

STATE BANK OF PAKISTAN

Balance Sheet as at 30th June, 1998

ISSUE DEPARTMENT

Bank						
LIABILITIES			ASSETS			
	30th June, 1998 Rupees	30th June, 1997 Rupees		30th June, 1998 Rupees		30th June, 1997 Rupees
Notes held in the Banking Department	153,400,900	219,266,375	I. A. Gold Coin and Bullion ⁽¹⁾	27,833,546,503		27,515,932,752
Notes in Circulation	289,844,359,915	259,144,651,013	Silver Bullion	Nil		Nil
			Special Drawing Rights held with the International Monetary Fund	Nil		Nil
Total Notes Issued	289,997,760,815	259,363,917,388	Approved Foreign Exchange	18,718,578,080		21,332,555,196
			India notes representing assets receivable from the Reserve Bank of India	468,247,443		487,100,660
				47,020,372,026		49,335,588,608
			B. Rupee Coin	1,417,508,335		407,820,185
			Government of Pakistan Securities	225,757,089,660		193,849,995,086
			Internal Bill Of Exchange and other commercial Paper:-			
			(i) Agricultural Sector Rs. Nil		Rs. Nil	
			(ii) Industrial Sector Rs. 5,078,500,000		Rs. 5,078,500,000	
			(iii) Export Sector Rs. Nil		Rs. Nil	
			(iv) Housing Sector Rs. 10,000,000,000		Rs. 10,000,000,000	
			(v) Others Rs. Nil	15,078,500,000	Rs. Nil	15,078,500,000
				242,253,097,995		209,336,315,271
			II. Held with the Reserve Bank of India pending transfer to Pakistan:-			
			Gold Coin and Bullion ⁽¹⁾	457,749,228		454,595,313
			Sterling Securities	252,285,815		222,597,109
			Government of India Securities	10,983,829		11,426,075
			Rupee Coin	3,271,922		3,395,012
				724,290,794		692,013,509
Total Liabilities	289,997,760,815	259,363,917,388	Total Assets	289,997,760,815		259,363,917,388

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Balance Sheet as at 30th June, 1998
BANKING DEPARTMENT

