

NBFCs SECTOR IN PAKISTAN

The various activities falling into the ambit of Non Banking Finance Companies (NBFCs) include leasing, investment banking, housing finance, venture capital, asset management, discounting services and investment advisory services. The concept of NBFCs was introduced in 2002. Thereafter, all companies offering non-banking financial services – previously classified as NBFIs – were placed under the regulatory supervision of the SECP. The objective of this was two-fold: (a) to remove the overlap of regulatory jurisdiction between the SBP and the SECP (b) to provide impetus for mergers and consolidations among existing NBFCs. The latter is expected to improve efficiency through: achieving better capital adequacy, pooling of operating capabilities, increase in net margins, and enhancement in the business-handling capabilities of institutions. A number of mergers have taken place in the recent period. This process inevitably resulted in stronger institutions with better growth prospects. The SECP is currently considering the issuance of a single license for all NBFC activities. This is expected to expand the plethora of services offered by a single company.

SECP has issued a uniform set of prudential regulations for NBFC with effect from January 2004. These regulations are expected to help NBFCs improve their risk management capabilities, and inculcate better corporate governance practices. These prudential regulations emphasize that NBFCs can launch multiple products to expand the scope of their business. Another important area of regulations relates to impaired portfolio, which also emphasizes streamlining and strengthening of reporting to the SECP. The SECP has made it obligatory for a NBFC to set up a recovery cell and nominate a recovery officer. Furthermore, NBFCs have been allowed to settle non-performing facilities through rescheduling and restructuring of the impaired portfolio by recovering at least 25% of the outstanding amount. Additionally, it has been made mandatory for NBFCs to provide five percent of their total lending to small borrowers, including SMEs.

Two other landmark developments that occurred in 2003-2004 were aimed at creating a level playing field for the banking and non-banking financial sector. In October 2003, the SBP granted permission to commercial banks to establish NBFCs. The subsidiary to be set up for the purpose should be a public limited

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company, and the transactions undertaken or services provided by the subsidiary set up under the NBFC rules would not create any financial obligation on the balance sheet of the holding company. On the other hand, the SBP in December 2003, allowed banks and DFIs to underwrite TFCs, commercial papers and other debt instruments of NBFCs. This will enable NBFCs to raise debt from the secondary market. With resource mobilization thus becoming easier, NBFCs, especially leasing companies, will be slightly better placed to compete with banks.

Nevertheless, operations and activities of various banking and non-banking players of the financial sector overlap, increasing competition between institutions. Currently, Pakistan's financial sector scene is dominated by commercial banks. Forced by increasing competition, commercial banks have entered in the domain of providing leasing and investment banking services. These banks are relatively better placed than NBFCs to offer competitive rates to creditworthy clients. Thus, non-commercial banking entities are finding it difficult to realize their full potential and are under stress.

Investment Banks: Investment banks are largely tapping two main avenues – fund-based and fee-based. The fund based activities include leasing, SME financing, long term financing, consumer financing,

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COT funding and funds deployment in government securities and the listed equities. The fee-based activities are businesses like corporate finance facilitation, money and capital market brokerage, underwriting and asset management services. Within fund-based activities, the NBFs are focusing on (a) reducing the cost of funds, and (b) volume growth. In pursuit of the latter objective, efforts are being made to increase geographical outreach through additional branches. At the same time, consumer-leasing products are receiving a higher priority through tie-ups with designated manufacturers and suppliers. In the fee-based activities, investment banks are establishing their presence within the capital markets. Money market operations and equity broking are the two most popular business ideas among most of the investment banks. Asset management business, although offering significant economic returns, has very few players. This is due to significant entry barriers for the new players. Underwriting and syndications are the other areas where investment banks have been able to make their presence felt. In general, there are three kinds of limitations in this business for investment banks: (i) relatively smaller balance sheet size; (ii) dearth of good quality human resources in this industry and (iii) relatively expensive entry costs. Going forward, identification of untapped credit avenues, improvement in operational efficiency and enlargement of non-fund based revenues are critical for non-banking financial sector entities performance.

Leasing Companies: The leasing sector has shown resilience in the face of continued stiff competition from commercial banks. Overall volumes and profitability registered an improvement over the prior year. Profitability was augmented by capital gains- by the upsurge in the stock market. Overall demand for leasing improved on the back of increased industrial activity. Strategic market penetration helped generate volumes for some companies; this included tapping businesses in smaller towns with a high prevalence of SMEs and agricultural activity. This trend, initiated in 2003, has now become more pronounced, and will remain a key focus as leasing companies expand and develop their own niche markets. The SME sector in particular is likely to provide an important growth avenue. Other areas that are anticipated to yield competitive advantages are a reduction in the cost of funds, and an enhancement in the quality and speed of service.

