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We're  
Expanding horizons,  
reaching out,  
being there, bringing something  
for **Everyone**,

Our vision is that we want to be the pre-eminent financial institution in Pakistan and achieve market recognition both in quality and delivery of service as well as the range of product offering.



Our mission to be recognized in the market place by institutionalizing a merit and performance culture, creating a powerful and distinctive brand identity, achieving top-tier financial performance, and adopting and living out our core values.

# & following values to deliver to you.

***We aim to be an organization that is founded on:***

Growth through creation of sustainable relationships with our customers

Prudence to guide our business conduct

A national presence with a history of contribution to our communities

***We shall work to:***

Meet expectations through market-based solutions and products

Reward entrepreneurial efforts

Create value for all our stakeholders

***We aim to be people who:***

Care about relationships

Lead through the strength of our commitment and willingness to excel

Practice integrity, honesty and hard work. We believe that these are measures of true success

***We have confidence that tomorrow we will be:***

Leaders in our industry

An organization maintaining the trust of our stakeholders

An innovative, creative and dynamic institution responding to the changing needs of the internal and external environment

**After all, we are **The Nation's Bank****

**Board of Directors**

**Syed Ali Raza**  
Chairman & President

**Dr. Waqar Masood Khan**

**Iftikhar Ali Malik**

**Syed Shafqat Ali Shah Jamote**

**M. Zubair Motiwala**

**Sikandar Hayat Jamali**

**Muhammad Khalid Malik**

**Audit Committee**

**Syed Shafqat Ali Shah Jamote**  
Chairman

**M. Zubair Motiwala**

**Muhammad Khalid Malik**

**Auditors**

**Taseer Hadi Khalid & Co.**  
Chartered Accountants

**Ford Rhodes Sidat Hyder & Co.**  
Chartered Accountants

**Legal Advisors**

**Mandviwala & Zafar**  
Advocates & Legal Consultants

**Registered & Head Office**

**NBP Building**  
I. I. Chundrigar Road, Karachi, Pakistan

**Registrar's &  
Share Registration Office**

**THK Associates (Pvt.) Ltd.**  
Shares Department, Ground Floor,  
Modern Motors House,  
Beaumont Road, Karachi, Pakistan



One card does it all!



ATM plus  
Debit Card  
in one

NBP  
**Cash Card**





# NBP Advance Salary

**Now take upto 15 Advance Salaries**

*(Affordable Installments from 1-60 months at your own choice)*



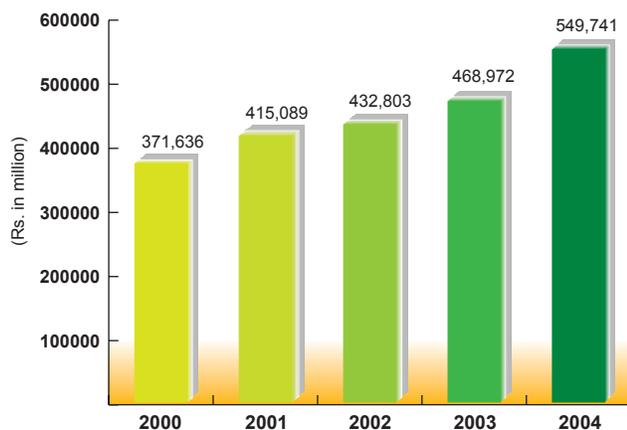
**Advance Salary**

|                                   | Rs. in million |
|-----------------------------------|----------------|
| AUTHORIZED CAPITAL                | 5,000          |
| PAID-UP CAPITAL                   | 4,924          |
| SHAREHOLDERS' EQUITY AND RESERVES | 42,936         |
| DEPOSITS                          | 465,572        |
| ADVANCES-NET                      | 221,444        |
| INVESTMENTS-NET                   | 144,736        |
| TOTAL ASSETS                      | 549,741        |
| PRE-TAX PROFIT                    | 12,025         |
| AFTER-TAX PROFIT                  | 6,243          |
| NO. OF BRANCHES                   | 1,226          |
| NO. OF EMPLOYEES                  | 13,745         |

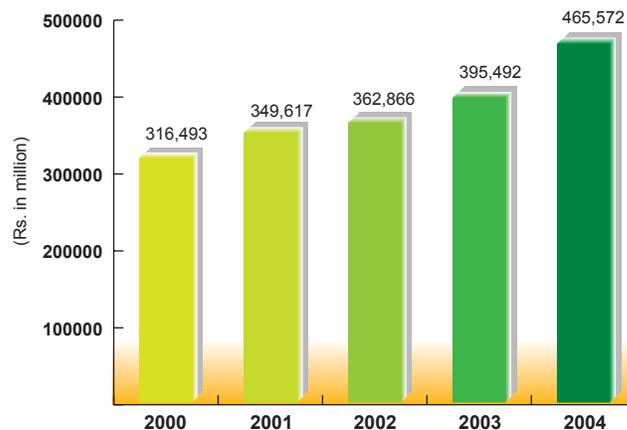
(Rs. in Million)

|      | Total Assets | Deposits | Advances | Investments | Shareholders' Equity |
|------|--------------|----------|----------|-------------|----------------------|
| 2000 | 371,636      | 316,493  | 140,318  | 72,609      | 11,378               |
| 2001 | 415,089      | 349,617  | 170,319  | 71,759      | 11,959               |
| 2002 | 432,803      | 362,866  | 140,547  | 143,525     | 14,279               |
| 2003 | 468,972      | 395,492  | 161,266  | 166,196     | 18,134               |
| 2004 | 549,741      | 465,572  | 221,444  | 144,736     | 25,257               |

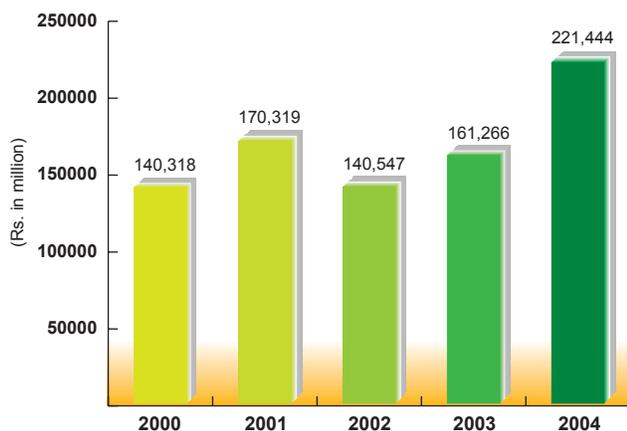
**TOTAL ASSETS**



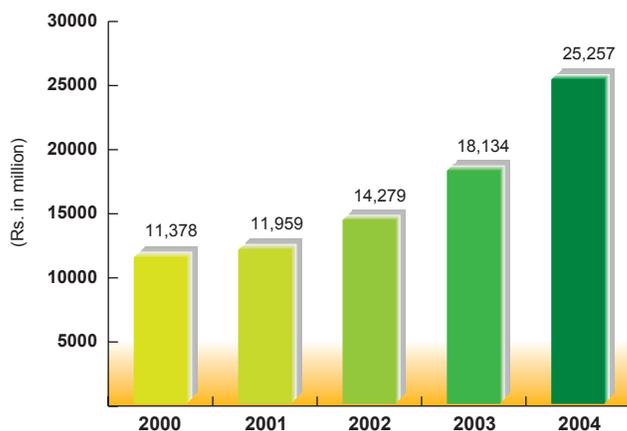
**DEPOSITS**



**ADVANCES**



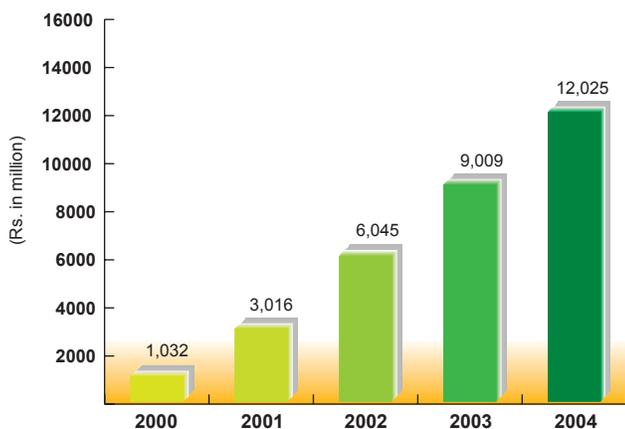
**SHAREHOLDERS' EQUITY**



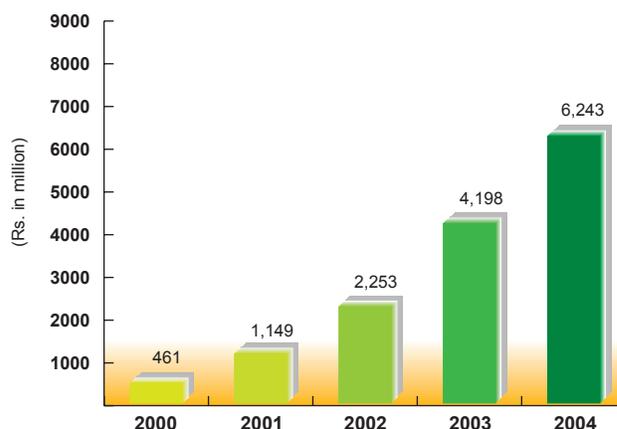
(Rs. in Million)

| Pre-Tax Profit | After-Tax Profit | Earning Per Share (Rs.) | Return on Assets (Pre-Tax Profit) | Number of Branches | Number of Employees |
|----------------|------------------|-------------------------|-----------------------------------|--------------------|---------------------|
| 1,032          | 461              | 1.24                    | 0.3%                              | 1,428              | 15,351              |
| 3,016          | 1,149            | 3.08                    | 0.8%                              | 1,245              | 15,163              |
| 6,045          | 2,253            | 5.49                    | 1.4%                              | 1,204              | 12,195              |
| 9,009          | 4,198            | 8.53                    | 2.0%                              | 1,199              | 13,272              |
| <b>12,025</b>  | <b>6,243</b>     | <b>12.68</b>            | <b>2.4%</b>                       | <b>1,226</b>       | <b>13,745</b>       |

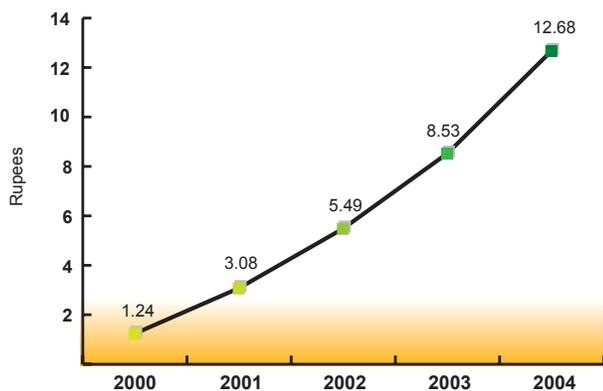
**PRE-TAX PROFIT**



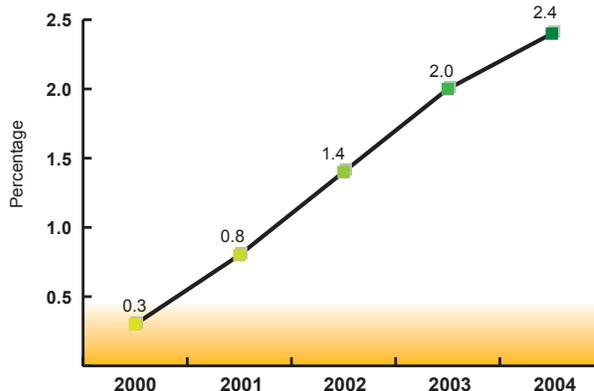
**AFTER-TAX PROFIT**



**EARNING PER SHARE**



**RETURN ON ASSETS (Pre-Tax Profit)**





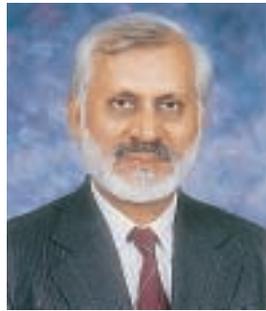
S. Ali Raza  
Chairman & President



Dr. Waqar Masood Khan



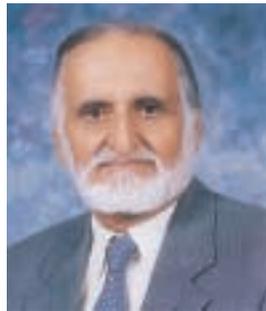
Iftikhar Ali Malik



Syed Shafqat Ali Shah Jamote



M. Zubair Motiwala



Sikandar Hayat Jamali



Muhammad Khalid Malik

**Masood Karim Shaikh**

SEVP &amp; Group Chief, Corporate &amp; Investment Banking Group

**Shahid Anwar Khan**

SEVP &amp; Group Chief, Commercial &amp; Retail Banking Group

**Dr. Asif A. Brohi**

SEVP &amp; Group Chief, Operations Group

**Muhammad Sardar Khawaja**

SEVP &amp; Group Chief, Audit &amp; Inspection Group

**S. M. Rafique**

SEVP &amp; Secretary Board of Directors

**Imam Bakhsh Baloch**

SEVP &amp; Group Chief, Compliance Group

**Ziaullah Khan**

SEVP &amp; Group Chief, Special Assets Management Group

**Amim Akhtar**

EVP &amp; PSO to the President

**Javed Mehmood**

EVP &amp; Group Chief, Risk Management Group

**Muhammad Nusrat Vohra**

EVP &amp; Group Chief, Treasury Management Group

**Nadeem A. Dogar**

EVP &amp; Group Chief, Information Technology Group

**Dr. Mirza Abrar Baig**

EVP &amp; Group Chief, Human Resources Management &amp; Administration Group

**Mrs. Khurshid Maqsood Ali**

EVP &amp; Divisional Head Employees Benefits, Disbursements &amp; Trustee Division

**Tahir Yaqoob**

EVP &amp; Group Chief, Overseas Coordination &amp; Management Group

**Mrs. Uzma Bashir**

Group Chief, Organization Development &amp; Training Group

**Syed Farhan Ahmed**

Financial Controller &amp; Divisional Head Financial Control Division

# NOTICE OF 56<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of National bank of Pakistan, will InshaAllah, be held on Wednesday, the 27th April, 2005, at 2:00 P.M. (PST), at Darbar Hall, Sheraton Hotel, Karachi.

The following business will be transacted in the meeting:

## Ordinary Business:

1. To receive and adopt the Audited Accounts of the Bank for the year ended 31st December, 2004, together with the Directors' & Auditors' Reports thereon.
2. To appoint auditors for the year ending 31st December, 2005 and fix their remuneration.
3. To consider and approve Cash Dividend @ 15% and Bonus Shares @ 20% (thereby increasing Paid-up Capital of the Bank from Rs. 4,924,106,220/- to Rs. 5,908,927,460/-) as recommended by the Board of Directors for the year ended 31st December, 2004 (subject to GoP / Regulatory approvals).

## Special Business:

4. To approve increase in Bank's Authorized Capital from Rs. 5 Billion (divided into 500 Million Ordinary Shares of Rs. 10/- each) to Rs. 7.5 Billion (divided into 750 Million Ordinary Shares of Rs. 10/- each), as approved by GoP, vide Finance Division's Notification No. F.1(4) Bkg-III/2002 dated January 31, 2005, by passing the following resolution:-

**"RESOLVED THAT** in terms of Section 4 (4) of The NBP Ordinance 1949, the increase in Bank's Authorized Capital from Rs. 5 Billion (divided into 500 Million Ordinary Shares of Rs. 10/- each) to Rs. 7.5 Billion (divided into 750 Million Ordinary Shares of Rs. 10/- each) as approved by GoP, Finance Division's Notification No. F.1(4) Bkg-III/2002 dated January 31, 2005, be and is hereby approved."

5. To approve placement of Bank's Quarterly Accounts on the Bank's Website instead of transmitting the same to the shareholders by post subject to approval from Securities and Exchange Commission of Pakistan (SECP), by passing the following resolution:-

**"RESOLVED THAT** as per SECP's Circular No. 19 dated April 14, 2004, placement of Bank's Quarterly Accounts on the Bank's website instead of transmitting the same to the shareholders by post, subject to SECP's approval, be and is hereby approved."

6. To approve / ratify the following donations aggregating Rs. 195,361.06, recommended/ approved by the Board / Bank's Management, by passing the following resolution.

**"RESOLVED THAT** the donation of Rs. 95,361.06, being the net sale proceeds of 993 fractional Bonus Shares - 2003 to a Charitable Trust / Welfare Association, name of which will be approved by the President (NBP), be and is hereby approved."

**"FURTHER RESOLVED THAT** the decision taken by the Management / Board towards approving donation of Rs. 100,000/-, to Special Olympics Pakistan, be and is hereby ratified."

(Statement under Section 160 of The Companies Ordinance, 1984 in respect of Special Business is enclosed with the notice sent to Bank's shareholders.)

7. To transact any other business with the permission of the Chairman.

By Order of the Board

Karachi.  
Dated: April 04, 2005

(S. Ali Raza)  
President

# NOTICE OF 56<sup>TH</sup> ANNUAL GENERAL MEETING

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## Note:

- i) The Share Transfer Books of the Bank shall remain closed from 15-04-2005 to 27-04-2005 (both days inclusive). Transfers received at Messers THK Associates (Pvt.) Ltd., Ground floor, Modern Motors House, Beaumont Road, Karachi, the Bank's Registrar and Share Transfer Agent, at the close of the business on 14-04-2005 will be treated in time for purpose of the entitlement of Cash Dividend/ Bonus Shares.
- ii) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his / her behalf. The Government of Pakistan and State Bank of Pakistan and any Corporation(s), being member of the Bank, may nominate any person as its representative to attend the Annual General Meeting under authority of a Power of Attorney or a Board of Directors' Resolution. Proxies or nominations, in order to be effective and valid, must be received at the office of the Bank's Registrar / Transfer Agent, Messrs THK Associates (Pvt.) Ltd., Ground floor, Modern Motors House, Beaumont Road, Karachi, not less than 48 hours before the time of holding the Annual General Meeting.
- iii) The CDC Account Holders and Sub-account Holders, whose Registration details are available in the Share Book Detail Report shall be required to produce their respective Original National Identity Cards (NICs) or original Passports at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participant I.D. No. and the CDC Account Number. In case of proxy, he/she must enclose an attested copy of his/ her NIC or Passport. Representative(s) of corporate member(s) should bring usual documents required for such purpose.
- iv) Members are requested to timely notify any change in their addresses to the Bank's Registrar / Transfer Agent, Messers THK Associates (Pvt.) Limited.

## STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No. 4, 5 & 6 of the Notice, to be transacted at the 56th Annual General Meeting of National Bank of Pakistan.

### Item No. 4:

**TO APPROVE INCREASE IN BANK'S AUTHORIZED CAPITAL FROM RS. 5 BILLION TO RS. 7.5 BILLION, AS APPROVED BY GOP, FINANCE DIVISION'S NOTIFICATION NO. F.1(4)BKG-III/2002 DATED JANUARY 31, 2005.**

During the year 2001, GoP decided to enlist the Bank on domestic Stock Exchanges, Bank's Authorized Capital was increased from Rs. 2.5 Billion to Rs. 5 Billion vide GoP, Finance Division, Notification No. F.1(4)BKG(11)/2000 dated January 01, 2001.

The Bank in addition to Cash Dividend also declared Bonus Shares during the period 2001 to 2003. Resultantly, Bank's Paid up Capital increased to Rs. 4.924 Billion. In view of insufficient cushion now available for declaration of proposed and future bonus issue (s), the NBP Board in its 130th meeting held on March 18, 2005 has recommended increase in Bank's Authorized Capital from Rs. 5 Billion (divided into 500 Million Ordinary Shares of Rs. 10/- each) to Rs. 7.5 Billion (divided into 750 Million Ordinary Shares of Rs. 10/- each).

The matter was taken up with the GoP, for approval of the aforesaid increase. GoP in terms of Section 4 (1) of The NBP Ordinance 1949, has approved the said increase through Finance Division's Notification No. F.1(4) Bkg-III/2002 dated January 31, 2005. In this regard, Clearance / NOCs from SECP and SBP have also been obtained through their under noted letters:

- i) SECP's letter No. EMD/233/627/02-4820 dated February 07, 2005.
- ii) SBP's letter No. BSD/SU-16/608/853/2005 dated February 11, 2005.

### Item No. 5:

**TO APPROVE PLACEMENT OF BANK'S QUARTERLY ACCOUNTS ON THE BANK'S WEBSITE INSTEAD OF TRANSMITTING THE SAME TO THE SHAREHOLDERS BY POST SUBJECT TO APPROVAL FROM SECURITIES & EXCHANGE COMMISSION OF PAKISTAN (SECP)**

Bank's Quarterly Accounts are being sent to the shareholders by post. As per SECP's Circular No. 19 dated April 14, 2004 and in order to avoid unnecessary cost and cumbersome exercise, the Bank's Board has recommended placement of Bank's Quarterly Accounts on the Bank's Website instead of transmitting the same to the shareholders by post subject to approval of shareholders / SECP. In this way, besides cost saving, objective of legal provisions contained in Section 245 of The Companies Ordinance, 1984, will also be achieved.

### Item No. 6:

- i) **DONATION OF NET SALE PROCEEDS AMOUNTING TO RS. 95,361.06 OF 993 FRACTIONAL BONUS SHARES-2003 TO A CHARITABLE TRUST / WELFARE ASSOCIATION:**

## STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

On the basis of operating results for the year ended December 31, 2003, the Bank's Board in its 120th meeting held on April 30, 2004, recommended payment of 12.5% cash dividend and 20% Bonus Shares to the Bank's shareholders, which was also approved by the Bank's shareholders in 55th AGM held on April 30, 2004.

Accordingly, Dividend Warrants and Bonus Shares were issued to the shareholders as per their entitlement. In this connection, 993 Bonus Shares, being fractional shares, could not be distributed to the shareholders. For disposal of these fractional 993 Bonus Shares, a consolidated Share Certificate No 061170 bearing distinctive No. 492409630 to 492410622 in the name of "Secretary (Board), NBP", was issued which was sold on January 31, 2005, through a member of KSE, Messrs Sherman Securities (Pvt.) Ltd., against net sale proceeds of Rs. 95,361.06.

On account of high cost of computer printing, post printing, distribution / postage and handling charges of the fractional coupons, the NBP Board in its 128th meeting held on January 01, 2005 recommended that the sale proceeds of the fractional Bonus Shares, be donated to a Charitable Trust / Welfare Association.

In this connection, approval of shareholders is now being solicited for donating the net sale proceeds amounting to Rs. 95,361.06 of 993 fractional Bonus Shares - 2003, to a Charitable Trust / Welfare Association name of which will be approved by the President ( NBP).

### ii) **DONATION OF RS. 100,000/- TO SPECIAL OLYMPICS PAKISTAN :**

Special Olympics Pakistan is an international organization dedicated to improving individuals with mental disabilities. The organization arranges programmes for children and adults with mental retardation for developing improved physical fitness, greater self-confidence and a positive self-image. They organize annually a fund raising programme, which was held on December 31, 2004 and requested NBP for participation in the programme.

National Bank of Pakistan made a donation of Rs. 100,000/- for the aforesaid annual fund raising function with the approval of the Operations Committee which was subsequently ratified by the Board of Directors in its 128th meeting held on 01-01-2005.

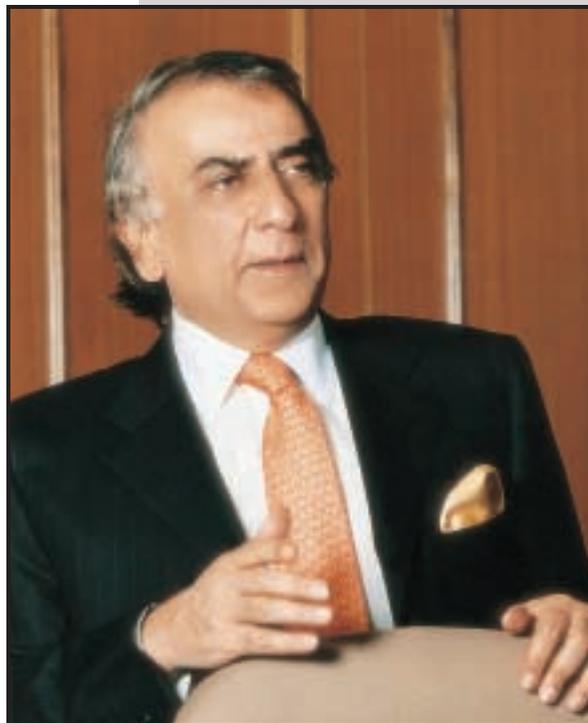
The matter is now being placed before the shareholders for ratification in terms of SBP, BPRD Circular No. 4 dated February 02, 2000.

There is no interest, directly or indirectly, of any of the directors of NBP except as a shareholder of the Bank, in the Special Business mentioned in Agenda item No. 4,5 & 6.

**It gives me great pleasure to present on behalf of the Board of Directors annual accounts for the year ended December 31, 2004.**

The year 2004 saw NBP continue its journey of remarkable growth and performance as the bank once again posted the highest ever profit in the Pakistan's financial sector history, this performance is a reflection of the strategic business and organizational initiatives taken over the last few years coupled with the consistent and effective economic policies of the government leading to impressive growth in all the sectors of the economy.

For the year 2004 the bank earned a pre-tax profit of Rs. 12 billion, an increase of 33% over last year. The performance is based on growth in all the key performance indicators. Pre-tax return on equity stood at 55%, pre-tax return on assets further improved to 2.4% from 2.0% of the last year, cost to income ratio of 0.39 remained very impressive, which is appreciably the lowest amongst the peer banks in Pakistan. Earning per share jumped to Rs. 12.68 from Rs. 8.53 of last year, one of the highest in the banking sector. All the above-mentioned ratios are in the top tier by global standards.



It is also important to note that the increase in profits by Rs. 3 billion was achieved through strong growth in core banking income by Rs. 4 billion over last year. In spite of soft interest rates, which continued for major part of 2004 causing spreads to decline, the bank enhanced its net interest income by Rs. 1,671 million (13%) through growth in the loan portfolio which increased by Rs. 60 billion (37%). The growth was across all sectors, in particular the high yielding consumer and retail banking sector. Interest rates started to climb up in the latter half of 2004, however, the impact of this increase will be reflected in 2005, when the assets and liabilities are re-priced. Non-interest based revenue excluding capital gains increased by impressive Rs. 2,456 million due to higher fee related income. The bank continued its policy of strengthening its balance sheet and proactively made additional provision for further discounting of 10% forced sale values of mortgaged assets on the basis of new Prudential Regulations issued by SBP. Non-performing loans reduced by Rs. 3.6 billion due to cash recoveries and restructuring. Net non-performing loans were down to Rs. 7 billion from Rs. 12 billion a year ago. The bank's loan loss provision to non-performing loans (NPLs) improved to 80% from the last year's 70%. Going forward, restructuring of NPLs should continue to contribute to the bottom line given the 80% cash provision coverage.

Total assets at the year end stood at Rs. 550 billion an increase of Rs. 81 billion. Deposits increased by Rs. 70 billion to Rs. 466 billion. The bank remains well capitalized and its capital adequacy ratio is well above the banking industry average.

NBP further consolidated its position as one of the top players in corporate and investment banking market of the country in 2004 and has built a strong customer relationship with the premier corporate clients. Our commitment to the corporate sector is driven by the basic principles of customer needs, innovative solutions and quick turnaround time. The Corporate and Investment banking group provides tailored financial services to corporate and institutional clients. Our strength in this area is

further supplemented by balance sheet size and consequently the largest per party limit in the country. In a highly competitive and challenging market environment, NBP acted as lead advisor and arranger in landmark syndications, acquisitions, advisory and project financing transactions to substantially grow the loan book.

With the focus on upgrading existing and developing new distribution channels, creating new and more competitive products, year 2004 was an excellent year for retail banking. During the year, the bank significantly grew its customer footings, continued to expand its delivery channels and further improve its process efficiencies, thus re-enforcing its leadership position in the market and enhancing its share of income contribution to the bank. This business segment posted excellent results with strong revenue growth.

The momentum picked up by NBP in 2003 further accelerated in 2004. "NBP Advance Salary" product alone showed exceptional growth of more than 200% both in terms of portfolio and number of borrowers, which swelled to over 500,000. Similarly "NBP SME Karsaz", a SME financing product has been disbursed to over 18,000 customers. NBP is also the market leader in agriculture and commodity financing with approximately 200,000 customers.

There are new products under launch, for example "NBP Kissan Taqat", a programmed based lending product for dairy farmers and debit cards branded as "NBP cash card". E-banking products are set to enhance NBP fee based income considerably. The main objectives are to remain the market leader with effective MIS ensuring proper tracking and monitoring, to increase fee based revenue, and to provide best customer satisfaction as well as loyalty through top class branded products.

Progress was made in improving the overall risk architecture. A comprehensive risk management manual was put in place in line with Central Bank guidelines. The bank has initiated a well defined risk rating system. The bank is well aware of the challenges posed by risk management guidelines and Basel II accord and is continuously improving the posture to cope up with the challenges.

The bank firmly believes that a highly motivated and well trained workforce is the key factor to success. Heavy emphasis is being placed on institutionalizing a merit culture through performance based rewards and career development. The bank remains committed to improve the quality and banking skills of its human resource, to ensure its position as the market leader. The regular hiring of 70-80 MBA's annually since 2002

will further improve the quality of the workforce.

NBP is cognizant of the importance of information technology and is constantly investing to expand and upgrade its technological platform. The IT strategy is fully aligned to business requirements to offer IT enabled products and services for the highest level of customer satisfaction.

The bank is about to install 70 new top of the line ATMs, set up a national call centre, introduce on-line banking facilities and automate government business. NBP is also on track for acquisition of a new core banking application to improve operational efficiency and enhance customer service.

NBP branches are being upgraded with standardized premises and signage under the new brand. To cater to the needs for Islamic banking, the opening of the first Islamic banking branch is in the final stages. This initiative is expected to attract new customers besides increasing revenue.

The presence of NBP in major financial centers of the world allows us to play a key role in promoting the country's trade. NBP further expanded its international presence in the year by opening branches in Jalalabad and Chittagong to increase the international presence to 17 countries.

In recognition of NBP's excellent performance, the bank was awarded the prestigious "Bank of the year" in Pakistan by "The Banker" London in 2004. "Euromoney" magazine, a leading journal in its latest issue of March 2005 has listed NBP amongst the top 100 banks in Asia, being the only Pakistani bank.

JCR- VIS Credit Rating Company Limited re-affirmed the bank's entity rating AAA/ A-1+. The medium to long term standalone rating of the bank has been upgraded from AA- to AA with a stable outlook. Rating has been upgraded in view of the bank's improving risk profile, with a reduced level of asset impairment and diversification of risk assets.

With the rising interest rates and accelerated economic growth rate, we foresee 2005 as promising and challenging year for the banking sector. We will continue to build and leverage the strong franchise to foster growth by offering a universe of branded products in high growth potential sectors, strengthen risk management function in line with Central Bank guidelines and proposed Basel II accord, reinforce compliance function, invest in IT, upgradation human resource development and branch premises in the country.

Profit for the year 2004 after carry over of accumulated profit of 2003 is proposed to be appropriated as follows:

|   | Rupees in million |
|---|-------------------|
| Net Profit before taxation for year 2004                            | 12,025.158        |
| Taxation  |                   |
| - Current year  | 4,950.000         |
| - Prior year(s)   | 847.958           |
| - Deferred  | (15.729)          |
|   | 5,782.229         |
| After Tax Profit  | 6,242.929         |
| Profit Brought Forward  | 5,897.163         |
| Transfer from surplus on revaluation of fixed assets                | 45.496            |
| Profit available for appropriation                                  | 12,185.588        |
| Transfer to Statutory Reserve                                       | (1,248.586)       |
| Reserve for issue of Bonus Shares (subject to regulatory approvals) | (984.821)         |
| Proposed Dividend subject to (subject to regulatory approvals)      | (738.616)         |
|   | (2,972.023)       |
| Profit carried forward  | 9,213.565         |

Recognizing the challenges posed by SBP Risk Management guide lines and Basel II, NBP is continuously improving its posture to cope up with forth coming challenges. Projects in pipe line to be completed during the year include:

- Redefining business discretionary powers,
- Setting control limit for risk concentration.
- Assigning capital based on risk return trade off.

#### Corporate and financial reporting framework (Code of Corporate Governance)

The board is fully aware of its responsibilities established by the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan (SECP). The Directors are pleased to give the following declarations/statements to comply with the requirements of the Code.

- (a) The financial statements (Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Changes in Equity and notes forming part thereof), prepared by the management of the bank give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the bank's affairs as at December 31, 2004 and of the result of its operations, changes in equity and its cash flows for the year then ended.
- (b) Proper books of accounts have been maintained.
- (c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on the reasonable and prudent judgment.
- (d) Approved Accounting Standards have been followed in preparation of the financial statements and there is no departure from the said standards.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored throughout the year. The Board is responsible for establishing and maintaining the system of internal control in the bank and for its ongoing monitoring. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and provide reasonable but not absolute assurance against material misstatements or loss.

#### Risk Management Framework

To comply with SBP's directives NBP has taken a lead in many areas of risk management that include:

- Establishment of separate Risk Management Group with well defined organizational structure.
- Developed Risk Policy Manual for independent risk review.
- Set-up an Industrial Research & Analysis Wing.
- Initiated a well defined risk rating system.
- Acquired Risk Management software.
- Developed a comprehensive Country Risk Policy.
- Introduced standard of qualifications, experience and skill sets for all levels of staff involved in the credit process.

The process used by the Board to review the efficiency and effectiveness of the system of internal control includes, the following:

- The Board has formed an audit committee comprising of three non-executive directors. The audit committee has written terms of reference in the form of a charter, which has been approved by the Board of Directors. The committee is responsible for the oversight of the internal audit function and reviews its approach and methodology from time to time. It also receives and reviews the internal and external audit reports to the internal control, accounts and related matters. The committee on a continuous basis reviews the material control weaknesses and areas of concern and actions to be taken by the executive management to address these issues.
- Internal audit department of the bank conducts the audit of all branches, regions and groups at Head office level on ongoing basis to evaluate the efficiency and effectiveness of internal control system and proper follow up of irregularities and control weaknesses is carried out.
- The Board receives confirmations / representations from all group and regional heads on annual basis confirming effectiveness of the internal control system established and maintained by them within their function.

The principal features of the bank's control framework include:

- The bank has clearly defined organizational structure, which supports clear lines of communications and reporting relationships.
- There exists properly defined financial and administrative powers of various committees and key management personnel, which supports delegations of authority and accountability.
- The bank has effective budgeting system in place. Annual budget of the bank is approved by the Board and monthly comparisons of actual results with the budget are prepared and reviewed by the senior management.

The bank has a comprehensive framework of written policies and procedures on all major areas of operations such as Credit, Treasury Operations, Finance, Internal audit and Compliance approved by the Board.

- (f) There are no significant doubts about the bank's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of the corporate governance as detailed in the listing regulations.
- (h) Key operating and financial data is available in the annual report.
- (i) The number of board meetings held during the year were 11 and attended by the directors as follows:

|                                     |           |
|-------------------------------------|-----------|
| <b>Syed Ali Raza</b>                | <b>11</b> |
| <b>Dr. Waqar Masood Khan</b>        | <b>10</b> |
| <b>Mr. Iftikhar Ali Malik</b>       | <b>8</b>  |
| <b>Syed Shafqat Ali Shah Jamote</b> | <b>9</b>  |
| <b>Mr. M. Zubair Motiwala</b>       | <b>9</b>  |
| <b>Mr. Sikandar Hayat Jamali</b>    | <b>8</b>  |
| <b>Mr. Muhammad Khalid Malik</b>    | <b>11</b> |
| <b>Mr. Muhammad Arshad Chaudhry</b> | <b>1</b>  |

(Resigned during the year)

- (j) Book value of investments of Employees' Pension Fund as at December 31, 2004 (un-audited) is Rs. 10,953.151 million.
- (k) The pattern of shareholding as required by the code is as follows:

| <b>Associated companies, undertakings and Related parties</b> | <b>Total No. of shares held</b> |
|---|---------------------------------|
| Taurus Securities Limited                                     | 23,551                          |
| First National Bank Modarba                                   | 20,000                          |

Directors, Chief Executive officer and their spouse and minor children

|                    | Self         | Spouse       | Total        |
|--------------------|--------------|--------------|--------------|
| <b>S. Ali Raza</b> | <b>1,320</b> | <b>1,320</b> | <b>2,640</b> |

**Executives**

|               |       |       |       |
|---------------|-------|-------|-------|
| S. M. Rafique | 1,320 | 1,320 | 2,640 |
|---------------|-------|-------|-------|

|   |            |
|---|------------|
| Banks, Development Financial Institutions, Non Banking Financial Institutions | 17,768,776 |
|---|------------|

|                     |            |
|---------------------|------------|
| Insurance Companies | 11,449,658 |
|---------------------|------------|

|                            |            |
|----------------------------|------------|
| Modarabas and Mutual Funds | 23,332,418 |
|----------------------------|------------|

Shareholders holding ten percent or more voting interest in the bank  
 - State Bank of Pakistan 370,243,964

### Pattern of Share holding

The pattern of share holding as at December 31, 2004 is annexed with the report.

### Earning per share

After tax earning per share for the year 2004 is Rs. 12.68.

### Reporting of Internal Control System

Internal Control System in the Bank comprises of policies, plans and processes as approved by the board of directors and performed on continuous basis by the senior management and all levels of employees within the bank. The system of internal controls includes financial, operational and compliance controls. While safeguarding the bank's assets, internal controls primarily aim to support the management in the identification and mitigation of those risks which the Bank may encounter in the fulfillment of its business objectives.

The management ensures that an efficient and effective Internal Control System is in place by identifying control objectives, reviewing existing procedures and policies and ensuring that control procedures and policies are amended from time to time wherever required.

However, Internal Control System is designed to manage rather than eliminate the risk of failure to achieve objectives, and provide reasonable but not absolute assurance against material misstatement or loss.

