companies Ordinance, 1984 were promulgated. One of these amendments relates to Section 235 of the Companies Ordinance, 1984 under which the surplus on revaluation of fixed assets can now be reversed to the extent of incremental depreciation charged on these assets. Before this amendment, the surplus could only be reversed at the time of disposal of fixed assets or to set off a deficit arising on any subsequent revaluation of fixed asset.

As a result of the amendment in law, the surplus on revaluation of fixed assets to the extent of the incremental depreciation charged on the related assets is now transferred to retained earnings.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

In accordance with the above change in law, an amount equal to the incremental depreciation charged on the assets till December 31, 2001 has been transferred from the surplus on revaluation of fixed assets to retained earnings in the current year. The effect has been shown in note 20.1 to these financial statements.

Gains and losses on sale of fixed assets are included in income currently, except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to retained earnings.

5.6. Intangible assets

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

5.7. Taxation

Current taxation

Taxation charge in the accounts is based on taxable income at the current rates of taxation.

Deferred Taxation

Deferred tax is recognised using the liability method on all major temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements.

During the year IAS 12 (Revised): Income Taxes became applicable. As per the requirements of the IAS, the Bank now recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets and securities which is adjusted against the related deficit/surplus.

In accordance with IAS 8: Net profit or loss for the period, Fundamental Errors and Changes in Accounting Policies, the effect of this change in accounting policy has been recognised in the current year. The proforma information relating to the change in policy has not been given as this change would not have any material effect on the opening balance of retained earnings as at January 1, 2002.

The above change in accounting policy, to the extent that it relates to surplus on revaluation of fixed assets, has resulted in an increase in the profit after taxation for the year by Rs 18.36 million while the change in accounting policy relating to the surplus on revaluation of securities did not have any effect on the profit before taxation for the year.

5.8. 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 December 31, 2002 using the Projected Unit Credit Method.

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.

5.9. 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

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.

	2002	2001
	Rupees '000	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency (including in transit Rs. 10.835 million)	789,816	505,664
Foreign currency (including in transit Rs. 13.070 million)	333,203	266,476
With State Bank of Pakistan in		
Local currency current account	2,262,207	1,486,883
Foreign currency current account	266,146	289,363
Local currency deposit account	-	126,000
Foreign currency deposit account – note 6.1	798,439	1,157,453
With National Bank of Pakistan in		
local currency current account	90,675	53,773
	<u>4,540,486</u>	<u>3,885,612</u>

- 6.1. This account is maintained with SBP under the requirement of BSD Circular No.18 dated March 31, 2001. Profit rates on this account are fixed by SBP on monthly basis. Profit ranging between 0.94% to 1.37% per annum was paid during the year.

	2002	2001
	Rupees '000	
7. BALANCES WITH OTHER BANKS		
In Pakistan		
On current account	24,324	328
On deposit account	-	-
Outside Pakistan		
On current account	114,347	76,451
On deposit account – note 7.1	94,057	1,004,429
	<u>232,728</u>	<u>1,081,208</u>

- 7.1. This represents placement of funds generated through foreign currency deposits scheme (FE-25), at interest rates ranging from 1.58% to 4.38% per annum with maturities upto September 2003.

	2002	2001
	Rupees '000	
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings – note 8.1	550,000	150,000
Repurchase agreement lendings (Reverse Repo) – note 8.2	4,084,398	1,548,969
	<u>4,634,398</u>	<u>1,698,969</u>

- 8.1. These represent call lendings in interbank market at rates ranging from 4.1% to 6.75% per annum maturing upto March 2003.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

2002			2001		
Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total

----- Rupees '000 -----

8.2. SECURITIES HELD AS COLLATERAL AGAINST LENDINGS TO FINANCIAL INSTITUTIONS

Treasury Bills	3,134,398	-	3,134,398	1,248,969	-	1,248,969
Pakistan Investment Bonds	950,000	-	950,000	-	-	-
Federal Investment Bonds	-	-	-	300,000	-	300,000
	<u>4,084,398</u>	<u>-</u>	<u>4,084,398</u>	<u>1,548,969</u>	<u>-</u>	<u>1,548,969</u>

This represents repurchase agreement lendings at interest rates ranging from 3.20% to 7.50% per annum maturing in January 2003.

2002			2001		
Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total

----- Rupees '000 -----

9. INVESTMENTS

9.1. INVESTMENTS BY TYPE

Available for sale securities

Treasury Bills	9,638,008	2,293,541	11,931,549	3,004,688	2,840,326	5,845,014
Pakistan Investment Bonds	8,070,579	376,100	8,446,679	833,432	625,000	1,458,432
Federal Investment Bonds	426,357	-	426,357	-	-	-
Fully paid up ordinary shares	547,516	-	547,516	244,331	-	244,331
Term Finance Certificates	319,253	-	319,253	279,544	-	279,544
Certificates of Investment	150,000	-	150,000	-	-	-
Pakistan Income Fund Units	29,324	-	29,324	-	-	-
Pakistan Stock Market Fund Units	19,866	-	19,866	-	-	-
Prize Bonds	26,949	-	26,949	12,459	-	12,459
Shares of Pakistan Export Finance Guarantee Agency Ltd.	5,725	-	5,725	5,725	-	5,725
	<u>19,233,577</u>	<u>2,669,641</u>	<u>21,903,218</u>	<u>4,380,179</u>	<u>3,465,326</u>	<u>7,845,505</u>

Held to maturity securities

Government Bonds	85,341	-	85,341	85,341	-	85,341
Term Finance Certificates	12,475	-	12,475	18,720	-	18,720
Central Government Loans	-	-	-	56,200	-	56,200
Federal Investment Bonds	-	-	-	473,043	-	473,043
Pakistan Investment Bonds	-	-	-	2,950,365	-	2,950,365
	<u>97,816</u>	<u>-</u>	<u>97,816</u>	<u>3,583,669</u>	<u>-</u>	<u>3,583,669</u>
	<u>19,331,393</u>	<u>2,669,641</u>	<u>22,001,034</u>	<u>7,963,848</u>	<u>3,465,326</u>	<u>11,429,174</u>