LIABILITIES			ASSETS			
	30th June, 1998 Rupees	30th June, 1997 Rupees		30th June, 1998 Rupees		30th June, 1997 Rupees
Capital Paid Up	100,000,000	100,000,000	Notes	153,400,900		219,266,375
Reserve Fund	4,000,000,000	4,000,000,000	Rupee Coin	21		14
Rural Credit Fund	2,600,000,000	2,600,000,000	Subsidiary Coins	259,800		185,252
Industrial Credit Fund	1,600,000,000	1,600,000,000	Bills Purchased and Discounted:-	Nil		-
Export Credit Fund	1,500,000,000	1,500,000,000	(a) Internal:-			
Loans Guarantee Fund	500,000,000	500,000,000	(i) Agricultural Sector	Rs. Nil	Rs. Nil	
Housing Credit Fund	700,000,000	700,000,000	(ii) Industrial Sector	Rs. Nil	Rs. Nil	
			(iii) Export Sector	Rs. 3,566,738	Rs. 3,566,738	
			(iv) Housing Sector	Rs. Nil	Rs. Nil	
Deposits:-			(v) Others	Rs. 33,400,000	Rs. 33,400,000	36,966,738
(a) Federal Government	9,184,736,151	29,911,690,612	(b) External	Nil		-
(b) Provincial Government	1,136,677,989	8,591,177,922	(c) Government Treasury Bills	3,431,735,000		3,431,735,000
(c) Banks ⁽²⁾	71,374,888,526	77,949,291,075				
(d) Others	89,072,934,730	51,366,897,411				
Allocating of Special Drawing rights	10,464,029,872	9,571,162,650	Balances held outside Pakistan in			
Bills Payable	113,756,465	355,155,360	Approved Foreign Exchange ⁽⁵⁾	23,893,670,276		24,679,744,691
Revaluation Account ⁽³⁾	25,560,553,924	25,363,942,170	Special Drawing Rights held with the International Monetary Fund	114,685,863		35,668,063
Other Liabilities ^{(4) (8)}	36,762,743,381	57,458,984,800	Loans and Advances to Governments	300,000,000		300,000,000
			Government Debtors balances	5,930,446,161		7,680,087,500
			Loans and Advances to Scheduled Banks			
			A. Agricultural Sector	Rs. 47,383,145,571	Rs. 44,852,442,424	
			B. Industrial Sector	Rs. 7,633,644,077	Rs. 8,476,886,137	
			C. Export Sector	Rs. 53,943,972,977	Rs. 22,412,025,460	
			D. Housing Sector	Rs. Nil	Rs. Nil	
			E. Others	Rs. 9,594,621,720	Rs. 4,678,881,720	80,420,235,741
			Loans and Advances to Non-Bank Financial Institutions ⁽⁶⁾ :-	118,555,384,345		
			A. Agricultural Sector	Rs. Nil	Rs. Nil	
			B. Industrial Sector	Rs. 4,640,150,473	Rs. 6,015,805,604	-
			C. Export Sector	Rs. Nil	Rs. Nil	
			D. Housing Sector	Rs. 6,496,300,000	Rs. 6,496,300,000	
			E. Others	Rs. 12,630,574,542	Rs. 11,971,839,011	24,483,944,615
			Investments ⁽⁷⁾ :-	23,767,025,015		
			A. Scheduled Banks	Rs. 39,802,813,696	Rs. 9,329,497,191	
			B. Non-Bank Financial Institutions	Rs. 2,067,587,105	Rs. 2,067,587,105	
			C. Government Securities	Rs. 8,922,592,507	Rs. 76,135,952,790	
			D. Others ⁽⁸⁾	Rs. Nil	Rs. Nil	87,533,037,086
			Other Assets	27,693,753,611		42,747,430,925
Total Liabilities	254,670,321,038	271,568,302,000	Total Assets	254,670,321,038		271,568,302,000

Notes: Entire Capital paid up vests in the Federal Government.

Commitments for forward exchange operations stood at U.S.\$ 9,992.696 million against forward sales.

⁽¹⁾ Gold in pursuance of Section 30(2) of the State Bank of Pakistan Act, 1956 has been valued at market value of fine gold contents thereof on the basis of gold rates obtaining in London Bullion Market.

⁽²⁾ Refers to scheduled banks. ⁽³⁾ Represents unrealised appreciation/depreciation on revaluation of Gold. ⁽⁴⁾ Includes Contingency Accounts.

⁽⁵⁾ Includes Cash and Short Term Securities. ⁽⁶⁾ Returns on Profit and Loss sharing accounts included in Loans and Advances is accounted for when declared by the loanees. ⁽⁷⁾ Principally valued at cost.

⁽⁸⁾ Includes "Special Deposit of Bank under Export Refinance" and "Loans and Advances to scheduled banks--Export sector" during the previous year only.

The assets and liabilities of Pakistan Banking Council (dissolved) has been assumed by the Bank as on January 21, 1997 in pursuance of the Banks Nationalisation Act, 1974 (as modified up to June 7, 1997). However incorporation of the same in the books of accounts of the Bank has been deferred due to certain pending policy decisions.

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS

We have examined the balance sheets of Issue Department and Banking Department of the State Bank of Pakistan as at June 30, 1998 and also the profit and loss account for the year ended on that date with the books and records maintained at Central Directorate and with returns submitted and certified by the Chief Managers of the respective offices and branches including returns received from Dacca Office and Chittagong, Sylhet and Rajshahi Branches till December 3, 1971 and Khulna and Bogra Branches till November 26, 1971. The Books of account of Karachi, Quetta and Faisalabad Offices were audited by M/s. Ford, Rhodes, Robson, Morrow and of Lahore, Peshawar and Rawalpindi Offices by M/s. AF. Ferguson & Co., while the books of the Central Directorate were audited jointly.