### Evaluation Of Internal Control

The Bank has an independent Internal Audit Group that conducts audit of all Branches, Regions and Groups at Head Office on an ongoing basis to evaluate the efficiency and effectiveness of Internal Control System. In addition to that a Compliance Group is also in place with independent Compliance Officers in 112 branches and 29 Regional Compliance Chiefs with supporting staff to take care of compliance related issues to strengthen the control environment.

For the year 2004 the bank has made its best efforts to ensure that an effective Internal Control System continues to perform in letter and spirit. The observations made by the external and internal

auditors are reviewed and measures are taken by the management to address the control weakness.

We assess that the Internal Control environment is showing signs of improvement as compared to previous years in all areas of the bank. The bank is endeavoring to further refine its internal control design and assessment process as per guidelines issued by the State Bank of Pakistan. Additionally, Bank is making all possible efforts to improve the professional skills and competency level of the staff through need-based training programs.

### Appointment of Auditors

Messers Taseer Hadi Khalid & Co. Chartered Accountants and Ford Rhodes Sidat Hyder & Co. Chartered Accountants statutory auditors of the bank, being eligible have offered themselves for re-appointment for the year ending December 31, 2005.

Finally, we extend our appreciations to the bank's staff for their commitment, dedication and hard work in achieving these excellent results. We would like to express our appreciation to our stakeholders, regulators and our valued customers in showing their continued confidence in NBP. With the continued support of our stakeholders, we are confident of remaining the pre-eminent financial institution in Pakistan.

On behalf of the Board of Directors

S.ALI RAZA  
 Chairman & President

Date: March 18, 2005

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED DECEMBER 31, 2004

This Statement is being presented to comply the Code of Corporate Governance (the Code) contained in the Regulation No. 37, XIII & 36 of Listing Regulations of Karachi, Lahore & Islamabad Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a Listed Company is managed in compliance with the best practices of Corporate Governance.

The Bank has complied with the principles contained in the Code in the following manner.

1. The Board of Directors of the Bank is appointed by the Government of Pakistan (GoP) as per the provisions of the Bank's (Nationalization) Act 1974. At present all the Directors (except for the President / Chief Executive who is also the Chairman of the Board) are independent non-executive Directors. However, matter of appointment of Directors representing Minority Shareholders as required by the Code has already been recommended by the Board to the Ministry of Finance, Government of Pakistan for approval.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies including the Bank.
3. All the Directors of the Bank are registered as Tax Payers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFIs or being a Member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. No Casual vacancy on the Board occurred during the Year.
5. The Directors have confirmed that neither them nor their spouses are engaged in the business of stock brokerage.
6. The Bank has prepared "statement of Ethics and Business Practices", which is already approved by the Board of Directors.
7. The Board has approved the vision, mission, Core values, Objectives and NBP Strategic plan 2003-2006.
8. The bank has a comprehensive frame work of written policies and procedures on all major areas of Operations such as Credit, Treasury Operations, Finance, Internal audit and Compliance etc. While many of these policies have been approved by the Board and are being constantly reviewed.
9. There exists in the bank a framework defining the limits of the authority of various Management levels. All the powers were exercised by the relevant authorities within the materiality thresholds.
10. All the Powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board.
11. The meetings of Board of Directors were presided over by the Chairman. Board met 11 times during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded.
12. The bank held orientation course for the directors in January 2005.
13. The appointment of Financial Controller, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment are duly approved by the Board.

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED DECEMBER 31, 2004

14. The Directors' Report for the year has been prepared in compliance with the Code and fully describes the salient matters described in the Annual Report.
15. The Financial Statements of the Bank were duly endorsed by CEO and Financial Controller before approval of the Board.
16. The Directors, CEO and Executives have confirmed that they do not hold any interest in the shares of the Bank except as mentioned in the report.
17. The Bank has complied with all the Corporate and Financial Reporting requirements of the Code.
18. The Board has formed an Audit Committee comprising of three Non Executive Directors.
19. The Meetings of Audit Committee were held 6 times including Meetings held prior to the Approval of Interim and Final Results as required by the Code. The Terms of reference of the Committee have been framed and advised to the Committee for Compliance.
20. The Board has setup an effective Internal Audit function. All the Branches, Regions and Groups are subject to audit. All the Internal Audit Reports are accessible to the Audit Committee and important points arising out of audit are reviewed by the Audit Committee and important points requiring Board's attention are brought into their notice.
21. The Statutory Auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of partners of the firms, their spouses and minor children do not hold Shares of the Bank and that the firms and all of their partners are in compliance with International Federation of Accountants (IFAC) on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
22. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
23. We confirm that all the other material principles contained in the Code have been complied.

On behalf of the Board of Directors

S. ALI RAZA  
Chairman & President  
Date: March 18, 2005

# AUDITORS' REVIEW REPORT TO THE MEMBERS

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## **Auditors' Review Report to the Members on Statement of Compliance with best Practices of the Code of Corporate Governance**

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of National Bank of Pakistan to comply with Regulation G-1 of the Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistan, Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange where the Bank is listed.

The responsibility for compliance with the Code 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 reflects the status of the Bank's compliance with the provisions of the Code 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 the 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 control 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 does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31,2004.

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants  
Karachi

Taseer Hadi Khalid & Co.  
Chartered Accountants  
Karachi

Date: March 18, 2005

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of National Bank of Pakistan (the bank ) as at December 31,2004 and the related profit and loss account, statement of changes in equity and cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'financial statements' ) for the year then ended, in which are incorporated the unaudited certified returns from the branches except for fifty eight branches which have been audited by us and fourteen branches audited by auditors abroad and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the bank's Board of Directors of 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 preform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the 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 60% of the total domestic 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 changes stated in note 5.1 with which we concur;

- ii) the expenditure incurred during the year was for the purpose of the 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, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2004 and its true balance of the profit, changes in equity and its cash flows for the year then ended;
  - 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.

Previous year's financial statements were audited by M. Yousuf Adil Saleem & Co. and Taseer Hadi Khalid & Co.

|                               |                          |
|-------------------------------|--------------------------|
| Ford Rhodes Sidat Hyder & Co. | Taseer Hadi Khalid & Co. |
| Chartered Accountants         | Chartered Accountants    |
| Karachi                       | Karachi                  |

Dated: March 18, 2005

NBP  
**Saibaan**



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Buy, Build, Renovate or  
even Refinance**



**BALANCE SHEET** (as at December 31, 2004)

| 2003                  | 2004               |  | Note | 2004               | 2003           |
|-----------------------|--------------------|--|------|--------------------|----------------|
| US Dollars in '000    | US Dollars in '000 |  |      | Rupees in '000     | Rupees in '000 |
| <b>ASSETS</b>         |                    |  |      |                    |                |
| 999,840               | <b>1,589,207</b>   | Cash and balances with treasury banks                  | 6    | <b>94,446,552</b>  | 59,420,502     |
| 406,429               | <b>837,706</b>     | Balances with other banks                              | 7    | <b>49,784,884</b>  | 24,154,070     |
| 503,750               | <b>176,869</b>     | Lendings to financial institutions                     | 8    | <b>10,511,322</b>  | 29,937,857     |
| 2,796,494             | <b>2,435,397</b>   | Investments  | 9    | <b>144,735,672</b> | 166,195,619    |
| 2,713,541             | <b>3,726,131</b>   | Advances   | 10   | <b>221,443,963</b> | 161,265,760    |
| 320,697               | <b>308,590</b>     | Other assets   | 11   | <b>18,339,514</b>  | 19,059,031     |
| 150,420               | <b>154,854</b>     | Operating fixed assets                                 | 12   | <b>9,202,969</b>   | 8,939,483      |
| –                     | <b>21,470</b>      | Deferred tax assets                                    | 13   | <b>1,275,949</b>   | –              |
| 7,891,171             | <b>9,250,224</b>   |  |      | <b>549,740,825</b> | 468,972,322    |
| <b>LIABILITIES</b>    |                    |  |      |                    |                |
| 92,491                | <b>121,398</b>     | Bills payable  | 14   | <b>7,214,671</b>   | 5,496,738      |
| 278,810               | <b>186,518</b>     | Borrowings from financial institutions                 | 15   | <b>11,084,790</b>  | 16,569,673     |
| 6,654,759             | <b>7,833,951</b>   | Deposits and other accounts                            | 16   | <b>465,571,717</b> | 395,492,331    |
| –                     | –                  | Sub-ordinated loans                                    |      | –                  | –              |
| 692                   | <b>287</b>         | Liabilities against assets subject to<br>finance lease | 17   | <b>17,058</b>      | 41,117         |
| 390,250               | <b>385,599</b>     | Other liabilities                                      | 18   | <b>22,916,147</b>  | 23,192,585     |
| 10,026                | –                  | Deferred tax liabilities                               | 13   | –                  | 595,864        |
| 7,427,028             | <b>8,527,753</b>   |  |      | <b>506,804,383</b> | 441,388,308    |
| 464,143               | <b>722,471</b>     | <b>NET ASSETS</b>                                      |      | <b>42,936,442</b>  | 27,584,014     |
| <b>REPRESENTED BY</b> |                    |  |      |                    |                |
| 69,046                | <b>82,856</b>      | Share capital  | 19   | <b>4,924,106</b>   | 4,103,422      |
| 136,855               | <b>187,104</b>     | Reserves   |      | <b>11,119,613</b>  | 8,133,312      |
| 99,229                | <b>155,033</b>     | Unappropriated profit                                  |      | <b>9,213,565</b>   | 5,897,163      |
| 305,130               | <b>424,993</b>     |  |      | <b>25,257,284</b>  | 18,133,897     |
| 159,013               | <b>297,478</b>     | Surplus on revaluation of assets                       | 20   | <b>17,679,158</b>  | 9,450,117      |
| 464,143               | <b>722,471</b>     |  |      | <b>42,936,442</b>  | 27,584,014     |
|                       |                    | Contingencies and commitments                          | 21   |                    |                |

The annexed notes 1 to 45 form an integral part of these financial statements.

# PROFIT AND LOSS ACCOUNT (for the year ended December 31, 2004)

| 2003               | 2004     |   | Note   | 2004           | 2003        |
|--------------------|----------|---|--------|----------------|-------------|
| US Dollars in '000 |          |   |        | Rupees in '000 |             |
| 327,314            | 352,470  | Mark-up/return/interest earned                                      | 22     | 20,947,333     | 19,452,317  |
| 113,336            | 110,372  | Mark-up/return/interest expensed                                    | 23     | 6,559,398      | 6,735,579   |
| 213,978            | 242,098  | Net mark-up/interest income   |        | 14,387,935     | 12,716,738  |
| 28,349             | 25,498   | Provision against non-performing advances                           | 10.3   | 1,515,354      | 1,684,777   |
| 7,732              | 3,125    | Provision for diminution in the value of investments                | 9.12   | 185,707        | 459,523     |
| 7,988              | 241      | Provision against off balance sheet obligations                     | 18.1   | 14,297         | 474,743     |
| –                  | 552      | Bad debts written off directly                                      | 10.4.1 | 32,807         | –           |
| 44,069             | 29,416   |   |        | 1,748,165      | 2,619,043   |
| 169,909            | 212,682  | Net mark-up/interest income after provisions                        |        | 12,639,770     | 10,097,695  |
|                    |          | <b>NON MARK-UP/INTEREST INCOME</b>                                  |        |                |             |
| 54,869             | 85,802   | Fee, commission and brokerage income                                |        | 5,099,195      | 3,260,863   |
| 18,959             | 21,435   | Dividend income   |        | 1,273,863      | 1,126,742   |
| 11,959             | 16,978   | Income from dealing in foreign currencies                           | 24     | 1,008,988      | 710,726     |
| 2                  | 800      | Share of profit from a joint venture                                | 9.10   | 47,557         | 108         |
| 36,174             | 14,725   | Other income  | 25     | 875,113        | 2,149,800   |
| 121,963            | 139,740  | Total non mark-up/interest income                                   |        | 8,304,716      | 7,248,239   |
| 291,872            | 352,422  |   |        | 20,944,486     | 17,345,934  |
|                    |          | <b>NON MARK-UP/INTEREST EXPENSES</b>                                |        |                |             |
| 139,338            | 149,399  | Administrative expenses   | 26     | 8,878,801      | 8,280,878   |
| 563                | 543      | Other provisions/write offs   |        | 32,243         | 33,454      |
| 385                | 139      | Other charges   | 27     | 8,284          | 22,894      |
| 140,286            | 150,081  | Total non mark-up/interest expenses                                 |        | 8,919,328      | 8,337,226   |
| 151,586            | 202,341  |   |        | 12,025,158     | 9,008,708   |
| –                  | –        | Extra ordinary items  |        | –              | –           |
| 151,586            | 202,341  | <b>Profit before tax</b>  |        | 12,025,158     | 9,008,708   |
| 78,243             | 83,291   | Taxation - Current  |        | 4,950,000      | 4,650,000   |
| 24,221             | 14,268   | - Prior year(s)   |        | 847,958        | 1,439,444   |
| (21,518)           | (265)    | - Deferred  |        | (15,729)       | (1,278,839) |
| 80,946             | 97,294   |   | 28     | 5,782,229      | 4,810,605   |
| 70,640             | 105,047  | <b>Profit after tax</b>   |        | 6,242,929      | 4,198,103   |
| 57,287             | 99,228   | Unappropriated profit brought forward                               |        | 5,897,163      | 3,404,593   |
| 806                | 766      | Transfer from surplus on revaluation of fixed assets                | 12.5   | 45,496         | 47,890      |
| 58,093             | 99,994   |   |        | 5,942,659      | 3,452,483   |
| 128,733            | 205,041  | <b>Profit available for appropriation</b>                           |        | 12,185,588     | 7,650,586   |
|                    |          | <b>Appropriations</b>   |        |                |             |
| (7,064)            | (21,009) | Transfer to:  |        | (1,248,586)    | (419,811)   |
| –                  | –        | Statutory reserve   |        | –              | –           |
| –                  | –        | Capital reserve   |        | –              | –           |
| (13,809)           | (16,571) | Revenue reserve   |        | –              | –           |
| (8,631)            | (12,428) | Reserve for issue of bonus shares @ 20% (2003: 20%)                 |        | (984,821)      | (820,684)   |
| (29,504)           | (50,008) | Proposed cash dividend Rs. 1.50 per share (2003: Rs.1.25 per share) |        | (738,616)      | (512,928)   |
| 99,229             | 155,033  | <b>Unappropriated profit carried forward</b>                        |        | (2,972,023)    | (1,753,423) |
| 0.14               | 0.21     | <b>Basic/diluted earnings per share (Rupees)</b>                    | 29     | 12.68          | 8.53        |

The annexed notes 1 to 45 form an integral part of these financial statements.

# CASH FLOW STATEMENT (for the year ended December 31, 2004)

| 2003  | 2004        |   | Note | 2004           | 2003         |
|---|-------------|---|------|----------------|--------------|
| US Dollars in '000                                  |             |   |      | Rupees in '000 |              |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>          |             |   |      |                |              |
| 151,586   | 202,341     | Profit before taxation  |      | 12,025,158     | 9,008,708    |
| 18,959  | 21,435      | Less: Dividend income   |      | 1,273,863      | 1,126,742    |
| 132,627   | 180,906     |   |      | 10,751,295     | 7,881,966    |
| <b>Adjustments for non-cash charges</b>             |             |   |      |                |              |
| 6,506   | 7,307       | Depreciation  |      | 434,273        | 386,662      |
| 28,349  | 25,498      | Provision against non-performing advances                     |      | 1,515,354      | 1,684,777    |
| 7,732   | 3,125       | Provision for diminution in the value of investments          |      | 185,707        | 459,523      |
| 7,988   | 241         | Provision against off balance sheet obligations               |      | 14,297         | 474,743      |
| 4,940   | (6,217)     | (Reversal)/Provision for voluntary handshake scheme           |      | (369,475)      | 293,612      |
| (127)   | (30)        | (Gain) on sale of fixed assets                                |      | (1,806)        | (7,568)      |
| 212   | 77          | Financial charges on leased assets                            |      | 4,549          | 12,584       |
| 563   | 543         | Other provisions  |      | 32,243         | 33,454       |
| (2)   | (800)       | Share of (profit) of a joint venture                          |      | (47,557)       | (108)        |
| 56,161  | 29,744      |   |      | 1,767,585      | 3,337,679    |
| 188,788   | 210,650     |   |      | 12,518,880     | 11,219,645   |
| <b>(Increase)/decrease in operating assets</b>      |             |   |      |                |              |
| (138,332)   | 326,881     | Lendings to financial institutions                            |      | 19,426,535     | (8,221,055)  |
| (1,704)   | (4,126)     | Held-for-trading securities                                   |      | (245,231)      | (101,263)    |
| (376,967)   | (1,038,088) | Advances  |      | (61,693,557)   | (22,403,163) |
| 77,969  | (37,097)    | Other assets  |      | (2,204,647)    | 4,633,716    |
| (439,034)   | (752,430)   |   |      | (44,716,900)   | (26,091,765) |
| <b>Increase/(decrease) in operating liabilities</b> |             |   |      |                |              |
| 35,857  | 28,907      | Bills payable   |      | 1,717,933      | 2,130,994    |
| 101,901   | (94,256)    | Borrowings from financial institutions                        |      | (5,601,619)    | 6,055,992    |
| 548,994   | 1,179,192   | Deposits  |      | 70,079,386     | 32,626,694   |
| (70,848)  | (9,375)     | Other liabilities   |      | (557,144)      | (4,210,500)  |
| 615,904   | 1,104,468   |   |      | 65,638,556     | 36,603,180   |
| (87,741)  | (48,898)    | Income tax paid   |      | (2,906,037)    | (5,214,439)  |
| (5,002)   | 6,101       | Voluntary handshake scheme cost received/(paid)               |      | 362,605        | (297,240)    |
| (212)   | (77)        | Financial charges paid  |      | (4,549)        | (12,584)     |
| (92,955)  | (42,874)    |   |      | (2,547,981)    | (5,524,263)  |
| 272,703   | 519,814     | <b>Net cash flows from operating activities</b>               |      | 30,892,555     | 16,206,797   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>          |             |   |      |                |              |
| (408,389)   | 658,284     | Net investments in available-for-sale securities              |      | 39,121,839     | (24,270,585) |
| (2,130)   | (162,672)   | Net investments in held-to-maturity securities                |      | (9,667,572)    | (126,557)    |
| 18,959  | 21,435      | Dividend received   |      | 1,273,863      | 1,126,742    |
| (9,837)   | (11,741)    | Investment in operating fixed assets                          |      | (697,759)      | (584,586)    |
| (4,489)   | 98          | Investment in subsidiaries, associates and joint venture      |      | 5,837          | (266,768)    |
| 266   | 69          | Sale proceeds of property and equipment disposed off          |      | 4,080          | 15,799       |
| (405,620)   | 505,473     |   |      | 30,040,288     | (24,105,955) |
| (405,620)   | 505,473     | <b>Net cash flows from/(used) in investing activities</b>     |      | 30,040,288     | (24,105,955) |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>          |             |   |      |                |              |
| (7,804)   | (8,618)     | Dividend paid   |      | (512,149)      | (463,814)    |
| (554)   | (405)       | Payments of lease obligations                                 |      | (24,059)       | (32,934)     |
| (8,358)   | (9,023)     | <b>Net cash (used) in financing activities</b>                |      | (536,208)      | (496,748)    |
| 1,336   | 2,414       | Effects of exchange rate changes on cash and cash equivalents |      | 143,493        | 79,378       |
| (139,939)   | 1,018,678   | <b>Increase/(decrease) in cash and cash equivalents</b>       |      | 60,540,128     | (8,316,528)  |
| 1,527,376   | 1,387,437   | <b>Cash and cash equivalents at beginning of the year</b>     |      | 82,455,432     | 90,771,960   |
| 1,387,437   | 2,406,115   | <b>Cash and cash equivalents at end of the year</b>           | 30   | 142,995,560    | 82,455,432   |

The annexed notes 1 to 45 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY (for the year ended December 31, 2004)

| Note  | Share Capital    | Capital Reserves              |                                   |                   | Revenue Reserves |                       | Total             |
|---|------------------|-------------------------------|-----------------------------------|-------------------|------------------|-----------------------|-------------------|
|   |                  | Exchange Equalization Reserve | Reserve for issue of Bonus Shares | Statutory Reserve | General Reserve  | Unappropriated Profit |                   |
|   | Rupees in '000   |                               |                                   |                   |                  |                       |                   |
| <b>Balance as at December 31, 2002</b>  | 3,730,384        | 2,179,374                     | 373,038                           | 4,070,576         | 521,338          | 3,404,593             | 14,279,303        |
| Profit after taxation for the year ended December 31, 2003                      | -                | -                             | -                                 | -                 | -                | 4,198,103             | 4,198,103         |
| Transfer to statutory reserve   | -                | -                             | -                                 | 419,811           | -                | (419,811)             | -                 |
| Issue of bonus shares   | 373,038          | -                             | (373,038)                         | -                 | -                | -                     | -                 |
| Proposed cash dividend  | -                | -                             | -                                 | -                 | -                | (512,928)             | (512,928)         |
| Transferred to reserve for issue of bonus shares                                | -                | -                             | 820,684                           | -                 | -                | (820,684)             | -                 |
| Exchange adjustments on revaluation of capital of foreign branches              | -                | 186,968                       | -                                 | -                 | -                | -                     | 186,968           |
| Transfer from surplus on revaluation of fixed assets - incremental depreciation | -                | -                             | -                                 | -                 | -                | 47,890                | 47,890            |
| Deferred tax liability recognized on exchange equalization reserve              | -                | (65,439)                      | -                                 | -                 | -                | -                     | (65,439)          |
| <b>Balance as at December 31, 2003</b>  | <b>4,103,422</b> | <b>2,300,903</b>              | <b>820,684</b>                    | <b>4,490,387</b>  | <b>521,338</b>   | <b>5,897,163</b>      | <b>18,133,897</b> |
| Profit after taxation for the year ended December 31, 2004                      | -                | -                             | -                                 | -                 | -                | 6,242,929             | 6,242,929         |
| Transfer to statutory reserve   | -                | -                             | -                                 | 1,248,586         | -                | (1,248,586)           | -                 |
| Issue of bonus shares   | 820,684          | -                             | (820,684)                         | -                 | -                | -                     | -                 |
| Proposed cash dividend  | -                | -                             | -                                 | -                 | -                | (738,616)             | (738,616)         |
| Transferred to reserve for issue of bonus shares                                | -                | -                             | 984,821                           | -                 | -                | (984,821)             | -                 |
| Exchange adjustments on revaluation of capital of foreign branches              | -                | 769,630                       | -                                 | -                 | -                | -                     | 769,630           |
| Reversal in respect of investment outside Pakistan                              | 9.8              | (435,000)                     | -                                 | -                 | -                | -                     | (435,000)         |
| Transfer from surplus on revaluation of fixed assets - incremental depreciation | -                | -                             | -                                 | -                 | -                | 45,496                | 45,496            |
| Deferred tax liability reversed on exchange equalization reserve                | 13.1             | 1,238,948                     | -                                 | -                 | -                | -                     | 1,238,948         |
| <b>Balance as at December 31, 2004</b>  | <b>4,924,106</b> | <b>3,874,481</b>              | <b>984,821</b>                    | <b>5,738,973</b>  | <b>521,338</b>   | <b>9,213,565</b>      | <b>25,257,284</b> |

The annexed notes 1 to 45 form an integral part of these financial statements.

**S. Ali Raza**  
Chairman & President

**Dr. Waqar Masood Khan**  
Director

**Syed Shafqat Ali Shah Jamote**  
Director

**M. Zubair Motiwala**  
Director

# NOTES TO THE FINANCIAL STATEMENTS (for the year ended December 31, 2004)

## 1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the bank) was established under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. Its registered and head office is situated at I.I. Chundrigar Road, Karachi. The bank is engaged in providing commercial banking and related services in Pakistan and overseas. The bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The bank operates 1,208 (2003: 1,183) branches in Pakistan and 18 (2003:16) overseas branches (including the Export Processing Zone branch, Karachi). Under a Trust Deed, the bank also provides services as trustee to National Investment Trust (NIT) including safe custody of securities on behalf of NIT.

## 2. BASIS OF PRESENTATION

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

### US Dollar equivalent

The US Dollar amounts shown on the balance sheet, profit and loss account and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs.59.43 to one US Dollar has been used for both 2004 and 2003 as it was the prevalent rate as on December 31, 2004.

## 3. STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) differ with requirements of these standards the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The SECP has approved the adoption of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property. The requirements of these standards have not been taken into account for the purpose of these financial statements as the implementation of the said standards have been deferred by SBP, vide BSD circular number 10 dated August 26, 2002, for banks in Pakistan till further instructions. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

### Consolidation

The bank accounts for its investments in associates and subsidiaries at cost. The details of these investments are given in notes 9.9 and 9.11

The bank considers that the effect of consolidation of subsidiaries' financial statements will not have any material impact on bank's financial position or results and accordingly consolidated financial statements have not been prepared. The SECP has granted an exemption to the bank from the requirements of sub section (1) of section 237 of the Companies Ordinance, 1984 vide its letter No. EMD/ EA/627/2003-304 dated July 6, 2004 for the financial statements for the year ended December 31, 2004.

## 4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention as modified by revaluation of land and buildings and valuation of certain investments and derivative financial instruments at fair value.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Change in accounting policy

During the year, the bank has changed its accounting policy in respect of accounting for investment to comply with requirements of BSD Circular No. 10 dated July 13, 2004, BSD Circular No. 11 dated August 4, 2004 and BSD Circular No. 14 dated September 24, 2004 issued by the State Bank of Pakistan (SBP). Investments are now being accounted for as disclosed in note 5.3. Previously, all quoted investments were being marked to market and the resulting surplus/(deficit) on revaluation being taken to surplus/(deficit) of securities account in accordance with SBP's instruction vide BSD Circular No. 20 dated August 4, 2000.

In addition, as allowed by SBP, the accounting policy for valuation of NIT units, covered by Letter of Comfort (LoC) issued by Government of Pakistan, has been changed as described in note 9.6. Previously, these units were being valued at lower of cost and price agreed in LoC

Had there been no change, profit for the year would have been higher by Rs.13.753 million, investments would have been lower by Rs. 9,608.913 million and surplus on revaluation of securities would have been lower by Rs.9,622.666 million. Restated proforma information which assumes that the new policy had always been in use is given in note 42 to these financial statements.

### 5.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts less overdrawn nostro accounts.

### 5.3 Investments

All investments acquired by the bank are initially recognized at cost, being the fair value of consideration given including acquisition cost.

The bank has classified its investment portfolio, except for investments in subsidiaries, associates and joint venture, into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' portfolios as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements and are to be sold within 90 days. These are carried at market value, with the related surplus/(deficit) being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value with the surplus/(deficit) taken to 'surplus/(deficit) on revaluation of assets' account below equity, except for the following:
  - a) available-for-sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills, Federal Investment Bonds and Pakistan Investment Bonds) are stated at cost less provision for impairment, if any. Provision in respect of unquoted shares is calculated with reference to break-up value. Provision for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.
  - b) Investment in Bank Al-Jazira shares is stated at lower of cost or market value as per the related stock exchange. (note 9.8)

On derecognition or impairment in quoted available-for-sale investments the cumulative gain or loss previously reported as "surplus/(deficit) on revaluation of assets" below equity is included in the profit and loss account for the period.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV) or the Stock Exchanges.

Premium or discount on debt securities classified as available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to interest income.

Investments in subsidiaries and associates are stated at cost, whereas investment in joint venture is accounted for under the equity method. Provision is made for any impairment in value.

Gains and losses on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

The carrying values of investments are reviewed for impairment at each balance sheet date. Where any such indications exist that the carrying values exceed the estimated recoverable amounts, provision for impairment is made through the profit and loss account.

#### 5.4 Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as mark-up/return/interest expense and accrued over the life of the repo agreement using effective yield method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet, as the bank does not obtain control over the assets. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up/return/interest income and accrued over the life of the reverse repo agreement using effective yield method.

#### 5.5 Derivative financial instruments

Derivative financial instruments include forward foreign exchange contracts, equity futures and interest rate swaps. These are initially recognized at cost and are subsequently remeasured at fair value. Fair value is calculated by reference to quoted market price. In the event of non-availability of market prices, discounted cash flow model is used to determine the fair value. Any change in the fair value of derivative instruments is taken to the profit and loss account.

#### 5.6 Trade date accounting

All regular way purchases/sales of investments are recognised on the trade date, i.e., the date the bank commits to purchase/sell the investments. Regular way purchases or sales of investments require delivery of securities within three days after the transaction date as required by stock exchange regulations.

#### 5.7 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the bank becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

#### 5.8 Advances

Advances are stated net of provisions for non-performing advances. Provision is made in accordance with the requirements of Prudential Regulations issued by SBP and charged to the profit and loss account. Revised Prudential Regulations for corporate and commercial banking, became effective from January 1, 2004. Provision in respect of overseas branches are made in accordance with the respective central bank's requirements. Advances are written off where there are no realistic prospects of recovery.

In respect of advances of former Mehran Bank Limited (MBL) amalgamated with the bank, the provision is calculated in line with the guiding principles of the amalgamation deed (the Deed), whereby the bank shall not suffer any loss as a direct consequence of amalgamation. Considering the guideline of the Deed, the funded credits are provided on the basis of security shortfall and the provision is made against unfunded credits to the extent of subsequent cash payments made against them on the basis of shortfall in the value of security.

#### 5.9 Operating fixed assets and depreciation

##### Owned assets

Fixed assets are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the diminishing balance method except vehicles, computers and furnishing limit to executives, which are depreciated on straight-line method at the rates stated in note 12.2. A full annual rate of depreciation is applied on the cost of additions before June 30 while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. However, major additions and renewals are capitalized.

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

Fixed assets carried at valuation less accumulated depreciation are revalued by professionally qualified valuers with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value.

Surplus on revaluation of fixed assets to the extent of incremental depreciation charged to the related assets is transferred to retained earnings (net of deferred tax).

#### **Leased assets**

Assets subject to finance lease are accounted for by recording the assets and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

#### **Capital work in progress**

Capital work in progress is stated at cost.

### **5.10 Taxation**

#### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration tax credits available, if any.

#### **Deferred**

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are not recognised in respect of taxable temporary differences associated with interests in joint venture and branches, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to the items recognized directly in equity are recognized in equity and not in the profit and loss account.

### **5.11 Employees' benefits**

#### **Pension scheme**

The bank operates defined benefit approved funded pension scheme for its eligible employees. The bank's costs are determined based on actuarial valuation carried out using Projected Unit Credit Method. Net cumulative unrecognized actuarial gains/losses relating to previous reporting period in excess of the higher of 10% of present value of defined benefit obligation or 10% of the fair value of plan assets are recognized as income or expense over the estimated working lives of the employees. Where the fair value of plan assets exceeds the present value of defined benefit obligation together with unrecognized actuarial gains or losses and unrecognized past service cost, the bank reduces the resulting asset to an amount equal to the total of present value of any economic benefit in the form of reduction in future contributions to the plan and unrecognized actuarial losses and past service costs.

**Employees' compensated absences**

The bank accounts for all accumulating compensated absences when employees render service that increases their entitlement to future compensated absences. The liability is determined based on actuarial valuation carried out using the Projected Unit Credit Method.

**Post retirement medical benefits**

The bank operates an un-funded defined benefit-post retirement medical benefits scheme for all of its employees. Provision is made in the financial statements for the benefit based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains/losses are accounted for in a manner similar to the pension scheme.

**Benevolent scheme**

The bank also operates an un-funded defined benefit benevolent scheme for its eligible employees. Provision is made in the financial statements based on the actuarial valuation using the Projected Unit Credit Method. Actuarial gains/losses are recognized in the period in which they arise.

**5.12 Revenue recognition**

Mark-up/return/interest on advances and return on investments are recognized on time proportion basis except in case of advances classified under the Prudential Regulations on which mark-up is recognized on receipt basis.

Interest/mark-up on rescheduled/restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Fee, commission and brokerage income and remuneration for trustee services is recognized at the time of performance of services.

Dividend income on equity investments is recognized when right to receive is established. Dividend received on equity investments acquired after the announcement of dividend till the book closure date are not taken to income but reflected as reduction in the cost of investment.

**5.13 Foreign currencies translation**

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Assets and liabilities in foreign currencies including assets/liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the balance sheet date. Forward exchange contracts are valued at rates applicable to their respective maturities.

Profit and loss account balances of foreign branches are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except net gain arising on translation of net investment in foreign branches and joint venture, which is credited to an exchange equalization reserve reflected under reserves.

**5.14 Provision for off balance sheet obligations**

Provision for guarantees, claims and other off balance sheet obligations is made when the bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

**5.15 Off setting**

Financial assets and financial liabilities are only set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the bank intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

**5.16 Related party transactions**

Transactions between the bank and its related parties other than staff loans and deposits of provident fund are carried out on an arm's length basis at prices determined under "Comparable Uncontrolled Price Method". Mark-up on advances to the employees is charged at reduced rates in accordance with the terms of employment and mark-up on deposits by Employees' Provident Fund is paid at the rate equivalent to rates paid by GoP on its Employees General Provident Fund.

**5.17 Fiduciary assets**

Assets held in a fiduciary capacity are not treated as assets of the bank in the balance sheet.

|   | Note | 2004<br>Rupees in '000 | 2003       |
|---|------|------------------------|------------|
| <b>6. CASH AND BALANCES WITH TREASURY BANKS</b> |      |                        |            |
| In hand   |      |                        |            |
| Local currency                                  |      | 8,889,176              | 8,483,783  |
| Foreign currency                                |      | 1,082,798              | 943,005    |
|   |      | <b>9,971,974</b>       | 9,426,788  |
| With State Bank of Pakistan in                  |      |                        |            |
| Local currency current account                  | 6.1  | 30,669,962             | 15,797,711 |
| Local currency deposit account                  |      | 29                     | 29         |
|   |      | <b>30,669,991</b>      | 15,797,740 |
| Foreign currency current account                | 6.2  | 1,189,600              | 1,046,433  |
| Foreign currency deposit account                | 6.2  | 3,588,061              | 3,139,299  |
| Foreign currency collection account             |      | 268,875                | —          |
| Foreign currency placement accounts             | 6.3  | 29,730,650             | 28,734,250 |
|   |      | <b>34,777,186</b>      | 32,919,982 |
| With other central banks in                     |      |                        |            |
| Foreign currency current accounts               | 6.4  | 18,056,749             | 298,055    |
| Foreign currency deposit accounts               | 6.5  | 970,652                | 977,937    |
|   |      | <b>19,027,401</b>      | 1,275,992  |
|   |      | <b>94,446,552</b>      | 59,420,502 |

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the State Bank of Pakistan.
- 6.3** This represents US Dollar placements and carry interest rate at Libor + 1% and mature within six months.
- 6.4** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and central bank regulatory requirements. It also includes placements with the central banks for short periods at 2% to 6% per annum.
- 6.5** These carry mark-up rates ranging from 0.6% to 5%.