Recent budgetary incentives, such as the significant reduction in import duty, as well as the exemption of

sales and withholding tax on machinery, are expected to help generate business. Leasing companies have recently been made eligible for the LMM scheme, under which short-term refinancing is provided by the SBP. This is expected to provide diversification in their earnings stream. The risk profile of leased assets is improving on the back of prudent credit evaluation criteria along with stepping up of recovery and provisioning.

The Leasing Association of Pakistan has taken two important steps towards safeguarding the leasing industry from the misuse of its facilities. This includes setting up a National Leasing Register to maintain a record of all leased assets, thereby ensuring that leasing companies are safeguarded from any fraudulent activity arising through multiple leasing of the same asset. It also includes maintaining a complete data of all the defaulters of lease rentals below PKR 0.5mln; the CIB facilities maintained by the SBP only cover defaulters above this amount.

Going forward, the leasing sector is expected to be characterized by a smaller number of players as leasing companies look towards gaining a higher level of competitiveness and efficiency through mergers. This is likely to result in stronger players, with higher capitalization. The sector's outlook in terms of business growth is positive, driven mainly by an uptake in demand for automobile and consumer durables leasing. Increasing interest rates are inducing most companies to procure funding-either through bank borrowing or debt issues- earlier on in the year. This is likely to mitigate the pressure on spreads. Another factor that will alleviate the pressure on spreads is the increased level of efficiency that will be achieved in the current year, enabling companies to negotiate better terms with both lenders and borrowers.

PACRA RATING ACTIONS

January 03, 2005: PACRA Maintains the Ratings of Askari Leasing Limited (ALL)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating at 'A+' (Single A plus) and the short-term rating at 'A1' (A one) of Askari Leasing Limited (ALL). These are applicable to the senior unsecured creditors of the company. These ratings denote a low expectation of credit risk and a strong capacity for timely payment of financial commitments.

The ratings reflect ALL's sustained performance despite an increasingly competitive operating environment. The ratings also take into account the high gearing as compared to peers and its continuing impact on the risk absorption capacity.

About the company: ALL was incorporated in August 1993 and is listed on all three stock exchanges of the country. AWT is the majority shareholder of ALL since its inception, followed by financial institutions and individuals. AWT was established in 1971 and has over the years evolved into one of the largest business conglomerates of the country, with business concerns in sugar processing, textiles, real estate development, commercial banking, leasing, cement, general insurance and travel services. In the financial sector, AWT is represented by a leading commercial bank, a leasing company and a general insurance company. The Board of Directors of ALL includes seven nominees of AWT, while one director is nominated by the National Investment Trust.

ALL continued to be the second largest leasing company in FY04 in the leasing sector, in terms of both NIL and total assets, with a market

share of over 13% in terms of NIL, and with a relatively extensive branch network. In the last couple of years, that is, with the assumption of office by the current chief executive, the branch operations have been strengthened through decentralization, which ensures greater synergy with Askari bank branches.

December 31, 2004: PACRA Upgrades Entity & TFCs Ratings of Atlas Investment Bank Limited

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of AIBL to 'A+' (Single A plus), and the short-term rating to 'A1' (A one). These ratings, applicable to the senior unsecured creditors of the bank, denote a low expectation of credit risk and a strong capacity for timely payment of financial commitments.

The ratings of the two tranches of secured TFCs (PKR 200 million and PKR 100 million) have been upgraded to 'AA-' (Double A minus). This rating denotes a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

The ratings of AIBL reflect the bank's success in continuously augmenting the bottom line through improved net interest income supplemented by substantial revenue from diversified sources. The ratings also factor in the substantially improved asset quality. The enhanced risk absorption capacity emanating from strong coverage relative to the bank's equity is also a key factor.

About the instruments: The bank has two secured TFCs in issue carrying a profit rate of 15% p.a. payable semi-annually. The first tranche (PKR 200 million) has an

outstanding balance of PKR 99.9 million, with the final payment due in September 2005. The second tranche (PKR 100 million) has an outstanding balance of PKR 83.3 million, with the final payment due in August 2006. Both the issues are secured by a first pari passu charge on leased assets and related receivables with a 30% margin on the principal value.

About the bank: Atlas Investment Bank Limited (AIBL) was established in 1990 as a joint venture of the Atlas Group, the Bank of Tokyo-Mitsubishi Limited and Asian Development Bank. The bank is listed on all three bourses of the country with Atlas Group as the majority shareholder. AIBL offers a diversified range of services such as lease financing and money and capital market broking, and with an asset base of PKR 6 billion, as at September 30, 2004, it is one of the largest and most diversified of all investment banks. The eight-member BoD comprises one nominee of NIT, while the remaining seven represent the Atlas Group.