Surplus / (deficit) on revaluation

of securities – note 20.2	2,693,363	-	2,693,363	(32,558)	-	(32,558)
	<u>22,024,756</u>	<u>2,669,641</u>	<u>24,694,397</u>	<u>7,931,290</u>	<u>3,465,326</u>	<u>11,396,616</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	Note	2002	2001
		Rupees '000	
9.2 INVESTMENTS BY SEGMENT			
Federal Government Securities			
-Treasury Bills	9.2.1	11,931,549	5,845,014
-Pakistan Investment Bonds	9.2.2	8,446,679	4,408,797
-Federal Investment Bonds	9.2.3	426,357	473,043
-Central Government Loans		-	56,200
-Government Bonds	9.2.4	85,341	85,341
-Prize Bonds		26,949	12,459
		20,916,875	10,880,854
Fully Paid up Ordinary Shares / Certificates			
-Listed Companies/Funds	9.2.5	596,706	244,331
-Unlisted Companies	9.2.6	5,725	5,725
		602,431	250,056
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates			
-Term Finance Certificates – quoted	9.2.7	319,253	279,544
-Term Finance Certificates – unquoted	9.2.8	12,475	18,720
		331,728	298,264
Other Investments			
Certificates of Investment	9.2.9	150,000	-
		22,001,034	11,429,174
Surplus / (Deficit) on revaluation of securities	20.2	2,693,363	(32,558)
		<u>24,694,397</u>	<u>11,396,616</u>

9.2.1 Treasury bills are for the periods of six months and one year. The rates of profit on treasury bills range between 6.10% to 7.00% per annum with maturities up to October 2003.

9.2.2 Pakistan Investment Bonds are for the periods of three, five and ten years. The rates of profit range from 9.00% to 14.00% per annum with maturities from February 2004 to October 2012.

9.2.3 Federal Investment Bonds are for the periods of ten years. The rate of profit is 15% per annum with maturities ranging from February 2003 to October 2005.

9.2.4 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

9.2.5 Investments in listed companies / funds include the following:

The par value of these shares is Rs. 10.

2002 No of shares / units	2001		2002 Rupees '000	2001
		MUTUAL FUNDS		
-	968,500	I.C.P.S.E.M.F	-	15,792
586,916	-	Pakistan Income Fund Units*	19,866	-
326,726	-	Pakistan Stock Market Fund Units*	29,324	-
		INVESTMENT COMPANIES & BANKS		
5,000,000	175,000	Askari Commercial Bank Limited	113,211	2,436
-	1,850,000	Crescent Investment Bank Limited	-	17,474
		TEXTILE SPINNING		
-	210,290	Kohinoor Textile Mills Limited	-	1,794
		TEXTILE WEAVING		
-	171,000	Nishat (Chunian) Limited	-	3,908
		TEXTILE COMPOSITE		
-	260,500	Nishat Mills Limited	-	5,817
		SYNTHETIC & RAYON		
-	60,750	Dewan Salman Fibre Limited	-	1,239
-	1,019,375	Ibrahim Fibre Limited	-	15,825
		CEMENT		
-	213,710	Maple Leaf Cement Limited	-	1,872
		FUEL & ENERGY		
9,221,000	1,925,000	Hub Power Company Limited	309,290	41,122
-	100,000	Japan Power Generation Limited	-	552
-	410,000	Pakistan State Oil Company Limited	-	58,115
1,900,000	-	Southern Electric Power Co. Limited	26,111	-
-	200,000	Sui Northern Gas Pipelines Limited	-	2,291
2,450,000	-	Kohinoor Energy Limited	52,412	-
		TRANSPORT & COMMUNICATION		
2,000,000	3,096,000	Pakistan Telecommunication Company Limited	46,492	68,898
		CHEMICALS & PHARMACEUTICALS		
-	175,000	Fauji Fertilizer Company Limited	-	7,196
			<u>596,706</u>	<u>244,331</u>

* The par value of these units is Rs. 50.

9.2.6 Investment in shares of unlisted companies

		Pakistan Export Finance Guarantee Agency Limited		
<u>572,531</u>	<u>572,531</u>	Chief Executive : Mr. S.M.Zaeem	<u>5,725</u>	<u>5,725</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
	Rupees '000	
9.2.7 Term Finance Certificates – Quoted, Secured		
Saudi Pak Leasing Company Limited	1,859	5,578
15 (2001: 15) certificates of Rs. 5,000 each		
148 (2001: 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		
Dewan Salman Fibres Limited	58,929	58,976
11,800 (2001: 11,800) certificates of Rs. 5,000 each		
Mark up: 16% per annum		
Redemption: Eight equal quarterly installments commencing September 2002		
Maturity: June 2005		
ICI Pakistan Limited	59,976	60,000
12,000 (2001: 12,000) certificates of Rs. 5,000 each		
Mark up: 3% above the last 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		
Engro Asahi Polymer & Chemical Limited	49,970	49,990
10,000 (2001: 10,000) certificates of Rs. 5,000 each		
Mark up: 1.5% above the weighted average of the last three cut off yield of		
5 year Pakistan Investment Bonds; floor: 13% per annum; ceiling:		
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		
Gulistan Textile Mills Limited	29,989	30,000
6,000 (2001: 6,000) certificates of Rs. 5,000 each		
Mark up: 2% above SBP discount rate; floor: 14% per annum; ceiling: 17.5%		
per annum		
Redemption: Six equal semi-annual installments commencing March 2004		
Maturity: September 2006		
Pak Arab Refinery Company Limited	74,970	75,000
15,000 (2001: 15,000) certificates of Rs. 5,000 each		
Mark up: 1.45% above the last cut off yield of 3 year Pakistan Investment Bonds;		
floor: 13% per annum; ceiling: 15% per annum		
Redemption: Two equal semi-annual installments commencing June 2004		
Maturity: December 2004		
Quetta Textile Mills Limited	43,560	-
8,712 (2001: Nil) certificates of Rs. 5,000 each		
Mark up: 2.5% above SBP discount rate; floor: 13% per annum; ceiling:		
18% per annum		
Redemption: Six semi-annual installments commencing		
April 2005		
Maturity: September 2007		
	<u>319,253</u>	<u>279,544</u>
9.2.8 Term Finance Certificates – Unquoted, Secured		
First International Investment Bank Limited	12,475	18,720
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		
	<u>12,475</u>	<u>18,720</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

9.2.9 Particulars of Certificates of Investment are as follows:

	Tenor	Profit rate (per annum)	Rupees '000
Orix Leasing Pakistan Limited	1 month	10.50%	75,000
Security Investment Bank Limited	1 month	5.50%	25,000
Atlas Investment Bank Limited	3 months	8.50%	25,000
Escort Investment Bank Limited	3 months	6.10%	25,000
			<u>150,000</u>

	2002	2001
	Rupees '000	
10. ADVANCES		
Loans, cash credits, running finances, etc. in Pakistan	26,800,108	18,646,818
Net Investment in Lease – note 10.2	88,327	-
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	923,867	492,347
Payable outside Pakistan	1,625,106	1,080,424
	<u>2,548,973</u>	<u>1,572,771</u>
	29,437,408	20,219,589
Provision for non-performing advances – note 10.4	(1,118,007)	(1,088,095)
	<u>28,319,401</u>	<u>19,131,494</u>
10.1 Particulars of advances		
10.1.1 in local currency	23,527,856	19,092,442
in foreign currencies	4,791,545	39,052
	<u>28,319,401</u>	<u>19,131,494</u>
10.1.2 Short term (for up to one year)	24,055,778	15,334,147
Long term (for over one year)	4,263,623	3,797,347
	<u>28,319,401</u>	<u>19,131,494</u>
10.2 Net investment in lease		