## 7. BALANCES WITH OTHER BANKS

|                     | Note | 2004<br>Rupees in '000 | 2003       |
|---------------------|------|------------------------|------------|
| In Pakistan         |      |                        |            |
| On deposit account  |      | 1,600                  | 1,600      |
| Outside Pakistan    |      |                        |            |
| On current accounts |      | 2,372,495              | 4,174,405  |
| On deposit accounts | 7.1  | 47,410,789             | 19,978,065 |
|                     |      | <b>49,783,284</b>      | 24,152,470 |
|                     |      | <b>49,784,884</b>      | 24,154,070 |

- 7.1** These include various deposits with correspondent banks and carry mark-up rates ranging from 0.005% to 7% per annum.

|  | Note      | 2004<br>Rupees in '000 | 2003<br>Rupees in '000 |
|--|-----------|------------------------|------------------------|
| <b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b> |           |                        |                        |
| Call money lendings                          | 8.1       | 2,004,000              | 904,000                |
| Repurchase agreement lendings (Reverse Repo) | 8.2 & 8.3 | 8,507,322              | 29,033,857             |
|  |           | <b>10,511,322</b>      | <b>29,937,857</b>      |

8.1 These carry mark-up at rates ranging from 4.1% to 5.75% per annum (2003: 2.5% to 5% per annum).

8.2 These carry mark-up at rates ranging from 2.0% to 4.9% per annum (2003: 1.25% to 6.5% per annum).

8.2.1 Securities held as collateral against lendings to financial institutions

|                           | 2004                     |                             |                  | 2003                     |                             |                   |
|---------------------------|--------------------------|-----------------------------|------------------|--------------------------|-----------------------------|-------------------|
|                           | Held by bank             | Further given as collateral | Total            | Held by bank             | Further given as collateral | Total             |
|                           | -----Rupees in '000----- |                             |                  | -----Rupees in '000----- |                             |                   |
| Market Treasury Bills     | 5,767,322                | –                           | 5,767,322        | 22,516,857               | –                           | 22,516,857        |
| Pakistan Investment Bonds | 2,740,000                | –                           | 2,740,000        | 6,417,000                | –                           | 6,417,000         |
| Federal Investment Bonds  | –                        | –                           | –                | 100,000                  | –                           | 100,000           |
|                           | <b>8,507,322</b>         | <b>–</b>                    | <b>8,507,322</b> | <b>29,033,857</b>        | <b>–</b>                    | <b>29,033,857</b> |

8.3 Market value of the securities under repurchase agreement lendings amount to Rs.8,625 million.

## 9. INVESTMENTS

|   | 2004                       |                     |             | 2003                       |                     |             |
|---|----------------------------|---------------------|-------------|----------------------------|---------------------|-------------|
|   | Held by bank               | Given as collateral | Total       | Held by bank               | Given as collateral | Total       |
|   | ..... Rupees in '000 ..... |                     |             | ..... Rupees in '000 ..... |                     |             |
| <b>9.1 Investments by type:</b>   |                            |                     |             |                            |                     |             |
| <b>Held-for-trading securities</b>  |                            |                     |             |                            |                     |             |
| Ordinary shares of listed companies   | 460,668                    | –                   | 460,668     | 215,437                    | –                   | 215,437     |
| <b>Available- for- sale securities</b>  |                            |                     |             |                            |                     |             |
| Ordinary shares of listed companies   | 3,677,487                  | –                   | 3,677,487   | 3,792,151                  | –                   | 3,792,151   |
| Ordinary shares of unlisted companies   | 477,324                    | –                   | 477,324     | 445,770                    | –                   | 445,770     |
| Less: Provision for diminution in value of investments                                      | 227,112                    | –                   | 227,112     | 264,553                    | –                   | 264,553     |
|   | 250,212                    | –                   | 250,212     | 181,217                    | –                   | 181,217     |
| Market Treasury Bills   | 51,967,129                 | 3,727,527           | 55,694,656  | 81,095,162                 | 9,837,012           | 90,932,174  |
| Preference shares   | 460,025                    | –                   | 460,025     | 312,241                    | –                   | 312,241     |
| Less: Provision for diminution in value of investments                                      | 142,025                    | –                   | 142,025     | 183,936                    | –                   | 183,936     |
|   | 318,000                    | –                   | 318,000     | 128,305                    | –                   | 128,305     |
| Pakistan Investment Bonds   | 14,921,381                 | 76,483              | 14,997,864  | 21,492,068                 | –                   | 21,492,068  |
| Federal Investment Bonds  | 2,467,884                  | 1,253,564           | 3,721,448   | 5,188,648                  | 2,455,000           | 7,643,648   |
| Term Finance Certificates   | 5,193,078                  | –                   | 5,193,078   | –                          | –                   | –           |
| Investments in mutual funds   | 934,504                    | –                   | 934,504     | 808,670                    | –                   | 808,670     |
| Investment outside Pakistan   | 463,295                    | –                   | 463,295     | 536,200                    | –                   | 536,200     |
| National Investment Trust Units   | 13,752,415                 | –                   | 13,752,415  | 4,899,414                  | –                   | 4,899,414   |
| Total available- for- sale securities   | 93,945,385                 | 5,057,574           | 99,002,959  | 118,121,835                | 12,292,012          | 130,413,847 |
| <b>Held-to-maturity securities</b>  |                            |                     |             |                            |                     |             |
| Government Compensation Bonds   | 2,549,817                  | –                   | 2,549,817   | 2,695,050                  | –                   | 2,695,050   |
| Provincial Government Securities  | 36,513                     | –                   | 36,513      | 76,565                     | –                   | 76,565      |
| Pakistan Investment Bonds   | 12,143,498                 | –                   | 12,143,498  | –                          | –                   | –           |
| GoP Foreign Currency Bonds  | 8,233,567                  | –                   | 8,233,567   | 7,180,940                  | –                   | 7,180,940   |
| Foreign Government Securities   | 5,160,570                  | –                   | 5,160,570   | 2,164,843                  | –                   | 2,164,843   |
| Debentures, Bonds, Participation Term Certificates and Term Finance Certificates (note 9.7) | 15,055,906                 | –                   | 15,055,906  | 21,394,901                 | –                   | 21,394,901  |
| Less: Provision for diminution in value of investments                                      | 1,411,802                  | –                   | 1,411,802   | 1,482,568                  | –                   | 1,482,568   |
|   | 13,644,104                 | –                   | 13,644,104  | 19,912,333                 | –                   | 19,912,333  |
| Certificates of investment  | 2,050                      | –                   | 2,050       | 2,050                      | –                   | 2,050       |
| Less: Provision for diminution in value of investments                                      | 2,050                      | –                   | 2,050       | 2,050                      | –                   | 2,050       |
|   | –                          | –                   | –           | –                          | –                   | –           |
| Total held-to-maturity securities (note 9.3)  | 41,768,069                 | –                   | 41,768,069  | 32,029,731                 | –                   | 32,029,731  |
| <b>Investments in associates</b>  | 1,015,472                  | –                   | 1,015,472   | 972,292                    | –                   | 972,292     |
| Less: Provision for diminution in value of investments                                      | 458,043                    | –                   | 458,043     | 148,559                    | –                   | 148,559     |
|   | 557,429                    | –                   | 557,429     | 823,733                    | –                   | 823,733     |
| <b>Investment in a joint venture</b>  | 1,602,352                  | –                   | 1,602,352   | 1,380,856                  | –                   | 1,380,856   |
| <b>Investments in subsidiaries</b>  | 1,352,458                  | –                   | 1,352,458   | 1,335,260                  | –                   | 1,335,260   |
| Less: Provision for diminution in value of investments                                      | 8,263                      | –                   | 8,263       | 3,245                      | –                   | 3,245       |
|   | 1,344,195                  | –                   | 1,344,195   | 1,332,015                  | –                   | 1,332,015   |
|   | 139,678,098                | 5,057,574           | 144,735,672 | 153,903,607                | 12,292,012          | 166,195,619 |

|   | Note       | 2004<br>Rupees in '000 | 2003        |
|---|------------|------------------------|-------------|
| <b>9.2 Investments by segment</b>   |            |                        |             |
| <b>Federal Government Securities</b>  |            |                        |             |
| Market Treasury Bills   |            | 55,694,656             | 90,932,174  |
| Pakistan Investment Bonds   | 9.4        | 27,141,362             | 21,492,068  |
| Federal Investment Bonds  | 9.5        | 3,721,448              | 7,643,648   |
| Others  |            |                        |             |
| – Government Compensation Bonds   | 9.13       | 2,549,817              | 2,695,050   |
| – GoP Foreign Currency Bonds  |            | 8,233,567              | 7,180,940   |
|   |            | 10,783,384             | 9,875,990   |
|   |            | 97,340,850             | 129,943,880 |
| <b>Provincial Government Securities</b>   |            | 36,513                 | 76,565      |
| <b>Foreign Government Securities</b>  |            | 5,160,570              | 2,164,843   |
| <b>Fully Paid up Ordinary Shares</b>  |            |                        |             |
| – Listed Companies  | 9.13       | 4,138,155              | 4,007,588   |
| – Unlisted Companies  | 9.13       | 477,324                | 445,770     |
|   |            | 4,615,479              | 4,453,358   |
| Investments in mutual funds   | 9.13       | 934,504                | 808,670     |
| National Investment Trust Units   | 9.6        | 13,752,415             | 4,899,414   |
| Preference Shares   | 9.13       | 460,025                | 312,241     |
| Certificates of Investment  |            | 2,050                  | 2,050       |
| <b>Debentures, Bonds, Participation Term<br/>Certificates and Term Finance Certificates</b> |            |                        |             |
| – Listed  | 9.13       | 343,112                | 273,321     |
| – Unlisted  | 9.7 & 9.13 | 19,905,872             | 21,121,580  |
|   |            | 20,248,984             | 21,394,901  |
| Investment outside Pakistan   | 9.8        | 463,295                | 536,200     |
| Investments in Associates   | 9.9        | 1,015,472              | 972,292     |
| Investment in a Joint Venture   | 9.10       | 1,602,352              | 1,380,856   |
| Investments in Subsidiaries   | 9.11       | 1,352,458              | 1,335,260   |
|   |            | 146,984,967            | 168,280,530 |
| Less : Provision for diminution in value of investments                                     | 9.12       | 2,249,295              | 2,084,911   |
|   |            | 144,735,672            | 166,195,619 |

9.3 Market value of held-to-maturity investment is Rs.41,018 million.

9.4 These include Pakistan Investment Bonds amounting to Rs.75 million (2003: Rs.Nil) provided against demand loans and TT/DD discounting facilities.

9.5 These include Federal Investment Bonds amounting to Rs.940 million (2003: Rs.1,040 million) provided to payoff liabilities relating to former MBL.

**9.6 NIT Units**

Includes 365,284,216 NIT units in respect of which Government of Pakistan issued a Letter of Comfort (LoC) dated August 8, 2001 stating that on bank's willingness to continue holding the units for five years from the date of LoC, NIT will be facilitated to redeem the units at Rs.13.70 per unit. Upto last year, these units were valued at lower of cost or price agreed in LoC. This year in accordance with SBP's concurrence vide their letter no. BSD/SU-15/503/1504/2005 dated March 16, 2005, these units have been valued at market value (repurchase price) aggregating Rs. 13,662 million (2003: Rs. 9,910 million).

9.7 Term Finance Certificates, Debentures, Bonds and Participation Term Certificates include Rs.932 million (2003: Rs.2,380 million) which are considered non-performing.

Term Finance Certificates (TFCs) include Rs.341.998 million and Rs.1,040.256 million in respect of unlisted TFCs relating to Pakland Cement Limited and Saadi Cement Limited transformed as a new debt under Revised Scheme of Arrangement sanctioned by the Honorable High Court of Sindh. These new TFCs are in the process of being issued. The State Bank of Pakistan has allowed, vide letter No. BPD/PU-22/22.03/X/2005/1836 dated February 15, 2005, to all concerned banks/DFIs that the above restructuring may be treated as a fresh financing and old loans/leases may be considered as redeemed and paid off for the purpose of Prudential Regulation R-8. The existing provision has however been retained.

## 9.8 Bank Al-Jazira

The bank holds 875,000 (2003: 700,000) shares in Bank Al-Jazira incorporated in the Kingdom of Saudi Arabia, being 5.83% (2003: 5.83%) holding in total equity. The investment is recorded at lower of (Rupee) cost or market value as per the Saudi Stock Exchange as allowed to the bank by the State Bank of Pakistan. The market value of these shares at December 31, 2004 amounted to equivalent of Rs.5,435 million (2003: Rs.2,681 million) [SR 392 per share (2003: SR 250 per share)].

This investment in previous years was revalued at current exchange rates and the resulting adjustment was credited to exchange equalization reserve. During the year, the adjustment amounting to Rs.435 million has been reversed in accordance with the requirement of International Accounting Standard - 21 "The Effects of Changes in Foreign Exchange Rates" regarding translation of non-monetary items. This change has not been accounted for retrospectively as there is no impact on the profit and loss account and no material impact on the balance sheet. Furthermore, this investment has been reclassified as available-for-sale from held-to-maturity in line with the definitions given in note 5.3.

|  | Number of shares | Percentage holding | 2004<br>Rupees in '000 | 2003             |
|--|------------------|--------------------|------------------------|------------------|
| <b>9.9 Investments in associates</b>                   |                  |                    |                        |                  |
| <b>Un-quoted</b>                                       |                  |                    |                        |                  |
| National Custodian and Vault Services                  | —                | —                  | —                      | 20,160           |
| Pakistan Emerging Venture Limited                      | 12,500,000       | 33.33              | 64,415                 | 71,415           |
| First Credit and Discounting Corporation               | 4,726,563        | 50.00              | 157,429                | 157,429          |
| Information System Associates Limited                  | 2,300,000        | 28.07              | 1,719                  | 1,719            |
| National Finance and Investment Services Limited       | 1,400,000        | 30.07              | —                      | —                |
| National Fructose Company Limited                      | 1,300,000        | 39.50              | 6,500                  | 6,500            |
| Pakistan Insulation Limited                            | 494,500          | 24.79              | 695                    | 695              |
| Ali Textile (Jhang) Limited                            | 926,500          | 32.46              | 9,265                  | 9,265            |
| Venture Capital Fund Management                        | 33,333           | 33.33              | 333                    | 333              |
| Ashraf Sugar Mills Limited                             | 2,059,271        | 20.44              | —                      | —                |
| Kamal Enterprises Limited                              | 11,000           | 20.37              | —                      | —                |
| Mehran Industries Limited                              | 37,500           | 32.05              | —                      | —                |
| Qurell Cassettes Limited                               | 46,250           | 30.83              | —                      | —                |
| Tharparkar Sugar Mills Limited                         | 2,500,000        | 21.50              | —                      | —                |
| Youth Investment Promotion Society                     | 644,508          | 25.00              | —                      | —                |
| Khushhali Bank   | 400              | 23.45              | 400,000                | 400,000          |
| Dadabhoy Energy Supply Company Limited                 | 9,900,000        | 33.00              | 32,105                 | 32,105           |
| K-Agricole Limited                                     | 5,000            | 20.00              | —                      | —                |
| New Pak Limited  | 200,000          | 20.00              | —                      | —                |
| Prudential Fund Management                             | 150,000          | 20.00              | —                      | —                |
|  |                  |                    | <b>672,461</b>         | <b>699,621</b>   |
| <b>Quoted</b>  |                  |                    |                        |                  |
| National Fibres Limited                                | 17,119,476       | 20.19              | —                      | —                |
| Asian Leasing Company Limited                          | 2,863,600        | 27.39              | 3,866                  | 3,866            |
| Taha Spinning Mills Limited                            | 833,800          | 20.59              | 2,501                  | 2,501            |
| Kohat Textile Mills Limited                            | 2,906,900        | 33.03              | 29,069                 | 29,069           |
| Land Mark Spining Mills Limited                        | 3,970,960        | 32.75              | 39,710                 | 39,710           |
| S.G. Fibres Limited                                    | 3,754,900        | 25.03              | 218,535                | 218,535          |
| Nina Industries Limited                                | 4,933,000        | 20.38              | 49,330                 | 49,330           |
|  |                  |                    | <b>343,011</b>         | <b>343,011</b>   |
|  |                  |                    | <b>1,015,472</b>       | <b>1,042,632</b> |
| Less: Deficit on revaluation of quoted associates      |                  |                    | —                      | 70,340           |
|  |                  |                    | <b>1,015,472</b>       | <b>972,292</b>   |
| Less: Provision for diminution in value of investments |                  |                    | <b>458,043</b>         | <b>148,559</b>   |
|  |                  |                    | <b>557,429</b>         | <b>823,733</b>   |

9.9.1 Associates with zero carrying amount, represent the investment acquired from former NDFC which have negative equity or closed operations.

9.9.2 The details of break-up value based on latest available financial statements of un-quoted investment in associates are as follows:

|  | Year ended         | Break-up value of bank's share<br>Rs in '000 |
|--|--------------------|--|
| Pakistan Emerging Venture Limited        | June 30, 2004      | 15,373                                       |
| First Credit and Discounting Corporation | June 30, 2004      | 215,230                                      |
| Information System Associates Limited    | June 30, 2003      | 11,300                                       |
| Pakistan Insulation Limited              | June 30, 2001      | 2,630  |
| Ali Textile (Jhang) Limited              | September 30, 2001 | 10,049                                       |
| Venture Capital Fund Management          | June 30, 2003      | 1,226  |
| Ashraf Sugar Mills Limited               | September 30, 2002 | (34,290)                                     |
| Mehran Industries Limited                | June 30, 2001      | 5,681  |
| Tharparkar Sugar Mills Limited           | September 30, 2001 | (83,140)                                     |
| Khushhali Bank                           | December 31, 2003  | 415,156                                      |
| Dadabhoy Energy Supply Company Limited   | June 30, 2003      | 60,121                                       |

**2004**      **2003**  
Rupees in '000

9.10 Investment in joint venture company - under equity method

United National Bank Limited

|  |                  |           |
|--|------------------|-----------|
| Opening Balance  | <b>1,380,856</b> | 1,267,267 |
| Exchange equalization reserve recognized during the year | <b>173,939</b>   | 113,481   |
| Share of profit after tax for the year                   | <b>47,557</b>    | 108       |
|  | <b>1,602,352</b> | 1,380,856 |

Under a joint venture agreement, the bank holds 13.5 million ordinary shares (45%) and United Bank Limited (UBL) holds 16.5 million ordinary shares (55%) in the venture. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the bank and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the bank or UBL as appropriate. Upto December 31, 2004 dividends of amount equivalent to Rs.31.447 million ( 2003: Rs.10.749 million ) have been earned by the bank. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the bank or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value. Upto December 31, 2004 no dividends have been received by the bank on these shares.

**2004**      **2003**  
Rupees in '000

9.11 Investments in subsidiaries

|  | Percentage holding | 2004             | 2003      |
|--|--------------------|------------------|-----------|
| NBP Capital Limited                                    | 100.00             | <b>500,000</b>   | 500,000   |
| CJSC Subsidiary Bank of NBP in Kazakhstan              | 100.00             | <b>419,488</b>   | 402,290   |
| NBP Exchange Company Limited                           | 100.00             | <b>300,000</b>   | 300,000   |
| NBP Modaraba Management Company Limited                | 100.00             | <b>105,000</b>   | 105,000   |
| Taurus Securities Limited                              | 58.32              | <b>24,725</b>    | 24,725    |
| National Agriculture & Storage Company Limited         | 100.00             | <b>2,000</b>     | 2,000     |
| Cast-N-Link Products Limited                           | 76.51              | <b>1,245</b>     | 1,245     |
|  |                    | <b>1,352,458</b> | 1,335,260 |
| Less: Provision for diminution in value of investments |                    | <b>8,263</b>     | 3,245     |
|  |                    | <b>1,344,195</b> | 1,332,015 |

9.11.1 Details of assets, liabilities and equity position of the subsidiaries on the basis of latest audited financial statements are given below:

|  | Year Ended        | Total Assets               | Total Liabilities | Net Equity |
|--|-------------------|----------------------------|-------------------|------------|
|  |                   | ----- Rupees in '000 ----- |                   |            |
| NBP Capital Limited                            | June 30, 2004     | 1,262,446                  | 637,445           | 625,001    |
| CJSC Subsidiary Bank in Kazakhstan             | December 31, 2004 | 737,738                    | 233,244           | 504,494    |
| NBP Exchange Company Limited                   | June 30, 2004     | 369,882                    | 61,082            | 308,800    |
| NBP Modaraba Management Company Limited        | June 30, 2004     | 108,817                    | 6,489             | 102,328    |
| Taurus Securities Limited                      | June 30, 2004     | 537,452                    | 385,086           | 152,366    |
| National Agriculture & Storage Company Limited | June 30, 2004     | 2,932                      | 2,349             | 583        |
| Cast-N-Link Products Limited                   | *                 |                            |                   |            |

\* This investment was acquired as a result of amalgamation of NDFC with the bank. The latest financial statements of this company are not available and investment is fully provided for.

|   | 2004           | 2003      |
|---|----------------|-----------|
|   | Rupees in '000 |           |
| <b>9.12 Particulars of provision for diminution in value of investments</b> |                |           |
| Opening balance   | 2,084,911      | 1,625,388 |
| Charge for the year   | 363,861        | 674,229   |
| Reversals   | (178,154)      | (214,706) |
|   | 185,707        | 459,523   |
| Amount written off  | (21,323)       | -         |
| Closing balance   | 2,249,295      | 2,084,911 |

9.13 Information relating to investments in shares of listed, unlisted companies, redeemable capital and bonds is given in Annexure "I" and is an integral part of these financial statements.

|  | Note        | 2004           | 2003        |
|--|-------------|----------------|-------------|
|  |             | Rupees in '000 |             |
| <b>10. ADVANCES</b>  |             |                |             |
| Loans, cash credits, running finances, etc.                          |             |                |             |
| In Pakistan  |             | 211,753,452    | 154,133,120 |
| Outside Pakistan   |             | 23,623,106     | 24,189,112  |
|  |             | 235,376,558    | 178,322,232 |
| Bills discounted and purchased (excluding Government treasury bills) |             |                |             |
| Payable in Pakistan  |             | 4,061,473      | 3,960,110   |
| Payable outside Pakistan   |             | 10,351,611     | 6,400,931   |
|  |             | 14,413,084     | 10,361,041  |
| Financing in respect of carry over transactions                      | 10.6 & 45.3 | 705,099        | 275,495     |
|  |             | 250,494,741    | 188,958,768 |
| Less: Provision against non-performing loans                         | 10.3        | 29,050,778     | 27,693,008  |
|  | 10.1        | 221,443,963    | 161,265,760 |
| <b>10.1 Particulars of advances</b>                                  |             |                |             |
| <b>10.1.1</b> In local currency                                      |             | 188,376,087    | 130,686,823 |
| In foreign currencies  |             | 33,067,876     | 30,578,937  |
|  |             | 221,443,963    | 161,265,760 |
| <b>10.1.2</b> Short-term (for upto one year)                         |             | 139,096,033    | 101,699,360 |
| Long-term (for over one year)  |             | 82,347,930     | 59,566,400  |
|  |             | 221,443,963    | 161,265,760 |

- 10.2 Advances include Rs.36,099 million (2003: Rs.39,772 million) which have been placed under the non-performing status as detailed below:

| Category of Classification        | 2004              |                |                   |                    |                   |
|-----------------------------------|-------------------|----------------|-------------------|--------------------|-------------------|
|                                   | Domestic          | Overseas       | Total             | Provision Required | Provision Held    |
| ..... Rupees in '000 .....        |                   |                |                   |                    |                   |
| Other Assets Especially Mentioned | 958,133           | 2,676          | 960,809           | –                  | –                 |
| Substandard                       | 530,890           | –              | 530,890           | 82,483             | 82,483            |
| Doubtful                          | 1,177,426         | –              | 1,177,426         | 361,800            | 361,800           |
| Loss                              | 33,132,895        | 297,278        | 33,430,173        | 27,928,071         | 27,928,071        |
|                                   | <b>35,799,344</b> | <b>299,954</b> | <b>36,099,298</b> | <b>28,372,354</b>  | <b>28,372,354</b> |

Revised Prudential Regulations for corporate and commercial banking, became effective from January 1, 2004. These regulations among other things require discounting of forced sale value of securities used by the bank against non-performing loans by 20%, 30% and 50% respectively in the first, second and third year. Although revised regulations became effective in the current year, the bank had adopted these requirements effective from year 2003 and accordingly it had discounted forced sale values used in computing the provision against non-performing loans by 30%. In the current year as a result of further discounting of forced sales values by 10%, a provision of Rs.722.529 million has been made.

The Prudential Regulations issued by the State Bank of Pakistan effective from January 1, 2004 and SBP letter dated July 31, 2004 requires banks to maintain a general reserve equivalent to 1.5% of consumer portfolio, which is secured and 5% of the consumer portfolio which is unsecured to protect the banks from the risk associated with the economic cyclical nature of this business. The State Bank of Pakistan has allowed the bank to make the provision amounting to Rs.1,331 million in 2005 and 2006. However, the bank has made a provision of Rs.419 million during the year.

### 10.3 Particulars of provision against non-performing advances

| Note   | 2004        |            |             | 2003        |            |             |            |
|--|-------------|------------|-------------|-------------|------------|-------------|------------|
|  | Specific    | General    | Total       | Specific    | General    | Total       |            |
| ..... Rupees in '000 .....                         |             |            |             |             |            |             |            |
| Opening balance                                    | 27,453,807  | 239,201    | 27,693,008  | 25,459,083  | 75,726     | 25,534,809  |            |
| Exchange adjustments                               | 8,637       | 22,379     | 31,016      | 289         | –          | 289         |            |
| Transfer from off balance sheet obligations        | 18.1        | 579,323    | –           | 579,323     | –          | –           |            |
| Transfer (to) other assets                         | –           | –          | –           | (435,080)   | –          | (435,080)   |            |
| Transfer from other liabilities                    | –           | –          | –           | –           | 136,196    | 136,196     |            |
| Adjustment due to transfer of advances from CIRC * | –           | –          | –           | 983,303     | –          | 983,303     |            |
| Charge for the year                                | 2,748,301   | 429,105    | 3,177,406   | 3,368,048   | 29,855     | 3,397,903   |            |
| Reversals  | (1,649,791) | (12,261)   | (1,662,052) | (1,710,550) | (2,576)    | (1,713,126) |            |
| Net charge for the year                            | 1,098,510   | 416,844    | 1,515,354   | 1,657,498   | 27,279     | 1,684,777   |            |
| Other movements                                    | –           | –          | –           | 77,430      | –          | 77,430      |            |
| Amounts written off                                | 10.4.1      | (767,923)  | –           | (767,923)   | –          | (288,716)   |            |
| Closing balance                                    | 10.2        | 28,372,354 | 678,424     | 29,050,778  | 27,453,807 | 239,201     | 27,693,008 |

\* Corporate and Industrial Restructuring Corporation (CIRC)

|  | Note | 2004<br>Rupees in '000 | 2003           |
|--|------|------------------------|----------------|
| <b>10.4 Particulars of write offs</b>            |      |                        |                |
| <b>10.4.1</b> Against provisions                 | 10.3 | 767,923                | 288,716        |
| Directly charged to profit and loss account      |      | 32,807                 | –              |
|  |      | <b>800,730</b>         | <b>288,716</b> |
| <b>10.4.2</b> Write offs of Rs.500,000 and above | 10.5 | 789,121                | 282,040        |
| Write offs of below Rs.500,000                   |      | 11,609                 | 6,676          |
|  |      | <b>800,730</b>         | <b>288,716</b> |

#### 10.5 Details of loans written off 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 Rs.500,000 or above allowed to a person(s) during the year ended December 31, 2004 is given in Annexure-II.

**10.6** These are secured against shares of listed companies, market value of which amounted to Rs.706.09 million at the balance sheet date. These carry mark-up ranging from 8.27% to 18.53% and are maturing within one week.

#### 10.7 Particulars of loans and advances to directors, associated companies, etc.

|   | Balance as at<br>December 31, 2004 | Max. total amount of<br>advances including<br>temporary advances<br>granted during the<br>year* |
|---|------------------------------------|---|
|   | Rupees in '000                     |   |
| Debts due by directors, executives, officers and staff of the bank or any of them either severally or jointly with any other persons                    | 9,766,179                          | 9,766,179   |
| 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 | 119,896                            | 119,896   |
| Debts due by subsidiary companies, controlled firms, managed modaraba and other related parties   | 2,306,267                          | 2,306,267   |

\* The maximum amount has been calculated by reference to month end balances.

| 11. OTHER ASSETS  | Note   | 2004<br>Rupees in '000 | 2003       |
|---|--------|------------------------|------------|
| Income/mark-up accrued in local currency                    |        | 5,475,078              | 4,668,055  |
| Income/mark-up accrued in foreign currencies                |        | 714,577                | 494,873    |
| Commission receivable                                       |        | 1,215,399              | 782,094    |
| Advances, deposits, advance rent and other prepayments      |        | 608,673                | 350,373    |
| Advance taxation (payments less provisions)                 | 21.4.2 | 7,451,666              | 10,343,587 |
| Stationary and stamps on hand                               |        | 181,477                | 188,807    |
| Un-realized gain on forward exchange contracts              |        | 4,761                  | -          |
| Prepaid exchange risk fee                                   |        | 1,109                  | 15,614     |
| Barter trade balances                                       | 45.3   | 182,503                | 182,503    |
| Receivable from CIRC  | 11.1   | 359,498                | 365,163    |
| Receivable on account of Government transactions            | 11.2   | 176,813                | 281,052    |
| Receivable from Government under VHS scheme                 | 11.3   | 437,211                | 806,686    |
| Less: amount charged/provision                              |        | 437,211                | 806,686    |
|   |        | -                      | -          |
| Receivable from pension fund                                | 32.1   | 2,047,859              | 1,672,929  |
| Prize bonds on hand   |        | 225,695                | 182,946    |
| Receivable from brokers                                     |        | 104,900                | -          |
| Others  | 11.4   | 1,184,083              | 1,077,847  |
|   |        | 19,934,091             | 20,605,843 |
| Less: Provision held against other assets                   | 11.5   |                        |            |
| Income/mark-up accrued in local currency/foreign currencies |        | 579,520                | 579,520    |
| Stationary and stamps on hand                               |        | 50,214                 | 50,214     |
| Barter trade balances                                       |        | 182,503                | 153,064    |
| Others  |        | 782,340                | 764,014    |
|   |        | 1,594,577              | 1,546,812  |
|   |        | 18,339,514             | 19,059,031 |

- 11.1** According to the terms of agreement with CIRC, the balance is payable at earlier of date of sale or completion of three years from the date the units were transferred to CIRC. The amount is payable in cash to the extent net proceeds are realized by CIRC and the balance is payable in the form of three years bonds carrying mark-up on the sharia based system.
- 11.2** This represents amount receivable from Government of Pakistan on account of encashment of various instruments handled by the bank for Government of Pakistan as an agent of SBP.

- 11.3** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from Government of Pakistan. Due to uncertainty about its recoverability, although a claim has been lodged, full amount has been provided for.
- 11.4** This includes the net book deficiency of former Eastern Mercantile Bank and Eastern Banking Corporation amounting to Rs.10.39 million as at November 16, 1973 pursuant to the Bank (Transfer of Assets & Liabilities) Ordinance, 1973. The revised net deficiency evaluated as at December 31, 1974 of Rs.29.11 million has been conveyed to GoP.

|   | Note | 2004<br>Rupees in '000 | 2003      |
|---|------|------------------------|-----------|
| <b>11.5 Provisions held against other assets</b>        |      |                        |           |
| Opening balance   |      | 1,546,812              | 730,133   |
| Transfer from provision against non-performing advances |      | –                      | 435,080   |
| Amount transferred from other liabilities               |      | 15,522                 | –         |
| Charge for the year                                     |      | 32,243                 | 381,599   |
| Closing balance   |      | 1,594,577              | 1,546,812 |
| <b>12. OPERATING FIXED ASSETS</b>                       |      |                        |           |
| Capital work-in-progress                                | 12.1 | 218,840                | 138,379   |
| Property and equipment                                  | 12.2 | 8,984,129              | 8,801,104 |
|   |      | 9,202,969              | 8,939,483 |
| <b>12.1 Capital work-in-progress</b>                    |      |                        |           |
| Civil works   |      | 205,117                | 132,514   |
| Equipment   |      | 1,997                  | 4,270     |
| Advances to suppliers and contractors                   |      | 11,726                 | 1,595     |
|   |      | 218,840                | 138,379   |

## 12.2 Property and equipment

|                                  | Cost/revalued amount |                                |                             |                      | Accumulated depreciation |                                  |                      | Book Value at December 31, 2004 | Rate of depreciation  |
|----------------------------------|----------------------|--------------------------------|-----------------------------|----------------------|--------------------------|----------------------------------|----------------------|---------------------------------|---|
|                                  | At January 1, 2004   | Revaluation surplus/ (deficit) | Additions/ (deletions)      | At December 31, 2004 | At January 1, 2004       | Charge for the year/ (deletions) | At December 31, 2004 |                                 |   |
| ..... Rupees in '000 .....       |                      |                                |                             |                      |                          |                                  |                      |                                 |   |
| <b>Owned</b>                     |                      |                                |                             |                      |                          |                                  |                      |                                 |   |
| Land                             |                      |                                |                             |                      |                          |                                  |                      |                                 |   |
| - freehold                       | 2,748,926            | 32,387                         | -                           | 2,781,313            | -                        | -                                | -                    | 2,781,313                       | Nil   |
| - leasehold                      | 2,703,841            | 33,096                         | 29,845                      | 2,766,782            | -                        | -                                | -                    | 2,766,782                       | Nil   |
| Buildings on land:               |                      |                                |                             |                      |                          |                                  |                      |                                 |   |
| - freehold                       | 1,730,993            | (43,002)                       | 30,057                      | 1,718,048            | 299,224                  | 80,891                           | 380,115              | 1,337,933                       | 5% on book value  |
| - leasehold                      | 1,173,547            | 3,321                          | 47,292                      | 1,224,160            | 159,427                  | 54,068                           | 213,495              | 1,010,665                       | 5% on book value  |
| Furniture and fixtures           | 974,285              | -                              | 58,340<br>(5,624)           | 1,027,001            | 684,150                  | 35,118<br>(3,639)                | 715,629              | 311,372                         | 10% to 30% on book value and 20% on straight-line on new furnishing limit to executives |
| Computer & peripheral equipments | 656,655              | -                              | 233,348                     | 890,003              | 423,246                  | 157,690                          | 580,936              | 309,067                         | 33% on cost   |
| Electrical & office equipments   | 909,212              | -                              | 155,604<br>(731)            | 1,064,085            | 682,981                  | 67,819<br>(442)                  | 750,358              | 313,727                         | 20% on book value   |
| Vehicles                         | 184,491              | -                              | 39,284<br>(5,552)           | 218,223              | 103,478                  | 16,356<br>(5,552)                | 114,282              | 103,941                         | 20% on cost   |
|                                  | 11,081,950           | 25,802                         | 593,770<br>(11,907)         | 11,689,615           | 2,352,506                | 411,942<br>(9,633)               | 2,754,815            | 8,934,800                       |   |
| <b>Under finance lease</b>       |                      |                                |                             |                      |                          |                                  |                      |                                 |   |
| Vehicles                         | 111,913              | -                              | -                           | 111,913              | 40,253                   | 22,331                           | 62,584               | 49,329                          | 20% on cost   |
| <b>2004</b>                      | <b>11,193,863</b>    | <b>25,802</b>                  | <b>593,770<br/>(11,907)</b> | <b>11,801,528</b>    | <b>2,392,759</b>         | <b>434,273<br/>(9,633)</b>       | <b>2,817,399</b>     | <b>8,984,129</b>                |   |
| 2003                             | 10,028,720           | 546,825                        | 656,811<br>(38,493)         | 11,193,863           | 2,036,359                | 386,662<br>(30,262)              | 2,392,759            | 8,801,104                       |   |

**12.3** During the year certain of the bank's domestic properties were revalued by M/s Younus Mirza & Co. on the basis of market value which resulted in net surplus of Rs.25.802 million over the book value of the assets as on December 31, 2004.

In the year 2003, certain bank's domestic properties were revalued by M/s Younus Mirza & Co. and M/s Iqbal A. Nanji & Co. on the basis of market value which resulted in net surplus of Rs. 546.825 million over the book value of the assets.

In the year 2002, the bank's domestic properties were revalued by M/s Younus Mirza & Co. on the basis of market value which resulted in net surplus of Rs.1,199.625 million over the book value of the assets.

- 12.4 Had the revaluation not been carried out, the net book value of the revalued assets at December 31, 2004 would have been as follows:

|  | Land           |          | Buildings on land |                        | Total                  |
|--|----------------|----------|-------------------|------------------------|------------------------|
|  | Leasehold      | Freehold | Leasehold         | Freehold               |                        |
|  | Rupees in '000 |          |                   |                        |                        |
|  | 369,986        | 284,179  | 126,332           | 128,915                | 909,412                |
|  |                |          | Note              | 2004<br>Rupees in '000 | 2003<br>Rupees in '000 |

### 12.5 Movement in surplus on revaluation of properties

|  |      |           |           |
|--|------|-----------|-----------|
| Surplus on revaluation on January 1,   |      | 5,988,510 | 5,515,362 |
| Net surplus on revaluation of bank's properties during the year  | 12.2 | 25,802    | 546,825   |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the year -net of deferred tax |      | (45,496)  | (47,890)  |
| Related deferred tax liability   |      | (24,498)  | (25,787)  |
|  |      | (69,994)  | (73,677)  |
|  |      | 5,944,318 | 5,988,510 |
| Less: Related deferred tax liability on:   |      |           |           |
| Revaluation as at January 1,   |      | 530,324   | 515,738   |
| Revaluation of bank's properties during the year   |      | (13,888)  | 40,373    |
| Incremental depreciation charged during the year transferred to profit and loss account                                  |      | (24,498)  | (25,787)  |
|  | 13   | 491,938   | 530,324   |
| Surplus on revaluation of fixed assets on December 31,   | 20   | 5,452,380 | 5,458,186 |

- 12.6 Carrying amount of temporarily idle property and equipment as at December 31, 2004 is Rs.534 million (2003: Rs.562 million).

### 12.7 DETAILS OF DISPOSALS OF FIXED ASSETS

Details of assets whose original cost or the book value exceeds rupees one million or two hundred fifty thousand rupees, whichever is lower are given below:

| Particulars of assets   | Original cost | Book value | Sale proceeds | Profit/(loss)<br>(Note 25) |
|---|---------------|------------|---------------|----------------------------|
|   |               |            |               |                            |
| Other assets (having book value of less than Rs.250,000 and cost of less than Rs.1,000,000) | 11,907        | 2,274      | 4,080         | 1,806                      |
|   | 11,907        | 2,274      | 4,080         | 1,806                      |

|  | Note        | 2004<br>Rupees in '000 | 2003               |
|--|-------------|------------------------|--------------------|
| <b>13. DEFERRED TAX (ASSETS)/LIABILITIES</b>   |             |                        |                    |
| <b>Deferred tax (assets) arising in respect of</b>   |             |                        |                    |
| Provision for diminution in the value of investments   |             | (677,336)              | (677,336)          |
| Provision against advances - due to discounting of FSVs/general provisions   |             | (599,325)              | (599,385)          |
| Other provision  |             | (242,149)              | (197,826)          |
| Charge against defined benefits plans  |             | (323,947)              | (223,336)          |
| Excess of accounting book value of leased assets over lease liabilities  |             | (6,482)                | (13,904)           |
| Difference between accounting book value of fixed assets and tax base  |             | (63,842)               | (159,125)          |
| Provision against off-balance sheet obligation   |             | (115,222)              | (166,160)          |
|  |             | <b>(2,028,303)</b>     | <b>(2,037,072)</b> |
| <b>Deferred tax liabilities arising in respect of</b>  |             |                        |                    |
| Revaluation of securities  | 20          | 260,416                | 863,664            |
| Revaluation of fixed assets  | 12.5        | 491,938                | 530,324            |
| Exchange equalization reserve  | 13.1        | -                      | 1,238,948          |
|  |             | <b>752,354</b>         | <b>2,632,936</b>   |
| Net deferred tax (assets)/liabilities  |             | <b>(1,275,949)</b>     | <b>595,864</b>     |
| <b>13.1</b>  |             |                        |                    |
| Deferred tax liability, in respect of exchange equalization reserves, recorded in earlier years has been reversed as the bank considers that it has the ability to control the timing of the reversal of the temporary differences and it is probable that these temporary differences will not reverse in the foreseeable future. |             |                        |                    |
| <b>14. BILLS PAYABLE</b>   |             |                        |                    |
| In Pakistan - local currency   |             | 7,181,705              | 5,462,683          |
| Outside Pakistan - foreign currencies  |             | 32,966                 | 34,055             |
|  |             | <b>7,214,671</b>       | <b>5,496,738</b>   |
| <b>15. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>  |             |                        |                    |
| In Pakistan  |             | 8,717,621              | 14,432,786         |
| Outside Pakistan   |             | 2,367,169              | 2,136,887          |
|  | 15.1 & 15.2 | <b>11,084,790</b>      | <b>16,569,673</b>  |
| <b>15.1 Particulars of borrowings from financial institutions</b>  |             |                        |                    |
| In local currency  |             | 8,717,621              | 14,432,786         |
| In foreign currencies  |             | 2,367,169              | 2,136,887          |
|  | 15.2        | <b>11,084,790</b>      | <b>16,569,673</b>  |

|   | Note   | 2004<br>Rupees in '000 | 2003       |
|---|--------|------------------------|------------|
| <b>15.2 Details of borrowings from financial institutions</b> |        |                        |            |
| <b>Secured</b>  |        |                        |            |
| Borrowings from State Bank of Pakistan against                |        |                        |            |
| Export refinance  |        | 3,175,666              | 1,912,708  |
| Locally Manufactured Machinery                                |        | 12,735                 | 76,159     |
| Finance to payoff liabilities relating to former MBL          | 15.2.1 | 1,740,000              | 2,540,000  |
| Others  |        | 66,907                 | 66,907     |
|   |        | 4,995,308              | 4,595,774  |
| Repurchase agreement borrowings                               |        | 3,722,313              | 9,837,012  |
|   |        | 8,717,621              | 14,432,786 |
| <b>Unsecured</b>  |        |                        |            |
| Call borrowings   |        | 1,056,128              | 933,853    |
| Overdrawn nostro accounts                                     |        | 1,235,876              | 1,119,140  |
| Others  |        | 75,165                 | 83,894     |
|   |        | 2,367,169              | 2,136,887  |
|   | 15.2.2 | 11,084,790             | 16,569,673 |

**15.2.1** This comprises of balances of two loans of Rs.4,000 million extended in 1995 and Rs.940 million extended in 1999. Both loans are interest free and are repayable in five equal annual installments after an initial grace period of five years.