(2) Events have rendered impossible the verification of assets held with the Reserve Bank of India pending transfer to Pakistan and balances pertaining to transactions in Former East Pakistan included in the Balance sheets of the Issue and Banking Departments. Reliability of the aforesaid balances is subject to a final settlement between the Government of Pakistan and the Government of India and Bangladesh respectively.

(3) Subject to the contents of the preceding paragraph we report that, in our opinion the balance sheets are full and fair balance sheets containing all necessary particulars prescribed by the State Bank of Pakistan Act, 1956 and are properly drawn up in accordance with the Act and such balance sheets exhibit a true and fair view of the State of the Bank's affairs according to the best of our information and explanations given to us and as shown by the books of the Bank.

Karachi, the 24th day of August 1998

Sidat Hyder Qamar Maqbool & Co
Chartered Accountants

Ford, Rhodes, Robson, Morrow
Chartered Accountants

STATE BANK OF PAKISTAN

Profit and Loss Account for the Year ended 30th June,1998

I N C O M E		
	30th June, 1998	30th June, 1997
	<u>Rupees</u>	<u>Rupees</u>
Interest, Discount, Exchange ⁽¹⁾ , Commission and Return*,etc	28,319,982,875	14,682,989,610
EXPENDITURE		
Establishment ⁽²⁾	3,406,716,547	1,582,819,457
Directors' Fees and Expenses	521,328	464,516
Auditors' Fees	260,000	260,000
Rent, Taxes, Insurance, lighting, etc	96,720,209	77,547,179
Law Charges	14,385,948	6,203,232
Postage and Telegram Charges	18,001,155	11,210,879
Remittance of Treasure	12,054,257	12,508,891
Stationary, etc	11,366,921	12,853,305
Depreciation and Repairs to bank's Property	66,697,094	67,620,609
Agency Charges	541,286,809	492,078,917
SDR Charges	429,590,479	364,704,163
Contribution To Staff and Superannuation Funds	Nil	200,000,000
Contribution to Staff welfare Fund	Nil	123,520,000
Miscellaneous Expenses	396,230,070	474,367,830
Sub-Total	4,993,830,817	3,426,158,978
Security Printing (Cheques,Note Forms, etc)	1,322,017,932	1,277,100,190
Net Available Balance	22,004,134,126	9,979,730,442
Total	28,319,982,875	14,682,989,610
Amount transfer to Reserve Fund	Nil	Nil
Amount set aside for payment Dividend at the rate of 10 percent per annum	10,000,000	10,000,000
Amount transfer to Rural Credit Fund	Nil	Nil
Amount transfer to Industrial Credit Fund	Nil	Nil
Amount transfer to Export Credit Fund	Nil	Nil
Amount transfer to Loans Guarantee Fund	Nil	Nil
Amount transfer to Housing Credit Fund	Nil	Nil
Amount appropriated for Reserve Fund for Exchange rate Differential	Nil	Nil
Surplus payable to the Federal Government	21,994,134,126	9,969,730,442
Balance carried forward	Nil	Nil
Total	22,004,134,126	9,979,730,442

RESERVE FUND ACCOUNT

By balance on 30th June,	4,000,000,000	4,000,000,000
By transfer from Profit and Loss Account	Nil	Nil
Total	4,000,000,000	4,000,000,000

*Return means income from non-bearing scheme/investments.

(1) Exchange difference arising on foreign currency forward contracts is accounted for the time of settlement or renewal of respective contracts at the then prevailing rate of exchange. As per policy, exchange difference pending renewal are not accounted for the year end.

(2) This includes payment of Rs. 1.520.59 million made to the employees on account of Golden Handshake Scheme announced by the Bank during the year.