December 30, 2004: PACRA Assigns 'AA' Ratings to the Proposed TFC Issue of Askari Commercial Bank Limited

The Pakistan Credit Rating Agency (PACRA) has assigned a rating of 'AA' (Double A) to the proposed unsecured, subordinated term finance certificates issue of PKR 1,500mln by Askari Commercial Bank Limited (ACBL). The rating denotes a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The rating reflects ACBL's demonstrated ability of sustaining its performance while maintaining a moderate growth trend in the

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increasingly competitive operating environment. The ratings also take into account the effectiveness of the risk management system, which has helped in maintaining very good asset quality of the bank. The ratings also factor in the benefits accruing to ACBL from its association with Pakistan armed forces.

About the issuer – the bank:

ACBL, operating with a countrywide network of 60 branches plus one offshore banking unit (end-Sep 04), commenced its operations in 1992 and has emerged as one of major players in the commercial banking sector of the country. Army Welfare Trust (AWT) remains its principal shareholder controlling the Board of Directors through its nominees. AWT has business interests spread across a wide range of economic and industrial sectors. ACBL offers a full range of commercial banking services to the corporate, middle market and retail segments. The bank has established an image of efficiency and professionalism, attributable in part to its policy of maximum technology utilization.

About the issue: The proposed unsecured subordinated TFCs would have a tenor of 8 years carrying mark-up at a floating rate of latest 6-month KIBOR plus 1.5%. The principal will be repaid in a bullet payment at the maturity of the instrument.

December 29, 2004: PACRA Maintains Entity Ratings of Standard Chartered Modaraba (SCM)

The Pakistan Credit Rating Agency (PACRA) has maintained the entity ratings of Standard Chartered Modaraba (SCM) at 'AA+' (Double A plus) and 'A1+' (A one plus) for the long-term and short-term respectively. These are the highest ratings assigned to any Modaraba and indicate low expectation of credit risk and very strong capacity

for timely payment of financial commitments.

SCM's ratings reflect its strong franchise and the consistently high quality asset portfolio. The ratings also take into account the strong support factor drawn from SCM's affiliation with the Standard Chartered Group in Pakistan (SC).

About the Modaraba:

Established in 1987, SCM is a perpetual, multi-purpose Modaraba, listed on the Karachi and Lahore stock exchanges. Standard Chartered Services of Pakistan (Pvt.) Ltd – a wholly owned subsidiary of Standard Chartered Bank – manages the Modaraba. Standard Chartered, incorporated in England with limited liability by Royal Charter 1853, is listed on both the London Stock Exchange and the Stock Exchange of Hong Kong and is in the top 25 FTSE-100 companies, by market capitalization. The Modaraba is primarily engaged in lease financing and operates from offices in Karachi, Lahore and Islamabad. It plans to maintain steady growth in its core business of leasing while adding some innovation to the product range. This is expected to provide diversified income stream to the Modaraba, going forward.

December 28, 2004: PACRA Maintains IFS Rating of New Jubilee Insurance Company Limited (NJI)

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) Rating of New Jubilee Insurance Company Limited (NJI) at "AA" (Double A). The rating denotes a very strong capacity to meet policyholder and contract obligations. Risk factors are considered modest, and the impact of any adverse business and economic factors is expected to be modest.

The rating reflects NJI's maintained performance from core business operations, sound solvency margins and strong financial base. The company is expected to maintain its strong competitive position in the market based on its strong franchise and long standing relationship with prime clients.

About the company: New Jubilee Insurance Company Limited (NJI) commenced commercial operations as a general insurance company in 1953 and is listed on Karachi and Lahore stock exchanges. Major shareholders of NJI include Agha Khan Hospital and Medical College Foundation, Agha Khan Fund for Economic Development and Hashoo group. NJI writes all types of general insurance business including fire, marine, motor, health and miscellaneous business. Operations are currently carried out from a nationwide network of 19 branches covering all major cities. In terms of gross premium written (GPW), NJI ranked third among the insurance companies operating in the country and has completed 51 years of successful operations.

December 27, 2004: PACRA Maintains Ratings of First International Investment Bank Limited (Interbank)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of First International Investment Bank Limited (Interbank) at 'A' and 'A1' respectively. These ratings, applicable to senior unsecured creditors of the bank, indicate a low expectation of credit risk and a strong capacity for timely payment of financial commitments.

Interbank's unsecured TFCs issue (Money Multiplier Series M1 – PKR 57mln) due for final redemption in March 2005 has been assigned a short-term rating of 'A1' (A one).

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The ratings reflect Interbank's good asset quality emanating from the bank's conservative stance towards risk, coupled with a stringent credit approval system. The ratings also take into account the bank's subdued profitability, mainly an outcome of its relatively thin spreads and high cost structure. However, at the same time, PACRA recognizes the management's efforts to expand its revenue base through enhancing participation in fee-based investment banking activities while maintaining a moderate growth in the financing portfolio.