**15.2.2** Mark-up/interest rates and other terms are as follows:

- Export refinance loans from SBP are at the rate of 3.5% per annum (2003: 1.5% per annum).
- Locally Manufactured Machinery Loans from SBP are at the rate of 3.5% per annum (2003: 1.5% per annum).
- Secured borrowings "Others" from SBP are interest free.
- Repurchase agreement borrowings carry mark-up at the rate of 3.7% to 4.1% per annum (2003: 1.75% to 7% per annum).
- Call borrowings carry interest ranging from 2.13% to 7% per annum (2003: 2.45% to 7% per annum).
- Overdrawn nostro accounts carry interest at the rate of 1% to 5% per annum (2003: 1% to 5% per annum).
- Unsecured borrowings "Others" carry interest at the rate 4.62% to 10% per annum (2003: 4.62% to 10% per annum).

|  | Note | 2004<br>Rupees in '000 | 2003        |
|--|------|------------------------|-------------|
| <b>16. DEPOSITS AND OTHER ACCOUNTS</b> |      |                        |             |
| <b>Customers</b>                       |      |                        |             |
| Fixed deposits                         |      | 78,127,168             | 75,141,568  |
| Savings deposits                       |      | 158,640,336            | 139,734,765 |
| Current accounts - remunerative        |      | 73,665,385             | 58,974,188  |
| Current accounts - non-remunerative    |      | 85,093,282             | 72,864,680  |
|  |      | 395,526,171            | 346,715,201 |
| <b>Financial Institutions</b>          |      |                        |             |
| Remunerative deposits                  |      | 38,830,121             | 38,743,915  |
| Non-remunerative deposits              |      | 31,215,425             | 10,033,215  |
|  |      | 70,045,546             | 48,777,130  |
|  | 16.1 | 465,571,717            | 395,492,331 |

|   | 2004               | 2003        |
|---|--------------------|-------------|
|   | Rupees in '000     |             |
| <b>16.1 Particulars of deposits</b>   |                    |             |
| In local currency   | <b>348,578,913</b> | 299,843,032 |
| In foreign currencies [including deposits of foreign branches of Rs.94,292 million (2003: Rs.73,646 million)] | <b>116,992,804</b> | 95,649,299  |
|   | <b>465,571,717</b> | 395,492,331 |

**17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

|   | 2004                   |                                      |                       | 2003                   |                                      |                       |
|---|------------------------|--------------------------------------|-----------------------|------------------------|--------------------------------------|-----------------------|
|   | Minimum lease payments | Financial charges for future periods | Principal outstanding | Minimum lease payments | Financial charges for future periods | Principal outstanding |
|   | Rupees in '000         |                                      |                       | Rupees in '000         |                                      |                       |
| Not later than one year                           | <b>18,435</b>          | <b>1,377</b>                         | <b>17,058</b>         | 28,510                 | 4,451                                | 24,059                |
| Later than one year and not later than five years | -                      | -                                    | -                     | 18,435                 | 1,377                                | 17,058                |
|   | <b>18,435</b>          | <b>1,377</b>                         | <b>17,058</b>         | 46,945                 | 5,828                                | 41,117                |

The bank has entered into lease agreements with various leasing companies for lease of vehicles. Lease rentals are payable in quarterly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from 14% to 20%. At the end of lease term, the bank has the option to acquire the assets subject to adjustment of security deposits.

|   | Note | 2004              | 2003       |
|---|------|-------------------|------------|
|   |      | Rupees in '000    |            |
| <b>18. OTHER LIABILITIES</b>  |      |                   |            |
| Mark-up/ return/ interest payable in local currency                                       |      | <b>1,963,508</b>  | 1,927,379  |
| Mark-up/ return/ interest payable in foreign currencies                                   |      | <b>466,019</b>    | 351,665    |
| Unearned commission and income on bills discounted  |      | <b>102,063</b>    | 107,108    |
| Accrued expenses  |      | <b>873,562</b>    | 712,057    |
| Advance payments  |      | <b>42,688</b>     | 93,068     |
| Unclaimed dividends   |      | <b>3,545</b>      | 2,766      |
| Proposed dividend   |      | <b>738,616</b>    | 512,928    |
| Un-realized loss on forward foreign exchange contracts                                    |      | -                 | 2,697      |
| Branch adjustment account - net   |      | <b>78,801</b>     | 1,534,228  |
| Liabilities relating to:  |      |                   |            |
| Bangladesh (former East Pakistan)   |      | <b>227,089</b>    | 227,089    |
| Barter trade agreements   | 45.3 | <b>8,445,856</b>  | 8,236,526  |
| Special separation package  |      | <b>79,951</b>     | 86,821     |
| Post retirement medical benefits  | 32.2 | <b>1,771,898</b>  | 1,579,904  |
| Compensated absences  | 32.3 | <b>1,219,566</b>  | 1,281,741  |
| Benevolent fund   | 32.4 | <b>733,572</b>    | 638,103    |
| Payable to GoP for NDFC amalgamation  |      | <b>57,351</b>     | 57,351     |
| Staff welfare fund  |      | <b>882,862</b>    | 859,457    |
| Provision against off balance sheet obligations   | 18.1 | <b>425,824</b>    | 990,850    |
| Un-realized loss on derivative financial instruments                                      | 18.2 | <b>126,638</b>    | -          |
| Payable to brokers  |      | <b>399,929</b>    | -          |
| Others [(including provision of Rs.178 million (2003: Rs.178 million) for contingencies)] |      | <b>4,276,809</b>  | 3,990,847  |
|   |      | <b>22,916,147</b> | 23,192,585 |

|   | Note | 2004<br>Rupees in '000        | 2003        |
|---|------|-------------------------------|-------------|
| <b>18.1 Provision against off balance sheet obligations</b>   |      |                               |             |
| Opening balance   |      | 990,850                       | 516,107     |
| Amount transferred to provision against advances  | 10.3 | (579,323)                     | –           |
| Charge for the year   |      | 14,297                        | 474,743     |
| Closing balance   |      | 425,824                       | 990,850     |
| <b>18.2 Derivative financial instruments</b>  |      |                               |             |
| <b>Notional amount</b>  |      |                               |             |
| Interest rate swaps   |      | 4,400,000                     | 4,400,000   |
| Equity futures  |      | 342,037                       | –           |
|   |      | 4,742,037                     | 4,400,000   |
| <b>Un-realized loss on</b>  |      |                               |             |
| Interest rate swaps   |      | 119,765                       | –           |
| Equity futures  |      | 6,873                         | –           |
|   |      | 126,638                       | –           |
| <b>19. SHARE CAPITAL</b>  |      |                               |             |
| <b>19.1 Authorized Capital</b>  |      |                               |             |
|   |      | 2003                          | 2004        |
|   |      | Number of shares              |             |
|   |      | 500,000,000                   | 500,000,000 |
|   |      | Ordinary shares of Rs.10 each | 5,000,000   |
|   |      |                               | 5,000,000   |
| <b>19.2 Issued, subscribed and paid-up</b>  |      |                               |             |
|   |      | 2003                          | 2004        |
|   |      | Number of shares              |             |
|   |      | 140,388,000                   | 140,388,000 |
|   |      | 269,954,185                   | 352,022,622 |
|   |      | 410,342,185                   | 492,410,622 |
|   |      | Ordinary shares of Rs.10 each | 1,403,880   |
|   |      | Fully paid in cash            | 3,520,226   |
|   |      | Issued as bonus shares        | 4,924,106   |
|   |      |                               | 4,103,422   |
| <b>19.3</b>   |      |                               |             |
| The Board of Directors in their meeting held on March 18, 2005 have recommended to increase authorized capital to Rs. 7,500,000,000 subject to approval of shareholders in the annual general meeting. A notification No. F-1(4) BKG. III/2002 dated January 31, 2005 to this effect has been issued by the Government of Pakistan. |      |                               |             |
| <b>20. SURPLUS ON REVALUATION OF ASSETS</b>   |      |                               |             |
| <b>20.1 Surplus on revaluation of fixed assets - net of tax</b>   | 12.5 | 5,452,380                     | 5,458,186   |
| <b>20.2 Surplus on revaluation of securities - net of tax</b>   |      |                               |             |
| Federal Government securities   |      | 654,623                       | 2,106,499   |
| Term Finance Certificates   |      | 30,682                        | –           |
| Quoted shares   |      | 2,904,619                     | 2,705,259   |
| NIT Units   |      | 8,897,270                     | 43,837      |
|   |      | 12,487,194                    | 4,855,595   |
| Deferred tax liability recognized   | 13   | (260,416)                     | (863,664)   |
|   |      | 17,679,158                    | 9,450,117   |

**21. CONTINGENCIES AND COMMITMENTS****21.1 Direct credit substitutes**

Includes general guarantee of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of;

|                          | 2004              | 2003       |
|--------------------------|-------------------|------------|
|                          | Rupees in '000    |            |
| – Government             | 3,359,697         | 3,061,915  |
| – Financial institutions | 2,599,042         | 514,324    |
| – Others                 | 8,655,704         | 21,398,532 |
|                          | <b>14,614,443</b> | 24,974,771 |

**21.2 Transaction-related contingent liabilities**

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favour of;

|                          |                   |           |
|--------------------------|-------------------|-----------|
| – Government             | 6,361,465         | 263,890   |
| – Financial institutions | 1,735,613         | 3,186,854 |
| – Others                 | 7,958,198         | 3,295,947 |
|                          | <b>16,055,276</b> | 6,746,691 |

**21.3 Trade-related contingent liabilities**

Letters of credit  
Issued in favour of

|                          |                   |            |
|--------------------------|-------------------|------------|
| – Government             | 37,206,465        | 31,092,109 |
| – Financial institutions | 18,743            | 61,850     |
| – Others                 | 26,085,973        | 21,312,985 |
|                          | <b>63,311,181</b> | 52,466,944 |

**21.4 Other contingencies**

**21.4.1** Claims against the bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs.155 million (2003: Rs.152 million) and claims relating to former MBL amounting to Rs.1,291 million (2003: Rs.1,287 million)].

|  |                   |            |
|--|-------------------|------------|
|  | <b>13,976,935</b> | 15,712,857 |
|--|-------------------|------------|

**21.4.2 Taxation**

The income tax assessments of the bank for global operations as well as Azad Kashmir have been finalized upto and including the tax year 2003 (accounting year ended December 31, 2002). The income tax returns for the tax year 2004 (accounting year ended December 31, 2003) have been filed for global operations and Azad Kashmir and the same are deemed to be assessment order under the provisions of section 120 of the Income Tax Ordinance, 2001, unless amended otherwise. Appeals filed by the bank and tax department for certain assessment years including tax year 2003 are pending before various appellate forum/court of law. The major issues involved include taxability of interest credited to suspense account and disallowances of cost incurred in respect of employees' special separation scheme. In the event that the appeals are decided against the bank, a further tax liability of Rs.7,780 million may arise in addition to amount already provided.

No provision has been made in these accounts for the above as the management, based on the opinion of tax lawyers and consultants, considers that provision is not necessary because the bank is subjected to tax exceeding its normal tax liability and will get relief in the appeals process.

### 21.4.3 Provident Fund

In 1977, in accordance with the GoP policy, the bank's employees benefits were changed from the Provident Fund to an enhanced Pension Scheme and an option was given to the employees either to opt for the new scheme or retain the existing benefits. Almost all employees opted for the new scheme. The bank considered that in accordance with the policy decision of the Banking Council and Finance Division of GoP, the balance of bank's contribution lying in the members' account in the Provident Fund upto that date should have been transferred to the Pension Fund to partially cover the additional cost of the enhanced benefits.

Subsequently, three employees filed a writ petition in 1980 before a Single Bench of Lahore High Court claiming the balance lying in their Provident Fund Account. This petition was dismissed by the Single Bench in July, 1982. Against this petition of the Single Bench, the aggrieved employees filed Intra Court Appeal before the High Court which was heard by a Division Bench of the Lahore High Court on a number of dates, extending over 16 years. Appeal against the Order of Single Bench was finally dismissed by the Division Bench vide Order dated July 31, 1998. One employee filed an appeal in the Supreme Court against the judgment of the Lahore High Court. Last year, such appeals were finally decided by the Supreme Court of Pakistan against the bank. The Supreme Court directed the bank that the employees shall be paid contribution made by the bank together with the interest upto the date of payment. The bank in accordance with the legal opinion obtained, has commenced settlement of dues of eligible employees who had joined service of the bank prior to 1977. For the purpose of settlement, interest has been calculated in accordance with Rule 12 of the Provident Fund Rules at average redemption yield through the year of Central Government Rupee Loans of twenty years maturity or thereabout and such interest has been calculated in accordance with Rule 19 i.e. to ex-employees upto the date of retirement or death and to date in case of serving employees.

In the current year, certain employees have filed a contempt of court application before the Supreme Court, pointing out the issue of rate of interest and date of payment. Pending outcome of the said application, the bank has decided not to claim excess fund lying in the Provident Fund account although the management is confident that the payments being made are in accordance with the Supreme Court's decision. The additional liability which may arise in case of different interpretation of the Supreme Court's decision cannot be estimated until such interpretation is made.

|  | 2004              | 2003       |
|--|-------------------|------------|
|  | Rupees in '000    |            |
| <b>21.5 Commitments in respect of forward exchange contracts</b>       |                   |            |
| Purchase   | 20,585,795        | 29,952,862 |
| Sale   | 19,867,414        | 10,618,838 |
| <b>21.6 Commitments in respect of trading of government securities</b> |                   |            |
| Sale   | -                 | 500,000    |
| Reverse repo forward deals against market treasury bills               | -                 | 987,441    |
| <b>21.7 Commitments for the acquisition of operating fixed assets</b>  | <b>132,180</b>    | 124,952    |
| <b>22. MARK-UP/RETURN/INTEREST EARNED</b>                              |                   |            |
| <b>On loans and advances to:</b>                                       |                   |            |
| Customers and financial institutions                                   | 10,883,763        | 9,288,019  |
| <b>On Investments in:</b>  |                   |            |
| Available-for-sale securities  | 3,825,231         | 4,895,647  |
| Held-to-maturity securities  | 3,937,619         | 3,458,498  |
|  | <b>7,762,850</b>  | 8,354,145  |
| On deposits with financial institutions                                | 1,792,077         | 1,365,992  |
| On securities purchased under resale agreements                        | 508,643           | 444,161    |
|  | <b>20,947,333</b> | 19,452,317 |

|   | Note  | 2004<br>Rupees in '000 | 2003             |
|---|---|------------------------|------------------|
| <b>23. MARK-UP/RETURN/INTEREST EXPENSED</b>                   |   |                        |                  |
| Deposits  |   | 6,379,735              | 6,612,334        |
| Securities sold under repurchase agreements                   |   | 114,239                | 51,217           |
| Short-term borrowings   |   | 59,733                 | 71,265           |
| Long-term borrowings  |   | 5,691                  | 763              |
|   |   | <b>6,559,398</b>       | <b>6,735,579</b> |
| <b>24. INCOME FROM DEALING IN FOREIGN CURRENCIES</b>          |   |                        |                  |
| Income from dealing in foreign currencies                     |   | 854,099                | 729,002          |
| Revaluation of barter trade balances                          |   | (275,969)              | 101,803          |
| Revaluation of placements with foreign branches               |   | 430,858                | (120,079)        |
|   |   | <b>1,008,988</b>       | <b>710,726</b>   |
| <b>25. OTHER INCOME</b>                                       |   |                        |                  |
| Rent on property  |   | 29,780                 | 15,530           |
| Net profit on sale of property and equipment and other assets | 12.7  | 1,806                  | 7,568            |
| Capital gain / (loss) on sale of securities                   |   |                        |                  |
| - Equity investment   |   | 701,345                | 1,188,141        |
| - Government securities                                       |   | (33,361)               | 878,867          |
| Others  |   | 175,543                | 59,694           |
|   |   | <b>875,113</b>         | <b>2,149,800</b> |
| <b>26. ADMINISTRATIVE EXPENSES</b>                            |   |                        |                  |
| Salaries and allowances                                       |   | 5,686,264              | 4,761,408        |
| Charge for defined benefit plans                              |   | 460,245                | 280,632          |
| (Reversal)/Provision for voluntary handshake scheme           |   | (369,475)              | 293,612          |
| Non-executive directors' fee, allowances and other expenses   | 33  | 277                    | 230              |
| Rent, taxes, insurance, electricity, etc.                     |   | 551,899                | 514,939          |
| Legal and professional charges                                |   | 84,667                 | 73,261           |
| Communications  |   | 186,786                | 203,346          |
| Repairs and maintenance                                       |   | 159,487                | 122,635          |
| Financial charges on leased assets                            |   | 4,549                  | 12,584           |
| Stationery and printing                                       |   | 230,535                | 239,066          |
| Advertisement and publicity                                   |   | 54,842                 | 44,644           |
| Donations   | 26.1  | 100                    | 15,569           |
| Auditors' remuneration  | 26.2  | 45,509                 | 50,150           |
| Depreciation  | 12.2  | 434,273                | 386,662          |
| Conveyance  |   | 58,921                 | 89,593           |
| Entertainment   |   | 20,294                 | 17,819           |
| Traveling   |   | 132,423                | 116,116          |
| Security services   |   | 374,667                | 353,168          |
| Staff welfare fund  | 26.3  | 300,000                | 474,143          |
| Others  |   | 462,538                | 231,301          |
|   |   | <b>8,878,801</b>       | <b>8,280,878</b> |
| <b>26.1</b>   | Donations include following amounts exceeding Rs.0.1 million. |                        |                  |
|   | Special Olympics Pakistan                                     | 100                    | -                |
|   | Prime Minister Flood Relief Fund                              | -                      | 15,009           |
|   | Dr. Muhammad Uzair  | -                      | 500              |

None of the directors/executives or their spouses have any interest in the donee.

**26.2 Auditors' remuneration**

|  | Taseer Hadi<br>Khalid & Co. | Ford Rhodes<br>Sidat Hyder & Co. | 2004<br>Total | 2003<br>Total |
|--|-----------------------------|----------------------------------|---------------|---------------|
| -----Rupees in '000-----   |                             |                                  |               |               |
| Audit fee - Annual   | 1,708                       | 1,708                            | 3,416         | 3,106         |
| - Interim  | 1,320                       | 1,320                            | 2,640         | 2,400         |
| Fee for audit of domestic branches   | 2,265                       | 2,265                            | 4,530         | 4,118         |
| Fee for special certifications and sundry<br>advisory services                               | 546                         | 546                              | 1,092         | 3,423         |
| Out-of-pocket expenses   | 1,062                       | 960                              | 2,022         | 1,864         |
| Fee for audit of overseas branches including advisory<br>services and out-of-pocket expenses | -                           | -                                | 31,809        | 35,239        |
|  | <b>6,901</b>                | <b>6,799</b>                     | <b>45,509</b> | <b>50,150</b> |

**26.3** The charge for staff welfare fund is based on estimated payments to be made out of current year's profits.

|                          | Note | 2004<br>Rupees in '000 | 2003             |
|--------------------------|------|------------------------|------------------|
| <b>27. OTHER CHARGES</b> |      |                        |                  |
| Penalties imposed by SBP |      |                        |                  |
| Current year             |      | 60                     | 11,009           |
| Prior year(s)            |      | 8,224                  | 11,885           |
|                          |      | <b>8,284</b>           | <b>22,894</b>    |
| <b>28. TAXATION</b>      |      |                        |                  |
| For the year             |      |                        |                  |
| Current                  |      | 4,950,000              | 4,650,000        |
| Deferred                 |      | (15,729)               | (1,278,839)      |
|                          | 28.1 | <b>4,934,271</b>       | <b>3,371,161</b> |
| For the prior year(s)    |      | 847,958                | 1,439,444        |
|                          |      | <b>5,782,229</b>       | <b>4,810,605</b> |

Current taxation includes Rs.535 million (2003: Rs.511 million) of overseas branches.

The tax provisions for 2002, 2003 and 2004 have been made on estimated taxable income after charging provision against non-performing advances for which certificates from SBP, as required by the taxation authorities, are yet to be received.

**28.1 RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT**

|  |                  |                  |
|--|------------------|------------------|
| Accounting profit before tax                                   | 12,025,158       | 9,008,708        |
| Income tax at statutory rate @ 41% (2003: 44%)                 | 4,930,315        | 3,963,832        |
| Increase/(decrease) in taxes resulting from:                   |                  |                  |
| Inadmissible differences                                       | 674,907          | 335,434          |
| Azad Kashmir taxation  | -                | 831              |
| Income taxed at reduced rate                                   | (458,590)        | (463,720)        |
| Income exempt from tax   | (187,863)        | (439,429)        |
| Reversal of deferred tax liability on incremental depreciation | (24,498)         | (25,787)         |
| Tax charge for current year                                    | <b>4,934,271</b> | <b>3,371,161</b> |

|            |  | 2004                            | 2003      |
|------------|--|---------------------------------|-----------|
| <b>29.</b> | <b>BASIC/DILUTED EARNINGS PER SHARE</b>    |                                 |           |
|            | Profit for the year                        | Rupees '000<br><b>6,242,929</b> | 4,198,103 |
|            | Weighted average number of ordinary shares | Numbers '000<br><b>492,411</b>  | 492,411   |
|            | Basic/diluted earnings per share           | Rupees<br><b>12.68</b>          | 8.53      |

|            |                                       | 2004               | 2003        |
|------------|---------------------------------------|--------------------|-------------|
|            |                                       | Rupees in '000     |             |
| <b>30.</b> | <b>CASH AND CASH EQUIVALENTS</b>      |                    |             |
|            | Cash and balances with treasury banks | <b>94,446,552</b>  | 59,420,502  |
|            | Balances with other banks             | <b>49,784,884</b>  | 24,154,070  |
|            | Overdrawn nostros                     | <b>(1,235,876)</b> | (1,119,140) |
|            |                                       | <b>142,995,560</b> | 82,455,432  |

|            |  | ----- Numbers ----- |        |
|------------|--|---------------------|--------|
| <b>31.</b> | <b>STAFF STRENGTH</b>                        |                     |        |
|            | Total number of employees at end of the year | <b>13,745</b>       | 13,272 |

**32. DEFINED BENEFIT PLANS**

The financial assumptions used in actuarial valuation at December 31, 2004 of pension fund, post retirement medical benefits, non-encashable leaves, leave encashment and benevolent fund schemes are as follows:

|   |              |
|---|--------------|
| Salary increase                                   | 8% per annum |
| Discount rate                                     | 8% per annum |
| Expected rate of return on plan assets            | 8% per annum |
| Pension indexation rate                           | 5% per annum |
| Rate of inflation in the cost of medical benefits | 7% per annum |

|             |  | 2004                | 2003         |
|-------------|--|---------------------|--------------|
|             |  | Rupees in '000      |              |
| <b>32.1</b> | <b>Reconciliation of (recoverable from) pension fund</b> |                     |              |
|             | Present value of defined benefit obligations             | <b>8,889,166</b>    | 7,721,627    |
|             | Fair value of plan assets                                | <b>(10,953,151)</b> | (10,900,651) |
|             | Net actuarial gains not recognized                       | <b>16,126</b>       | 1,506,095    |
|             |  | <b>(2,047,859)</b>  | (1,672,929)  |

The recognized amount has been restricted to present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan.

32.1.1 Included herein is a sum of Rs.1,695 million placed under deposit maintained with the bank.

|   | Note | 2004<br>Rupees in '000 | 2003               |
|---|------|------------------------|--------------------|
| <b>Movement in (recoverable from) pension fund</b>                        |      |                        |                    |
| Opening net asset   |      | (1,672,929)            | (1,397,975)        |
| Charge for the year   |      | 58,564                 | 110,515            |
| Contribution to fund made during the year                                 |      | (433,494)              | (385,469)          |
|   |      | <u>(2,047,859)</u>     | <u>(1,672,929)</u> |
| <b>Charge for pension fund</b>  |      |                        |                    |
| Current service cost  |      | 322,699                | 240,484            |
| Interest cost   |      | 540,514                | 414,626            |
| Expected return on plan assets  |      | (763,046)              | (544,595)          |
| Actuarial (gains)/losses recognized                                       |      | (41,603)               | -                  |
|   |      | <u>58,564</u>          | <u>110,515</u>     |
| <b>Actual return on plan assets</b>                                       |      | <u>991,746</u>         | <u>1,050,754</u>   |
| <b>32.2 Reconciliation of payable to medical benefit plan</b>             |      |                        |                    |
| Present value of defined benefit obligations                              |      | 2,212,279              | 1,937,958          |
| Fair value of plan assets   |      | -                      | -                  |
| Net actuarial losses not recognized                                       |      | (440,381)              | (358,054)          |
|   | 18   | <u>1,771,898</u>       | <u>1,579,904</u>   |
| <b>Movement in net liability recognized</b>                               |      |                        |                    |
| Opening net assets  |      | 1,579,904              | 1,420,338          |
| Charge for the year   |      | 239,613                | 159,566            |
| Benefits paid   |      | (47,619)               | -                  |
|   |      | <u>1,771,898</u>       | <u>1,579,904</u>   |
| <b>Charge for medical benefit plan</b>                                    |      |                        |                    |
| Current service cost  |      | 87,530                 | 60,142             |
| Interest cost   |      | 135,657                | 99,424             |
| Expected return on plan assets  |      | -                      | -                  |
| Actuarial (gains)/losses recognized                                       |      | 16,426                 | -                  |
|   |      | <u>239,613</u>         | <u>159,566</u>     |
| <b>32.3 Movement in net liability recognized for compensated absences</b> |      |                        |                    |
| Opening net assets  |      | 1,281,741              | 1,196,698          |
| Net charge for the year   |      | (62,175)               | 85,043             |
|   | 18   | <u>1,219,566</u>       | <u>1,281,741</u>   |
| <b>32.4 Movement in net liability recognized for benevolent fund</b>      |      |                        |                    |
| Opening net assets  |      | 638,103                | 832,015            |
| Charge for the year   |      | 162,032                | (122,722)          |
| Benefits paid   |      | (66,563)               | (71,190)           |
|   | 18   | <u>733,572</u>         | <u>638,103</u>     |
| <b>Charge for benevolent fund</b>   |      |                        |                    |
| Current service cost  |      | 20,313                 | 28,152             |
| Interest cost   |      | 44,667                 | 58,241             |
| Expected return on plan assets  |      | -                      | -                  |
| Actuarial (gains)/losses recognized                                       |      | 97,052                 | (209,115)          |
|   |      | <u>162,032</u>         | <u>(122,722)</u>   |

**33. REMUNERATION OF DIRECTORS AND EXECUTIVES**

|                                 | President      |              | Directors  |            | Executives     |               |
|---------------------------------|----------------|--------------|------------|------------|----------------|---------------|
|                                 | 2004           | 2003         | 2004       | 2003       | 2004           | 2003          |
|                                 | Rupees in '000 |              |            |            |                |               |
| Fees                            | –              | –            | 277        | 230        | –              | –             |
| Managerial remuneration         | 3,600          | 1,920        | –          | –          | 104,020        | 48,500        |
| Charge for defined benefit plan | –              | –            | –          | –          | 9,168          | 4,685         |
| Rent and house maintenance      | 3,600          | 2,496        | –          | –          | 46,929         | 21,825        |
| Utilities                       | 526            | 518          | –          | –          | 10,530         | 4,850         |
| Medical                         | 977            | 458          | –          | –          | 7,324          | 1,871         |
| Conveyance                      | –              | –            | –          | –          | 19,135         | 8,882         |
| Leave fare assistance           | 2,100          | 1,500        | –          | –          | –              | –             |
| Others                          | 5,075          | 2,466        | –          | –          | 11,547         | –             |
|                                 | <b>15,878</b>  | <b>9,358</b> | <b>277</b> | <b>230</b> | <b>208,653</b> | <b>90,613</b> |
| Number of persons               | <b>1</b>       | <b>1</b>     | <b>6</b>   | <b>6</b>   | <b>143</b>     | <b>59</b>     |

The president and certain executives are also provided with free use of the bank's cars, household equipments and free membership of clubs.

Executives mean officers, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

**34. MATURITIES OF ASSETS AND LIABILITIES****Liquidity risk**

Liquidity risk is the risk that the bank will be unable to meet its liability when they fall due. To limit this risk, management has arranged diversified funded sources, manages assets with liquidity in mind and monitors liquidity on daily basis. In addition, the bank maintain statutory deposits with central banks inside and outside Pakistan.

|   | Total              | Upto three months    | Over 3 months to one year | Over one year to five years | Over five years   |
|---|--------------------|----------------------|---------------------------|-----------------------------|-------------------|
|   | Rupees in '000     |                      |                           |                             |                   |
| <b>Assets</b>                                       |                    |                      |                           |                             |                   |
| Cash and balances with treasury banks               | 94,446,552         | 81,710,335           | 12,736,188                | 29                          | –                 |
| Balances with other banks                           | 49,784,884         | 43,445,180           | 6,339,704                 | –                           | –                 |
| Lendings to financial institutions                  | 10,511,322         | 10,311,322           | 200,000                   | –                           | –                 |
| Investments   | 144,735,672        | 50,096,887           | 26,160,800                | 28,111,563                  | 40,366,422        |
| Advances  | 221,443,963        | 88,421,201           | 50,674,832                | 61,089,927                  | 21,258,003        |
| Other assets  | 18,339,514         | 7,461,354            | 1,298,286                 | 9,579,874                   | –                 |
| Operating fixed assets                              | 9,202,969          | –                    | –                         | –                           | 9,202,969         |
| Deferred tax assets                                 | 1,275,949          | 2,812,314            | –                         | (2,028,303)                 | 491,938           |
|   | <b>549,740,825</b> | <b>284,258,593</b>   | <b>97,409,810</b>         | <b>96,753,090</b>           | <b>71,319,332</b> |
| <b>Liabilities</b>                                  |                    |                      |                           |                             |                   |
| Bills payable                                       | 7,214,671          | 7,214,671            | –                         | –                           | –                 |
| Borrowings from financial institutions              | 11,084,790         | 7,548,432            | 2,458,647                 | 1,006,907                   | 70,804            |
| Deposits and other accounts                         | 465,571,717        | 386,798,188          | 14,417,859                | 62,754,963                  | 1,600,707         |
| Liabilities against assets subject to finance lease | 17,058             | 17,058               | –                         | –                           | –                 |
| Other liabilities                                   | 22,916,147         | 6,409,180            | 3,812,379                 | 11,163,736                  | 1,530,852         |
| Deferred tax liabilities                            | –                  | –                    | –                         | –                           | –                 |
|   | <b>506,804,383</b> | <b>407,987,529</b>   | <b>20,688,885</b>         | <b>74,925,606</b>           | <b>3,202,363</b>  |
| <b>Net assets</b>                                   | <b>42,936,442</b>  | <b>(123,728,936)</b> | <b>76,720,925</b>         | <b>21,827,484</b>           | <b>68,116,969</b> |
| Share capital                                       | 4,924,106          |                      |                           |                             |                   |
| Reserves  | 11,119,613         |                      |                           |                             |                   |
| Unappropriated profit                               | 9,213,565          |                      |                           |                             |                   |
| Surplus on revaluation of assets                    | 17,679,158         |                      |                           |                             |                   |
|   | <b>42,936,442</b>  |                      |                           |                             |                   |

Savings and current deposits have been classified as due upto three months as they do not have any fixed contractual maturity. However, the bank does not expect these deposits to fall below their current level.

### 35. YIELD/INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The bank is exposed to interest/mark-up rate risk as a result of mismatches or gaps in the amount of interest/mark-up based assets and liabilities that mature or re-price in a given period. The bank manages this risk by matching/re-pricing of assets and liabilities. The bank is not excessively exposed to interest/mark-up rate risk as its assets and liabilities are re-priced frequently. The Assets and Liabilities Committee (ALCO) of the bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the bank.

Yield/interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual re-pricing or maturity date is as follows:

| 2004  |       |                                 |                           |                             |                   |                                    |                     |
|---|-------|---------------------------------|---------------------------|-----------------------------|-------------------|------------------------------------|---------------------|
| Effective yield/interest rate %                       | Total | Exposed to Yield/ Interest risk |                           |                             |                   | Not exposed to yield/interest risk |                     |
|   |       | Upto three months               | Over 3 months to one year | Over one year to five years | Over five years   |                                    |                     |
| ..... Rupees in '000 .....                            |       |                                 |                           |                             |                   |                                    |                     |
| <b>On-balance sheet financial instruments</b>         |       |                                 |                           |                             |                   |                                    |                     |
| <b>Assets</b>   |       |                                 |                           |                             |                   |                                    |                     |
| Cash and balances with treasury banks                 | 1.54  | 94,446,552                      | 21,553,175                | 12,736,188                  | 29                | –                                  | 60,157,160          |
| Balances with other banks                             | 3.07  | 49,784,884                      | 41,072,685                | 6,339,704                   | –                 | –                                  | 2,372,495           |
| Lendings to financial institutions                    | 1.11  | 10,511,322                      | 10,311,322                | 200,000                     | –                 | –                                  | –                   |
| Investments   | 5.48  | 144,735,672                     | 50,096,887                | 26,160,800                  | 28,111,563        | 40,366,422                         | –                   |
| Advances  | 5.41  | 221,443,963                     | 88,421,201                | 50,674,832                  | 61,089,927        | 21,258,003                         | –                   |
| Other assets  | -     | 10,353,733                      | –                         | –                           | –                 | –                                  | 10,353,733          |
|   |       | 531,276,126                     | 211,455,270               | 96,111,524                  | 89,201,519        | 61,624,425                         | 72,883,388          |
| <b>Liabilities</b>                                    |       |                                 |                           |                             |                   |                                    |                     |
| Bills payable   |       | 7,214,671                       | –                         | –                           | –                 | –                                  | 7,214,671           |
| Borrowings from financial institutions                | 1.61  | 11,084,790                      | 7,548,432                 | 1,658,647                   | –                 | 70,804                             | 1,806,907           |
| Deposits and other accounts                           | 1.49  | 465,571,717                     | 270,489,481               | 14,417,859                  | 62,754,963        | 1,600,707                          | 116,308,707         |
| Liabilities against assets subject to finance lease   | 17.1  | 17,058                          | 17,058                    | –                           | –                 | –                                  | –                   |
| Other liabilities                                     | -     | 17,989,962                      | –                         | –                           | –                 | –                                  | 17,989,962          |
|   |       | 501,878,198                     | 278,054,971               | 16,076,506                  | 62,754,963        | 1,671,511                          | 143,320,247         |
| <b>On-balance sheet gap</b>                           |       | <b>29,397,928</b>               | <b>(66,599,701)</b>       | <b>80,035,018</b>           | <b>26,446,556</b> | <b>59,952,914</b>                  | <b>(70,436,859)</b> |
| <b>Off-balance sheet financial instruments</b>        |       |                                 |                           |                             |                   |                                    |                     |
| Interest rate swap (notional amount)                  |       | –                               | 1,052,365                 | 3,347,635                   | –                 | –                                  | (4,400,000)         |
| <b>Off-balance sheet gap</b>                          |       | <b>–</b>                        | <b>1,052,365</b>          | <b>3,347,635</b>            | <b>–</b>          | <b>–</b>                           | <b>(4,400,000)</b>  |
| <b>Total Yield/Interest Risk Sensitivity Gap</b>      |       |                                 | <b>(65,547,336)</b>       | <b>83,382,653</b>           | <b>26,446,556</b> | <b>59,952,914</b>                  |                     |
| <b>Cumulative Yield/Interest Risk Sensitivity Gap</b> |       |                                 | <b>(65,547,336)</b>       | <b>17,835,317</b>           | <b>44,281,873</b> | <b>104,234,787</b>                 |                     |

### 36. CURRENCY RISK

| 2004                       |                    |                         |                               |                   |
|----------------------------|--------------------|-------------------------|-------------------------------|-------------------|
| Assets                     | Liabilities        | Off-balance sheet items | Net foreign currency exposure |                   |
| ..... Rupees in '000 ..... |                    |                         |                               |                   |
| Pakistan Rupee             | 398,470,047        | 378,252,033             | (4,351,936)                   | 15,866,078        |
| United States Dollar       | 111,858,781        | 98,782,640              | 3,305,395                     | 16,381,536        |
| Great Britain Pound        | 3,987,513          | 2,386,853               | 147,905                       | 1,748,565         |
| Euro                       | 7,927,397          | 3,995,049               | 277,384                       | 4,209,732         |
| Japanese Yen               | 20,767,884         | 19,546,991              | (739,063)                     | 463,830           |
| Other currencies           | 6,729,203          | 3,822,817               | 1,360,315                     | 4,266,701         |
|                            | 151,270,778        | 128,522,350             | 4,351,936                     | 27,070,364        |
|                            | <b>549,740,825</b> | <b>506,804,383</b>      | <b>–</b>                      | <b>42,936,442</b> |

Currency risk arises where the value of financial instrument changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready, spot, forward and swap transactions with the SBP and in the inter bank market.

The bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by the SBP. Counter-parties limits are also fixed to limit risk concentration. Appropriate segregation of duties exist between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

The liabilities in foreign currencies include a sum of Rs.1,095 million (2003: Rs.2,781 million) being deposits in foreign currencies of local branches against which the bank has obtained forward cover through SBP.