Particulars	2002				2001
	Not later than one year	Later than one year & less than five years	Over five years	Total	
	Rupees '000				
Lease rentals receivable	8,407	83,700	-	92,107	-
Residual value	-	14,423	-	14,423	-
Minimum lease payments	8,407	98,123	-	106,530	-
Financial charges for future period	(2,312)	(15,891)	-	(18,203)	-
Present value of minimum lease payments	6,095	82,232	-	88,327	-

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

10.3 Advances include Rs. 1.65 billion (2001: Rs. 1.58 billion) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	←----- Rupees '000 -----→				
Other Assets Especially mentioned	153,783	-	153,783	8,366	8,366
Substandard	62,063	-	62,063	13,903	13,903
Doubtful	48,695	-	48,695	12,319	12,319
Loss	1,387,257	-	1,387,257	1,020,547	1,020,547
	<u>1,651,798</u>	<u>-</u>	<u>1,651,798</u>	<u>1,055,135</u>	<u>1,055,135</u>

10.4 Particulars of provision against non-performing advances:

	2002			2001		
	Specific	General	Total	Specific	General	Total
	←----- Rupees '000 -----→					
Opening balance	1,076,903	11,192	1,088,095	1,114,831	-	1,114,831
Charge for the year	58,320	51,680	110,000	51,274	11,192	62,466
Reversals	(56,381)	-	(56,381)	(76,171)	-	(76,171)
	1,939	51,680	53,619	(24,897)	11,192	(13,705)
Amounts written off – note 10.5	(23,707)	-	(23,707)	(13,031)	-	(13,031)
Closing balance	<u>1,055,135</u>	<u>62,872</u>	<u>1,118,007</u>	<u>1,076,903</u>	<u>11,192</u>	<u>1,088,095</u>

	Note	2002	2001
		Rupees '000	
10.5 PARTICULARS OF WRITE OFFS			
10.5.1 Against provisions	10.4	23,707	13,031
Directly charged to profit and loss account		1,447	-
		<u>25,154</u>	<u>13,031</u>
10.5.2 Write-offs of Rs. 500,000 and above	10.6	24,189	11,231
Write-offs of below Rs. 500,000		965	1,800
		<u>25,154</u>	<u>13,031</u>

10.6 DETAILS OF LOAN WRITE OFF OF Rs. 500,000 AND ABOVE

In terms of sub-section (3) of Section 33A 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 persons during the year ended December 31, 2002 is given in Annexure-I.

Balance as at December 31, 2002	Maximum total amount of advances including temporary advances granted during the year
Rupees '000	

10.7 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	210,903	215,881
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	-	-
	<u>210,903</u>	<u>215,881</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
	Rupees '000	
11. OTHER ASSETS		
Income / mark-up accrued in local currency	562,362	770,068
Income / mark-up accrued in foreign currency	44,398	5,189
Advances, deposits, advance rent and other prepayments	361,225	295,012
Advance taxation (payments less provisions)	-	94,219
Dividend Receivable	17,875	34,512
Unrealized gain on forward foreign exchange contracts	5,053	-
Prepaid exchange risk fee	13,195	91,043
Deferred costs	-	7,989
Stationery and stamps on hands	16,363	24,491
Short term receivables	496	-
Asset acquired in satisfaction of claim – note 11.1	28,500	-
Receivable from brokers – note 11.2	37,176	-
Others – note 11.3	30,000	-
	<u>1,116,643</u>	<u>1,322,523</u>
Less: Provision held against other assets – note 11.4	(7,619)	(7,619)
Mark-up held in suspense account	(124,177)	(134,129)
	<u>984,847</u>	<u>1,180,775</u>

11.1 Market value of non-banking asset acquired in satisfaction of claim. 31,992 -

11.2 This represents amount receivable from brokers against sale of shares.

11.3 This includes Rs. 25 million being advance payment for purchase of 50,000 units of UTP Islamic Fund.

	Note	2002	2001
		Rupees '000	
11.4 Provision against other assets			
Opening balance		7,619	7,619
Charge for the year		-	-
Closing balance		<u>7,619</u>	<u>7,619</u>

12. OPERATING FIXED ASSETS

Capital work-in-progress	12.1	188,679	94,388
Property and equipment	12.2	1,539,743	1,321,017
Intangible assets	12.3	32,352	9,478
		<u>1,760,774</u>	<u>1,424,883</u>

12.1 Capital work-in-progress

Advances to suppliers and contractors	<u>188,679</u>	<u>94,388</u>
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

12.2 Property and equipment

Description	Cost and	Additions/	Cost and	Accumulated	Depreciation	Accumulated	Net book	Rate of
	* revaluation at January 1, 2002	(disposals)	* revaluation at December 31, 2002	depreciation at January 1, 2002	for the year/ (on disposals)	depreciation at December 31, 2002	value at December 31, 2002	% per annum
←----- Rupees '000 -----→								
Office premises	359,680 *830,950	16,406 -	376,086 *830,950	86,000 38,098	12,439 39,069	98,439 77,167	277,647 753,783	1.0 - 5.5
Lease hold improvement	45,756	129,522	175,278	12,929	11,480	24,409	150,869	20
Furniture and fixtures	78,306	56,034 (1,605)	132,735	38,736	7,317 (803)	45,250	87,485	10 - 25
Office equipment	288,099	130,730 (3,248)	415,581	153,872	49,088 (2,451)	200,509	215,072	20
Vehicles	88,978	30,000 (4,597)	114,381	41,117	21,842 (3,465)	59,494	54,887	25
	1,691,769	362,692 (9,450)	2,045,011	370,752	141,235 (6,719)	505,268	1,539,743	
2001	1,524,415	175,004 (7,650)	1,691,769	294,589	80,862 (4,699)	370,752	1,321,017	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs. 136.01 million.

12.2.2 The fair value of property and equipment as per management estimate is not materially different from the carrying amount.