About the bank: Interbank, incorporated in 1990, is a joint venture of the Packages Group, American Express Bank N.Y. and International Finance Corporation, who collectively hold majority of the bank's equity. The bank, listed on Karachi and Lahore Stock Exchanges, conducts business from three branches with the head office at Karachi. In order to increase the business volume, particularly from new investment banking products, the management also plans to expand the geographical outreach of the bank.

The current CEO, who joined the bank in June 2004, has over 20 years of banking and capital markets experience in various senior management positions in both local and foreign institutions.

December 24, 2004: PACRA Upgrades the Ratings of Union Leasing Limited

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term rating to 'A+' (Single A Plus) and has maintained the short-term rating at 'A1' (A One) of Union Leasing limited. These ratings are applicable to the senior unsecured creditors of the entity and denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments. The secured TFC issue of PKR 357.1mln, due for final

redemption in April 2005, has been assigned a short-term rating of 'A1+' (A One Plus). This rating denotes a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the augmentation in the risk absorption capacity with the enhanced equity base while maintaining robust performance and good asset quality.

About the company: Union Leasing Limited (ULL) was incorporated in October 1993 as a public limited company and started commercial operations in the following year. The company is listed on all the three stock exchanges of the country. The majority shareholding of the company vests in Union Bank Limited.

ULL is currently operating through seven branches, with its head office in Karachi. Despite this small branch network, the leasing company has a nationwide access through forty-four branches of Union Bank. It has maintained close coordination with these branches and has acquired good quality clients through them. Going forward, the Union Bank affiliation will continue to provide ULL an inherent advantage as opposed to stand-alone leasing companies.

December 22, 2004: PACRA Upgrades the Long-Term Rating of First Habib Modaraba (FHM)

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term rating of First Habib Modaraba to "AA" (Double A) while maintaining the short-term rating at "A1+" (A one plus). "A1+" is the highest level in PACRA's rating scale for short-term rating. The ratings indicate a very low expectation of credit risk and very strong capacity for timely payment of financial commitments.

The ratings reflect the Modaraba's outstanding asset quality, track record of sound profitability emanating from established core operations and continued affiliation with Habib group. The ratings also take into account the proposed enhancement in capital, which, while reducing gearing, would also have positive impact on the risk absorption capacity of the Modaraba.

About the Modaraba: First Habib Modaraba (FHM) is a Habib Group (HG) entity. The Habib Group (HG) is one of the largest business groups of Pakistan, with presence in most sectors of the economy, especially the financial sector. Listed in 1985, FHM is a perpetual multipurpose Modaraba. It is engaged primarily in the leasing business. The leasing portfolio is balanced between plant & machinery and vehicle leasing.

FHM continues to maintain an infection-free lease portfolio, which demonstrates good credit evaluation and effective risk management policies with highly competent management team. The Modaraba is also planning to move into new areas, which are expected to provide diversification in its business.

December 21, 2004: PACRA Maintains the Ratings of Network Leasing Corporation Limited

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating at 'BBB' (Triple B) and the short-term rating at 'A3' (A Three) of Network Leasing Corporation Limited. These are applicable to the senior unsecured creditors of the entity. The secured TFC issue of PKR 100mln, due for final redemption in October 2005, has been assigned a short-term rating of 'A2' (A Two). These ratings denote a low expectation of credit risk and an adequate capacity for timely payment of financial commitments.

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The ratings recognize the improved access to lower cost funds and steady growth in its core business, while maintaining the asset quality. Although the company remains well positioned to maintain growth in its identified market niche, the performance will remain constrained by relatively high operating costs and the large proportion of non-earning assets in the total asset mix.

About the company:

Incorporated in 1993, Network Leasing Corporation Limited (NLC) commenced operations in January 1995 and is listed on all the three stock exchanges in the country. The company is principally engaged in lease financing of income generating assets to micro and small enterprises and is currently operating from its head office in Karachi and branches, one each, in Lahore and Peshawar. Capitalising on its experience in microfinancing, the management of NLC in collaboration with Jahangir Siddiqui & Company Limited has established a microfinance bank – Network Microfinance Bank Limited – which is expected to commence operations in the near future.

The Board of Directors of NLC consists of seven members, of which two are full time working directors. The managing director – a Chartered Accountant – is assisted by an experienced team of professionals. The sponsoring directors and associates presently hold 52.46% stake in the company's equity. Other shareholders include local financial institutions and the general public.

December 13, 2004: PACRA Assigns AA & A1+ Ratings to Attock Petroleum Limited (APL)

The Pakistan Credit Rating Agency (PACRA) has assigned a long term rating of 'AA' (Double A) and a short term rating of 'A1+' (A One Plus) to Attock Petroleum Limited.