### 37. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### 37.1 On-balance sheet financial instruments

|   | 2004               |                    | 2003               |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Book Value         | Fair Value         | Book Value         | Fair Value         |
| ..... Rupees in '000 .....                          |                    |                    |                    |                    |
| <b>Assets</b>                                       |                    |                    |                    |                    |
| Cash and balances with treasury banks               | 94,446,552         | 94,446,552         | 59,420,502         | 59,420,502         |
| Balances with other banks                           | 49,784,884         | 49,784,884         | 24,154,070         | 24,154,070         |
| Lendings to financial institutions                  | 10,511,322         | 10,511,322         | 29,937,857         | 29,937,857         |
| Investments   | 144,735,672        | 148,993,911        | 166,195,619        | 168,340,419        |
| Advances  | 221,443,963        | 221,443,963        | 161,265,760        | 161,265,760        |
| Other assets  | 10,353,733         | 10,353,733         | 11,135,219         | 11,135,219         |
|   | <b>531,276,126</b> | <b>535,534,365</b> | <b>452,109,027</b> | <b>454,253,827</b> |
| <b>Liabilities</b>                                  |                    |                    |                    |                    |
| Bills payable                                       | 7,214,671          | 7,214,671          | 5,496,738          | 5,496,738          |
| Borrowings from financial institutions              | 11,084,790         | 11,084,790         | 16,569,673         | 16,569,673         |
| Deposits and other accounts                         | 465,571,717        | 465,571,717        | 395,492,331        | 395,492,331        |
| Liabilities against assets subject to finance lease | 17,058             | 17,058             | 41,117             | 41,117             |
| Other liabilities                                   | 17,989,962         | 17,989,962         | 19,874,530         | 19,874,530         |
|   | <b>501,878,198</b> | <b>501,878,198</b> | <b>437,474,389</b> | <b>437,474,389</b> |

#### 37.2 Off-balance sheet financial instruments

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Forward purchase of foreign exchange       | 20,585,795 | 20,611,212 | 29,952,862 | 29,952,862 |
| Forward sale of foreign exchange           | 19,867,414 | 19,886,667 | 10,618,838 | 10,618,838 |
| Coupon swap and quanta interest rate swaps | 4,400,000  | 4,519,765  | 4,400,000  | 4,400,000  |
| Equity futures sold                        | 342,037    | 335,164    | —          | —          |

All quoted investments have been stated at their market values. All un-quoted investments have been stated at lower of cost or realisable value, being their estimated fair values.

Fair value of loans and advances cannot be determined with reasonable accuracy due to absence of current and active market. Loans and advances are repriced frequently on market rates and are reduced for any impairment against non-performing advances determined in accordance with Prudential Regulations.

Fair value of all other assets and liabilities including long-term deposits cannot be calculated with sufficient accuracy as active market does not exist for these instruments. In the opinion of the management, fair value of these assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of deposits are frequently repriced.

### Coupon swap and quanta interest rate swaps

The bank entered into coupon swap transaction for a notional amount of Rs.4,400 million in year 2003 to provide cross currency interest rate hedge to one of its clients. To hedge the foreign currency leg of the transaction, the bank entered into Quanta Interest Rate Swap with another bank. The bank is only exposed to PKR interest rate movements. The tenor of both the transactions is 4 1/2 years beginning from December 31, 2003. Fair value of the Swap is the present value of the future cash flows, which will keep changing depending on the interest rate movements.

The degree to which the bank is active in swap segment of hedging instruments is shown by means of notional amount. The notional amount, however, gives no indication of the size of the cash flows and the risk attaching to derivative transactions. Fair value of arrangement is considered to be equivalent to the carrying value.

### 38. SEGMENT BY CLASS OF BUSINESS

|   | Advances           |               | Deposits           |               | Contingencies & Commitments |               |
|---|--------------------|---------------|--------------------|---------------|-----------------------------|---------------|
|   | Rupees in '000     | Percentage %  | Rupees in '000     | Percentage %  | Rupees in '000              | Percentage %  |
| Chemical and pharmaceuticals            | 2,620,612          | 1.18          | 304,643            | 0.07          | 352,551                     | 0.38          |
| Agribusiness                            | 9,479,183          | 4.28          | 9,815,655          | 2.11          | 262,404                     | 0.28          |
| Textile                                 | 42,711,358         | 19.29         | 1,532,445          | 0.33          | 6,441,069                   | 6.85          |
| Cement                                  | 4,613,292          | 2.08          | 776,337            | 0.17          | 4,067,686                   | 4.33          |
| Sugar                                   | 4,353,925          | 1.97          | 119,081            | 0.03          | 196,569                     | 0.21          |
| Shoes & leather garments                | 600,635            | 0.27          | 185,571            | 0.04          | 21,400                      | 0.02          |
| Automobile and transportation equipment | 1,486,553          | 0.67          | 409,554            | 0.09          | 13,560                      | 0.01          |
| Financial                               | 9,704,197          | 4.38          | 70,045,903         | 15.05         | 6,721,688                   | 7.15          |
| Insurance                               | 104,375            | 0.05          | 369,946            | 0.08          | 1,791                       | 0.00          |
| Transportation                          | 4,943,711          | 2.23          | 3,373,468          | 0.72          | 1,213,614                   | 1.29          |
| Electronics and electrical appliances   | 1,715,678          | 0.77          | 492,160            | 0.11          | 243,261                     | 0.26          |
| Production and transmission of energy   | 6,161,514          | 2.78          | 4,535,924          | 0.97          | 3,947,929                   | 4.20          |
| Food and tobacco                        | 2,233,479          | 1.01          | 374,052            | 0.08          | 164,482                     | 0.18          |
| Metal products                          | 4,196,740          | 1.90          | 256,344            | 0.06          | 1,329,533                   | 1.41          |
| Oil, gas, petroleum and energy          | 26,317,160         | 11.88         | 21,060,292         | 4.52          | 8,125,334                   | 8.65          |
| Telecommunication                       | 7,350,944          | 3.32          | 17,142,272         | 3.68          | 5,767,061                   | 6.14          |
| Public sector commodity operations      | 9,965,157          | 4.50          | 26,801,092         | 5.76          | 142,465                     | 0.15          |
| Individuals                             | 37,718,840         | 17.03         | 169,288,816        | 36.36         | 1,472,958                   | 1.57          |
| General traders                         | 4,290,128          | 1.94          | 9,508,877          | 2.04          | 615,051                     | 0.65          |
| Others                                  | 40,876,482         | 18.47         | 129,179,285        | 27.73         | 52,880,494                  | 56.27         |
|   | <b>221,443,963</b> | <b>100.00</b> | <b>465,571,717</b> | <b>100.00</b> | <b>93,980,900</b>           | <b>100.00</b> |

#### 38.1 Segment by sector

|                    | Advances           |               | Deposits           |               | Contingencies & Commitments |               |
|--------------------|--------------------|---------------|--------------------|---------------|-----------------------------|---------------|
|                    | Rupees in '000     | Percentage %  | Rupees in '000     | Percentage %  | Rupees in '000              | Percentage %  |
| Public/ Government | 50,937,341         | 23.00         | 181,655,443        | 39.02         | 57,158,863                  | 60.82         |
| Private            | 170,506,622        | 77.00         | 283,916,274        | 60.98         | 36,822,037                  | 39.18         |
|                    | <b>221,443,963</b> | <b>100.00</b> | <b>465,571,717</b> | <b>100.00</b> | <b>93,980,900</b>           | <b>100.00</b> |

### 39. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk exposure in respect of earning assets and off-balance sheet financial instruments represents carrying values of assets and contingencies which could be impacted as a result of failure by the bank's counter-parties to discharge their obligations under financial instruments and cause the bank to incur financial loss.

Concentration of credit risk arises from exposures to customers having similar characteristics in terms of industry in which they are engaged, geographical location in which they operate such that their ability to discharge contractual obligations may be similarly affected by change in political, economical and other conditions. Significant concentrations of bank's risk assets by industrial and geographical sectors are set out in note 38 and 40.

Credit risk is managed in terms of lending policy, approved by the board of directors and other laid down procedures outlined in the Standard Procedures Manual and related circulars. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents has been established and managed by Risk Management Group (RMG) at Head Office. Where possible, all loans and advances are secured by acceptable form of collateral to mitigate credit risk. The RMG is also responsible for continuing review and monitoring of borrowers' accounts and effective compliance of Prudential Regulations.

The bank maintains a sound advances portfolio diversified in nature to counter the risk of credit concentration and further limits risk through diversification of its assets by geographical and industrial sector.

Cross border exposures are controlled by the bank by considering country/sovereign risk and these are updated on regular basis.

Special Assets Management Group (SAMG) of the bank is responsible for monitoring the stuck up advances. It negotiates with the borrowers and takes legal actions against the delinquent borrowers.

### 40. GEOGRAPHICAL SEGMENT ANALYSIS

|                                     | Profit/(loss)<br>before taxation | Total assets<br>employed | Net assets<br>employed | Contingencies<br>and<br>commitments |
|-------------------------------------|----------------------------------|--------------------------|------------------------|-------------------------------------|
| ..... Rupees in '000 .....          |                                  |                          |                        |                                     |
| Pakistan                            | 10,712,852                       | 420,729,489              | 35,389,731             | 83,436,749                          |
| Asia Pacific (including South Asia) | 304,685                          | 33,601,716               | 3,016,498              | 2,068,249                           |
| Europe                              | (16,251)                         | 6,250,323                | 1,483,589              | 2,077,514                           |
| United States of America and Canada | 212,068                          | 17,417,125               | 1,271,285              | 6,398,388                           |
| Middle East                         | 805,788                          | 70,520,644               | 877,313                | -                                   |
| Africa                              | 6,016                            | 1,221,528                | 898,026                | -                                   |
|                                     | <b>12,025,158</b>                | <b>549,740,825</b>       | <b>42,936,442</b>      | <b>93,980,900</b>                   |

### 41. TRUST ACTIVITIES

#### 41.1 National Investment Trust (NIT)

Under a trust deed, the bank provides services, as a trustee to NIT and is performing functions of sale/purchase of NIT units, safe custody and maintaining unit holders accounts. The bank is keeping approximately 1.1 billion shares with market value of Rs.61,260 million (2003: Rs.42,941 million) in safe custody/Central Depository Company on behalf of NIT.

#### 41.2 Long-term Credit Fund (LTCF)

Consequent upon the NDFC amalgamation, the bank manages on behalf of the GoP, LTCF established from the proceeds of loans disbursed by various international funding agencies for financing private sector energy development projects. Fund assets are accounted for separately from those of the bank and amounted to Rs.45 billion on December 31, 2004 (2003: Rs.48 billion). Administrative fee relating to the management of LTCF is accounted for on receipt basis. However, the bank is in process of negotiating the charge of fee in consideration of administrative services to the LTCF.

### 41.3 Qarz-e-Hasna Fund

The work relating to Qarz-e-Hasna Scheme was attended by Pakistan Banking Council (PBC) since inception. PBC was dissolved in January 1997. In order to fill the void created by the dissolution of PBC and in order to continue the scheme, SBP decided to entrust all funds and transfer all record relating to Qarz-e-Hasna scheme for education to the bank with the instructions to perform all work relating to the Fund.

Till December 31, 2004 SBP had transferred Rs.244 million (2003: Rs.244 million) to the bank. Assets and liabilities relating to the Fund have been treated as off-balance sheet item in the financial statements.

### 42. CHANGE IN ACCOUNTING POLICY

Restated proforma information as referred to in note 5.1 of the financial statements is reproduced below:

#### Extracts of the profit and loss account

|   | For the year ended         |                      | Proforma<br>For the year ended   |                                  |
|---|----------------------------|----------------------|----------------------------------|----------------------------------|
|   | December 31,<br>2004       | December 31,<br>2003 | Restated<br>December 31,<br>2004 | Restated<br>December 31,<br>2003 |
|   | ..... Rupees in '000 ..... |                      |                                  |                                  |
| Profit after taxation for the year before incorporating the effect of change in accounting policy | 6,256,682                  | 4,198,103            | 6,256,682                        | 4,198,103                        |
| Cumulative effect of change in accounting policy as restated above                                | (13,753)                   | -                    | (32,421)                         | 18,668                           |
| Profit after taxation for the year  | <b>6,242,929</b>           | 4,198,103            | <b>6,224,261</b>                 | 4,216,771                        |

### 43. RELATED PARTY TRANSACTIONS

Related parties include bank's subsidiaries, associates, joint venture, directors and the companies under common directorship, key management personnel and employees' retirement benefit funds.

|  | 2004           | 2003      |
|--|----------------|-----------|
|  | Rupees in '000 |           |
| <b>Balance outstanding at year end</b>   |                |           |
| <b>Advances to:</b>  |                |           |
| Subsidiaries   | 632,255        | 132,255   |
| Associates   | 1,674,012      | 1,463,816 |
| Key management executives*   | 6,556          | 9,894     |
| Debts due by company in which a director of the bank is interested as director | 119,896        | -         |
| <b>Placements with:</b>  |                |           |
| Subsidiaries   | 118,600        | 150,935   |
| Joint venture  | 524,868        | 203,440   |
| Investments with associates/subsidiaries                                       | 27,595         | 27,595    |
| <b>Deposits from:</b>  |                |           |
| Subsidiaries   | 536            | 3,089     |
| Pension fund   | 1,694,934      | 755,083   |
| Provident fund   | 4,927,090      | 4,371,962 |

\* This includes loans extended to certain key management executives in accordance with the terms of employment.

2004                      2003  
Rupees in '000

**Income for the year****On advances/placements to:**

|                                  |        |        |
|----------------------------------|--------|--------|
| Subsidiaries                     | 4,128  | 5,418  |
| Associates                       | 80,256 | 64,343 |
| On placements with joint venture | 6,661  | 10,910 |

Debts due by company in which a director of the bank is interested as director

3,487                      –

**Expenses for the year****On deposits of:**

|                                 |         |         |
|---------------------------------|---------|---------|
| Subsidiaries                    | 33      | 1,132   |
| Provident fund **               | 636,437 | 549,029 |
| Commission paid to subsidiaries | 3,010   | 3,361   |
| Loan written-off of associates  | –       | 137,138 |

\*\* Had the interest on deposits from provident fund paid at the average rate of twenty years Government paper, interest would have been lower by Rs.198 million.

43.1 Although the Federal Government and the SBP held about 75.48% shares of the bank (2003: 75.48%), the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure.

**44. DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on March 18, 2005 by the Board of Directors of the Bank.

**45. GENERAL**

45.1 These accounts have been prepared in accordance with the revised format of the financial statements of the banks issued by the State bank of Pakistan through its BSD Circular No. 36 dated October 10, 2001.

45.2 Figures have been rounded off to the nearest thousand rupees.

45.3 Comparative figures have been reclassified and re-arranged as follows:

- Financing against carry over transactions of Rs.275.476 million have been reclassified from lendings to financial institutions to loans and advances (note 10).
- Borrowing for Locally Manufactured Machinery has been reclassified from deposits (note 15.2).
- Barter trade asset balances amounting to Rs.2,990 million have been offset against the related liability in accordance with note 5.15 (note 18).
- Preference shares of SARF amounting to Rs.312.24 million have been reclassified from ordinary shares of unlisted companies to preference shares (note 9.1).

Annexure 'I'  
as referred to in note 9.13 to  
the financial statements

### 1.1 Government Compensation Bonds

| Investee                                  | Terms of Principal | Redemption Interest | Rate of Interest %           | 2004 Cost Rupees in '000 | 2003 Cost Rupees in '000 |
|---|--------------------|---------------------|------------------------------|--------------------------|--------------------------|
| Govt. Bond (Public Sector Enterprises)    | 1-Jun-09           | Annually            | 6%                           | 755,859                  | 755,859                  |
| Govt. Bond (Heavy Mechanical Complex)     | 1-Mar-09           | Annually            | 6%                           | 385,996                  | 385,996                  |
| Govt. Bond (Shahnawaz Bhutto Sugar Mills) | 30-Sep-09          | Annually            | 6%                           | 56,364                   | 56,364                   |
| Govt. Bond (Public Sector Enterprises)    | 1-Jul-10           | Annually            | 9%                           | 1,132,963                | 1,132,963                |
|   |                    |                     | 6 months average of weighted |                          |                          |
| Govt. Bond (Pakistan Engineering Company) | Semi-annually      | Semi-annually       | average yield of             | 139,224                  | 232,060                  |
| Govt. Bond (Pakistan Engineering Company) | Semi-annually      | Semi-annually       | T.Bills                      | 79,411                   | 131,808                  |
|   |                    |                     |                              | <b>2,549,817</b>         | <b>2,695,050</b>         |

### 1.2 Particulars of investments held in listed companies and modarabas

#### 1.2.1. Ordinary shares

| Investee                                  | No. of shares/<br>certificates held |           | Market Value   |                |
|---|-------------------------------------|-----------|----------------|----------------|
|   | 2004                                | 2003      | 2004           | 2003           |
|   |                                     |           | Rupees in '000 |                |
| <b>Held-for-trading</b>                   |                                     |           |                |                |
| Adamjee Insurance Company Limited         | 229,700                             | —         | 15,068         | —              |
| Bank of Punjab                            | 5,000                               | —         | 330            | —              |
| Dewan Salman Fibres Limited               | 891,887                             | —         | 16,633         | —              |
| Engro Chemicals (Pak) Limited             | 375,000                             | —         | 48,488         | —              |
| Fauji Fertilizer Company Limited          | 91,000                              | —         | 12,689         | —              |
| Faysal Bank Limited                       | 227,500                             | —         | 9,896          | —              |
| Jahangir Siddiqui Company Limited         | 10,000                              | —         | 880            | —              |
| Maple Leaf Cement Limited                 | 225,000                             | —         | 6,953          | —              |
| Oil & Gas Development Corporation         | 468,000                             | —         | 35,077         | —              |
| Pakistan Oil Fields                       | 51,000                              | —         | 12,577         | —              |
| Pakistan State Oil                        | 412,300                             | 327,100   | 132,565        | 94,368         |
| Pakistan Petroleum Limited                | 756,000                             | —         | 108,981        | —              |
| Pakistan Telecommunication Limited        | 575,000                             | 2,289,500 | 25,415         | 84,469         |
| Pioneer Cement Limited                    | 225,000                             | —         | 4,151          | —              |
| Sui Northern Gas Pipeline Company Limited | 437,000                             | 188,500   | 25,826         | 7,766          |
| Sui Southern Gas Pipeline Company Limited | 150,000                             | 1,013,500 | 3,885          | 28,834         |
| Telecard Limited                          | 50,000                              | —         | 680            | —              |
| TRG Pakistan Limited                      | 25,000                              | —         | 321            | —              |
| Worldcall Broad Band                      | 25,000                              | —         | 253            | —              |
|   |                                     |           | <b>460,668</b> | <b>215,437</b> |

| Investee  | No. of shares/<br>certificates held |            | Market<br>Value |         |
|---|-------------------------------------|------------|-----------------|---------|
|   | 2004                                | 2003       | 2004            | 2003    |
|   |                                     |            | Rupees in '000  |         |
| <b>Available-for-sale</b>   |                                     |            |                 |         |
| Accord Textile Mills Limited  | 6,500                               | 312,000    | 22              | 530     |
| Al Ameen Textile Mills Limited  | –                                   | 32,800     | –               | –       |
| Al-Ghazi Tractors Limited   | 30,000                              | 30,000     | 5,189           | 6,000   |
| Al-Noor Sugar Mills Limited   | 368,300                             | 378,300    | 3,978           | 1,305   |
| Askari Commercial Bank Limited  | –                                   | 782,500    | –               | 40,299  |
| Askari Leasing Limited  | 42,000                              | 42,000     | 1,283           | 796     |
| Baig Spinning Mills Limited   | 662,050                             | 662,050    | 5,296           | 5,296   |
| Bank Al Habib   | 72                                  | –          | 3               | –       |
| BOC Pakistan  | 45,786                              | 45,786     | 8,514           | 7,784   |
| Bolan Casting Limited   | 714,500                             | 714,500    | 55,731          | 45,657  |
| Cherat Cement   | 2,162                               | 68,250     | 161             | 3,484   |
| Cherat Papersack Limited  | 132,500                             | 132,500    | 11,329          | 11,793  |
| Clariant Pakistan Limited   | 117,670                             | 154,470    | 24,711          | 21,317  |
| Cynamid (Wyeth Pakistan)<br>(Face value: Rs.100 each)                             | 1,830                               | 1,684      | 2,406           | 2,694   |
| Dandot Cement Limited   | 160,000                             | 160,000    | –               | –       |
| Dewan Automotive Engg.<br>(formerly: Allied Motors Limited)                       | 1,001,333                           | 1,301,333  | 16,070          | –       |
| Dewan Salman Fibres Limited   | 9,592                               | 8,923      | 179             | 173     |
| DG Khan Cement  | 1,650                               | 428,000    | 90              | 19,560  |
| Escort Investment Bank Limited  | 1,000,000                           | 1,000,000  | 14,750          | 11,100  |
| Faran Sugar Mills Limited   | 284,500                             | 326,500    | 4,822           | 1,959   |
| Fauji Fertilizer Company Limited  | 4,754,934                           | 4,800,013  | 663,076         | 458,401 |
| Faysal Bank Limited   | –                                   | 11,500     | –               | 414     |
| Fecto Cement Limited  | –                                   | 955,441    | –               | 9,316   |
| Frontier Ceramics Limited   | 1,370,600                           | 1,370,600  | 21,930          | 4,386   |
| First Dawood Investment Bank Limited<br>(formerly: General Leasing Modaraba 1st.) | 281,250                             | 281,250    | –               | 534     |
| Glaxosmithkline (Glaxo Welcome)   | 182,179                             | 130,680    | 32,974          | 24,966  |
| Standard Chartered Modaraba<br>(formerly: First Grindlays Modaraba)               | 1,204,664                           | 1,204,664  | 45,657          | 46,982  |
| Guardian Leasing Modaraba   | 631,300                             | 631,300    | 5,776           | 5,208   |
| Habib Bank Modaraba 1st.  | 697,920                             | 697,920    | 9,213           | 11,306  |
| Haji Mohammad Ismail Mills  | 1,683,150                           | 1,683,150  | 13,718          | 13,465  |
| Hala Spinning Mills Limited   | 1,639,500                           | 1,639,500  | –               | –       |
| Harum Textile   | 138,000                             | –          | –               | –       |
| Hub Power Company Limited   | 11,596,000                          | 14,127,000 | 372,232         | 543,183 |
| ICI Pakistan Limited  | 87                                  | 875        | 8               | 74      |
| Inter Asia Leasing Company Limited  | 50,000                              | 50,000     | 113             | 70      |
| Junaid Cotton Mills Limited   | 32,800                              | 32,800     | –               | –       |
| Kaisar Arts & Krafts  | 850,000                             | 850,000    | –               | 850     |
| Kaytex Mills Limited  | –                                   | 377,800    | –               | –       |
| KASB Bank Limited   | 14,835                              | 760        | 204             | 9       |
| Khairpur Sugar Mills Limited  | 3,088,000                           | 3,088,000  | –               | –       |
| Kohinoor Energy Limited   | 153,500                             | 153,500    | 4,789           | 5,373   |
| Kohinoor Weaving Mills Limited  | 358,162                             | 296,002    | 16,834          | 10,345  |
| Libaas Textile Limited  | 250,000                             | 250,000    | –               | –       |
| Lucky Cement Limited  | –                                   | 80,000     | –               | –       |
| Maple Leaf Cement Factory Limited   | –                                   | 28,125     | –               | 880     |
| Mehran Modaraba 1st.  | 117,960                             | 130,460    | 295             | 339     |
| Mehran Sugar Mills Limited<br>(Face value: Rs.5 each)                             | 116,500                             | 126,500    | 2,010           | 1,139   |
| Millat Tractors Limited   | 261,000                             | 174,000    | 63,162          | 41,856  |

| Investee  | No. of shares/<br>certificates held |            | Market<br>Value  |                  |
|---|-------------------------------------|------------|------------------|------------------|
|   | 2004                                | 2003       | 2004             | 2003             |
|   |                                     |            | Rupees in '000   |                  |
| Mirza Sugar Mills Limited                                   | 900,000                             | 900,000    | 3,690            | 2,205            |
| Modaraba Al-Mali  | 167,004                             | 277,504    | 1,637            | 2,761            |
| Mohib Exports Limited                                       | —                                   | 425,600    | —                | —                |
| Muslim Ghee Mills   | 181,000                             | 181,000    | 1,810            | —                |
| Mytip Video Industries                                      | 537,300                             | —          | 5,465            | —                |
| National Refinery Limited                                   | 1,024,717                           | 1,024,717  | 311,207          | 152,170          |
| Nayab Spinning & Weaving Mills Limited                      | —                                   | 138,000    | —                | —                |
| National Development Leasing Corporation                    | 174,373                             | 174,373    | 4,447            | 2,703            |
| Oil & Gas Development Corporation                           | 425,418                             | 940,418    | 31,885           | 30,103           |
| Orix Leasing Pakistan Limited                               | 158,900                             | 159,900    | 5,085            | 5,421            |
| Packages Limited  | 153,168                             | 153,168    | 30,457           | 25,717           |
| Pak Elektron Limited  | —                                   | 13,750     | —                | 413              |
| Pak Apex Leasing Limited                                    | —                                   | 49,000     | —                | 502              |
| Pakistan Engineering Company Limited                        | 135,240                             | 135,240    | 10,143           | 1,941            |
| Pakistan Industrial Leasing Corporation Limited             | —                                   | 100        | —                | 1                |
| Pakistan Oilfields Limited                                  | 80                                  | 297,580    | 20               | 7,800            |
| PTA Pakistan Limited  | 262                                 | —          | 3                | —                |
| Pakistan State Oil Company Limited                          | 670,169                             | 1,541,869  | 192,171          | 444,906          |
| Pakland Cement Limited                                      | 1,000                               | 1,000      | 22               | 14               |
| Pangrio Sugar   | 600,400                             | —          | —                | —                |
| Parke Davis Company Limited                                 | 1,400                               | 1,600      | 1,372            | 1,360            |
| Pakistan International Airlines Corporation "A-class"       | 20,260,813                          | 20,260,813 | 277,573          | 416,360          |
| Pakistan National Shipping Corporation                      | 386,236                             | 386,236    | 25,453           | 10,834           |
| Pakistan Telecommunication Company Limited                  | 8,915,800                           | 10,345,300 | 394,078          | 378,596          |
| Punjab Oil Mills Limited                                    | 307,850                             | 307,850    | 7,819            | 5,818            |
| Ravi Ryon Limited   | —                                   | 73,800     | —                | —                |
| Reckitt Benckiser Pakistan Limited                          | —                                   | 34,045     | —                | 2,962            |
| Redco Textile Mills Limited                                 | 5,300                               | 98,300     | —                | —                |
| Refrigerator Manufacturing Company<br>Pakistan Limited      | —                                   | 45,738     | —                | 167              |
| Saadi Cement Limited  | 354,000                             | 2,724,500  | 4,602            | 23,703           |
| Saif Textile Mills Limited                                  | 7,308                               | 7,308      | 256              | 117              |
| Sakrand Sugar Mills Limited                                 | 3,801,600                           | 3,801,600  | 18,058           | 8,554            |
| Saudi Pak Commercial Bank Limited                           | 154,500                             | 850,000    | 2,294            | 10,625           |
| Searle Pakistan Limited                                     | 125,699                             | 175,699    | 5,631            | 5,974            |
| Shahmurad Sugar Mills Limited<br>(Face value: Rs.5000 each) | 287,300                             | 319,800    | 3,261            | 1,135            |
| Shell Pakistan Limited                                      | 250,250                             | 279,250    | 128,991          | 115,079          |
| Siemens (Pakistan) Engineering Company Limited              | 200,000                             | 200,000    | 118,790          | 81,910           |
| Sitara Chemicals Industries Limited                         | 118,894                             | 118,894    | 12,900           | 8,204            |
| Soneri Bank Limited   | 10,312                              | 26,250     | 402              | 685              |
| Sui Northern Gas Pipeline Company Limited                   | 5,842,209                           | 5,831,709  | 345,274          | 243,150          |
| Sui Southern Gas Pipeline Company Limited                   | 1,241,194                           | 4,226,300  | 32,147           | 120,238          |
| Sunshine Cotton Mills Limited                               | 281,250                             | 431,250    | 478              | —                |
| Taj Textile Mills Limited                                   | 1,875                               | 11,375     | 10               | 39               |
| TRG Pakistan Limited  | 6,773,000                           | 7,500,000  | 87,032           | 118,421          |
| Twakkal Garments Industries Limited                         | 112,500                             | 112,500    | —                | —                |
| Unilever (Pakistan) Limited<br>(Face value: Rs.50 each)     | 140,000                             | 140,000    | 206,500          | 202,720          |
| Unity Modaraba  | 1,000,000                           | 1,000,000  | —                | —                |
| Zafar Textiles Mills Limited                                | —                                   | 24,610     | —                | —                |
|   |                                     |            | <b>4,138,155</b> | <b>4,007,588</b> |

All shares have a face value of Rs.10 each unless otherwise mentioned.

Cost of the above held-for-trading and available-for-sale investments amounted to Rs.449 million (2003: Rs.197 million) and Rs.1,042 million (2003: Rs.724 million).

## 1.2.2 Particulars of Investments held in un-listed companies

### 1.2.2.1 Ordinary Shares - Holding 10% and above

| Investee  | Percentage of holding | No. of Shares held | Cost of Investment |                | Break-up value of investment | Based on accounts as at | Name of Chief Executive        |
|---|-----------------------|--------------------|--------------------|----------------|------------------------------|-------------------------|--------------------------------|
|   |                       |                    | 2004               | 2003           |                              |                         |                                |
| ..... Rupees in '000 .....  |                       |                    |                    |                |                              |                         |                                |
| Avari Hotel Limited   | 12.7                  | 9,459,200          | 94,592             | 94,592         | (6,359)                      | June 30,2000            | Mr. Byram D Avari              |
| Digri Sugar Mills Limited   | 19.1                  | 2,000,000          | 4,063              | 4,063          | 8,126                        | Sep 30,1999             | Mr. Naveed Ahmad Javeri        |
| Engine System   | 16.5                  | 788,500            | -                  | -              | (10,132)                     | June 30,1998            | Mr. Javed Burki                |
| First Women Bank Limited  | 10.6                  | 2,532,000          | 21,000             | 21,100         | 79,653                       | Dec. 31, 2003           | Ms. Zareen Aziz                |
| Gelcaps Pakistan Limited  | 14.6                  | 2,000,000          | 4,665              | 4,665          | 22,599                       | June 30, 2004           | Syed Aslam Ali                 |
| Intech International  | 18.6                  | 275,000            | -                  | -              | -                            | Not Available.....      | Mr. Hassan Zaidi               |
| Investment Corporation of Pakistan<br>(Face value: Rs.100 each)                 | 19.9                  | 398,000            | 36,337             | 36,337         | 308,707                      | June 30,2004            | Mr. Abdul Latif Uqali          |
| Pakistan Agriculture Storage Service Corporation<br>(Face value: Rs.1,000 each) | 18.3                  | 5,500              | 5,500              | 5,500          | 109,831                      | March 31,2003           | Maj. General Fahim Akhter Khan |
| Pakistan Export Finance (Guarantee) Agency Limited                              | -                     | -                  | -                  | 11,529         | 10,541                       | Dec 31,2001             | Mr. S.M. Zaem                  |
| Precision Engineering   | 16.8                  | 15,100             | -                  | -              | -                            | Not Available.....      | Mr. Zaheer Hussain             |
| Resources and Engineering Management Corporation                                | 10.0                  | 66,125             | -                  | -              | (485)                        | June 30,2000            | Mr. Shafaat Ahmed              |
| Safa Rice Mills Limited   | 15.8                  | 450,000            | -                  | -              | -                            | Not Available.....      | Mr. Pervaiz Alam               |
| Sigma Knitting Mills  | 14.1                  | 500,000            | -                  | -              | (6,793)                      | June 30,1999            | Mr. Nasir Sadruddin            |
| SME Bank Limited  | -                     | -                  | -                  | 26,950         | 50,225                       | Dec 31,2002             | Mr. Mansur Khan                |
| Textile City  | -                     | 2,500,000          | 25,000             | -              | -                            | Not Available.....      | -                              |
|   |                       |                    | <b>191,257</b>     | <b>204,736</b> |                              |                         |                                |

### 1.2.2.2 Ordinary Shares - Holding below 10%

| Investee   | No. of Shares held | Cost of Investment |                | Break-up value of investment | Based on accounts as at | Name of Chief Executive          |
|--|--------------------|--------------------|----------------|------------------------------|-------------------------|----------------------------------|
|  |                    | 2004               | 2003           |                              |                         |                                  |
| ..... Rupees in '000 .....                                     |                    |                    |                |                              |                         |                                  |
| Al-Ameen Textile Mills Limited                                 | 32,800             | 328                | -              | -                            | -                       | Not Available.....               |
| Arabian Sea Country Club                                       | 650,000            | -                  | -              | 4,067                        | June 30, 2002           | Mr. Aslam Mohsin ali             |
| Attock Textile Mills Limited                                   | 100,000            | 1,000              | 1,000          | (1,412)                      | Sept. 30, 1998          | Mr. Arshad Ali Chaudhry          |
| Brikks Pvt Limited   | 39,050             | -                  | -              | -                            | -                       | Not Available.....               |
| Equity Participation Fund<br>(Face value: Rs.100 each)         | 40,000             | 4,000              | 4,000          | 18,644                       | June 30, 2004           | Mr. Shahid Akhtar                |
| F.T.C. Management  | 50,000             | 250                | 250            | 8,835                        | June 30,2003            | Not Available.....               |
| Fauji Oil Terminal & Distribution Company Limited              | 1,088,600          | 10,886             | 10,886         | 23,192                       | June 30,2004            | Lt. Gen. (R) Syed Mohammad Amjad |
| Fortune Securities Limited                                     | 500,000            | 5,000              | 5,000          | 4,449                        | June 30,2002            | Mr. Kamran Ahmed Khalili         |
| Frontier Textile Mills Limited                                 | 50,000             | 500                | 500            | 272                          | Sep 30,2002             | Not Available.....               |
| Gulistan Power Generation Limited                              | 220,000            | 2,200              | 2,200          | 8,096                        | June 30,2000            | Mr. Abdul Shakoor                |
| Hazara Woolen Mills Limited                                    | 20,000             | 200                | 200            | -                            | -                       | Not Available.....               |
| Insecta Pakistan Limited                                       | 50,000             | -                  | -              | 315                          | June 30,1997            | Mr. Syed Tauqeer Haider          |
| Indus Sugar  | 594,807            | 5,948              | 5,948          | (4,829)                      | Sep 30,2003             | Not Available.....               |
| Kashmir Textile  | 165,000            | 1,650              | 1,650          | -                            | -                       | Not Available.....               |
| Kronos Corporation   | 169,100            | 577                | 577            | -                            | -                       | Not Available.....               |
| Kaytex Mills Limited   | 377,800            | 3,778              | -              | -                            | -                       | Not Available.....               |
| Mohib Textile Mills Limited                                    | 125,600            | -                  | -              | -                            | -                       | Not Available.....               |
| National Construction Limited                                  | 99,999             | 500                | 500            | (1,287)                      | June 30, 2003           | Not Available                    |
| National Industrial Co-operative Bank of Gujrat                | 1                  | -                  | -              | -                            | -                       | Not Available.....               |
| National Institute of Banking & Finance (Guarantee) Limited    | 2,000,000          | 20,000             | 20,000         | 20,000                       | June 30, 2003           | Mr. Kazi Abdul Muktadir          |
| National Film Development Corporation Limited                  | 10,000             | -                  | -              | 1,749                        | Sep 30, 2004            | Not Available.....               |
| National Institution of Facilitation Technology (Pvt) Limited  | 472,744            | 1,526              | 1,526          | 7,421                        | June 30, 2004           | Mr. M. M. Khan                   |
| National Investment (Unit) Trust<br>(Face value: Rs.100 each)  | 52,800             | 100                | 100            | 33,817                       | June 30, 2003           | Mr. Tariq Iqbal Khan             |
| National Woolen Mills Limited                                  | 18,300             | 183                | 183            | -                            | -                       | Not Available.....               |
| Newyork Poly Clinic of Karachi                                 | 220,133            | -                  | -              | (241)                        | June 30,1998            | Mr. Akhter Aziz khan             |
| Nowshera Engineering Works Limited                             | 4,950              | 41                 | -              | -                            | -                       | Not Available.....               |
| Pakistan Paper Corporation Limited                             | 37,250             | 373                | 373            | -                            | -                       | Not Available.....               |
| Pakistan Tourism Development Corporation                       | 100,000            | 100                | 100            | 24,983                       | June 30,1996            | Brig. (R) Hashim Khan            |
| Pakistan Export Finance (Guarantee) Agency Limited             | 1,152,938          | 11,529             | -              | 1,721                        | Dec 31,2003             | Not Available.....               |
| People Steel Mills Limited                                     | 1,076,880          | 3,276              | 3,276          | -                            | -                       | Not Available.....               |
| Phalia Sugar Mills Limited                                     | 1,087,949          | 44,031             | 44,031         | 34,169                       | Sept. 30, 2003          | Mr. Monis Elahi                  |
| Al-Zamin Modaraba Management (Pvt) Limited                     | 140,000            | 1,000              | 1,000          | -                            | -                       | Not Available.....               |
| Qadri Textile Mills Limited                                    | 50,000             | 500                | 500            | -                            | -                       | Not Available.....               |
| Refrigerator Manufacturing Company Limited                     | 45,737             | 4,589              | -              | -                            | -                       | Not Available.....               |
| Rousch Power Pakistan Limited                                  | 39,729,000         | 132,888            | 132,888        | 137,062                      | June 30,2003            | Mr. Naseem Akhtar                |
| Ruby Rice and General Mills Limited                            | 75,000             | 750                | 750            | -                            | -                       | Not Available.....               |
| Crescent Capital (formerly: Shoaib Capital)                    | 100,000            | 272                | 272            | 544                          | June 30,2000            | Mr. Khawaja Zia Abbas            |
| Saphire Power Generation                                       | -                  | -                  | 1,500          | -                            | -                       | Not Available.....               |
| Sardarpur Textile Mills Limited                                | -                  | -                  | 940            | -                            | -                       | Not Available.....               |
| South Asia Regional Fund                                       | 5,000              | 287                | 287            | (18,338)                     | Dec 31,2003             | Mr. Kandiah Balendra             |
| Star Salica Industries Limited                                 | 26,650             | 267                | 267            | -                            | -                       | Not Available.....               |
| SME Bank Limited   | 4,590,936          | 26,950             | -              | 74,984                       | Dec 31,2004             | Mr. Mansur Khan                  |
| Sunshine Cloth Mills   | 150,000            | -                  | -              | -                            | -                       | Not Available.....               |
| Transmobile Limited  | 644,508            | -                  | -              | (44)                         | June 30,1997            | Mr. Javed Burki                  |
| Zafar Textiles Mills Limited                                   | 247,100            | 258                | -              | -                            | -                       | Not Available.....               |
| Zulsham Engineering Works Limited<br>(Face value: Rs.100 each) | 3,300              | 330                | 330            | -                            | -                       | Not Available.....               |
|  |                    | <b>286,067</b>     | <b>241,034</b> |                              |                         |                                  |
|  |                    | <b>477,324</b>     | <b>445,770</b> |                              |                         |                                  |

All shares have a face value of Rs.10 each unless otherwise mentioned.