12.2.3 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, 2002	Accumulated depreciation at December 31, 2002	Book value at December 31, 2002
←----- Rupees '000 -----→			
Office premises	<u>376,086</u>	<u>98,439</u>	<u>277,647</u>

12.3 Intangible assets

Description	Cost			Amortization			Net book value as at December 31, 2002	Rate of amortization % per annum
	As at January 1, 2002	Additions/ (Adjustment)	As at December 31, 2002	As at January 1, 2002	For the year/ (Adjustment)	As at December 31, 2002		
←----- Rupees '000 -----→								
Computer software	10,279	17,667 (8,335)	19,611	801	1,021 (5)	1,817	17,794	20
Goodwill	-	15,440	15,440	-	882	882	14,558	20
	10,279	24,772	35,051	801	1,898	2,699	32,352	
2001	1,789	8,490	10,279	454	347	801	9,478	

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

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
Equipment	1,399	1,399	-	115	Negotiation	Techno Links International A-21 Al-Falah Market Abdullah Haroon Road Saddar, Karachi.
Vehicle	873	462	411	750	Insurance claim	Adamjee Insurance Co. Ltd., Karachi.
"	2,201	2,201	-	1,612	Tender	Mr. Nasir Khan A-597 Sector 11-A, North Karachi.

	2002	2001
	Rupees '000	
13. DEFERRED TAX (LIABILITY) / ASSET		
Deferred debits arising in respect of:		
Provision for doubtful debts	206,222	301,975
Provision for gratuity	17,931	16,675
	<u>224,153</u>	<u>318,650</u>
Deferred credits arising in respect of:		
Unamortised balance of payments made under Voluntary Severance Scheme	-	(3,994)
Leasing Operations	(253)	-
Excess of accounting net book value over tax written down value of fixed assets	(146)	(16,118)
Surplus on revaluation of fixed assets	(267,806)	-
Surplus on revaluation of securities	(1,142,449)	-
	<u>(1,410,654)</u>	<u>(20,112)</u>
Net deferred tax (liability) / asset recognised	<u>(1,186,501)</u>	<u>298,538</u>

14. BILLS PAYABLE

In Pakistan	758,961	305,558
Outside Pakistan	-	-
	<u>758,961</u>	<u>305,558</u>

15. BORROWINGS FROM FINANCIAL INSTITUTIONS

In Pakistan	5,542,370	6,553,995
Outside Pakistan	495,206	155,059
	<u>6,037,576</u>	<u>6,709,054</u>
In local currency	5,542,370	6,553,995
In foreign currencies	495,206	155,059
	<u>6,037,576</u>	<u>6,709,054</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
	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 Officer) of the Bank	-	-
Borrowings from State Bank of Pakistan under export refinance scheme – note 15.2.1	2,773,829	2,988,669
Repurchase agreement borrowings – note 15.2.2	2,593,541	3,465,326
	<u>5,367,370</u>	<u>6,453,995</u>
Unsecured		
Call borrowings – note 15.2.3	175,000	100,000
Overdrawn nostro accounts	495,206	155,059
	670,206	255,059
	<u>6,037,576</u>	<u>6,709,054</u>

15.2.1 This represents borrowing from SBP under export refinance scheme at rates ranging from 5.50% to 7.50% per annum maturing within six months up to June 2003. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained with SBP.

15.2.2 This represents repurchase agreement borrowings from other banks at rates ranging from 4% to 7% per annum maturing upto March 2003.

15.2.3 This represents call borrowing in Interbank market at rates ranging from 6.00% to 6.50% per annum maturing upto February 2003.

	2002	2001
	Rupees '000	
16. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	11,083,927	7,735,240
Savings deposits	30,154,251	18,170,854
Current accounts – Remunerative	-	-
Current accounts – Non-remunerative	8,539,944	4,016,691
Margin, call and sundry deposits	702,402	284,386
	<u>50,480,524</u>	<u>30,207,171</u>
Financial Institutions		
Remunerative deposits	1,204,460	-
Non-remunerative deposits	-	153
	<u>1,204,460</u>	<u>153</u>
	<u>51,684,984</u>	<u>30,207,324</u>
16.1 Particulars of deposits		
In local currency	45,464,501	21,203,968
In foreign currencies	6,220,483	9,003,356
	<u>51,684,984</u>	<u>30,207,324</u>
17. SUB-ORDINATED LOANS		
Term Finance Certificates – Quoted, Unsecured	<u>650,000</u>	<u>-</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

The Bank issued Term Finance Certificates (TFCs) during the year. The terms of the TFCs are as follows:

Mark-up:	1.35% above 5 year PIB yield; floor: 10% per annum; cap: 15% per annum
Subordination:	The TFCs are subordinated to all other indebtedness of the Bank including deposits
Rating:	A +
Tenor:	Six years
Redemption:	2 equal semi-annual installments commencing June 2008
Maturity:	December 2008

	2002	2001
	Rupees '000	
18. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	539,277	497,214
Mark-up / return / interest payable in foreign currency	24,048	46,906
Unearned commission and income on bills discounted	12,154	1,888
Accrued expenses	37,779	20,807
Proposed Dividend	250,000	-
Branch adjustment account	45,500	23,604
Unrealized loss on forward foreign exchange contracts	-	39,635
Taxation	20,967	-
Lease security deposit	14,423	-
Payable to defined benefit plan	45,784	33,350
Payable to brokers – note 18.1	120,700	212
Others	85,710	52,859
	<u>1,196,342</u>	<u>716,475</u>

18.1 This represents amounts payable to brokers against purchase of shares.

			2002	2001
			Rupees '000	
19. SHARE CAPITAL				
19.1 Authorized capital				
	2002	2001		
	<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs.10 each	<u>2,000,000</u> <u>2,000,000</u>
19.2 Issued, subscribed and paid up capital				
	2002	2001		
	75,000,000	75,000,000	Ordinary shares of Rs. 10 each	
	25,000,000	-	fully paid in cash	750,000 750,000
	<u>100,000,000</u>	<u>75,000,000</u>	Issued as bonus shares	<u>250,000</u> -
				<u>1,000,000</u> <u>750,000</u>