The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payments of financial commitments and are applicable to the senior unsecured creditors of the company.

The ratings reflect APL's very strong financial profile emanating from debt free capital structure, outstanding performance and robust liquidity. The company is, therefore, well placed to withstand competitive pressures. The ratings also factor in the benefits accruing to the company from its association with the only fully integrated group in the oil and gas sector of the country.

About the company:

Attock Petroleum Limited (APL) is a member of Attock Group of Companies, a fully integrated group covering all segments of oil and gas industry from exploration, production, and refining to marketing of a wide range of petroleum products. APL, with concentration in Punjab and NWFP, holds around 3% of local POL market share. The company is focused to provide modern facilities in terms of storage, transportation and retail outlet network for nationwide marketing of petroleum products, including its own brand of lubricants. APL is also actively involved in the export of petroleum products.

December 10, 2004: PACRA Maintains the Ratings of Securitised TFCs of Securetel SPV Limited

The Pakistan Credit Rating Agency (PACRA) has maintained the rating of securitized TFC-A of Securetel SPV Limited at "A" (Single A). The rating denotes a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments. The rating reflects the strong likelihood of TFC-A series holders receiving full and timely principal and interest payments based on high quality of

underlying purchased receivables of Paktel Limited (PTL), the originator. The rating also takes into account the expanding subscriber base of PTL, mainly through recent launch of GSM services, alongwith growing cellular phone demand in the country. Pakistan Telecommunication Authority has renewed PTL's license for another 15 years against a fee of US\$ 291mln. The license fee payments are structured in a manner that significant amount has to be paid after full repayment of TFC-A holders' obligations. This mitigates PACRA's concern about the capacity of PTL to meet its obligations towards PTA during the tenor of the TFC.

About the Instrument:

Securetel SPV Limited has acquired an interest in future receivables of Paktel Limited, paying the sale price by issuing TFCs. The TFC-A series, listed on Lahore Stock Exchange, has a tenor of 3 years and is redeemable in twelve quarterly installments (principal + interest) of which six installments have been paid by September 27, 2004. The remaining outstanding principal of TFC-A series amounting to PKR 420mln plus interest thereon is payable by March 27, 2006.

About the Originator: PTL, an unquoted public limited company incorporated in April 1989, is 98.9% owned by Millicom International Cellular, S.A. (MIC). MIC, a Luxembourg-based company listed on NASDAQ national market, Luxembourg stock exchange and Stockholm stock exchange, is rated B+ (B Plus) by Standard & Poor's. MIC's portfolio of assets comprises 16 cellular operations in 15 countries, focusing on Asia, Latin America and Africa. PTL is offering national, international, pre and post paid services in cellular telephony in around 150 cities in the country. It

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has recently launched its GSM services and is targeting a market share of above 10%.

November 23, 2004: PACRA Upgrades Entity & TFCs Ratings of Trust Leasing Corporation Limited

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating to 'AA-' (Double A Minus) for Trust Leasing Corporation Limited (TLC), while short-term rating has been upgraded to 'A1+' (A One Plus). The rating of the two tranches of secured TFCs worth PKR 250mln and PKR 375mln respectively has been upgraded to 'AA' (Double A). These ratings denote a very low expectation of credit risk with a very strong capacity for timely payment of financial commitments. The ratings of Trust Leasing Corporation Limited reflect the effectiveness of the company's structural formation that has enabled the evolution of a comprehensive business strategy and a clearer vision. This has enhanced the capacity of the management to sustain growth while maintaining the company's overall low risk profile.

About the company: Incorporated in July 1992, Trust Leasing Corporation Limited (TLC) is listed on all the three stock exchanges of Pakistan. TLC, a medium-sized leasing company, is focused on finance lease operations. Vehicle leasing is now core to company operations, and forms an escalating portion of the lease portfolio. The company plans on obtaining a license for Investment Finance Services in the current year. This is expected to provide diversification in its business operations.

TLC's Board of Directors comprises eight members, mainly eminent professionals with extensive exposure to business and finance. The operational control of the

company is vested in the Chief Executive Officer.

November 11, 2004: PACRA Upgrades the Ratings of First Women Limited

The Pakistan Credit Rating Agency (PACRA) has upgraded the long and short-term credit ratings of First Women Bank Limited to 'AA' (Double A) and 'A1+' (A One Plus), respectively. The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings upgrade is a consequence of confirmation of the public sector status of the bank and consequently, the applicability of Bank Nationalization Act, 1974 (BNA) by Ministry of Finance. Resultantly, the safety of deposits stand guaranteed by the Government of Pakistan. However, the ratings remain contingent upon the continuation of majority public sector shareholding in the bank. Meanwhile, the standalone credit ratings of the bank remain unchanged.