## 1.3 Particulars of Investments held in units of mutual funds

|  | No. of shares/<br>certificates held |            | Market<br>Value/cost |         |
|--|-------------------------------------|------------|----------------------|---------|
|  | 2004                                | 2003       | 2004                 | 2003    |
|  | Rupees in '000                      |            |                      |         |
| <b>Listed:</b>   |                                     |            |                      |         |
| ABAMCO Composite Fund  | 2,500,000                           | —          | 21,250               | —       |
| ABAMCO Stock Market Fund   | 131,003                             | —          | 1,546                | —       |
| Atlas Income Fund  | 50,000                              | 50,000     | 25,779               | 25,000  |
| BSJS Balanced Fund   | 1,237,500                           | 1,000,000  | 12,561               | 12,450  |
| Faysal Balance Growth Fund   | 500,000                             | —          | 52,025               | —       |
| Meezan Islamic Fund-Type-A Series<br>(nominal value: Rs.50 each)                     | 1,000,400                           | 1,000,400  | 62,265               | 53,902  |
| Pakistan Capital Market Fund   | 4,900,000                           | —          | 49,980               | —       |
| Pakistan Income Fund   | —                                   | 575,595    | —                    | 30,040  |
| Pakistan Strategic Allocation Fund   | 2,500,000                           | —          | 24,500               | —       |
| PICIC Growth Fund<br>(formerly: Investment Corporation of<br>Pakistan - SEMF)        | 8,816,800                           | 11,560,800 | 468,613              | 553,762 |
| PICIC Investment Fund  | 153,806                             | —          | 2,353                | —       |
| Unit Trust of Pakistan (ABAMCO)<br>(nominal value: Rs.5,000 each)                    | 15,000                              | 15,000     | 112,424              | 115,710 |
| 22nd ICP Mutual Fund   | —                                   | 907,925    | —                    | 11,394  |
| 23rd ICP Mutual Fund   | —                                   | 224,900    | —                    | 1,664   |
| 24th ICP Mutual Fund   | —                                   | 477,200    | —                    | 4,748   |
|  |                                     |            | 833,296              | 808,670 |
| Cost of the above investment amounted to<br>Rs. 547 million (2003: Rs. 381 million ) |                                     |            |                      |         |
| <b>Unlisted:</b>   |                                     |            |                      |         |
| Atlas Stock Market Fund  | 100,000                             | —          | 51,208               | —       |
| Meezan Balance Fund  | 5,000,000                           | —          | 50,000               | —       |
|  |                                     |            | 101,208              | —       |
|  |                                     |            | 934,504              | 808,670 |

All certificates have a nominal value of Rs.10 per unit unless otherwise mentioned.

## 1.4 Particulars of Investments held in Preference shares

|  | Cumulative/<br>Non-<br>cumulative | Rate   | No. of certificates held |       | Market value/cost |         |
|--|-----------------------------------|--------|--------------------------|-------|-------------------|---------|
|  |                                   |        | 2004                     | 2003  | 2004              | 2003    |
|  | Rupees in '000                    |        |                          |       |                   |         |
| <b>Listed:</b>   |                                   |        |                          |       |                   |         |
| Chenab Limited   | Cummulative                       | 9.25%  | 10,000,000               | —     | 100,000           | —       |
| Cost of the above investment<br>amounted to Rs.100 million<br>(2003: Rs.Nil ). |                                   |        |                          |       |                   |         |
| <b>Unlisted:</b>   |                                   |        |                          |       |                   |         |
| Dalda Food   | Cummulative                       | 8.75%  | 9,300,000                | —     | 93,000            | —       |
| Jamshoro Joint Venture limited   | Cummulative                       | 15.00% | 2,500,000                | —     | 25,000            | —       |
| Pak Elektron Limited   | Cummulative                       | 9.50%  | 10,000,000               | —     | 100,000           | —       |
| South Asia Regional Fund<br>(Face value: USD 1 each)                           | Cummulative                       | 8.00%  | 1,907                    | 4,176 | 142,025           | 312,241 |
| United National Bank Limited<br>(Face value: GBP 1 each)                       | Non-cumulative                    | —      | 2                        | 2     | —                 | —       |
|  |                                   |        |                          |       | 360,025           | 312,241 |
|  |                                   |        |                          |       | 460,025           | 312,241 |

All shares have a face value of Rs.10 each unless otherwise mentioned.

**1.5 Debentures, Bonds, Participation Term Certificates and Term Finance Certificates**

**1.5.1 Term finance certificates**

| Investee                               | Rate of interest | Profit Payment | Maturity    | No. of certificates held |               | Market value/cost |                |                |
|--|------------------|----------------|-------------|--------------------------|---------------|-------------------|----------------|----------------|
|  |                  |                |             | 2004                     | 2003          | 2004              | 2003           |                |
| <b>Rupees in '000</b>                  |                  |                |             |                          |               |                   |                |                |
| <b>Listed</b>                          |                  |                |             |                          |               |                   |                |                |
| Bank Al-Habib Limited                  | *                | 5.00%          | Half yearly | 28.06.2012               | <b>36,352</b> | –                 | <b>181,759</b> | –              |
| Dawood Leasing Company Limited         | *                | 13.05%         | Half yearly | 07.09.2006               | <b>5,000</b>  | 5,000             | <b>27,738</b>  | 25,000         |
| Dewan Salman Fibre Limited             | *                | 6.00%          | Half yearly | 22.06.2005               | <b>4,992</b>  | 28,000            | <b>25,876</b>  | 84,868         |
| Gulistan Textile Mills Limited.        | *                | 14.00%         | Half yearly | 29.08.2006               | <b>6,661</b>  | 9,996             | <b>35,618</b>  | 49,960         |
| Sui Southern Gas Company Limited       | *                | 14.10%         | Half yearly | 26.05.2006               | <b>13,619</b> | 27,450            | <b>72,121</b>  | 113,493        |
|  |                  |                |             |                          |               |                   | <b>343,112</b> | <b>273,321</b> |
| <b>Unlisted</b>                        |                  |                |             |                          |               |                   |                |                |
| Ados Pakistan Limited                  |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>706</b>     | 706            |
| Agro Dairies Limited                   |                  | 22.00%         | Overdue     | Overdue                  | <b>20</b>     | 20                | <b>4,237</b>   | 4,237          |
| Al-Azhar Textile Mills Limited         |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>6,059</b>   | 6,059          |
| Al-Barkat Industries Limited           |                  | 22.00%         | Overdue     | Overdue                  | <b>1</b>      | 1                 | <b>1,060</b>   | 1,060          |
| Al-Fahm Textile Mills Limited          |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>2,880</b>   | 2,880          |
| Al-Qaim Textile Mills Limited          |                  | 22.00%         | Overdue     | Overdue                  | <b>16</b>     | 16                | <b>1,296</b>   | 1,296          |
| Anwar-Zaib Cement Industries Limited   |                  | 22.00%         | Overdue     | Overdue                  | <b>1</b>      | 1                 | <b>3,446</b>   | 3,446          |
| Apex Fabrics Limited                   |                  | 22.00%         | Overdue     | Overdue                  | <b>16</b>     | 16                | <b>2,640</b>   | 2,640          |
| Aqma Textile Mills Limited             |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>5,485</b>   | 5,485          |
| Aruj Textile Mills Limited             |                  | 22.00%         | Overdue     | Overdue                  | <b>5</b>      | 5                 | <b>986</b>     | 1,479          |
| Aswan Tentage & Canvas Mills Limited   |                  | 22.00%         | Overdue     | Overdue                  | <b>1</b>      | 1                 | <b>3,643</b>   | 3,643          |
| Azeem Tapes (Pvt) Limited              |                  | 22.00%         | Overdue     | Overdue                  | <b>34</b>     | 34                | <b>4,429</b>   | 4,429          |
| Bachani Sugar Mills Limited            |                  | 22.00%         | Overdue     | Overdue                  | <b>28</b>     | 28                | <b>35,896</b>  | 35,896         |
| Baluchistan Cotres Limited             |                  | 22.00%         | Overdue     | Overdue                  | <b>22</b>     | 22                | <b>3,064</b>   | 3,064          |
| Bankers Equity Limited                 |                  | 22.00%         | Overdue     | Overdue                  | <b>10</b>     | 10                | <b>104,449</b> | 104,449        |
| Bela Chemical Limited                  |                  | 22.00%         | Overdue     | Overdue                  | <b>24</b>     | 24                | <b>24,595</b>  | 24,595         |
| Bentonite Pak Limited                  |                  | 22.00%         | Overdue     | Overdue                  | <b>31</b>     | 31                | <b>3,417</b>   | 3,417          |
| Blue Star Spinning Mills Limited       |                  | 22.00%         | Overdue     | Overdue                  | <b>17</b>     | 17                | <b>4,312</b>   | 4,312          |
| Brother Steel Limited                  |                  | 22.00%         | Overdue     | Overdue                  | <b>17</b>     | 17                | <b>3,094</b>   | 3,094          |
| Cast-N-Link Product Limited            |                  | 22.00%         | Overdue     | Overdue                  | <b>16</b>     | 16                | <b>2,549</b>   | 2,549          |
| Chaudhry Wire Rope Industries Limited  |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>1,565</b>   | 1,565          |
| Chiniot Textile Mills Limited          |                  | 22.00%         | Overdue     | Overdue                  | <b>6</b>      | 6                 | <b>5,080</b>   | 5,080          |
| Chiragh Sun Engg Limited               |                  | 22.00%         | Overdue     | Overdue                  | <b>6</b>      | 6                 | <b>3,470</b>   | 3,470          |
| Dadabhoy Cement Limited                |                  | 22.00%         | Overdue     | Overdue                  | <b>16</b>     | 16                | <b>8,077</b>   | 8,077          |
| Danneman Fabrics Limited               |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>4,584</b>   | 4,584          |
| Diamond Industries Limited             |                  | 22.00%         | Overdue     | Overdue                  | –             | 6                 | –              | 346            |
| Elec Inf & Energy System Limited       |                  | 22.00%         | Overdue     | Overdue                  | <b>19</b>     | 19                | <b>5,296</b>   | 5,296          |
| Faruki Pulp Mills Limited              |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>17,550</b>  | 17,550         |
| Frontier Ceramics Limited              |                  | 22.00%         | Overdue     | Overdue                  | <b>46</b>     | 46                | <b>4,858</b>   | 4,858          |
| Frontier Dextrose Limited              |                  | 22.00%         | Overdue     | Overdue                  | <b>24</b>     | 24                | <b>1,130</b>   | 1,130          |
| General Diaries & Food Limited         |                  | 22.00%         | Overdue     | Overdue                  | <b>6</b>      | 6                 | <b>1,875</b>   | 1,875          |
| Glorex Textile Mills Limited           |                  | 22.00%         | Overdue     | Overdue                  | <b>1</b>      | 1                 | <b>5,640</b>   | 5,640          |
| Gypsum Corporation Limited             |                  | 22.00%         | Overdue     | Overdue                  | <b>10</b>     | 10                | <b>900</b>     | 900            |
| Haral Textile Mills Limited            |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>2,743</b>   | 2,743          |
| Hospitex International Limited         |                  | 22.00%         | Overdue     | Overdue                  | <b>16</b>     | 16                | <b>511</b>     | 511            |
| Hub Textile Mills Limited              |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>3,887</b>   | 3,887          |
| Hussain Beverage Industries Limited    |                  | 22.00%         | Overdue     | Overdue                  | <b>18</b>     | 18                | <b>5,906</b>   | 5,906          |
| Inayat Textile Mills Limited           |                  | 22.00%         | Overdue     | Overdue                  | <b>13</b>     | 13                | <b>2,210</b>   | 2,210          |
| Indus sugar mills                      |                  | 22.00%         | Overdue     | Overdue                  | –             | –                 | <b>11,699</b>  | 11,699         |
| Jehangir Siddiqui & Company Limited    | *                | 7.44%          | Half yearly | 17.05.2014               | <b>39,992</b> | –                 | <b>199,960</b> | –              |
| Kamal Ghee & Allied Industries Limited |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>4,238</b>   | 4,238          |
| Karachi Electricity Supply Corporation |                  | –              | –           | –                        | –             | 160               | –              | 900,000        |
| Kashmir Polytex Limited                |                  | 22.00%         | Overdue     | Overdue                  | <b>16</b>     | 16                | <b>1,483</b>   | 2,198          |
| Khairpur Sugar Mills Limited           |                  | 22.00%         | Overdue     | Overdue                  | <b>28</b>     | 28                | <b>8,394</b>   | 8,394          |
| Kiran Sugar Mills Limited              |                  | 22.00%         | Overdue     | Overdue                  | <b>24</b>     | 24                | <b>11,600</b>  | 11,600         |
| Kohinoor Fabrics Limited               |                  | 22.00%         | Overdue     | Overdue                  | <b>22</b>     | 22                | <b>641</b>     | 641            |
| Larr Sugar Mills Limited               |                  | 22.00%         | Overdue     | Overdue                  | <b>14</b>     | 14                | <b>13,245</b>  | 14,901         |
| Latif Bawany Textile Mills Limited     |                  | 22.00%         | Overdue     | Overdue                  | <b>38</b>     | 38                | <b>2,380</b>   | 2,380          |

| Investee  | Rate of interest | Profit Payment | Maturity   | No. of certificates held |        | Market value/cost |                  |
|---|------------------|----------------|------------|--------------------------|--------|-------------------|------------------|
|   |                  |                |            | 2004                     | 2003   | 2004              | 2003             |
| Rupees in '000                                  |                  |                |            |                          |        |                   |                  |
| Malik Food Industries Limited                   | 22.00%           | Overdue        | Overdue    | 11                       | 11     | 2,472             | 2,472            |
| Minaco Fabrics Limited                          | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 7,350             | 7,350            |
| MTM International                               | 22.00%           | Overdue        | Overdue    | –                        | 6      | –                 | 1,782            |
| Mumtaz Shahbaz Textile Mills Limited            | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 3,908             | 3,908            |
| Munalisa Fruit Juices                           | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 1,500             | 1,500            |
| Munawar Engineering Company Limited             | 22.00%           | Overdue        | Overdue    | 28                       | 28     | 2,193             | 2,193            |
| Munro & Millar Mills Limited                    | 22.00%           | Overdue        | Overdue    | 20                       | 20     | 1,113             | 1,113            |
| National Fructose Company Limited               | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 1,714             | 1,714            |
| National Tiles & Ceramics Limited               | 22.00%           | Overdue        | Overdue    | 16                       | 16     | 2,469             | 2,469            |
| Nishat Mills Limited *                          | 6.55%            | Half yearly    | 29.08.2008 | 149,940                  | –      | 786,136           | 750,000          |
| Novelty Fabric Processing Limited               | 22.00%           | Overdue        | Overdue    | 38                       | 38     | 17,255            | 17,255           |
| Pacific Pharmaceutical Limited                  | 22.00%           | Overdue        | Overdue    | 16                       | 16     | –                 | 718              |
| Pak Arab Refinery Company Limited               | 22.00%           | Overdue        | Overdue    | –                        | 49,840 | –                 | 148,611          |
| Pak German Pre-Fabs Limited                     | 22.00%           | Overdue        | Overdue    | 24                       | 24     | 6,046             | 6,046            |
| Pak Pattan Dairies Limited                      | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 3,306             | 3,306            |
| Pak Punjab Carpet Limited                       | 22.00%           | Overdue        | Overdue    | 1                        | 1      | 857               | 857              |
| Pakistan Industrial Leasing Corporation         | 22.00%           | Overdue        | Overdue    | –                        | 75     | –                 | 12,500           |
| Pakistan International Airlines Corp. Limited * | 7.50%            | Half yearly    | 26.02.2011 | 699,979                  | –      | 3,499,895         | 3,499,965        |
| Pakistan Laminates Limited                      | 22.00%           | Overdue        | Overdue    | 1                        | 1      | 95                | 95               |
| Pakistan Services Limited *                     | 9.75%            | Half yearly    | 16.09.2008 | 33,387                   | –      | 171,924           | 167,000          |
| Pakland Cement Limited                          | 3.92%            | –              | 30.06.2009 | 13                       | 13     | 341,998           | 364,933          |
| Pangrio Sugar Mills Limited                     | 22.00%           | Overdue        | Overdue    | 16                       | 16     | 2,057             | 2,057            |
| Peshawar Pipe Mills Limited                     | 22.00%           | Overdue        | Overdue    | 40                       | 40     | 1,021             | 1,021            |
| Phalia Sugur Mills Limited                      | 22.00%           | Overdue        | Overdue    | –                        | 17     | –                 | 19,600           |
| Pirjee Weaving Mills Limited                    | 22.00%           | Overdue        | Overdue    | 16                       | 16     | 857               | 857              |
| Prime Commercial Bank Limited *                 | 7.84%            | Half yearly    | 08.12.2012 | 22,000                   | –      | 110,000           | –                |
| Prometals Limited                               | 22.00%           | Overdue        | Overdue    | 20                       | 20     | 1,526             | 2,398            |
| Qand Ghar (Pvt) Limited                         | 22.00%           | Overdue        | Overdue    | 2                        | 2      | 21,966            | 21,966           |
| Qand Ghar Sugar Mills Limited                   | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 7,915             | 7,915            |
| Rai Textile Mills Limited                       | 22.00%           | Overdue        | Overdue    | 6                        | 6      | 1,020             | 1,530            |
| Raja Weaving Mills Limited                      | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 3,831             | 3,831            |
| Regency Textile Mills Limited                   | 22.00%           | Overdue        | Overdue    | 24                       | 24     | 6,081             | 6,081            |
| Rehman Sharif Textile Mills Limited             | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 973               | 973              |
| Saadi Cement Company Limited                    | 4.26%            | –              | 30.06.2010 | 13                       | 13     | 1,040,256         | 1,111,562        |
| Sarela Cement Limited                           | 22.00%           | Overdue        | Overdue    | 32                       | 32     | 10,259            | 10,259           |
| Scan Recycling (Pak) Limited                    | 22.00%           | Overdue        | Overdue    | 17                       | 17     | 817               | 817              |
| Seri Sugar Mills Limited                        | 22.00%           | Overdue        | Overdue    | 24                       | 24     | 6,095             | 6,095            |
| Shah Jewana Textile Mills Limited               | 22.00%           | Overdue        | Overdue    | 26                       | 26     | 776               | 776              |
| Shazeb Industries Limited                       | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 2,202             | 2,202            |
| Sialkot Dairies                                 | 22.00%           | Overdue        | Overdue    | 13                       | 13     | 2,320             | 2,320            |
| Silverland Textile Mills Limited                | 22.00%           | Overdue        | Overdue    | 6                        | 6      | 1,650             | 1,650            |
| Sind Textile Industries                         | 22.00%           | Overdue        | Overdue    | 15                       | 15     | 15,163            | 15,163           |
| Sinsas Enterprises Limited                      | 22.00%           | Overdue        | Overdue    | 2                        | 2      | 6,046             | 6,046            |
| Solve Tech Limited                              | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 3,413             | 3,413            |
| Star Silica International                       | 22.00%           | Overdue        | Overdue    | 16                       | 16     | 1,799             | 1,799            |
| Sunflo Juices Limited                           | 22.00%           | Overdue        | Overdue    | 28                       | 28     | 7,686             | 7,686            |
| Taj Syringes (Pvt) Limited                      | 22.00%           | Overdue        | Overdue    | 36                       | 36     | 6,615             | 6,615            |
| Tanocraft Limited                               | 22.00%           | Overdue        | Overdue    | 22                       | 22     | 1,315             | 1,315            |
| Tawakkal Garments Industries Limited            | 22.00%           | Overdue        | Overdue    | 16                       | 16     | 759               | 759              |
| Tharparkar Sugar Mills Limited                  | 22.00%           | Overdue        | Overdue    | 5                        | 5      | 23,332            | 23,332           |
| Trubo Tubes Limited                             | 22.00%           | Overdue        | Overdue    | 2                        | 2      | 122               | 122              |
| Ultra Engineering Industries Limited            | 22.00%           | Overdue        | Overdue    | 16                       | 16     | 1,211             | 1,211            |
| United Bank Limited *                           | 7.00%            | Half yearly    | 16.06.2012 | 16,909                   | –      | 82,051            | –                |
| Waleed Leather Industries Limited               | 22.00%           | Overdue        | Overdue    | 38                       | 38     | 2,344             | 2,344            |
| Zamir Textile Mills Limited                     | 22.00%           | Overdue        | Overdue    | 14                       | 14     | 12,891            | 12,891           |
|   |                  |                |            |                          |        | <b>6,783,765</b>  | <b>7,532,808</b> |

\* Cost of investment in TFCs marked to market amounted to Rs.5,162 million (2003: Rs.273 million). All term finance certificates have a face value of Rs.5,000 each unless otherwise mentioned.

## 1.5.2 Debentures

| Investee  | Terms of Redemption |                | Rate of Interest | 2004           | 2003           |
|---|---------------------|----------------|------------------|----------------|----------------|
|   | Principal           | Interest       |                  | Carrying value | Carrying value |
| Rupees in '000  |                     |                |                  |                |                |
| Aaj Textile Mills Limited                             | Overdue             | Overdue        | 14%              | 1,005          | 1,005          |
| Aaj Textile Mills Limited                             | Overdue             | Overdue        | 12.5%            | 270            | 270            |
| Ajax Industries Limited                               | Overdue             | Overdue        | 11%              | 1,397          | 1,397          |
| Ajax Industries Limited                               | Overdue             | Overdue        | 14%              | 269            | 269            |
| Ali Asbesotse Industries Limited                      | Overdue             | Overdue        | 14%              | 930            | 930            |
| Ali Asbesotse Industries Limited                      | Overdue             | Overdue        | 11%              | 1,510          | 1,510          |
| Alleey Hosiery Mills Limited                          | Overdue             | Overdue        | 14%              | 200            | 200            |
| Allied Ghee Industries Limited                        | Overdue             | Overdue        | 16%              | 1,141          | 1,141          |
| Allied Ghee Industries Limited                        | Overdue             | Overdue        | Interest free    | 572            | 572            |
| Allied Marbles Industries                             | Overdue             | Overdue        | 14%              | 23             | 23             |
| Allied Marbles Industries                             | Overdue             | Overdue        | Interest free    | 15             | 15             |
| Aslo Electrical Industries                            | Overdue             | Overdue        | 11%              | 2,270          | 2,270          |
| Aslo Electrical Industries                            | Overdue             | Overdue        | 14%              | 281            | 281            |
| Attock Textile Mills Limited                          | Overdue             | Overdue        | 14%              | 863            | 863            |
| Azad Kashmir Mineral Development Corporation          | Overdue             | Overdue        | 12%              | 3,288          | 3,288          |
| Azad Kashmir Mineral Development Corporation          | Overdue             | Overdue        | 14%              | 1,998          | 1,998          |
| Azad Kashmir Mineral Development Corporation          | Overdue             | Overdue        | 12.5%            | 2,336          | 2,336          |
| Carbon Dioxide Limited                                | Overdue             | Overdue        | 11%              | 495            | 495            |
| Carbon Dioxide Limited                                | Overdue             | Overdue        | 14%              | 95             | 95             |
| Central Associated Limited                            | Overdue             | Overdue        | 14%              | –              | 680            |
| Chillya Corrugated Board                              | Overdue             | Overdue        | 14%              | 549            | 549            |
| Chillya Corrugated Board                              | Overdue             | Overdue        | Interest free    | 453            | 453            |
| Colony Textile Mills Limited                          | Overdue             | Overdue        | Interest free    | 184            | 184            |
| Consolidated Spinning & Textile Mills Limited         | Overdue             | Overdue        | 14%              | 180            | 180            |
| Consolidated Sugar Mills                              | Overdue             | Overdue        | 14%              | 1,875          | 1,875          |
| Daaman Oil Mills                                      | Overdue             | Overdue        | 11%              | 170            | 170            |
| Daaman Oil Mills                                      | Overdue             | Overdue        | 14%              | 580            | 580            |
| Effef Industries Limited                              | Overdue             | Overdue        | 14%              | 1,799          | 1,799          |
| Effef Industries Limited                              | Overdue             | Not Applicable | Interest free    | 3,828          | 3,828          |
| Electric Lamp Manufacturing                           | Outstanding         | Overdue        | 11%              | 75             | 75             |
| Electric Lamp Manufacturing                           | Overdue             | Overdue        | 14%              | 150            | 150            |
| Hassan Tanneries Limited                              | Outstanding         | Outstanding    | 14%              | 437            | 437            |
| Hassan Tanneries Limited                              | Outstanding         | Outstanding    | 12.5%            | 58             | 58             |
| Hazara Woolen Mills.                                  | Overdue             | Overdue        | 14%              | 1,148          | 1,148          |
| Hydri Gas Limited                                     | Outstanding         | Outstanding    | 11%              | 47             | 47             |
| Hydri Gas Limited                                     | Outstanding         | Outstanding    | 14%              | 50             | 50             |
| Junaid Cotton Mills Limited                           | Overdue             | Overdue        | 12.5%            | 165            | 165            |
| Junaid Cotton Mills Limited                           | Overdue             | Overdue        | 14%              | 990            | 990            |
| Karachi Development Authority                         | Overdue             | Overdue        | 12.5%            | 156,034        | 156,034        |
| K.J. Vegetable Oil Mills                              | Overdue             | Overdue        | 14%              | 27             | 27             |
| Karachi Properties Inv. Co. (1974)                    | Overdue             | Overdue        | 14%              | –              | 15,000         |
| Khyber Textile Mills Limited                          | Overdue             | Overdue        | 14%              | 1,000          | 1,000          |
| Lahore Dyeing & Printing Mill                         | Overdue             | Overdue        | 11%              | 1,013          | 1,013          |
| Lahore Engineering Foundry Works<br>(Debenture Bonds) | Regular             | Regular        | 5%               | 1,472          | 2,408          |
| Mansoor Textile Mills                                 | Overdue             | Overdue        | 14%              | 510            | 510            |
| Mehr Text. Mills Limited                              | Overdue             | Overdue        | 11%              | 700            | 700            |
| Mehr Text. Mills Limited                              | Overdue             | Overdue        | 14%              | 750            | 750            |
| Milly Leather Ind.Limited                             | Overdue             | Overdue        | 14%              | 1,244          | 1,244          |
| Morgah Valley Limited                                 | Overdue             | Overdue        | 11%              | 400            | 400            |

| Investee                                | Terms of Redemption |             | Rate of Interest | 2004           | 2003           |
|---|---------------------|-------------|------------------|----------------|----------------|
|   | Principal           | Interest    |                  | Carrying value | Carrying value |
| Rupees in '000                          |                     |             |                  |                |                |
| Morgah Valley Limited                   | Overdue             | Overdue     | 14%              | 160            | 160            |
| National Woolen Mills                   | Overdue             | Overdue     | 14%              | 134            | 134            |
| Pakistan Machine Tool Factory           | Overdue             | Overdue     | 12.5%            | 0              | 13,306         |
| Pakistan Paper Corporation              | Overdue             | Overdue     | 11%              | 506            | 506            |
| Pakistan Polypropylene Packages Limited | Overdue             | Overdue     | 14%              | 240            | 240            |
| Printing Corporation of Frontier        | Overdue             | Overdue     | 11%              | 12             | 12             |
| Printing Corporation of Frontier        | Overdue             | Overdue     | 14%              | 23             | 23             |
| Progressive Tobacco Co.                 | Overdue             | Overdue     | 14%              | 175            | 175            |
| Qadri Textile Mills Limited             | Overdue             | Overdue     | 14%              | 489            | 489            |
| Regal Ceramics Limited                  | Overdue             | Overdue     | 14%              | 105            | 105            |
| Rising Sun Knitwear Industries          | Overdue             | Overdue     | 14%              | 57             | 57             |
| Rose Textile Mills Limited              | Overdue             | Overdue     | 14%              | 740            | 740            |
| Saleem Tanneries Project 1              | Overdue             | Overdue     | 12.5%            | 1,366          | 1,366          |
| Saleem Tanneries Project 2              | Overdue             | Overdue     | 12%              | 712            | 712            |
| Sarhad Bricks Limited                   | Overdue             | Overdue     | 11%              | 543            | 543            |
| Sarhad Bricks Limited                   | Overdue             | Overdue     | 14%              | 102            | 102            |
| SDA-A/C Cold Storage Haripur -1         | Overdue             | Overdue     | 12%              | 955            | 955            |
| SDA-A/C Cold Storage Haripur -2         | Overdue             | Overdue     | 12.5%            | 1,170          | 1,170          |
| SDA-A/C Cold Storage Mardan -1          | Overdue             | Overdue     | 12%              | 1,278          | 1,278          |
| SDA-A/C Cold Storage Mardan -2          | Overdue             | Overdue     | 12.5%            | 878            | 878            |
| SDA-A/C Cold Storage Peshawar -1        | Overdue             | Overdue     | 12%              | 1,341          | 1,341          |
| SDA-A/C Cold Storage Peshawar -2        | Overdue             | Overdue     | 12.5%            | 1,102          | 1,102          |
| Shafaq Lamp Manufacturing Corporation   | Overdue             | Overdue     | 11%              | 368            | 368            |
| Shafaq Lamp Manufacturing Corporation   | Overdue             | Overdue     | 14%              | 83             | 83             |
| Shahdin Limited                         | Overdue             | Overdue     | 14%              | 634            | 634            |
| Shahyar Textile Mills Limited           | Overdue             | Overdue     | 14%              | 280            | 280            |
| Spinzer Towel Industries Limited        | Overdue             | Overdue     | 12.5%            | 200            | 200            |
| Spinzer Towel Industries Limited        | Overdue             | Overdue     | 14%              | 175            | 175            |
| Sun Publications Limited                | Overdue             | Overdue     | 13.5%            | 178            | 178            |
| Sun Shine Jute Mills                    | Overdue             | Overdue     | 11%              | 3,010          | 3,010          |
| Sun Shine Jute Mills                    | Overdue             | Overdue     | 14%              | 990            | 990            |
| United Sugar Mills                      | Regular             | Outstanding | 10%              | 29,036         | 41,480         |
| Zulsham Engineering Works Limited       | Overdue             | Overdue     | 14%              | 239            | 239            |
|   |                     |             |                  | <b>242,127</b> | <b>284,493</b> |

## 1.5.3 Participation Term Certificates

| Investee                          | Number of certificates | Rate of interest | Paid - up value per certificate<br>Rupees | 2004 Cost<br>Rupees in '000 | 2003 Cost |
|-----------------------------------|------------------------|------------------|---|-----------------------------|-----------|
| Ali Paper Industries Limited      | 13                     | 17%              | 261,000                                   | 3,393                       | 3,393     |
| Alipure Jute Mills Limited        | 53                     | 17%              | 172,113                                   | 9,122                       | 9,122     |
| American Marbals Limited          | 12                     | 17%              | 104,167                                   | 1,250                       | 1,250     |
| Azmat Oil Industries Limited      | 1                      | 17%              | 226,000                                   | 226                         | 226       |
| Annis Garments Limited            | 12                     | 17%              | 32,917                                    | 395                         | 395       |
| Bhawalpur Board Mills Limited     | 14                     | 17%              | 137,000                                   | 1,918                       | 1,918     |
| Balochistan Clay Products         | 17                     | 17%              | 227,176                                   | 3,862                       | 3,862     |
| Bela Chemicals limited            | 1                      | 17%              | 10,500,000                                | 10,500                      | 10,500    |
| Bela Ghee Mills Limited           | 14                     | 17%              | 191,214                                   | 2,677                       | 2,677     |
| Calcium Limited                   | 1                      | 17%              | 300,000                                   | 300                         | 300       |
| Cotex Industries Limited          | 14                     | 17%              | 16,357                                    | 229                         | 229       |
| Crystal Chemicals Limited         | 15                     | 17%              | 259,800                                   | 3,897                       | 3,897     |
| Dadabhoy Cement Limited           | 1                      | 17%              | 11,601,000                                | 11,601                      | 11,601    |
| Delta Tyre & Rubber Co.           | 7                      | 17%              | 268,714                                   | 1,881                       | 1,881     |
| Farooq Compost Fertilizer         | 15                     | 17%              | 125,867                                   | 1,888                       | 1,888     |
| Frontier Ceramics Limited         | 10                     | 17%              | 226,200                                   | 2,262                       | 2,262     |
| Gem Industries Limited            | 12                     | 17%              | 126,417                                   | 1,517                       | 1,517     |
| Gypsum Corporation Limited        | 32                     | 17%              | 32,594                                    | 1,043                       | 1,043     |
| Ittehad Industries Limited        | 1                      | 17%              | 600,000                                   | 600                         | 600       |
| Jubilee Paper Board Mills         | 16                     | 17%              | 431,938                                   | 6,911                       | 6,911     |
| Kamal Enterprises Limited         | 17                     | 17%              | 64,294                                    | 1,093                       | 1,093     |
| Khalil Jute Mills Limited         | 16                     | 17%              | 138,875                                   | 2,222                       | 2,222     |
| Khattak Edible Oil Limited        | 15                     | 17%              | 82,467                                    | 1,237                       | 1,237     |
| Leatherite Limited                | 14                     | 17%              | 69,643                                    | 975                         | 975       |
| Mass Dairies Limited              | 11                     | 17%              | 229,364                                   | 2,523                       | 2,523     |
| Meditex International Limited     | 15                     | 17%              | 87,800                                    | 1,317                       | 1,317     |
| Morgah Valley Limited             | 16                     | 17%              | 29,250                                    | 468                         | 468       |
| National Fructose Limited         | 11                     | 17%              | 550,818                                   | 6,059                       | 6,059     |
| Pak Belt Industries Limited       | 13                     | 17%              | 94,692                                    | 1,231                       | 1,231     |
| Pangrio Sugar Mills Limited       | 29                     | 17%              | 442,586                                   | 12,835                      | 12,835    |
| Punjab Building Products          | 12                     | 17%              | 121,500                                   | 1,458                       | 1,458     |
| Punjab Cables Mills Limited       | 12                     | 17%              | 388,667                                   | 4,664                       | 4,664     |
| Rainbow Packages Limited          | 23                     | 17%              | 122,174                                   | 2,810                       | 2,810     |
| Sampak Paper Board Mills          | 11                     | 17%              | 14,909                                    | 164                         | 164       |
| Sarela Cement Limited             | 35                     | 17%              | 406,629                                   | 14,232                      | 14,232    |
| Sethi Industries Limited          | 15                     | 17%              | 240,667                                   | 3,610                       | 3,610     |
| Shafi Woolen Industries Limited   | 11                     | 17%              | 89,455                                    | 984                         | 984       |
| Sindh Glass Industries Limited    | 17                     | 17%              | 598,765                                   | 10,179                      | 10,179    |
| Star Silica Industries Limited    | 15                     | 17%              | 137,467                                   | 2,062                       | 2,062     |
| Suhail Jute Mills Limited         | 13                     | 17%              | 80,769                                    | 1,050                       | 1,050     |
| Sunshine Jute Mills Limited       | 13                     | 17%              | 54,077                                    | 703                         | 703       |
| United Wood (Veener) Limited      | 15                     | 17%              | 51,000                                    | 765                         | 765       |
| Waziristan Oil Industries Limited | 13                     | 17%              | 88,385                                    | 1,149                       | 1,149     |
| Zafar Oil Industries Limited      | 11                     | 17%              | 65,455                                    | 720                         | 720       |
|                                   |                        |                  |   | <b>139,982</b>              | 139,982   |

## 1.5.4 Government of Pakistan - Guaranteed bonds

| Investee                                      | Terms of Redemption           |           | Rate of Interest                       | 2004 Cost         | 2003 Cost  |
|---|-------------------------------|-----------|--|-------------------|------------|
|   | Principal                     | Interest  |  |                   |            |
| Rupees in '000                                |                               |           |  |                   |            |
| WAPDA Bonds (8th issue)                       | Bi-annual                     | Bi-annual | 12.5%                                  | 2,999,980         | 3,333,317  |
| WAPDA Bonds (9th issue)                       | Bi-annual                     | Bi-annual | 9.50%                                  | 1,067,995         | 1,423,995  |
| WAPDA Bonds                                   | Bi-annual                     | Bi-annual | 12.5%                                  | 374,998           | 416,665    |
| Rice Export Corporation of Pakistan - Bonds   | Repayable in full on maturity | Annual    | 14%                                    | 2,850,000         | 2,850,000  |
| Rice Export Corporation of Pakistan - Bonds   | Annual                        | Bi-annual | Average of last six months FIB rates   | 1,229,943         | 1,517,653  |
| Cotton Export Corporation of Pakistan - Bonds | Repayable in full on maturity | Annual    | 14%                                    | 584,760           | 584,760    |
| Cotton Export Corporation of Pakistan - Bonds | Annual                        | Bi-annual | Average of last six months STB rates   | 32,865            | 49,297     |
| Ghee Corporation of Pakistan - Bonds          | Annual                        | Bi-annual | Average of last six months FIB rates   | 810,156           | 1,000,156  |
| Trading Corporation of Pakistan - Bonds       | Annual                        | Bi-annual | Average of last six months FIB rates   | 614,016           | 768,639    |
| Saindak Metals Limited - Bonds                | Annual                        | Bi-annual | 15%                                    | 763,453           | 1,017,937  |
| Saindak Metals Limited - Bonds                | Annual                        | Bi-annual | Average of last six months KIBOR rates | 1,209,954         | –          |
| Ghee Corporation of Pakistan - Bonds          | Annual                        | Bi-annual | 14%                                    | 43,902            | 43,902     |
| Government of Pakistan - Bonds (former NDFC)  | Annual                        | Annual    | 11%                                    | 71,938            | 71,938     |
| Shahdadt Textile Mills Limited                | Lumpsum                       | Lumpsum   | 9%                                     | 57,221            | 57,221     |
| Shahnawaz Bhutto Sugar Mills                  | Lumpsum                       | Lumpsum   | 6%                                     | 12,017            | 12,017     |
| EM Oil Mills (GCP)                            | Bi-annual                     | Bi-annual | 14%                                    | 16,800            | 16,800     |
|   |                               |           |  | <b>12,739,998</b> | 13,164,297 |
|   |                               |           |  | <b>19,905,872</b> | 21,121,580 |