20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (Deficit) arising on revaluation of :		
- fixed assets – note 20.1	485,976	830,950
- securities – note 20.2	1,550,914	(32,558)
	<u>2,036,890</u>	<u>798,392</u>
20.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets as at January 1, 2002	830,950	830,950
Less: related deferred tax liability as at January 1, 2002	(286,168)	-
	<u>544,782</u>	<u>830,950</u>
Surplus transferred to retained earnings relating to incremental depreciation		
- Prior years	(38,098)	-
- Current year – net of tax	(20,708)	-
	<u>485,976</u>	<u>830,950</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
	Rupees '000	
20.2 Surplus / (Deficit) on revaluation of securities		
i) Government securities	2,583,246	49,481
ii) Quoted shares/Funds	96,889	(83,526)
iii) Term Finance Certificates – quoted	13,228	1,487
	<u>2,693,363</u>	<u>(32,558)</u>
Less: related deferred tax liability	(1,142,449)	-
	<u>1,550,914</u>	<u>(32,558)</u>
21. CONTINGENCIES AND COMMITMENTS		
21.1 Direct Credit Substitutes		
Contingent liability in respect of guarantees given favouring:		
i) Government	253,297	169,294
ii) Banking companies and other financial institutions	32,457	15,550
iii) Others	208,154	122,777
	<u>493,908</u>	<u>307,621</u>
21.2 Transaction-related Contingent Liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees, standby letters of credit etc. favouring:		
i) Government	4,324,541	871,257
ii) Banking companies and other financial institutions	177,198	302,124
iii) Others	595,114	1,371,029
	<u>5,096,853</u>	<u>2,544,410</u>
21.3 Trade-related Contingent Liabilities		
Letters of credit	5,675,622	2,613,056
Acceptances	2,281,419	719,420
21.4 Other Contingencies		
Claims against the Bank not acknowledged as debt	1,022,923	942,029
21.5 Commitments in respect of forward lending		
Commitments to extend credit	-	150,000
21.6 Commitments in respect of forward exchange contracts		
Purchase	3,467,863	8,160,355
Sale	5,102,912	2,422,040
21.7 Commitments for acquisition of operating fixed assets	89,625	88,427
21.8 Commitments in respect of repo transactions		
- Repurchase	2,709,281	3,506,809
- Resale	4,092,740	1,555,156

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
	Rupees '000	
21.9 Other commitments		
- For purchase of 25% equity in Shamil Bank of Bangladesh	77,851	77,851
- For purchase of Microsoft software license	8,402	16,101
22. MARK-UP / RETURN / INTEREST EARNED		
a) On loans and advances to:		
i) customers	2,627,302	2,328,153
ii) financial institutions	45,195	13,315
b) On Investments in:		
i) available for sale securities	1,678,491	346,670
ii) held to maturity securities	116,925	440,829
iii) associates and subsidiaries	-	-
c) On deposits with financial institutions	95,505	147,798
d) On securities purchased under resale agreements	67,076	115,170
	<u>4,630,494</u>	<u>3,391,935</u>
23. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits (including exchange risk fee)	2,522,700	1,945,360
On securities sold under repurchase agreements	356,056	238,843
On other short term borrowings	230,337	330,871
On sub-ordinated loan – TFCs	3,220	-
	<u>3,112,313</u>	<u>2,515,074</u>
24. OTHER INCOME		
Postage, telex, service charges etc.	139,240	74,355
Net profit on sale of property and equipment	2,568	401
	<u>141,808</u>	<u>74,756</u>
25. ADMINISTRATIVE EXPENSES		
Salaries, allowances, etc.	449,408	309,584
Charge for defined benefit plan – Gratuity	15,925	11,646
Contribution to defined contribution plan – Provident Fund	13,203	9,147
Non-executive directors' fees, allowances and other expenses	-	-
Brokerage and commissions	35,927	20,567
Rent, taxes, insurance, electricity, etc.	172,695	103,111
Legal and professional charges	16,969	10,924
Communication	69,576	47,090
Repairs and maintenance	32,667	20,501
Stationery and printing	43,324	18,679
Advertisement and publicity	74,090	34,323
Donations	25.1	2,668
Auditors' remuneration	25.2	1,750
Depreciation	12.2	141,235
Amortization of intangible assets	12.3	1,898
Amortization of deferred cost		7,989
Entertainment, vehicle running expenses, travelling and subscription		56,082
Others		47,481
	<u>1,182,887</u>	<u>743,602</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
	Rupees '000	
25.1 Donation		
Sheikh Zayed Hospital, Rahim Yar Khan	1,450	-
Rising Sun Institute, Lahore	1,000	-
Miss Ammara Javed, Islamabad	218	-
Halley College of Commerce, Lahore	-	120
Kashmir Education Foundation, AJK	-	1,097
	<u>2,668</u>	<u>1,217</u>

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

25.2 Auditors' remuneration

Audit fee	1,000	1,280
Special certifications and sundry advisory services	430	205
Tax services	-	-
Out-of-pocket expenses	320	166
	<u>1,750</u>	<u>1,651</u>

26. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	<u>993</u>	<u>666</u>
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27. TAXATION

For the year

Current	407,752	255,874
Deferred	(6,271)	(42,322)
	<u>401,481</u>	<u>213,552</u>

For prior year

Current	(15,200)	-
Deferred	62,693	-
	<u>47,493</u>	<u>-</u>
	<u>448,974</u>	<u>213,552</u>

27.1 Relationship between tax expense and accounting profit

Profit before tax	<u>894,653</u>	<u>524,164</u>
Tax calculated at the rate of 47% (2001: 50%)	420,486	262,082
Effect of:		
- income chargeable to tax at reduced rates	(23,924)	(15,265)
- income exempt from tax	(37,212)	(2,280)
- other differences	42,131	(30,985)
- write off of deferred tax asset due to reduction in tax rates	62,693	-
- reversal of prior year provision	(15,200)	-
Tax expense for the year	<u>448,974</u>	<u>213,552</u>

28. BASIC EARNINGS PER SHARE

Profit for the year	<u>445,679</u>	<u>310,612</u>
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2002 2001
Number of shares
in thousand

Weighted average number of ordinary shares	<u>100,000</u>	<u>85,205</u>
Basic earnings per share	<u>Rs 4.46</u>	<u>Rs 3.65</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

	2002	2001
	Rupees '000	
29. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	4,540,486	3,885,612
Balances with other banks	232,728	1,081,208
Lendings to financial institutions	550,000	150,000
	<u>5,323,214</u>	<u>5,116,820</u>
30. STAFF STRENGTH		
	Number of employees	
Total number of employees at the end of the year	<u>1,504</u>	<u>959</u>
31. DEFINED BENEFIT PLAN	2002	2001
31.1 Principal actuarial assumptions		
Discount factor used (% per annum compounded)	8	11
Expected yield on investments (% per annum)	8-10	12
Salary increase (% per annum)	8	10
Normal Retirement age	60 years	60 years
	2002	2001
	Rupees '000	
31.2 Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligations	93,901	56,997
Fair value of plan assets	(15,300)	(13,495)
Net actuarial losses not recognized	(30,343)	(5,202)
Unrecognized transitional obligation	(2,474)	(4,950)
	<u>45,784</u>	<u>33,350</u>
31.3 Movement in payable to defined benefit plan		
Opening balance	33,350	24,379
Charge for the year	15,925	11,646
Contribution to fund made during the year	(3,491)	(2,675)
Closing balance	<u>45,784</u>	<u>33,350</u>
31.4 Charge for defined benefit plan		
Current service cost	6,496	5,292
Interest cost	8,017	5,820
Expected return on plan assets	(2,035)	(1,942)
Actuarial losses	971	-
Past service cost	-	-
Amortization of transitional obligation	2,476	2,476
	<u>15,925</u>	<u>11,646</u>
31.5 Actual return on plan assets	<u>2,020</u>	<u>1,750</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

32. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Executives	
	2002	2001	2002	2001
	----- Rupees '000 -----			
Managerial remuneration	4,800	4,000	65,288	47,641
Gratuity	300	250	2,484	1,803
Provident fund	-	-	2,523	1,804
Rent and house maintenance	-	-	18,445	14,903
Utilities	-	7	1,285	822
Medical	68	67	-	-
Others	-	-	1,885	1,500
	<u>5,168</u>	<u>4,324</u>	<u>91,910</u>	<u>68,473</u>
Number of person	1	1	40	32

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

33. MATURITIES OF ASSETS AND LIABILITIES

	Total	2002			
		Upto three months	Over three months to one year	Over one year to five years	Over five years
	----- Rupees '000 -----				
Assets					
Cash and balances with treasury banks ^a	4,540,486	2,025,209	196,149	98,736	2,220,392
Balances with other banks	232,728	194,801	37,927	-	-
Lending to financial institutions	4,634,398	4,634,398	-	-	-
Investments	24,694,397	8,129,156	16,159,699	216,473	189,069
Advances	28,319,401	9,457,966	14,597,812	3,447,005	816,618
Other assets	984,847	791,863	55,194	19,021	118,769
Operating fixed assets	1,760,774	-	-	729,344	1,031,430
Deferred tax assets	-	-	-	-	-
	<u>65,167,031</u>	<u>25,233,393</u>	<u>31,046,781</u>	<u>4,510,579</u>	<u>4,376,278</u>
Liabilities					
Bills payable	758,961	758,961	-	-	-
Borrowings from financial institutions	6,037,576	3,900,304	2,137,272	-	-
Deposits and other accounts ^{**}	51,684,984	13,571,033	3,090,504	1,918,851	33,104,596
Subordinated loans	650,000	-	-	-	650,000
Liabilities against assets subject to finance lease	-	-	-	-	-
Other liabilities	1,196,342	1,034,255	106,731	55,356	-
Deferred tax liabilities	1,186,501	-	1,142,449	-	44,052
	<u>61,514,364</u>	<u>19,264,553</u>	<u>6,476,956</u>	<u>1,974,207</u>	<u>33,798,648</u>
Net assets	<u>3,652,667</u>	<u>5,968,840</u>	<u>24,569,825</u>	<u>2,536,372</u>	<u>(29,422,370)</u>
Share capital	1,000,000				
Reserves	365,727				
Unappropriated profit	250,050				
Surplus on revaluation of assets	2,036,890				
	<u>3,652,667</u>				

^a 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 contractual maturity and therefore it is assumed that on an aggregate these will remain at current level in future.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

33.1 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.

34. YIELD / INTEREST RATE RISK

Effective yield/ interest rate %	Total	2002				Not exposed to yield/ interest risk	
		Up to three months	Exposed to yield/ interest risk Over three months to one year	Over one year to five years	Over five years		
←----- Rupees '000 ----->							
On-balance sheet financial instruments							
Assets							
Cash and balances with treasury banks	0.880	4,540,486	798,439	-	-	-	3,742,047
Balances with other banks	3.287	232,728	56,130	37,927	-	-	138,671
Lending to financial institutions	5.819	4,634,398	4,634,398	-	-	-	-
Investments	4.795	24,694,397	7,450,464	16,159,699	192,283	183,344	708,607
Advances	9.439	28,319,401	9,457,966	14,589,405	3,455,412	816,618	-
Other assets		686,811	-	-	-	-	686,811
		<u>63,108,221</u>	<u>22,397,397</u>	<u>30,787,031</u>	<u>3,647,695</u>	<u>999,962</u>	<u>5,276,136</u>
Liabilities							
Bills payable	-	758,961	-	-	-	-	758,961
Borrowings from financial institutions	5.974	6,037,576	3,405,081	2,137,272	-	-	495,223
Deposits and other accounts	5.175	51,684,984	4,393,687	36,016,906	-	2,032,045	9,242,346
Subordinated loans	10.000	650,000	-	-	-	650,000	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-
Other liabilities	-	934,025	-	-	-	-	934,025
		<u>60,065,546</u>	<u>7,798,768</u>	<u>38,154,178</u>	<u>-</u>	<u>2,682,045</u>	<u>11,430,555</u>
On-balance sheet gap		<u>3,042,675</u>	<u>14,598,629</u>	<u>(7,367,147)</u>	<u>3,647,695</u>	<u>(1,682,083)</u>	<u>(6,154,419)</u>
Off-balance sheet financial instrument							
Forward lendings	-	-	-	-	-	-	-
Forward borrowings	-	-	-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total yield / interest risk sensitivity gap		<u>3,042,675</u>	<u>14,598,629</u>	<u>(7,367,147)</u>	<u>3,647,695</u>	<u>(1,682,083)</u>	<u>(6,154,419)</u>
Cumulative yield / interest risk sensitivity gap			<u>14,598,629</u>	<u>7,231,482</u>	<u>10,879,177</u>	<u>9,197,094</u>	<u>3,042,675</u>

34.1 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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

35. CURRENCY RISK

	2002			
	Assets	Liabilities & Shareholders' equity	Off-balance sheet items *	Net foreign currency exposure
	----- Rupees '000 -----			
Pakistan Rupee	58,719,023	58,432,296	(426,980)	(140,253)
United States Dollar	6,222,289	5,931,562	(165,364)	125,363
Great Britain Pound	128,049	636,254	507,959	(246)
Japanese Yen	-	1,653	2,883	1,230
Euro	80,290	164,249	86,012	2,053
Other currencies	17,380	1,017	(4,510)	11,853
Foreign currency exposure	6,448,008	6,734,735	426,980	140,253
	<u>65,167,031</u>	<u>65,167,031</u>	<u>-</u>	<u>-</u>

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

35.1 Currency risk arises from the fluctuation in the value of financial instruments consequent to the changes in foreign exchange rates. The Bank manages this risk by setting and monitoring dealer, currency and counter-party 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 on 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.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