About the bank: First Women Bank Ltd. (FWBL) was established in 1989 with a vision to be the leading bank for women, catering to the special economic needs of women both in urban & rural areas of Pakistan and enabling them to participate more actively in the economic process. The Board of Directors comprises seven members including the presidents of all the big five banks.

The bank has been precluded from playing its expected role efficiently owing to its weak institutional capacity as well as ineffective linkages with the target community as a result of deficient personnel skills.

The current chief Executive / President was appointed on a three years term. At the expiry of her term, she has been given an extension for two years. The change of management under the

leadership of the new President has provided the bank with the much-needed strategic focus and formulation of proper risk evaluation and management systems necessary for viable operations in addition to strengthening the staff support. The management is assiduously steering the bank towards a healthy financial condition, while redressing the operational weakness. The continuity in top management will ensure sustainability of the turn-around process.

November 10, 2004: PACRA Maintains the Ratings of House Building Finance Corporation (HBFC)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating at 'A' (Single A) and the short-term rating at 'A1' (A One) of House Building Finance Corporation (HBFC). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments and are applicable to the senior unsecured creditors of the Corporation. The ratings have been placed on Rating Watch pending a management review on assumption of office by the new chief executive and key management personnel.

HBFC's ratings reflect the Corporation's sound equity base signifying high risk absorption capacity, strong underlying security against loans and fairly high liquidity levels, though showing a decline from YE02. The ratings also factor in the inconsistent performance in the core financing operations and substantial proportion of overdue rentals. Additionally, the ratings recognize improvement in the image and operations of the Corporation as a result of restructuring process carried out by the management over the past few years. At the same time PACRA is concerned about the

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continuity of the process with the termination of service contract of the chief executive and uncertainty about the appointment of his successor. As a consequence, while affirming the previous ratings, PACRA has placed these on Rating Watch pending a management review on assumption of office of the new chief executive and key management personnel.

About the corporation: The House Building Finance Corporation (HBFC) was established in 1952 under the HBFC Act, to provide financial facilities for the construction, reconstruction, repair and purchase of houses, particularly to the low and middle-income groups of the economy. The Government of Pakistan (GoP) and the State Bank of Pakistan (SBP) jointly hold the share capital of the Corporation. The general direction and administration of the Corporation and its affairs is vested in the Board of Directors appointed by the GoP. HBFC has a large network of 58 offices spanning across the country, managed through 11 zones with headquarters at Karachi. The Corporation employs more than 1300 personnel.

October 23, 2004: PACRA Assigns 'AAA' Rating to Pakistan State Oil Company Limited (PSO)

The Pakistan Credit Rating Agency (PACRA) has assigned a rating of "AAA" (Triple A) and a short-term rating of "A1+" (A One Plus) to Pakistan State Oil Company Limited. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments. The ratings are applicable to the senior unsecured creditors of the company. These are the best ratings in PACRA's rating scale.

PSO's ratings reflect its dominant position in the domestic oil marketing business supported by

its control over the country's marketing and distribution infrastructure network which makes it the main beneficiary of growth in demand for POL products. The ratings also recognize the restructuring efforts of the company's forward-looking management that has engendered a sustainable improvement in overall operations, differentiating it from a typical public sector entity, and enabling it to better withstand competitive pressures. The latter is evident from the company's retail business, which has benefited from the upgradation of retail outlets, as well as product diversity and innovation. Above all, the ratings take into account the company's low risk profile, and its very strong capacity for timely payment of financial commitments.

About the company: Pakistan State Oil Company Limited (PSO), country's largest company (on the basis of turnover), involved in the storage, distribution and marketing of Petroleum Oil and Lubricant (POL) products, is the only public sector organization successfully competing with three multinationals. It is the market leader with an overall market share of 60% in White Oil and 75% in Black Oil.

Since the induction of good governance in 2001, PSO has turned around from being a typical distribution-oriented enterprise to a customer-focused company with an aggressive stance towards competition. The company has pioneered a number of innovative products and services during the last three years under its 'New Vision' philosophy. Like any progressive company, PSO places an increasing emphasis on corporate social responsibility, and towards the health, safety and environment of both its employees and the local populace.

October 22, 2004: PACRA Assigns 'A' Rating to the Proposed TFC issue of Prime Bank Limited

The Pakistan Credit Rating Agency (PACRA) has assigned a rating of 'A' (Single A) to the proposed unsecured, subordinated term finance certificates issue of PKR 800mln by Prime Commercial Bank Limited. The rating denotes a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The rating reflects Prime Bank's improving risk profile, significant increase in core earnings together with a maintained strong liquidity. The rating also recognizes the healthy growth trends with increasing outreach and greater focus on the middle market segment.