Annexure - II  
as referred to  
in note no. 10.5

**Statement showing written off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2004**

(Rupees in million)

| Sr. No. | Name & Address of the Borrower   | Name of individuals/ Partners/Directors with NIC. No.         | Father's/ Husband's Name | Outstanding Liabilities at beginning of the year |                   |        |         | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11) |
|---------|--|---|--------------------------|--|-------------------|--------|---------|-----------------------|-------------------------------|---|-----------------|
|         |  |   |                          | Principal  | Interest/ Mark-up | Others | Total   |                       |                               |   |                 |
| 1       | 2  | 3   | 4                        | 5  | 6                 | 7      | 8       | 9                     | 10                            | 11                                      | 12              |
| 1       | Allah Rakha<br>H#.118 St-17,<br>Hijaz Colony, Karachi                        | Allah Rakha<br>NIC # 45060-177884                             |                          | 0.089  | 0.382             | 0.175  | 0.646   | 0.000                 | 0.175                         | 0.382                                   | 0.557           |
| 2       | Jawed Iqbal<br>H#.15/E,12/11,<br>Qaddafi Road<br>Madni Colony<br>Karachi     | Jawed Iqbal<br>NIC # 505-87-135336                            | S/o. Ch. Ghulam Rasool   | 0.132  | 0.620             | 0.600  | 1.352   | -                     | 0.601                         | 0.620                                   | 1.221           |
| 3       | Indus Oil (Pvt) Ltd<br>HBL Bldg.<br>I. I. Chundrigar Road<br>Karachi         | Habib Ahmed Altaf<br>Hussain Abbas Ali                        |                          | 0.795  | 0.906             | 1.760  | 3.461   | -                     | -                             | 2.480                                   | 2.480           |
| 4       | Al-farid Poultry Form<br>L-4, Poultry Estat, 2.                              | Sh. M. Abdullah   |                          | 0.817  | 0.548             | -      | 1.365   | -                     | 0.165                         | 0.383                                   | 0.548           |
| 5       | Muhammad Yaqoob<br>Baloch<br>Flat 10 Siddiqui Square<br>M. Usman Road, Lyari | Muhammad Yaqoob<br>Balooch<br>NIC # 42301-7588679-5           | S/o. Jumma Khan          | 0.132  | 0.448             | 0.121  | 0.701   | -                     | 0.088                         | 0.448                                   | 0.536           |
| 6       | Digital Communication<br>301-302 Fayyaz Center,<br>S.M.C.H.S.,<br>Karachi    | Saleem A Rehman<br>Sarah Rehman<br>Tasneem Rahman             |                          | 26.500   | 25.049            | -      | 51.549  | 12.214                | -                             | 25.049                                  | 37.263          |
| 7       | Progressive Syndicates   | Khalid Rehmani Abdul<br>Haque<br>NIC # 270-43-145165          |                          | 7.300  | 13.194            | -      | 20.494  | 4.448                 | -                             | 13.194                                  | 17.642          |
| 8       | Saria Rope   | Shabbir Mustufa<br>Sakina Fatima                              |                          | 10.000   | 9.764             | 0.004  | 19.768  | -                     | -                             | 4.942                                   | 4.942           |
| 9       | A.S.Z & Co.  | Shahid Razzaq   |                          | 0.800  | 1.885             | 0.003  | 2.688   | -                     | -                             | 1.709                                   | 1.709           |
| 10      | Expo International   | Ali Ahmed Khan<br>Iftikhar Ali Choudhery<br>Umer Hayat Arshad |                          | 18.794   | 54.129            | 0.045  | 72.968  | 12.558                | 2.374                         | 51.800                                  | 66.732          |
| 11      | Arshad Mehmood   | Arshad Mehmood<br>NIC # 42401-0374968-9                       | Sardar Muhammad          | 0.461  | 0.610             | 0.014  | 1.085   | -                     | 0.012                         | 0.610                                   | 0.622           |
| 12      | Khan Muhammad  | Khan Muhammad<br>NIC # 516-43-204262                          | S/o. Surkhor Khan        | 0.298  | 0.247             | 0.009  | 0.554   | 0.298                 | -                             | 0.247                                   | 0.545           |
| 13      | Aleem Sons   | Haleem Ghouri<br>Karim Ghouri                                 |                          | 121.095  | 93.173            | 0.885  | 215.153 | 93.133                | -                             | 94.058                                  | 187.191         |
| 14      | Rashid Ahmed Khan  | Rashid Ahmed Khan   | S/o. Basharat Khan       | 0.261  | 0.423             | 0.003  | 0.687   | 0.261                 | 0.294                         | 0.132                                   | 0.687           |
| 15      | Wali Rehman<br>D-63, Block-5,<br>Metrovill S.I.T.E.,<br>Karachi              | Wali Rehman<br>NIC # 42101-3929655-9                          | Ghafoor Khan             | 0.280  | 0.202             | 0.022  | 0.504   | 0.280                 | 0.043                         | 0.182                                   | 0.505           |
| 16      | Naqi Ahmed Khan  | Naqi Ahmed Khan<br>NIC # 506-58-234326                        |                          | 0.303  | 0.249             | 0.033  | 0.585   | 0.303                 | 0.033                         | 0.249                                   | 0.585           |
| 17      | Dr. Nadeem Qamar<br>F 14, Block-4,<br>Karachi                                | Dr. Nadeem Qamar<br>NIC # 451-58-019917                       |                          | 0.400  | 2.850             | 0.210  | 3.460   | -                     | -                             | 2.244                                   | 2.244           |
| 18      | Metro Garments<br>X-2/A, S.I.T.E.,<br>Manghopir Road,<br>Karachi             | Hanif R Rajwani<br>Farooq R Rajwan<br>Iqbal R Rajwani         |                          | 83.287   | 21.649            | -      | 104.936 | 49.879                | -                             | 21.649                                  | 71.528          |

(Rupees in million)

| Sr. No. | Name & Address of the Borrower  | Name of individuals/ Partners/Directors with NIC. No.                     | Father's/ Husband's Name | Outstanding Liabilities at beginning of the year |                   |        |        | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11) |
|---------|---|---|--------------------------|--|-------------------|--------|--------|-----------------------|-------------------------------|---|-----------------|
|         |   |   |                          | Principal  | Interest/ Mark-up | Others | Total  |                       |                               |   |                 |
| 1       | 2   | 3   | 4                        | 5  | 6                 | 7      | 8      | 9                     | 10                            | 11                                      | 12              |
| 19      | J.V.T. Computer   | Joseph V Thomson<br>NIC # 517-94-039368                                   |                          | 3.935  | 4.310             | 0.234  | 8.479  | -                     | -                             | 3.653                                   | 3.653           |
| 20      | A. J. Soap<br>C-2, S.I.T.E.,<br>North Karachi   | Zulfiqar Hussain<br>Iftikhar Hussain<br>NIC # 502-60-473503               |                          | -  | 4.505             | 0.237  | 4.742  | -                     | -                             | 3.501                                   | 3.501           |
| 21      | Myco Industries<br>Plot # 34, Sec. 28,<br>Korangi Ind. Area,<br>Karachi                   | Babar Younus<br>Junaid Younus   |                          | 49.067   | 21.163            | 1.310  | 71.540 | 39.575                | 2.935                         | 19.538                                  | 62.048          |
| 22      | Ruby Enterprise   | Shamim Ara<br>NIC # 502-36-204804   |                          | 0.419  | 1.608             | 0.010  | 2.037  | -                     | 0.230                         | 1.608                                   | 1.838           |
| 23      | Z. H. Enterprises   | Abdul Haseeb<br>Mehtar Jahan<br>NIC # 501-19-321419                       |                          | 0.219  | 2.698             | -      | 2.917  | -                     | -                             | 2.520                                   | 2.520           |
| 24      | M. Y. Bajwa & Co  | M.Younus Bajwa  |                          | 5.586  | 11.944            | -      | 17.530 | 2.961                 | 1.809                         | 10.135                                  | 14.905          |
| 25      | Arshad<br>3540, Singho Lane,<br>Layari, Karachi   | Arshad<br>NIC # 809-00-003568   | Sardar Muhammad          | 0.253  | 0.243             | 0.047  | 0.543  | 0.253                 | 0.047                         | 0.243                                   | 0.543           |
| 26      | Terry Pak Trading Co.   | Babar Younus  |                          | 1.502  | 3.381             | -      | 4.883  | 0.902                 | 0.510                         | 2.878                                   | 4.290           |
| 27      | Saqiba Textiles   | Mohiuddin   |                          | 3.400  | 4.440             | 0.414  | 8.254  | 2.555                 | 1.010                         | 3.838                                   | 7.403           |
| 28      | Muhammad Ibrahim &<br>Co. (Pvt) Ltd.<br>S.I.T.E., Karachi                                 |   |                          | 21.708   | 6.599             | 0.062  | 28.369 | 4.355                 | 0.062                         | 6.599                                   | 11.016          |
| 29      | Ramzan<br>B-5, Kehkashan Society,<br>Malir Halt, Karachi                                  | Ramzan  | Hassan Muhammad          | 0.165  | 0.525             | 0.015  | 0.705  | -                     | 0.100                         | 0.439                                   | 0.539           |
| 30      | Khurshheed Trading Co<br>16A, 1/C, Fl-a,<br>Al-syed Arcade,<br>Karachi                    | S. Khurshheed<br>S. Abdul Mannan<br>S. Arshad Jamil<br>NIC # 518-85379040 |                          | -  | 0.639             | 0.025  | 0.664  | -                     | -                             | 0.597                                   | 0.597           |
| 31      | Al-fazal Motors<br>217-A/2, P.E.C.H.S.,<br>Karachi  | Fazal Muhammad  |                          | 3.613  | 1.252             | 0.033  | 4.898  | -                     | 0.283                         | 0.941                                   | 1.224           |
| 32      | Muhammad Abbas (Late)   | Muhammad Abbas<br>NIC # 42301-101407-1                                    | Amir Haider              | 0.294  | 0.518             | 0.035  | 0.847  | 0.294                 | 0.035                         | 0.518                                   | 0.847           |
| 33      | Spark Fashion<br>173-Z, Block-2,<br>P.E.C.H.S.,<br>Karachi                                | Ishtiq Ahmed<br>NIC # 42201-51-124260                                     |                          | 0.790  | 1.078             | -      | 1.868  | -                     | -                             | 0.960                                   | 0.960           |
| 34      | Prime Business<br>C-161, Sec. 6B,<br>North Karachi  | Dr. Shoukat<br>NIC # 466-51-124260  |                          | 1.342  | 4.321             | 0.165  | 5.828  | 0.300                 | 1.132                         | 3.189                                   | 4.621           |
| 35      | Manzoor Hussain Late<br>Memon R/O Flat # 7/A<br>Al-amna Plaza Jahangir<br>Road Hyderabad. | Manzoor Hussain Memon<br>NIC # 453-52-169695                              | Faiz Muhammad            | 0.400  | 0.214             | 0.031  | 0.645  | 0.400                 | 0.065                         | 0.180                                   | 0.645           |
| 36      | Roopchand<br>R/O Ward 72, Malhi<br>Paro Khipro  | Roopchand<br>NIC # 485-90-009743  | Hamraj                   | 0.560  | 1.884             | 0.310  | 2.754  | 0.652                 | -                             | 1.402                                   | 2.054           |

(Rupees in million)

| Sr. No. | Name & Address of the Borrower                                  | Name of individuals/ Partners/Directors with NIC. No.  | Father's/ Husband's Name  | Outstanding Liabilities at beginning of the year |                   |        |         | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11) |
|---------|---|--|---|--|-------------------|--------|---------|-----------------------|-------------------------------|---|-----------------|
|         |   |  |   | Principal  | Interest/ Mark-up | Others | Total   |                       |                               |   |                 |
| 1       | 2   | 3  | 4   | 5  | 6                 | 7      | 8       | 9                     | 10                            | 11                                      | 12              |
| 37      | Farco Plastic Industries  | Ehsan Ahmed  | Mushtaq Ahmed   | 1.473  | 2.957             | 0.198  | 4.628   | -                     | 0.507                         | 2.184                                   | 2.691           |
| 38      | Mohsin & Junaid Construction Co.                                | Ghulam Qadir   | Haji Muhammad Siddique  | 2.199  | 1.704             | -      | 3.903   | -                     | -                             | 0.935                                   | 0.935           |
| 39      | Haque Bahoo Trading Company                                     | Muhammad Ibrahim   | Haji Faiz Muhammad  | -  | 0.549             | 1.127  | 1.676   | -                     | 0.250                         | 1.127                                   | 1.377           |
| 40      | Ruby Rice Mills   | Haji Mehboob Ali   | Muhammad Saleh  | 2.994  | 127.315           | 0.927  | 131.236 | 0.114                 | 0.645                         | 127.597                                 | 128.356         |
| 41      | Khaira Textile Mills  | 1. Mst.Naseem Akhtar Naz<br>NIC # 333-47-153067<br>2. Mr. Waheed Anwar<br>NIC # 359-92-356159  | M. Iqbal Naz<br><br>Muhammad Anwar  | 1.861  | 3.046             | 0.130  | 5.037   | 1.860                 | 0.500                         | 2.406                                   | 4.766           |
| 42      | Chem Pak (Pvt) Ltd.   | 1. Mr.Saeed Ahmed Qureshi<br>NIC # 346-60-241189<br>2. Mr.Sajjad Zahoor Qureshi<br>NIC # 518-51-019545.<br>3. Mr. Shazia Zahoor<br>NIC # 518-61-561345.<br>4. Mst. Yasmeen Haleem.   | Abdul Qayyum Qureshi<br><br>M. Zahoor-ul-Haq<br><br>Sajjad Zahoor<br><br>Abdul Qayyum Qureshi                                   | 1.282  | 2.543             | 0.109  | 3.934   | -                     | -                             | 1.906                                   | 1.906           |
| 43      | Naeem Enterprises Cold Storage Chak No.56/5-L G.T. Road Sahiwal | Naeem Ahmed Khan<br>NIC # 333-55-027845<br>Amtal Aziz<br>NIC # 333-49-111334<br>Mehrab Gul Khan<br>NIC # 3333-90-094801  | Nazir Ahmed Khan<br><br>D/o Abdul Majeed<br><br>Zaffarullah Khan  | 1.398  | 3.027             | 0.152  | 4.577   | 0.904                 | -                             | 2.518                                   | 3.422           |
| 44      | Yousaf Zai (Pvt) Ltd 11 Km Bahawalnagar Haveli Road Minchanabad | Abdul Razzaq Khan<br>NIC # 333-58-062242<br>Mst Zubaida Begum<br>NIC # 333-93-210705<br>Mst Hassan Askari<br>NIC # 501-33-519818<br>Mst Shahtaj Askari<br>NIC # 501-39-519819<br>Mst Anwar Begum<br>NIC # 333-36-059121                                      | Muhammad Iqbal<br><br>W/o Abdul Razzaq<br><br>Azmat Hussain<br><br>W/o Hassan Askari<br><br>W/o Ghulam Mustafa                  | 6.941  | 9.694             | 0.147  | 16.782  | 2.941                 | 0.147                         | 9.693                                   | 12.781          |
| 45      | Unimilk (Pvt)Ltd Depalpur Road Okara                            | Muhammad Asghar<br>NIC # 340-60-310002<br>Mst Robina Abbas<br>NIC # 340-28-480587<br>Yasmin Abdul Sattar<br>NIC # 340-56-108032<br>Ch Fateh Muhammad<br>NIC # 340-28-140317<br>Nabeel A Sheikh<br>NIC # 340-89-083065<br>Anjum Gulzar<br>NIC # 340-90-484999 | Ch Abdul Rasheed<br><br>W/o Ghulam Abbas<br><br>W/o Abdul Sattar<br><br>Ahmed Din<br><br>Muhammad Ashraf<br><br>Muhammad Gulzar | 4.820  | 8.102             | 0.186  | 13.108  | 4.060                 | 0.690                         | 7.594                                   | 12.344          |
| 46      | Breez Cosmetic & Perfum 22-C, Auto Plaza, C.D.A. Multan         | Maqsood Ahmad Mirza<br>Ward # 7, Madina Colony, Multan<br>NIC # 322-87-090692  | Mirza Yaqoob Baig   | 0.495  | 0.755             | 0.009  | 1.259   | 0.460                 | 0.057                         | 0.703                                   | 1.220           |
| 47      | Hussan Woolen Mills 7-C, Industrial Estate Multan               | Kh. Muzaffar ud Din<br>Muhammad Tariq<br>Muhammad Khalid   | Muhammad Hasan Din  | 10.074   | 20.820            | 0.965  | 31.859  | 3.001                 | 3.342                         | 18.443                                  | 24.786          |

(Rupees in million)

| Sr. No. | Name & Address of the Borrower  | Name of individuals/ Partners/Directors with NIC. No.   | Father's/ Husband's Name   | Outstanding Liabilities at beginning of the year |                   |        |        | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11) |
|---------|---|---|--|--|-------------------|--------|--------|-----------------------|-------------------------------|---|-----------------|
|         |   |   |  | Principal  | Interest/ Mark-up | Others | Total  |                       |                               |   |                 |
| 1       | 2   | 3   | 4  | 5  | 6                 | 7      | 8      | 9                     | 10                            | 11                                      | 12              |
| 48      | Mubarak Textile Mills<br>20 Km., Feroze Pura Road, Lahore   | Mubarak Ahmad Rehen Ahmad<br>Muzafar Ahmad<br>Mst. Amtas Saleem<br>Alias Seema Qamar<br>Abdul Aziz<br>Abdul Shakoore<br>Maki Amjam  | Sh. Fazal Rehman<br>Mubarak Ahmad<br>Mubarak Ahmad<br>W/o Ahmed Faraz<br><br>Abdul Saleem<br>Abdul Qadoos<br>Abdul Rahim                 | 50.382   | 39.267            | 0.100  | 89.749 | 44.940                | -                             | 39.367                                  | 84.307          |
| 49      | Umer Engineering (I) 2/10, M Block Gulberg-III, Lahore  | Tariq Razaq<br>Fazal Mehmood<br>Khalid Razaq<br>Abdul Razaq<br>Mst.Khurshad Begum<br>Rukhsana Razaq   | Abdul Razaq<br>Fazal Ellahi<br>Abdul Razaq<br>Munshi Khan<br>W/o Abdul Razaq<br>W/o Abdul Razaq  | 0.998  | 0.851             | 0.015  | 1.864  | -                     | -                             | 0.763                                   | 0.763           |
| 50      | Yousaf Fabrics<br>Thana Chowk Mailsi Distt.Vehari   | Ch. Muhammad Yasin<br>Ch. Muhammad Tahir<br>Thana Chowk Mailsi Distt.Vehari   | Muhammad Yousaf<br>Muhammad Hassan   | 1.718  | 1.859             | 0.355  | 3.932  | 1.443                 | 0.900                         | 1.319                                   | 3.662           |
| 51      | Mehmood Cotton Fabrics<br>Fazal Pur Khanewal Road Multan.   | Dr. Abida Tariq<br>20 - Askari Villas Shamsi Road Lahore Cantt.   | W/o Tariq Masood   | 1.670  | 6.843             | 1.299  | 9.812  | -                     | 4.156                         | 2.102                                   | 6.258           |
| 52      | Mashallah Cotton Factory  | Ghulam Rasool   | Mian Jumma   | 2.635  | 0.871             | 0.340  | 3.846  | 1.217                 | 0.691                         | 0.929                                   | 2.837           |
| 53      | Azmat Weaving Mill  | M. Hafeez Azmat Sh.<br>Hameed Azmat Sh.<br>Tariq Azmat Sh.<br>Khalid Azmat Sh.<br>Old Punjab National Sick Mills & Building<br>Mumtazabad Multan  | Azmatullah Sh.<br>Azmatullah Sh.<br>Azmatullah Sh.<br>Azmatullah Sh.   | 7.313  | 12.618            | 0.073  | 20.004 | 0.230                 | -                             | 12.691                                  | 12.921          |
| 54      | Al-Karim Cotton & Oil Factory<br>Totyapur Road Multan.  | Hasnain Ahmed Khan<br>Tariq Tanveer Lagari<br>Ishaq Khan Changwani<br>Naeem Ullah Khan<br>Laghari<br>Mouza Gadai D.G.Khan   | Manzoor Ahmed<br>Muhammad Afzal<br>Sardar Fazal Ahmed<br>Muhammad Amanullah  | 2.017  | 1.644             | 0.057  | 3.718  | -                     | -                             | 1.157                                   | 1.157           |
| 55      | Ali Textile (Jhang) Limited<br><br>Old: 210 Upper Mall, Lahore.<br><br>New: 23 Jail Road, Lahore. | Zulfiqar Ali Bokhari<br>Sheharyar Ali Bokhari<br>Mrs.Tehmeena Zulfiqar Ali<br>Mrs. Saima Ali Bokhari<br>Iftikhar Ali Bokhari<br>NIC # 259-90-203525<br>Ch. Asghar Ali<br>Ch. Muhammad Ali | Syed Mubarak Ali Shah<br>Syed Zulfiqar Ali Bokhari<br>W/o Zulfiqar Ali Bokhari<br><br>W/o Sheharyar Ali Bokhari<br>Syed Mubarak Ali Shah | 12.600   | 29.107            | 0.145  | 41.852 | 6.600                 | -                             | 29.252                                  | 35.852          |
| 56      | United Engineers<br>63-Chenab Market, Madina Town, Faisalabad.                                    | Mushtaq Ahmed Khan<br>NIC # 244-88-471513<br><br>Zahid Hussain<br>Mst. Zaib-un-Nisa   | Hasham Ali Khan<br><br>Hasham Ali Khan<br>D/o Hasham Ali Khan  | -  | -                 | 1.308  | 1.308  | -                     | -                             | 0.654                                   | 0.654           |

(Rupees in million)

| Sr. No. | Name & Address of the Borrower   | Name of individuals/ Partners/Directors with NIC. No.   | Father's/ Husband's Name  | Outstanding Liabilities at beginning of the year |                   |        |         | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11) |
|---------|--|---|---|--|-------------------|--------|---------|-----------------------|-------------------------------|---|-----------------|
|         |  |   |   | Principal  | Interest/ Mark-up | Others | Total   |                       |                               |   |                 |
| 1       | 2  | 3   | 4   | 5  | 6                 | 7      | 8       | 9                     | 10                            | 11                                      | 12              |
| 57      | Pride Spinning Mills Private Limited<br>Mills: 35 Km, Sheikhpura Road, Faisalabad.<br>Office: 90-Qasim Road, Multan Cantt. | Dr. Khalid Ahmad Khokhar<br>NIC # 322-58-696472<br>Shahid Nasem Khokhar<br>NIC # 323-66-509405<br>Zubair Ahmad Khokhar<br>NIC # 322-91-888466   | Hazur Baksh Khokhar<br><br>Naseem Hussain Khokhar<br>Hazur Baksh Khokhar  | 183.212  | 180.153           | -      | 363.365 | 77.573                | 156.002                       | 24.160                                  | 257.735         |
| 58      | Al-khair Paper Products<br>18-K.M Multan Road, Lahore.   | Mian Abdul Khaliq<br>NIC # 273-47-029265<br>Mian Abdul Malik<br>NIC # 273-53-003407<br>Mian Abdul Wahid<br>NIC # 273-53-033880<br>Mian Abdul Razzaq<br>NIC # 273-88-029246<br>Mian Atta Ullah<br>NIC # 273-86-131806<br>Mst. Wazir Salma<br>NIC # 273-33-131805 | Mian Feroze Din<br><br>Mian Feroze Din<br><br>Mian Feroze Din<br><br>Mian Feroze Din<br><br>Mian Lal Din<br><br>Mian Atta Ullah | 4.915  | 3.508             | 0.581  | 9.004   | (0.885)               | 0.971                         | 2.333                                   | 2.419           |
| 59      | Sheikh Agro Industries<br>54 1st Floor Commercial Zone, Cavalary Ground, Lahore.   | Farooq Ahmed Sh.<br>NIC # 270-89-449536<br>Sh. Muhammad Iqbal<br>NIC # 266-51-153746<br>Sh. Pervez Akhtar<br>NIC # 266-89-153745<br>Sh. Muhammad Idress<br>NIC # 266-93-047055  | Muhammad Siddique<br><br>Muhammad Siddique<br><br>Muhammad Siddique   | 2.497  | 2.604             | 0.214  | 5.315   | -                     | -                             | 0.815                                   | 0.815           |
| 60      | Saki Ice Factory & Oil Mills<br>28-K.M Raiwind Road, Lahore.   | Fazal Ahmad Syed<br>NIC # 35202-6297664-7<br>Naushad Mehmood Khan<br>NIC # 277-85-366364  | Syed Shafi Ullah<br><br>Shamshad Mehmood Khan   | 3.176  | 8.861             | 0.343  | 12.380  | 0.484                 | 1.770                         | 7.434                                   | 9.688           |
| 61      | A.M. Breeders (Pvt) Ltd.<br>5-K.M Sooa Asal Road, Kasur.   | Dr. Farrukh Naëem<br>NIC # 35202-2616409-5<br>Irfan Ul Haq<br>NIC # 272-85-039264<br>Rehana Masood<br>NIC # 212-91-291470   | Muhammad Amin<br><br>Ahmad Saeed<br><br>Masood Zafar  | 10.262   | 2.606             | 0.758  | 13.626  | 6.272                 | 0.808                         | 2.556                                   | 9.636           |
| 62      | Pak Ariston Engineering<br>218-4B Multan Road, Saidpur, Lahore.  | Mirza Shahid Baig<br>NIC # 35202-9101416-1  | Mirza Rauf Baig   | 6.848  | 5.673             | 0.590  | 13.111  | 0.320                 | 2.357                         | 3.906                                   | 6.583           |
| 63      | Zamindara Paper & Board Mills (Pvt) Ltd.<br>113-Latif Centre, 101-Ferozepur Road, Lahore.                                  | Abdul Shakoor Athar<br>NIC # 270-92-470135<br>Abdul Hameed Ch.<br>NIC # 272-87-257415<br>Sadiqa Hameed<br>NIC # 244-42-446126<br>Abdul Rauf<br>NIC # 244-88-446129  | Abdul Hameed Ch.<br><br>Ch. M. Fazal Dad<br><br>Abdul Hameed Ch.<br><br>Abdul Hameed Ch.  | 14.000   | 9.994             | 0.168  | 24.162  | 10.991                | -                             | 10.162                                  | 21.153          |
| 64      | Attock Board & Paper Mills (Pvt) Ltd.<br>Suite-27 Auriga Complex Main Boulevard Gulberg, Lahore.                           | Ittikhar Ahmed<br>NIC # 271-62-004854<br>Muhammad Rashid<br>NIC # 271-35-004851<br>M.Saeed Ahmed<br>NIC # 271-90-004857   | Mian M. Rashid<br><br>Muhammad Shafi<br><br>Mian M. Rashid  | 9.850  | 8.210             | 0.130  | 18.190  | 3.820                 |                               | 6.443                                   | 10.263          |
| 65      | Ittefaq Traders Rerolling Mills (Pvt) Ltd.<br>Lakhodar Road, Shalimar Town, Lahore.  | Muhammad Nadeem<br>Not Available<br>Muhammad Saleem<br>NIC # 35201-0787034-7<br>Muhammad Naëem<br>NIC # 35201-1339763-7   | Haji Munir Hussain (Late)<br><br>Haji Munir Hussain (Late)<br><br>Haji Munir Hussain (Late)                                     | 4.965  | 7.477             | 0.136  | 12.578  | -                     | -                             | 5.779                                   | 5.779           |

(Rupees in million)

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|---------|--|---|---|--|-------------------|--------|--------|-----------------------|-------------------------------|---|-----------------|
|         |  |   |   | Principal  | Interest/ Mark-up | Others | Total  |                       |                               |   |                 |
| 1       | 2  | 3   | 4   | 5  | 6                 | 7      | 8      | 9                     | 10                            | 11                                      | 12              |
| 66      | Baba Fareed Ghee Industries (Pvt) Ltd.<br>6 Km Okara Faisalabad Road,<br>Okara.                    | Fahim Haider<br>NIC # 340-48-190966<br>Masued-ul-haq<br>NIC # 273-45-033168<br>Mushtaq Ahmad<br>NIC # 340-30-191930   | Ch. Ghulam Haider<br><br>Ch. Rehmat Ali<br><br>Ch. Noor Ahmad   | -  | 7.017             | 0.250  | 7.267  | -                     | -                             | 7.267                                   | 7.267           |
| 67      | PAKOBEL<br>70 Shah Jamal<br>Lahore.  | Muhammad Ali<br>NIC # 35202-2526435-1<br>Ehsan Qadir<br>NIC # 271-85-047904   | Muhammad Iqbal Haider<br><br>Muhammad Iqbal Haider  | 1.215  | 3.068             | 0.169  | 4.452  | -                     | -                             | 1.451                                   | 1.451           |
| 68      | Cotton Trends (Pvt) Ltd.<br>Defence Road Off<br>Raiwind Road,<br>Opposite Monnoo Mills<br>Lahore.  | Ch. Abdul Hameed<br>NIC # 35201-1338235-3<br>Fawad Ishaq<br>NIC # 271-88-065664<br>Mrs. Iffat Raza<br>NIC # 501-62-679230   | Ch. Atta Muhammad<br><br>Muhammad Ishaq<br><br>Ahmed Raza   | 3.003  | 5.837             | 0.500  | 9.340  | -                     | -                             | 5.340                                   | 5.340           |
| 69      | Dera Oil Mills (Pvt) Ltd.<br>13-R Phase-ii D.H.A<br>Lahore Cantt.                                  | Ch. Jamil Ahmad<br>NIC # 514-85-130063<br>Mrs. Aneeta Seest<br>Foreign National   | Muhammad Jamil<br><br>W/o Ch. Jamil Ahmad   | 2.600  | 5.523             | 0.195  | 8.318  | -                     | -                             | 3.319                                   | 3.319           |
| 70      | Dera Flour Mills (Pvt) Ltd.<br>13-R Phase-ii D.H.A<br>Lahore Cantt.                                | Ch. Jamil Ahmad<br>NIC # 514-85-130063<br>Mrs. Aneeta Seest<br>Foreign National   | Muhammad Jamil<br><br>W/o Ch. Jamil Ahmad   | 4.243  | 4.496             | 0.769  | 9.508  | -                     | 0.981                         | 0.660                                   | 1.641           |
| 71      | Ahmed Chemical Industries Ltd.<br>64-Ground Floor,<br>WAPDA House,<br>Lahore.                      | Aftab Ahmed Khan<br>NIC # 270-30-112112<br>Jehan Ara Khan<br>NIC # 270-39-297887<br>Mah Jabeen<br>NIC # 270-86-425907<br>Sabi Ud Din<br>NIC # 270-51-050204<br>Iqbal Ahmed Khan<br>NIC # 270-50-346310<br>Muhammad Aftab Ahmed<br>NIC # 270-61-112113<br>Iram Aftab<br>NIC # 270-60-384581<br>Nighat Aftab<br>NIC # 270-93-485967 | Muhammad Iqbal Khan<br><br>Aftab Ahmed Khan<br><br>Saij Ud Din<br><br>Mian Salih Ud Din<br><br>Aftab Ahmed Khan<br><br>Aftab Ahmed Khan<br><br>Muhammad Aftab Ahmed<br><br>Aftab Ahmed Khan | 7.404  | 5.195             | -      | 12.599 | -                     | -                             | 2.899                                   | 2.899           |
| 72      | Malik Ghulam Asghar<br>H # 185 St.12 Mohalla<br>Dogarwala Guroo,<br>Mangat Gulberg-III,<br>Lahore. | Malik Ghulam Asghar<br>NIC # 253-88-458167  | Hakeem Malik Noor<br>Ahmed  | 0.224  | 0.518             | 0.062  | 0.804  | 0.225                 | 0.124                         | 0.456                                   | 0.805           |
| 73      | Transtech Limited<br>108 Ahmed Block,<br>New Garden Town,<br>Lahore.                               | Athar Maqbool<br>NIC # 32202-0544083-3<br>Rab Nawaz Khan<br>NIC # 36602-4501375-5<br>Muhammad Aslam Khan<br>Khichi<br>NIC # 325-54-002873<br>Gul Hassan Khan<br>NIC # 36602-5345564-1<br>Rana Allah Ditta<br>NIC # 33104-2110789-3<br>Abdul Qadeer Chaudhry<br>NIC # 270-78-534679<br>Muhammad Akram<br>NIC # 36303-7466097-5     | Ch. Maqbool Ahmed<br><br>Muhammad Khan<br><br>Sher Muhammad Khan<br><br>Muhammad Khan<br><br>Rana Khadim Hussain<br><br>Siddique Ahmed Ch.<br><br>Haji Hayat Muhammad                       | 10.985   | 5.604             | 0.221  | 16.810 | -                     | -                             | 5.503                                   | 5.503           |

(Rupees in million)

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|---------|--|---|---|--|-------------------|--------|--------|-----------------------|-------------------------------|---|-----------------|
|         |  |   |   | Principal  | Interest/ Mark-up | Others | Total  |                       |                               |   |                 |
| 1       | 2  | 3   | 4   | 5  | 6                 | 7      | 8      | 9                     | 10                            | 11                                      | 12              |
| 74      | Aman Fabrics (Pvt) Ltd. 52-J, Model Town, Lahore.  | Intikhab Alam<br>NIC # 35202-2970541-3<br>Nayyar Iqbal Khan<br>Not available<br>Khalida Aman<br>Not available<br>Yasmin Nayyar<br>Not available | Naseer ud din Khan<br><br>Not available<br><br>Not available<br><br>Nayyar Iqbal Khan | 5.000  | 9.173             | 0.159  | 14.332 | 1.940                 |                               | 9.332                                   | 11.272          |
| 75      | Home Worthy Pannels (Pvt) Ltd. Katar Band Road Niaz Baig Thokar Off Multan Road, Lahore.             | Shakeel Ahmed<br>NIC # 271-85-008153<br>Mrs. Nasim Ahmed<br>NIC # 35202-9310905-8   | Aziz Ahmed<br><br>W/o Hafiz Aziz Ahmed  | 2.523  | 3.901             | 0.135  | 6.559  | -                     | -                             | 2.279                                   | 2.279           |
| 76      | Saleem Mehmood 239 Mlcchs, Lahore Cantt.   | Saleem Mehmood<br>NIC # 274-48-043950   | Riaz ul Haq   | 0.452  | 0.382             | -      | 0.834  | 0.452                 | 0.096                         | 0.287                                   | 0.835           |
| 77      | Asif Pervaiz   | Asif Pervaiz<br>NIC # 35202-9139917-1   | Sarfraz Hussain   | 0.262  | 0.345             | 0.011  | 0.618  | 0.262                 | 0.130                         | 0.226                                   | 0.618           |
| 78      | Naseer Ahmed   | Naseer Ahmed<br>NIC # 265-87-248138   | Lal Din Butt  | 0.294  | 0.382             | 0.011  | 0.687  | 0.294                 | 0.129                         | 0.264                                   | 0.687           |
| 79      | Muhammad Ashraf  | Muhammad Ashraf<br>NIC # 295-50-125636  | M. Siddique   | 0.261  | 0.390             | 0.013  | 0.664  | 0.261                 | 0.152                         | 0.251                                   | 0.664           |
| 80      | Javed Ali  | Javed Ali<br>NIC # 35401-4056234-1  | Rehmet Ali  | 0.345  | 0.319             | 0.010  | 0.674  | 0.345                 | 0.073                         | 0.257                                   | 0.675           |
| 81      | Wajid Ali  | Wajid Ali<br>NIC # 295-80-142701  | Muhammad Munir  | 0.362  | 0.319             | 0.011  | 0.692  | 0.362                 | 0.060                         | 0.270                                   | 0.692           |
| 82      | Shahid Steel & Hardware Corporation 13-E, Qazzafi Market, Brandreth Road, Lahore.                    | Mr.Arshad Mahboob (Sole proprietorship)<br>NIC # not available.   | Sh.Muhammad Nazir Nazir   | 0.050  | 0.467             | 0.018  | 0.535  | 0.050                 | 0.053                         | 0.432                                   | 0.535           |
| 83      | Azhar & Brothers 69-Circular Road, Lahore.   | Mr.Azhar Javeed<br>NIC # 275-90-123245<br>Sole Proprietor.  | Nazir Muhammad  | 0.300  | 0.423             | 0.107  | 0.830  | -                     | 0.041                         | 0.489                                   | 0.530           |
| 84      | Mushtaq Hussain H.No. 5 St. No. 34 Afzal Road Sultan St. Usman Gunj Sada Kalan, Lahore.              | Mushtaq Hussain<br>NIC # 272-91-525417  | Shabbir Hussain   | 0.257  | 0.247             | 0.001  | 0.505  | 0.257                 | 0.092                         | 0.156                                   | 0.505           |
| 85      | Malik Muhammad Aslam H.No. 5, St. No. 1 Sartaj Colony, Near Govt. Woman College Baghbanpura, Lahore. | Malik Muhammad Aslam<br>NIC # 267-31-074130   | Malik Muhammad Hussain  | 0.420  | 1.054             | 0.068  | 1.542  | 0.420                 | 0.060                         | 1.062                                   | 1.542           |
| 86      | Mian & Sons H.No. 23, Gali No. 4, Sultan Ahmed Road Ichra Lahore.                                    | Mian Bashir Hussain<br>NIC # 271-88--2-982  | Allah Ditta   | 0.340  | 0.519             | 0.040  | 0.899  | -                     | 0.083                         | 0.474                                   | 0.557           |
| 87      | Pakistan Cricket Board Gaddafi Stadium, Lahore.  | Chairman/<br>Lt.Gen.Tauqir Zia<br>NIC Not avaiable.   |   | -  | 9.427             | -      | 9.427  | -                     | 7.972                         | 1.454                                   | 9.426           |