On-balance sheet financial instruments

	2002		2001	
	Book value	Fair value	Book value	Fair value
	----- Rupees '000 -----			
Assets				
Cash and balances with treasury banks	4,540,486	4,540,486	3,885,612	3,885,612
Balances with other banks	232,728	232,728	1,081,208	1,081,208
Lendings to financial institutions	4,634,398	4,637,046	1,698,969	1,698,969
Investments	24,694,397	24,730,272	11,396,616	11,662,540
Advances	28,319,401	28,453,812	19,131,494	19,287,613
Other assets	686,811	686,811	809,769	809,769
	<u>63,108,221</u>	<u>63,281,155</u>	<u>38,003,668</u>	<u>38,425,711</u>
Liabilities				
Bills payable	758,961	758,961	305,558	305,558
Borrowings from financial institutions	6,037,576	6,044,743	6,709,054	6,700,697
Deposits and other accounts	51,684,984	51,684,984	30,207,324	30,389,726
Subordinated loan	650,000	650,000	-	-
Other liabilities	934,025	934,025	544,332	544,332
	<u>60,065,546</u>	<u>60,072,713</u>	<u>37,766,268</u>	<u>37,940,313</u>

Off-balance sheet financial instruments

Forward purchase of foreign exchange	<u>3,448,819</u>	<u>3,448,819</u>	<u>7,915,502</u>	<u>7,915,502</u>
Forward agreements for borrowing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Forward sale of foreign exchange	<u>5,056,739</u>	<u>5,056,739</u>	<u>2,366,066</u>	<u>2,366,066</u>
Forward agreements for lending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

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, lendings to / borrowings from financial institutions

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

37. 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 Directors. Its 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 by the management in respect 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.

37.1 Segment by class of business

	2002					
	Advances		Deposits		Contingencies and Commitments	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Agribusiness	39,723	0.14	105,602	0.20	20,816	0.15
Automobiles & Allied	320,594	1.13	1,052,462	2.04	762,310	5.63
Cables / Electronics	70,164	0.25	1,130,092	2.19	176,497	1.30
Carpets	130,825	0.46	58,321	0.11	17,119	0.13
Cement	-	-	16,262	0.03	123,691	0.91
Chemicals / Pharmaceuticals	484,866	1.71	683,586	1.32	700,552	5.17
Engineering	197,156	0.70	440,656	0.85	681,989	5.03
Fertilizer	322,144	1.14	973,425	1.88	158,264	1.17
Food & Allied	288,945	1.02	108,185	0.21	186,111	1.37
Fuel / Energy	1,375,041	4.86	5,422,036	10.49	2,660,142	19.64
Ghee & Edible Oil	708,286	2.50	180,731	0.35	349,451	2.58
Glass & Ceramics	2,361	0.01	30,633	0.06	24,044	0.18
Hotel / Restaurants	88,481	0.31	154,101	0.30	6,645	0.05
Individuals	4,180,898	14.76	24,862,181	48.10	34,948	0.26
Insurance	600	-	175,666	0.34	-	-
Investment Banks / Scheduled Banks	-	-	1,140,036	2.21	1,326,073	9.79
Leasing	12,274	0.04	102,959	0.20	-	-
Leather products & Shoes	656,041	2.32	195,265	0.38	61,547	0.45
Modarabas	474	-	15,304	0.03	36,239	0.27
Paper & Board	178,290	0.63	36,633	0.07	54,792	0.40
Plastic products	6,728	0.02	30,492	0.06	32,379	0.24
Ready made garments	966,166	3.41	102,066	0.20	91,521	0.68
Real Estate / Construction	144,455	0.51	135,558	0.26	461,991	3.41
Rice processing & Trading	906,260	3.20	77,230	0.15	19,068	0.14
Rubber products	-	-	40,052	0.08	17,163	0.13
Services (other than financial services)	38,493	0.14	179,722	0.35	12,976	0.10
Sports Goods	67,319	0.24	102,837	0.20	13,245	0.10
Sugar	1,451,353	5.13	311,393	0.60	180,481	1.33
Surgical equipment / Metal products	132,918	0.47	51,731	0.10	34,635	0.25
Synthetic & Rayon	1,327,110	4.69	94,031	0.18	490,663	3.62
Textile	10,823,773	38.22	2,789,973	5.40	2,195,579	16.20
Tobacco / cigarette manufacturing	5,000	0.02	574	-	59,704	0.44
Transport & communication	153,684	0.54	89,583	0.17	98,571	0.73
Travel agencies	12,452	0.04	41,324	0.08	25,290	0.19
Woolen	33,909	0.12	49,265	0.10	8,249	0.06
Financial Institutions	320,000	1.13	-	-	-	-
Others	2,872,618	10.14	10,705,017	20.71	2,424,257	17.90
	<u>28,319,401</u>	<u>100.00</u>	<u>51,684,984</u>	<u>100.00</u>	<u>13,547,802</u>	<u>100.00</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002

37.2 Segment by sector

	2002					
	Advances		Deposits		Contingencies and Commitments	
	Rupees '000	Percent	Rupees '000	Percent	Rupees '000	Percent
Public / Government	1,680,100	5.93	4,650,312	9.00	1,774,012	13.09
Private	26,639,301	94.07	47,034,672	91.00	11,773,790	86.91
	<u>28,319,401</u>	<u>100.00</u>	<u>51,684,984</u>	<u>100.00</u>	<u>13,547,802</u>	<u>100.00</u>

38. GEOGRAPHICAL SEGMENT ANALYSIS

	2002			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees '000			
Pakistan	894,653	65,167,031	3,652,667	13,547,802
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	<u>894,653</u>	<u>65,167,031</u>	<u>3,652,667</u>	<u>13,547,802</u>

2002 2001
Rupees '000

39. RELATED PARTY TRANSACTIONS

39.1 Current account / Borrowings

Balance at beginning of the year	92,506	219,822
Net movement	(83,939)	(127,316)
Balance at the end of the year	<u>8,567</u>	<u>92,506</u>

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

39.2 Deposits / Placements

Balance at beginning of the year	986,992	540,720
Placements during the year	18,568,187	18,186,488
Withdrawals during the year*	(19,555,179)	(17,740,216)
Balance at the end of the year	<u>-</u>	<u>986,992</u>

* This includes the balance of a related party of Rs. 56.13 million on the date of extinguishment of relations.

39.3 Mark-up / Interest earned 23,327 43,667

39.4 Mark-up / Interest expensed 55,877 55,437

39.5 There are no loans and advances to directors.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 8, 2003 by the Board of Directors of the Bank.