About the issuer – the bank: PCBL, after commencing operations in 1992, currently operates with a network of 48 branches. The controlling stake in the bank is held by a group of foreign investors, mainly members of a Saudi family, belonging to a highly regarded, very sizeable and well diversified business group of Saudi Arabia. During 2003, the individual holdings of this family were consolidated under a company named 'Arab Asian International Holding Company' which is registered in Bahrain and is owned by the same family. Short-term working capital and trade related financing activities form the core business area of the bank. Its future strategy envisages continued but gradual growth through the expansion of its branch network, with major focus on the small and medium enterprises.

About the issue: The proposed unsecured subordinated TFCs would have a tenor of 8 years carrying mark-up at a floating rate of latest 6-month KIBOR plus 1.90%, payable semi-annually.

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Principal redemption will be in four equal annual installments commencing from the 60th month of the issue.

October 20, 2004: PACRA Maintains IFS Rating of Muslim Insurance Company Limited

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) Rating of Muslim Insurance Company Limited (MIC) at 'A' (Single A). The rating denotes a strong capacity to meet policyholder and contract obligations. At the same time, risk factors are considered moderate, and the impact of any adverse business and economic factors is expected to be modest.

While assigning the rating, PACRA has recognized the company's sound solvency margin, high liquidity and satisfactory financial base. The rating also takes into account the management's conservative underwriting policies and the stable nature of the low risk premium generation.

About the company: Muslim Insurance Company Limited (MIC), one of the oldest insurance companies in Pakistan, commenced commercial operations in 1934. The company went public in 1955 and is listed on the Karachi and Lahore stock exchanges. In 1980, the Atlas Group acquired the company and since then it has steadily developed a sound non-life insurance business. The Atlas Group, one of the best-known business groups in the country, is well diversified with interests in car production, motorcycle production, auto parts manufacturing, investment banking/leasing, insurance, and trading.

October 20, 2004: PACRA Assigns Asset Manager Rating to Arif Habib Investment Management Limited

The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of "AM2" to Arif Habib Investment Management Limited (AHIML). 'AM2' rating reflects the company's outstanding capacity to master the risks inherent in asset management. In a span of four years, the company has successfully launched five Funds and plans to launch another three in the coming year. AHIML has sound internal systems and processes, a high degree of independence and control, effective asset allocation and risk management policies and a qualified and experienced management team.

AHIML manages three open-end funds and acts as the investment advisor to three closed-end funds. The company is targeting to capture a substantial market share by focusing on increasing the number and size of funds under management. Consequently, AHIML is pursuing an aggressive marketing strategy with a focus on retail investors. AHIML has over PKR 10.5bln of assets under management and equity of the company stands at PKR 115.3mln as at June 30, 2004. AHIML serves a diverse client base which makes it independent from any one source of business.

About the company: AHIML, incorporated in August'00, is one of the largest asset management companies in Pakistan with over PKR 10.5bln of assets under management. AHIML is an associated undertaking of Arif Habib Securities Limited (AHSL), a leading securities brokerage firm also offering research and corporate finance services. AHSL has one of the largest brokerage operations on the Karachi Stock Exchange. AHSL owns 40% of shares in AHIML. Of the individual

shareholders, Mr. M. Arif Habib is the largest shareholder at 40%. AHIML manages three open-end funds and acts as the investment advisor to three closed-end funds. The current Chief Executive of AHIML, Mr. Nasim Beg, is a C.A. with over 30 years of experience in the financial sector as well as in the domestic and international mutual fund industry.

October 19, 2004: PACRA Assigns Fund Rating to Pakistan Premier Fund Limited (PPF) and Pakistan Stock Market Fund Limited (PSMF)

The Pakistan Credit Rating Agency (PACRA) has assigned a fund rating of "AA(f)" (double A) to Pakistan Premier Fund Limited (PPF) and to Pakistan Stock Market Fund (PSM). The rating is based on consistent growth and improving performance of the Funds. It reflects good financial standing of the management company/investment advisor, Arif Habib Investment Management Limited (AHIML), and high quality of management coupled with independent research and effective asset allocation and risk management policies. The rating is further augmented by the quality of equity holdings in terms of liquidity and dividend payout enabling management to capitalize on emerging market opportunities.

A high exposure to equities and the threat of increasing interest rates, with the current range-bound trend of the stock market, make future earnings vulnerable to market volatility. However, owing to the asset base and quality of management, the Funds depict strong capacity to respond to future opportunities or stress situations and are expected to maintain their performance relative to peers and the KSE-100 Index.