(Rupees in million)

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|---------|---|---|---|--|-------------------|--------|--------|-----------------------|-------------------------------|---|-----------------|
|         |   |   |   | Principal  | Interest/ Mark-up | Others | Total  |                       |                               |   |                 |
| 1       | 2   | 3   | 4   | 5  | 6                 | 7      | 8      | 9                     | 10                            | 11                                      | 12              |
| 88      | Mohib Export Ltd.<br>8 K.M Manga Raiwind Road<br>Distt.Kasur.                             | Muhammad Asif Saigal<br>NIC # 270-57-006202<br>Muhammad Arif Saigal<br>NIC # 270-59-006203<br>Muhammad Abid Saigal<br>NIC # 270-62-006204<br>Muhammad Kamran Zali<br>Abdul Ahad Farooqi<br>Muhammad Nasrullah<br>NIC # 274-50-250728<br>Abdul Waheed Khalid | M. Rafiq Saigal<br><br>Muhammad Rafiq Saigal<br><br>Mian Muhammad Rafiq Saigal<br><br>Ch. Ghulam Ghous                    | -  | 7.862             | -      | 7.862  | -                     | -                             | 7.861                                   | 7.861           |
| 89      | Shabbir Ahmed<br>H.No. 8, St. No. 40,<br>Musafar Gali,<br>Krishan Nagar,<br>Lahore.       | Shabbir Ahmed<br>NIC # 273-43-117676  | M. Ismail   | 0.523  | 0.444             | 0.018  | 0.985  | 0.523                 | 0.180                         | 0.282                                   | 0.985           |
| 90      | Hem Travellers<br>112-Ghulam Hussain Park<br>Shad Bagh,<br>Lahore.                        | Hafiz Muhammad Younis<br>NIC # 35202-9476737-7<br>Mehtab Alam<br>NIC # 35202-2337739-7<br>Ejaz-ur-Rehman<br>NIC # 35202-2317549-9   |   | -  | 1.080             | 0.145  | 1.225  | -                     | 0.232                         | 0.879                                   | 1.111           |
| 91      | Javed Ahmed<br>H.No.3 St.30 Main Road<br>Sultan Pura Lahore.                              | Javed Ahmed<br>267-89-212702  | Habib Ullah Khan  | 0.380  | 0.365             | 0.001  | 0.746  | 0.380                 | 0.041                         | 0.324                                   | 0.745           |
| 92      | Alveena Jehangir<br>66-A Mian Aziz Din<br>Road Sanda Lahore.                              | Alveena Jehangir<br>NIC # 276-85-351522   | Muhammad Jehangir   | 0.464  | 0.366             | 0.006  | 0.836  | 0.283                 | 0.225                         | 0.147                                   | 0.655           |
| 93      | Shishmahal Hosierey<br>& General Mill<br>29-Ravi Road Lahore.                             | Naveed Sarwar<br>Not available  | Muhammad Sarwar   | 1.092  | 3.552             | 0.014  | 4.658  | 1.092                 | -                             | 3.566                                   | 4.658           |
| 94      | Madina Rubber Inds.<br>78-B, Bagh Lahore.   | Hafiz Muhammad Younis<br>Not available  | Muhammad Sharif   | 1.425  | 4.945             | 0.051  | 6.421  | 1.018                 |                               | 4.996                                   | 6.014           |
| 95      | Shishmahal Textile Mill   | Naveed Sarwar<br>Not available  | Muhammad Sarwar   | 0.644  | 1.843             | 0.028  | 2.515  | 0.644                 | -                             | 1.871                                   | 2.515           |
| 96      | Imtiaz Cold. Storage.<br>Shadipura Band Road<br>Lahore                                    | Malik Imtiaz Khaliq<br>267-35-359696<br>Shadipura Band Road<br>Lahore   | Haji Muhammad Ismail  | 2.574  | -                 | 0.069  | 2.643  | 1.552                 | -                             | -                                       | 1.552           |
| 97      | Rauf & Sons Engineering<br>(Pvt) Limited<br>Gardee Trust Building<br>Napier Rd.<br>Lahore | Abdul Rauf Khan<br>NIC # 35202-2489425-3<br>Mrs. Tasneem Rauf<br>NIC # 35202-7961055-2  | Abdul Ghani Khan<br><br>W/o Abdul Rauf Khan   | 7.037  | 4.659             | 0.106  | 11.802 | 0.240                 | -                             | 4.690                                   | 4.930           |
| 98      | Beltex (Pvt.) Ltd.<br>Grand Hotel & Towers  | Sh.Muhammad Anwar<br>NIC # 274-30-021334<br>Mrs.Safia Anwar<br>NIC # 274-37-021342<br>Sh.Anjum Anwar<br>NIC # 274-85-028564<br>Sh.Akbar Amin<br>NIC # 274-60-021337<br>Sh.Intikhab Anwar<br>NIC # 274-65-021339   | Sh. Muhammad Amin<br><br>W/o Sh. Muhammad Anwar<br>Sh. Muhammad Anwar<br><br>Sh. Muhammad Anwar<br><br>Sh. Muhammad Anwar | 22.311   | 21.323            | 0.159  | 43.793 | 3.236                 | -                             | 21.322                                  | 24.558          |

(Rupees in million)

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|---------|---|---|---|--|-------------------|--------|--------|-----------------------|-------------------------------|---|-----------------|
|         |   |   |   | Principal  | Interest/ Mark-up | Others | Total  |                       |                               |   |                 |
| 1       | 2   | 3   | 4   | 5  | 6                 | 7      | 8      | 9                     | 10                            | 11                                      | 12              |
| 99      | Maan Board Industry   | Amjad Pervaiz Maan<br>NIC # 35402-7325101-1<br>Ghulam Sarwar<br>NIC # 276-14-018355<br>Durrey Najaf<br>NIC # 35401-9423461-6  | Ghulam Sarwar Maan<br>Hasnain Khan Maan<br>W/o Amjad Pervaiz Maan                     | -  | 2.486             | 0.107  | 2.593  | -                     | 0.355                         | 2.238                                   | 2.593           |
| 100     | Sher Bahadur Rice & Ice Factory   | M. Aman ullah Khan<br>NIC # 296-90-387447<br>Muhammad Ikramullah<br>NIC # 296-65-3824487<br>Abdul Qayyum<br>NIC # 296-90-139501<br>Muzammal Aman<br>NIC # 296-90-552454 | Ch. Bahadur Ali Khan<br>Ch. Bahadur Ali Khan<br>Ihsanullah<br>Muhammad Amanullah Khan | 2.000  | 2.298             | 0.301  | 4.599  | -                     | 0.476                         | 2.123                                   | 2.599           |
| 101     | Muhammad Ashraf   | Muhammad Ashraf<br>NIC # 34301-3901536-9  | Muhammad Shafi  | 0.275  | 0.219             | 0.011  | 0.505  | 0.275                 | 0.086                         | 0.144                                   | 0.505           |
| 102     | Liaqat Ali  | Liaqat Ali<br>NIC # 34103-0538555-3   | Muhammad Sharif   | 0.465  | 0.506             | -      | 0.971  | 0.465                 | 0.072                         | 0.434                                   | 0.971           |
| 103     | Barkat Oil & Soap Factory   | Muhammad Idrees<br>NIC # 295-40-059617<br>Ghulam Rasool<br>NIC # 295-40136914   | Sh. Muhammad Suleman<br>Muhammad Sharif   | 1.834  | 2.744             | 0.117  | 4.695  | -                     | -                             | 2.355                                   | 2.355           |
| 104     | Rao Ghulam Qadir<br>Flat No.27, J-S<br>Headquarter,<br>Officer Apartment,<br>Shaheen<br>Road, Chaklala,<br>Rawalpindi | Rao Ghulam Qadir<br>NIC # 271-92-056393   | Rao Muhammad Qadeer   | 0.733  | 1.363             | 0.031  | 2.127  | -                     | 0.613                         | 0.936                                   | 1.549           |
| 105     | Zeb Gypsum<br>Ghari Muwaz Khan<br>Kohat.  | Jehanzeb Khan<br>NIC No.143-52-095227<br>Saleem Khan  | Abdul Haleem Khan<br>Khushaldil Khan  | 1.200  | 2.951             | -      | 4.151  | 0.588                 | -                             | 2.951                                   | 3.539           |
| 106     | Gul Rose Dairy<br>Farm Punj Pir<br>Distt: Swabi.  | Abdul Haleem Khan   | Gul Rose Khan   | 0.777  | 4.576             | 0.093  | 5.446  | -                     | -                             | 4.540                                   | 4.540           |
| 107     | Shamsher Security 1- A<br>modern Socity,Tipu<br>Sultan Road,Karachi   | Syed Tariq Ali Hashmi<br>NIC # 517-90-205723  | Iqtidar Ali Hashmi  | 0.426  | 1.285             | 0.041  | 1.752  | -                     | 0.394                         | 0.874                                   | 1.268           |
| 108     | Saifullah Readymade<br>Garments, Plot<br>No.44,Street No.7,1/9<br>Islamabad.  | Saifullah Khan<br>NIC # 101-91-455737   | Haji Gul Khan   | (0.584)  | 7.651             | 0.380  | 7.447  | -                     | 0.111                         | 4.475                                   | 4.586           |
| 109     | Saifullah Khan House<br>No. 21,Street No.22,F-<br>8/2, Islamabad.   | Saifullah Khan<br>NIC # 101-91-455737   | Haji Gul Khan   | (0.803)  | 7.299             | 0.415  | 6.911  | -                     | 0.628                         | 4.543                                   | 5.171           |
| 110     | Shaikh Agencies<br>Rawalpindiwala<br>Building,Sara<br>Road,Karachi.   | Shaikh M.Saleem<br>NIC # 517-38-012421  | M.Umar  | 2.349  | 13.839            | 0.195  | 16.383 | -                     | -                             | 13.839                                  | 13.839          |
| 111     | Badar & Brothers Noor<br>Market Saddar Road<br>Peshawar   | Ishaq Hussain   | N/A   | 2.270  | 3.280             | 0.042  | 5.592  | -                     | -                             | 1.664                                   | 1.664           |

(Rupees in million)

| Sr. No. | Name & Address of the Borrower   | Name of individuals/ Partners/Directors with NIC. No.   | Father's/ Husband's Name   | Outstanding Liabilities at beginning of the year |                   |        |         | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11) |
|---------|--|---|--|--|-------------------|--------|---------|-----------------------|-------------------------------|---|-----------------|
|         |  |   |  | Principal  | Interest/ Mark-up | Others | Total   |                       |                               |   |                 |
| 1       | 2  | 3   | 4  | 5  | 6                 | 7      | 8       | 9                     | 10                            | 11                                      | 12              |
| 112     | Naeem Enterprises<br>702, Stock Exchange Building, Karachi.                          | Naeem<br>NIC # 271-90-313149  | N/A  | 33.111   | 32.206            | 0.810  | 66.127  | -                     | -                             | 29.485                                  | 29.485          |
| 113     | Galaxy International<br>702, Stock Exchange Building, Karachi.                       | M. Nadeem<br>NIC # 501-86-416526  | N/A  | 27.841   | 28.108            | 0.794  | 56.743  | -                     | -                             | 25.299                                  | 25.299          |
| 114     | National Leather Craft Crafts, G - 02/B, Kashif Centre, Shahrah-e - Faisal, Karachi. | Rafiq A. Sattar<br>NIC # 512-91-072716  | Yousuf Shaikh  | 1.485  | 1.404             | 0.577  | 3.466   | 0.056                 | -                             | 1.404                                   | 1.460           |
| 115     | Alvi International<br>7-6, 7th Floor Rimpa Plaza M.A. Jinnah Road Karachi.           | M. Anis   | N/A  | 0.540  | 0.548             | 0.016  | 1.104   | 0.390                 | 0.045                         | 0.503                                   | 0.938           |
| 116     | Argus Knitwear Pvt. Ltd.   | Mahmud Ansari<br>NIC # 502-49-431378<br>Maqsood Ahmed Ansari<br>NIC # 514-88-145281<br>Syed Ziauddin Ishaq<br>NIC # 516-49-139799<br>Syed Mohammad Hamid<br>NIC # 502-32-521010   | Masood Ahmed Ansari (Late)<br>Masood Ahmed Ansari (Late)<br>Syed Ishaq<br>Syed Mohammad Tahir  | 32.142   | 4.102             | 7.576  | 43.820  | 11.142                | -                             | 11.678                                  | 22.820          |
| 117     | Envicrete Limited  | Shahid Afridi<br>NIC # 517-50-031283<br>Jawad Afridi<br>NIC # 517-74-150948<br>Sultan Ul Arfeen<br>NIC # 517-33-150957<br>Ejaz Ul Arfeen  | Sultan ul Arfeen<br>Ferozz ul Arfeen<br>Ferozz ul Arfeen   | 52.433   | 38.941            | 1.181  | 92.555  | 14.454                | -                             | 40.122                                  | 54.576          |
| 118     | Information System Associates Ltd.   | Kunwar Idrees<br>NIC # 510-33-141962<br>Samiullah Bajwa<br>NIC # 277-53-53100<br>Yawar Abbas Jilani<br>NIC # 136-87-006386<br>Omar Abbas Jilani<br>NIC # 101-67-607314<br>Muneer Nawaz<br>NIC # 277-47-070839<br>Chaudhry Mahmood Nawaz<br>NIC # 514-35-019528<br>Chaudhry Mohammad Khalid<br>NIC # 517-33-193694<br>Chaudhry Mohammad Naeem<br>NIC # 517-40-193361 | Chaudhry Aziz Ahmed<br>Rahmatullah Bajwa<br>Saleem Abbas Jilani<br>Saleem Abbas Jilani<br>Chaudhry Shah Nawaz<br>Chaudhry Shah Nawaz<br>Chaudhry Mohammad Sharif<br>Chaudhry Mohammad Sharif | 10.262   | 5.922             | 3.288  | 19.472  | -                     | -                             | 7.676                                   | 7.676           |
| 119     | Siftaq International Limited   | Tashfin I. Haq<br>Shaheen Haq<br>Izhar-ul-haq<br>Ambreen Haq (Mrs)<br>Jamila Anwar (Mrs)<br>Muhammad Pindar   |  | 80.463   | 23.615            | 0.616  | 104.694 | 72.030                | 0.616                         | 23.615                                  | 96.261          |

(Rupees in million)

| Sr. No. | Name & Address of the Borrower      | Name of individuals/ Partners/Directors with NIC. No.  | Father's/ Husband's Name   | Outstanding Liabilities at beginning of the year |                   |         |         | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11) |
|---------|-------------------------------------|--|--|--|-------------------|---------|---------|-----------------------|-------------------------------|---|-----------------|
|         |                                     |  |  | Principal  | Interest/ Mark-up | Others  | Total   |                       |                               |   |                 |
| 1       | 2                                   | 3  | 4  | 5  | 6                 | 7       | 8       | 9                     | 10                            | 11                                      | 12              |
| 120     | Anoud Power Generation              | Shabir Ahmed Jumani<br>NIC # 516-24-121850<br>Tasveer Ahmed Jumani<br>NIC # 516-52-060678<br>Shireen Jumani (Mrs)<br>NIC # 517-90-218396<br>Jawaid Ahmed Jumani<br>NIC # 516-90-162651<br>Azra Jumani (Mrs)<br>NIC # 516-93-372196<br>Tatheer Jumani<br>NIC # 516-54-162650<br>Ashraf Khatton (Mrs)<br>NIC # 516-30-162602 | Mir Mohammad Jumani<br><br>Shabir Ahmed Jumani<br><br>Tasveer Ahmed Jumani<br><br>Shabir Ahmed Jumani<br><br>Jawaid Ahmed Jumani<br><br>Shabir Ahmed Jumani<br><br>Shabir Ahmed Jumani | 367.045  | 160.692           | -       | 527.737 |                       | -                             | 16.500                                  | 16.500          |
| 121     | Fauji Oil Terminal & Dist. Co. Ltd. | Fauji Foundation Can<br>Americal Holding Co.<br>Asian Development Bank<br>NDFC<br>BEL  |  | -  | -                 | 24.204  | 24.204  | -                     | -                             | 9.681                                   | 9.681           |
| 122     | Sheikhoo Cooking Oil Mills Ltd      | Jehangir Ibrahim Khan<br>Malik Attaullah<br>Mohammad<br>Malik Saeed Khan<br>Mrs. Nuzhat Jehangir   | Muhammad Ibrahim Khan<br>Yar Muhammad<br><br>Yar Muhammad<br>Jehangir Ibrahim Khan   | 43.000   | 64.043            | 1.211   | 108.254 | 32.258                |                               | 65.254                                  | 97.512          |
| 123     | Obero Textile Mills Limited         | Amjad Habib Oberoi<br>Tariq Habib Oberoi<br>Mrs.Munawar Iqbal  | Sh.Habibullah Oberoi<br>Sh.Habibullah Oberoi<br>Sh. Muhammad Iqbal<br>Hussain  | 192.092  | 147.899           | 1.000   | 340.991 | 112.092               | -                             | 148.899                                 | 260.991         |
| 124     | Qurel Cassette Limited              | Mian Abdul Qayum,<br>Maj. Gen. (Rtd.)<br>Aumir Qayum<br>Mrs. Rasheeda Qayum  | Mian Abdul Rashid<br><br>Mian Abdul Qayum<br>Mian Abdul Qayum  | 107.569  | 226.977           | 576.716 | 911.262 | 96.957                | -                             | 803.963                                 | 900.920         |
| 125     | Attock Engineering (Pvt) Limited    | Aftab Hussain Qazi<br>Feroze Khan Malik<br>Dr.Muhammad Shafiq<br>Muhammad Aslam<br>Muhammad Arif Mian  | Qazi Sultan Ahmad<br>Umar Hayat Malik<br>Ch.Muhammad Abdullah<br>Sh.Ghulam Hussain<br>Mian Muhammad Sadiq  | 14.891   | 16.809            | 0.301   | 32.001  | 8.381                 | -                             | 17.110                                  | 25.491          |
| 126     | Rakhshani Paper Board Mills Winder  | Masood Anwar Khan  | M. Anwar Khan  | 23.388   | 19.587            | 0.927   | 43.902  | 20.388                | 8.464                         | 12.050                                  | 40.902          |
| 127     | Khalid Noor Jamali                  | Noor Muhammad Jamali   | Noor M. Jamali   | 0.997  | 0.560             | 0.034   | 1.591   | 0.897                 | 0.034                         | 0.560                                   | 1.491           |
| 128     | Paras Textile Mills Ltd.            | Pidb Project   | Pidb Project   | 31.588   | 42.362            | -       | 73.950  | 12.946                | -                             | 42.362                                  | 55.308          |

(Rupees in million)

| Sr. No. | Name & Address of the Borrower   | Name of individuals/ Partners/Directors with NIC. No.  | Father's/ Husband's Name   | Outstanding Liabilities at beginning of the year |                    |                |                      | Principal Written Off | Interest/ Mark-up Written off | Other Financial Relief/ Waiver Provided | Total (9+10+11)    |
|---------|--|--|--|--|--------------------|----------------|----------------------|-----------------------|-------------------------------|---|--------------------|
|         |  |  |  | Principal  | Interest/ Mark-up  | Others         | Total                |                       |                               |   |                    |
| 1       | 2  | 3  | 4  | 5  | 6                  | 7              | 8                    | 9                     | 10                            | 11                                      | 12                 |
|         | <b>INVESTMENTS</b>   |  |  |  |                    |                |                      |                       |                               |   |                    |
| 129     | Pakland Cement Ltd. **<br>Deewan Centre,<br>3A Lalazar,<br>Beach Hotel Road,<br>Karachi  | Zaheer Mustufa Jaleel<br>NIC # 420007-245886-7<br>Farrukh Waqaruddin<br>Junaidi<br>NIC # 42301-7518478-7<br>Muhammad Habib<br>NIC # 42301-5462662-3<br>S. Monis Abdullah Alvi<br>NIC # 42201-6886191-3<br>Athar Naqi<br>NIC # 42000-4488387-3<br>Azizul Haq<br>NIC # 42301-8514003-5<br>Khurshid Anwar Jamal<br>NIC # 42201-0763190-5<br>Wajahat Ahmed Baqai<br>(Nominee Director on<br>behalf of creditors)<br>NIC # 42301-4699101-1<br>Muhammad Shabbir<br>Alam<br>NIC # 516-73-164873<br>Basheer Ahmed Chowdry<br>(Nominee Director on<br>behalf of creditors)<br>NIC # 42301-1067986-1 | Ahmed Jalil Siddiqui<br><br>Waqaruddin Junaidi<br><br>Gulam Nabbi<br><br>Syed Riazuddin Alvi<br><br>Hafiz Muhammad Din<br><br>Noorul Haq<br><br>Muhammad Yaqoob<br><br>Tasleemuddin Baqai<br><br>Muhammad Mobin<br><br>Karam Elahi | 349.948<br>-                                     | 205.375<br>196.446 | -<br>-         | 555.323<br>196.446   | -<br>-                | -<br>-                        | 249.801<br>126.934                      | 249.801<br>126.934 |
| 130     | Saadi Cement Limited **<br>Deewan Centre,<br>3A Lalazar,<br>Beach Hotel Road,<br>Karachi | Zaheer Mustufa Jaleel<br>NIC # 420007-245886-7<br>Farrukh Waqaruddin<br>Junaidi<br>NIC # 42301-7518478-7<br>Muhammad Habib<br>NIC # 42301-5462662-3<br>S. Monis Abdullah Alvi<br>NIC # 42201-6886191-3<br>Athar Naqi<br>NIC # 42000-4488387-3<br>Azizul Haq<br>NIC # 42301-8514003-5<br>Khurshid Anwar Jamal<br>NIC # 42201-0763190-5<br>Javed Mehmood<br>(Nominee Director on<br>behalf of creditors)<br>NIC # 42301-5193440-3<br>Khalid Siddique Tirmizey<br>(Nominee Director on<br>behalf of creditors)<br>NIC # 42301-0995491-3   | Ahmed Jalil Siddiqui<br><br>Waqaruddin Junaidi<br><br>Gulam Nabbi<br><br>Syed Riazuddin Alvi<br><br>Hafiz Muhammad Din<br><br>Noorul Haq<br><br>Muhammad Yaqoob<br><br>Rao Usman Ali Khan<br><br>Muhammad Siddique<br>Tauni        | 1,086.740<br>-                                   | 637.780<br>700.325 | -<br>-         | 1,724.520<br>700.325 | -<br>-                | -<br>-                        | 775.741<br>490.228                      | 775.741<br>490.228 |
|         |  |  | <b>TOTAL:</b>  | <b>3,261.059</b>                                 | <b>3,515.551</b>   | <b>641.705</b> | <b>7,418.315</b>     | <b>789.121</b>        | <b>208.414</b>                | <b>3,641.029</b>                        | <b>4,638,564</b>   |

\*\* Pakland Cement Limited & Saadi Cement Limited have applied to SECP for change of name to Deewan Cement Limited and Deewan Hattar Cement Limited respectively which is pending for approval at December 31, 2004

# PATTERN OF SHAREHOLDING (as of December 31, 2004)

| NO. OF<br>SHAREHOLDERS | HAVING SHARES |        | SHARES HELD | PERCENTAGE |
|------------------------|---------------|--------|-------------|------------|
|                        | FROM          | TO     |             |            |
| 579                    | 1             | 100    | 26091       | .0052      |
| 914                    | 101           | 500    | 232555      | .0472      |
| 1470                   | 501           | 1000   | 1043007     | .2118      |
| 4802                   | 1001          | 5000   | 8390303     | 1.7039     |
| 322                    | 5001          | 10000  | 2377440     | .4828      |
| 101                    | 10001         | 15000  | 1247577     | .2533      |
| 75                     | 15001         | 20000  | 1358402     | .2758      |
| 33                     | 20001         | 25000  | 781238      | .1586      |
| 24                     | 25001         | 30000  | 680242      | .1381      |
| 19                     | 30001         | 35000  | 624392      | .1268      |
| 16                     | 35001         | 40000  | 619513      | .1258      |
| 8                      | 40001         | 45000  | 334256      | .0678      |
| 17                     | 45001         | 50000  | 841373      | .1708      |
| 10                     | 50001         | 55000  | 511414      | .1038      |
| 6                      | 55001         | 60000  | 354100      | .0719      |
| 6                      | 60001         | 65000  | 376796      | .0765      |
| 4                      | 65001         | 70000  | 268023      | .0544      |
| 5                      | 70001         | 75000  | 368332      | .0748      |
| 6                      | 75001         | 80000  | 470567      | .0955      |
| 1                      | 80001         | 85000  | 81829       | .0166      |
| 7                      | 85001         | 90000  | 615403      | .1249      |
| 3                      | 90001         | 95000  | 279940      | .0568      |
| 7                      | 95001         | 100000 | 700000      | .1421      |
| 6                      | 100001        | 105000 | 611213      | .1241      |
| 4                      | 105001        | 110000 | 428768      | .0870      |
| 3                      | 110001        | 115000 | 339100      | .0688      |
| 2                      | 115001        | 120000 | 237480      | .0482      |
| 3                      | 120001        | 125000 | 375000      | .0761      |
| 1                      | 130001        | 135000 | 130700      | .0265      |
| 4                      | 135001        | 140000 | 554031      | .1125      |
| 2                      | 140001        | 145000 | 286700      | .0582      |
| 5                      | 145001        | 150000 | 741557      | .1505      |
| 3                      | 150001        | 155000 | 453546      | .0921      |
| 1                      | 155001        | 160000 | 157254      | .0319      |
| 1                      | 160001        | 165000 | 160111      | .0325      |
| 1                      | 165001        | 170000 | 168000      | .0341      |
| 3                      | 175001        | 180000 | 531400      | .1079      |
| 1                      | 195001        | 200000 | 200000      | .0406      |
| 2                      | 200001        | 205000 | 404503      | .0821      |
| 1                      | 205001        | 210000 | 210000      | .0426      |
| 1                      | 215001        | 220000 | 218000      | .0442      |
| 1                      | 220001        | 225000 | 220669      | .0448      |
| 2                      | 230001        | 235000 | 467484      | .0949      |
| 1                      | 235001        | 240000 | 240000      | .0487      |
| 1                      | 275001        | 280000 | 275260      | .0559      |
| 1                      | 280001        | 285000 | 282210      | .0573      |
| 2                      | 285001        | 290000 | 577814      | .1173      |
| 1                      | 290001        | 295000 | 292492      | .0594      |
| 2                      | 295001        | 300000 | 600000      | .1218      |
| 1                      | 300001        | 305000 | 300340      | .0609      |
| 1                      | 320001        | 325000 | 321000      | .0651      |
| 1                      | 330001        | 335000 | 331338      | .0672      |
| 2                      | 335001        | 340000 | 675200      | .1371      |
| 1                      | 345001        | 350000 | 350000      | .0710      |
| 2                      | 350001        | 355000 | 706600      | .1434      |

# PATTERN OF SHAREHOLDING (as of December 31, 2004)

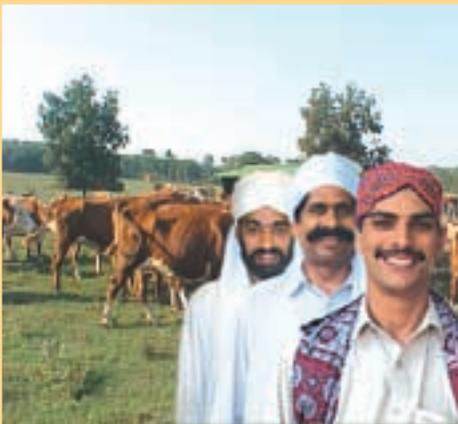
| NO. OF<br>SHAREHOLDERS | HAVING SHARES |           | SHARES HELD      | PERCENTAGE      |
|------------------------|---------------|-----------|------------------|-----------------|
|                        | FROM          | TO        |                  |                 |
| 1                      | 355001        | 360000    | 355826           | .0722           |
| 1                      | 370001        | 375000    | 375000           | .0761           |
| 2                      | 395001        | 400000    | 800000           | .1624           |
| 1                      | 430001        | 435000    | 435000           | .0883           |
| 1                      | 445001        | 450000    | 450000           | .0913           |
| 1                      | 475001        | 480000    | 480000           | .0974           |
| 3                      | 495001        | 500000    | 1495600          | .3037           |
| 1                      | 500001        | 505000    | 505000           | .1025           |
| 1                      | 505001        | 510000    | 506600           | .1028           |
| 1                      | 515001        | 520000    | 518228           | .1052           |
| 1                      | 525001        | 530000    | 530000           | .1076           |
| 1                      | 590001        | 595000    | 592360           | .1202           |
| 1                      | 615001        | 620000    | 618300           | .1255           |
| 1                      | 625001        | 630000    | 629200           | .1277           |
| 1                      | 665001        | 670000    | 667014           | .1354           |
| 1                      | 670001        | 675000    | 672500           | .1365           |
| 1                      | 685001        | 690000    | 687200           | .1395           |
| 1                      | 690001        | 695000    | 694646           | .1410           |
| 1                      | 695001        | 700000    | 695800           | .1413           |
| 1                      | 710001        | 715000    | 713600           | .1449           |
| 2                      | 730001        | 735000    | 1465799          | .2976           |
| 1                      | 860001        | 865000    | 864500           | .1755           |
| 1                      | 875001        | 880000    | 876840           | .1780           |
| 1                      | 995001        | 1000000   | 1000000          | .2030           |
| 1                      | 1055001       | 1060000   | 1057500          | .2147           |
| 1                      | 1070001       | 1075000   | 1074000          | .2181           |
| 1                      | 1095001       | 1100000   | 1096143          | .2226           |
| 1                      | 1220001       | 1225000   | 1223800          | .2485           |
| 1                      | 1250001       | 1255000   | 1251700          | .2541           |
| 1                      | 1440001       | 1445000   | 1443992          | .2932           |
| 1                      | 1475001       | 1480000   | 1480000          | .3005           |
| 1                      | 1660001       | 1665000   | 1663600          | .3378           |
| 1                      | 1675001       | 1680000   | 1679500          | .3410           |
| 1                      | 1850001       | 1855000   | 1854400          | .3765           |
| 1                      | 1995001       | 2000000   | 2000000          | .4061           |
| 1                      | 2100001       | 2105000   | 2103350          | .4271           |
| 1                      | 2195001       | 2200000   | 2200000          | .4467           |
| 1                      | 2205001       | 2210000   | 2209500          | .4487           |
| 1                      | 2385001       | 2390000   | 2386400          | .4846           |
| 1                      | 2450001       | 2455000   | 2453172          | .4981           |
| 1                      | 3120001       | 3125000   | 3123000          | .6342           |
| 1                      | 3850001       | 3855000   | 3852640          | .7824           |
| 1                      | 4640001       | 4645000   | 4644000          | .9431           |
| 1                      | 5080001       | 5085000   | 5085000          | 1.0326          |
| 1                      | 5215001       | 5220000   | 5216000          | 1.0592          |
| 1                      | 6860001       | 6865000   | 6860476          | 1.3932          |
| 1                      | 7140001       | 7145000   | 7143909          | 1.4508          |
| 1                      | 8000001       | 8005000   | 8005000          | 1.6256          |
| 1                      | 370240001     | 370245000 | 370243964        | 75.1900         |
| <b>8551</b>            |               |           | <b>492410622</b> | <b>100.0000</b> |

## CATEGORIES OF SHAREHOLDERS (as of December 31, 2004)

| PARTICULARS   | SHAREHOLDERS | SHAREHOLDING     | PERCENTAGE      |
|---|--------------|------------------|-----------------|
| GOVERNMENT OF PAKISTAN  | 1            | 1443992          | .2932           |
| THE PRESIDENT OF PAKISTAN<br>THROUGH PRIVATIZATION COMMISSION | 2            | 383464           | .0779           |
| STATE BANK OF PAKISTAN  | 1            | 370243964        | 75.1901         |
| DIRECTORS, CEO & CHILDREN                                     | 2            | 2640             | .0005           |
| ASSOCIATED COMPANIES  | 3            | 43551            | .0088           |
| NIT & ICP   | 5            | 3185080          | .6468           |
| BANKS, DFI & NBF  | 39           | 17768776         | 3.6085          |
| INSURANCE COMPANIES   | 15           | 11449658         | 2.3252          |
| MODARABAS & MUTUAL FUNDS                                      | 30           | 23332418         | 4.7384          |
| GENERAL PUBLIC (LOCAL)  | 7963         | 27421860         | 5.5689          |
| GENERAL PUBLIC (FOREIGN)                                      | 296          | 873514           | .1774           |
| OTHERS  | 194          | 36261705         | 7.3641          |
| <b>COMPANY TOTAL</b>  | <b>8551</b>  | <b>492410622</b> | <b>100.0000</b> |

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10. Gujranwala
11. Saikot
12. Faisalabad
13. Jhang



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15. Multan
16. Bahawalpur
17. Dera Ghazi Khan
18. Sahiwal
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22. Gujrat
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## 18 Overseas Branches

|                          |   |                   |   |
|--------------------------|---|-------------------|---|
| United States of America | 2 | Afghanistan       | 2 |
| France                   | 1 | Bangladesh        | 2 |
| Egypt                    | 1 | Republic of Korea | 1 |
| Germany                  | 1 | Kyrgyzstan        | 1 |
| Bahrain                  | 1 | Japan             | 2 |
| Turkmenistan             | 1 | Hong Kong         | 2 |
| Pakistan EPZ             | 1 |                   |   |

|                              |                             |
|------------------------------|-----------------------------|
| <b>Subsidiary</b>            | ■ NBP Almaty                |
| <b>Joint Venture</b>         | ■ United National Bank (UK) |
| <b>Representative Office</b> | ● Canada                    |
|                              | ● USA (Chicago)             |
|                              | ● China                     |
|                              | ● Uzbekistan                |
|                              | ● Azerbaijan                |



**NBP is the only Pakistani bank to have representative offices in Canada, China, Uzbekistan and Azerbaijan. The economic potential of these locations is enormous. NBP was the first international bank to open its branch in Kabul in October 2003.**

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SEVP / Chief Representative, Canada Office

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SEVP & Regional Chief Executive, America Region

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 1 Seidi Street, 744000 Ashgabat (Turkmenistan)  
 Tel: 993-12-351204  
 993-12-353516  
 Fax: 993-12-350465  
 E-mail: nbptm@online.tm

**Bishkek Branch (Kyrgyz Republic)**

Naeemullah Jan  
 General Manager,  
 Bishkek Branch (Kyrgyz Republic)  
 Building No.84, Moscovskaya Street,  
 Bishkek 720021  
 Kyrgyz Republic  
 Tel: 996-312-627245 & 996-312-627246-52  
 Fax: 996-312-900661 & 996-312-627244  
 E-mail: nbp.bishkek@transfer.kg  
 SWIFT: NBPAKG22

**Representative Office, Tashkent (Uzbekistan)**

2nd Floor, Room No. 254,  
 56-Buyuk Turon Street,  
 Le-Meridien Tashkent Palace Hotel,  
 Tashkent (Uzbekistan)  
 Tel: (998-71) 1326183 & (998-71) 1205800 (Ext 254)  
 Fax: (998-71) 1206632  
 E-mail: nbpro@dostlink.net

**Representative Office, Baku (Azerbaijan)**

130, Zargaralan Street,  
 Inden 1065, Baku. Azerbaijan  
 Tel: (99-412) 947916  
 Fax: (99-412) 947916

**Kabul Branch (Afghanistan)**

Syed Mahmood-ul Hassan  
 General Manager,  
 House No. 2, Street No. 10  
 Wazir Akbar Khan  
 Kabul (Afghanistan).  
 Tel: 00-93-2301660  
 Fax: 00-93-2301659

**Jalalabad Branch (Afghanistan)**

Noor-ul Islam,  
 Manager,  
 Bank Street  
 Near Haji Qadeer House  
 Nahya Awal Jalalabad  
 Afghanistan  
 Tel # 93791-80639  
 Fax # 93791-80643

**SUBSIDIARIES' ACCOUNTS**

Copies of the audited accounts of the subsidiaries can be inspected by the shareholders of the bank during business hours at the registered office of the bank.



# 56TH ANNUAL GENERAL MEETING OF NATIONAL BANK OF PAKISTAN

## FORM OF PROXY

Folio No. \_\_\_\_\_ or CDC participant identity No. \_\_\_\_\_ CDC A/C No. \_\_\_\_\_

I / we \_\_\_\_\_  
of \_\_\_\_\_

being a member(s) of the National bank of Pakistan holding shares No. \_\_\_\_\_

HEREBY APPOINT \_\_\_\_\_ of \_\_\_\_\_

also a member of the National Bank of Pakistan (Folio No. \_\_\_\_\_ ) or failing him/her \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ also a member of National Bank of Pakistan (Folio No. \_\_\_\_\_) as my/our

proxy to vote for me / us and on my / our behalf at the 56th Annual General Meeting of National Bank of Pakistan,

to be held at 2:00 p.m. on Wednesday, the 27th day of April 2005 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Witnesses:

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

N.I.C. No. \_\_\_\_\_

Affix Revenue Stamp  
of Five Rupees

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

N.I. C. No: \_\_\_\_\_

Signature \_\_\_\_\_

(Signature should agree with  
the specimen signature  
registered with the Bank).

### NOTES:

#### A. General

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy, who is not a member of the bank except that Government of Pakistan / State Bank of Pakistan / Corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/ her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar / Transfer Agents, Messrs THK Associates (Pvt.) Ltd. Ground Floor, Modern Motors House, Beaumont Road, Karachi, not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the bank, all such instruments of proxy shall be rendered invalid.

#### B. For CDC Account Holders:

1. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
2. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his / her original NIC or original passport at the time of the meeting.
4. In case of Government of Pakistan / State Bank of Pakistan / Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the bank.