STATEMENT SHOWING WRITTEN-OFF FINANCINGS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2002

ANNEXURE 1

S. No.	Name and address of the borrower	Name of individual/ partners/ directors with NIC No. *	Father's/ Husband's name *	Outstanding liabilities at January 1, 2002					Total	Principal written-off	Mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Mark-up	Others	5	6					
1	Automobile Corp of Pakistan (Pvt) Ltd 14, Dockyard Road, West Wharf, Karachi.	Mr. S. Mutahir Hussain (NIC No. 517-39-161841) Mr. S. Khayyam Hussain (NIC No. 517-89-161842) Mrs. Nighat Hussain (NIC No. 517-44-161844)	Mr. Mutahir Hussain Mr. Mutahir Hussain W/o Mutahir Hussain	10,678	1,606	-	12,284	2,678	1,606	-	-	4,284	
2	Jamal Trading Corporation Al-Zainab Court, Campbell Street, Karachi	Mr. Nooruddin Jamal Mr. M.K. Jamal Ms. Fatima Jamal Mr. Shamsudin Jamal Ms. Habiba Jamal Mrs. Zubaida Jamal	Mr. Mohd K. Jamal Mr. Jamal D/o Nooruddin Jamal Mr. Nooruddin Jamal D/o Nooruddin Jamal	6,237	1,857	-	8,094	6,237	1,857	-	-	8,094	
3	Multipress Industries Anisan Workshop, Sindh Small Industries. Area. Malir, Karachi	Mr. Fanoor Iqbal Ahmed Siddiqi Dr. Ahsar Sultana	Mr. M.A. Siddiqi D/o M.A. Siddiqi	9,066	4,818	-	13,884	9,066	4,818	-	-	13,884	
4	Alliah Ditta A. Rasheed PECO Road Badami Bagh Lahore	Sheikh Mohammad Ismail Sheikh Tasneem Ismail Sheikh Naasim Ismail Sheikh Nadeem Ismail Ms. Hamida Begum Mian Abdul Rasheed Mian Abdul Javaid Mian Ahmed Pervaiz Ms. Mumtaz Begum Ms. Shahida Ijaz	Sheikh Mohammad Ismail Sheikh Mohammad Ismail Sheikh Mohammad Ismail Sheikh Mohammad Ismail M. Rehmatullah M. Abdul Rasheed D/o M. Abdul Rasheed D/o M. Abdul Rasheed	-	3,512	-	3,512	-	3,512	-	-	3,512	
5	Annan Fabrics 52-J Model Town, Lahore	Mrs. Yasmin Nayyar Mr. M.H. Rana Mr. Imtiaz Alam Mr. Nayyar Iqbal Khan Mrs. Khalida Khan	Mr. Nayyar Iqbal Khan Mr. Waqar-ud-din Khan Mr. Mohd Hassan Daud Khan Mr. Annan-ullah Khan	5,124	-	-	5,124	2,124	-	-	-	2,124	
6	Phono Engineering 7 Egerton Road, Lahore	Mr. Munawar Hussain Mr. Tasawar Hussain Mrs. Zubaida Mazhar Mrs. Wazir Begum	Chaudhry Naimat Ali Chaudhry Mazhar Ali	2,142	-	-	2,142	546	-	-	-	546	
7	Tabarak Corporation 7/8 Bhawalpur Block, Fortress Street, Lahore	Mr. Haroon Imtiaz Mrs. Zahida Imtiaz	Mr. Abdul Majood W/o Mr. Imtiaz Majeed	3,538	-	-	3,538	3,538	-	-	-	3,538	
				36,785	11,793	-	48,578	24,189	11,793	-	-	35,982	

Rupees '000

* As available in the records of the Bank.
** Not Available in the records of the Bank.

Branch Network

KARACHI

- Main Branch:
Ph: (021) 2414030-39
- Cloth Market Branch:
Ph: (021) 2401621-26
- Clifton Branch:
Ph: (021) 5833778-82
- Shahrah-e-Faisal Branch:
Ph: (021) 4313536-38
- Jodia Bazar Branch:
Ph: (021) 7532482-84
- M.A. Jinnah Road Branch:
Ph: (021) 7750627-30
- Korangi Industrial Area Branch:
Ph: (021) 5065701-2
- North Karachi Branch:
Ph: (021) 6987690, 6987644
- Gulshan-e-Iqbal Branch:
Ph: (021) 4984937, 4926696
- Karachi Stock Exchange Branch:
Ph: (021) 2417515-9
- Paper Market Branch:
Ph: (021) 2211353-8
- North Napier Road Branch:
Ph: (021) 7540067-68,
7544021-4
- S.I.T.E. Branch:
Ph: (021) 2582114-16
- P.E.C.H.S. Branch:
Ph: (021) 4535861-2
- Timber Market Branch:
Ph: (021) 7750635-9,
75544021-4
- D.H.A. Branch:
Ph: (021) 5374330-5

QUETTA

- Quetta Branch:
Ph: (081) 841057, 827567

HYDERABAD

- Hyderabad Branch:
Ph: (0221) 786020-22

SUKKUR

- Sukkur Branch:
Ph: (071) 28173-75

LAHORE

- LDA Plaza Branch:
Ph: (042) 6306201-6,
6305614-8
- Gulberg Branch:
Ph: (042) 5877800-8
- Defence Branch:
Ph: (042) 5729722-26
- Circular Road Branch:
Ph: (042) 7638256-58
- Badami Bagh Branch:
Ph: (042) 7708291-5
- Township Branch:
Ph: (042) 5152833-6
- Allama Iqbal Branch:
Ph: (042) 5432961-3
- Shahalam Market Branch:
Ph: (042) 7673401-7

GUJRAT

- Gujrat Branch:
Ph: (0433) 530219, 530068-9

MULTAN

- Multan Branch:
Ph: (061) 546792

GUJRANWALA

- Gujranwala Branch:
Ph: (0431) 299931-33

RAHIMYAR KHAN

- Rahimyar Khan Branch:
Ph: (0731) 79880-81

SIALKOT

- Sialkot Branch:
Ph: (0432) 591741, 590091

RAWALPINDI

- Rawalpindi (Main) Branch:
Ph: (051) 566084-85
- Satellite Town Branch:
Ph: (051) 4424080-6

ISLAMABAD

- Islamabad Branch:
Ph: (091) 2206986-87,
2873345-48

PESHAWAR

- Peshawar Cantt. Branch:
Ph: (091) 287051-55
- Peshawar City Branch:
Ph: (091) 251794, 250796,
252682

JEHLUM

- Jhelum Branch:
Ph: (0541) 610162, 610172,
610182

SAHIWAL

- Sarwar Shaheed Road Branch:
Ph: (0441) 67691-95

SARGODHA

- Liaquat Road Branch:
Ph: (0451) 724138-39

MARDAN

- Bank Road Branch:
Ph: (0931) 73631-3

BAHAWALPUR

- Bahawalpur Branch:
Ph: (0621) 889922-25

DERAGHAZI KHAN

- Dera Ghazi Khan Branch:
Ph: (0641) 468201-4

SWAT

- Mingora, Swat Branch:
Ph: (0936) 726740-44,
726745-46

FAISALABAD

- Faisalabad Branch:
Ph: (041) 617436-39