About the management company: AHIML, incorporated in August'00, is one of the largest

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asset management companies in Pakistan with over PKR 10.5bln of assets under management. AHIML is an associated undertaking of Arif Habib Securities Limited (AHSL), a leading securities brokerage firm also offering research and corporate finance services. AHSL has one of the largest brokerage operations on the Karachi Stock Exchange. AHSL owns 40% of shares in AHIML. Of the individual shareholders, Mr. M. Arif Habib is the largest shareholder at 40%. AHIML manages three open-end funds and acts as the investment advisor to three closed-end funds. The current Chief Executive of AHIML, Mr. Nasim Beg, is a C.A. with over 30 years of experience in the financial sector as well as in the domestic and international mutual fund industry.

October 19, 2004: PACRA Assigns Fund Rating to Pakistan Income Fund

The Pakistan Credit Rating Agency (PACRA) has assigned a fund rating of "A+(f)" (A plus) to Pakistan Income Fund (PIF). The rating is based on consistent growth and improving performance of the Fund. It also takes into account the financial strength of the management company and high quality of management coupled with independent research and effective asset allocation and risk management policies.

PIF relies heavily on COTs and consequently has a low proportion of its investments in government securities and TFCs. Going forward, whether the futures market, the alternative avenue to COT, will be able to pick up the COT volume is uncertain. However, considering that the Fund portfolio does not contain any locked-in assets in long-term fixed income securities and the proven ability of the management to capitalize on emerging opportunities in the market, PIF depicts adequate capacity to respond to future opportunities or stress situations.

In PACRA's view, PIF is expected to maintain its performance relative to its peers.

About the management company: AHIML, incorporated in August'00, is one of the largest asset management companies in Pakistan with over PKR 10.5bln of assets under management. AHIML is an associated undertaking of Arif Habib Securities Limited (AHSL), a leading securities brokerage firm also offering research and corporate finance services. AHSL has one of the largest brokerage operations on the Karachi Stock Exchange. AHSL owns 40% of shares in AHIML. Of the individual shareholders, Mr. M. Arif Habib is the largest shareholder at 40%. AHIML manages three open-end funds and acts as the investment advisor to three closed-end funds. The current Chief Executive of AHIML, Mr. Nasim Beg, is a C.A. with over 30 years of experience in the financial sector as well as in the domestic and international mutual fund industry.

October 05, 2004: PACRA Maintains the Ratings of Pakistan Mobile Communications (Pvt) Limited (Mobilink)

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term rating of 'AA-' (double A minus) and the short term rating of 'A1' (A One) of Pakistan Mobile Communications (Pvt) Limited (PMCL). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. The ratings are applicable to the senior unsecured creditors of the company.

The ratings reflect PMCL's sustained market leadership and strong financial performance emanating from continuing growth in volumes. Though there has been a material increase in financial leverage, owing to a significant debt

acquisition to support expansion, PMCL is maintaining gearing and respective coverages at an adequate level. The ratings also incorporate the company's efforts to sustain its positioning in an increasingly competitive cellular industry.

About the company: PMCL is the largest cellular telecommunication service provider engaged in installation, operation and maintenance of a countrywide GSM cellular network under the brand name of Mobilink. PMCL was incorporated as a private limited company in December 1990, and commenced operations in August 1994. The company enjoys the strong technological and financial support of Orascom Telecom (OT), which operates GSM cellular networks in 21 countries across the Middle East, Africa and Asia. In addition to GSM operations, Orascom Telecom has other subsidiaries in the areas of Internet and satellite technologies. The parent company was incorporated in Egypt in 1992 and is publicly traded on the Cairo and Alexandria Stock Exchanges in Egypt, and the London Stock Exchange.

List of Publicly Disseminated Ratings

Entity Ratings:

	Name of the Organisation	Type of Rating	Date of Notification MM/DD/YYYY	Rating Assigned		
				FS/FR/ AMR/DG	Long-Term Short-Term	
FINANCIAL SECTOR						
MUTUAL FUNDS / ASSET MANAGEMENT COS.						
1.	ABAMCO Limited	AMR ¹	06/30/2004	AM2	---	---
2.	Arif Habib Investment Management Limited	AMR	09/24/2004	AM2	---	---
3.	Atlas Asset Management Company Limited	AMR	10/27/2004	AM3	---	---
4.	BSJS Balanced Fund Limited	FR ²	05/17/2004	AA(f)	---	---
5.	National Investment (Unit) Trust – NIT	FR	09/15/2003	AA(f)	---	---
6.	Pakistan Income Fund (PIF)	FR	09/24/2004	A+(f)	---	---
7.	Pakistan Premier Fund (PPF)	FR	09/24/2004	AA(f)	---	---
8.	Pakistan Stock Market Fund (PSMF)	FR	09/24/2004	AA(f)	---	---
9.	Unit Trust Of Pakistan	FR	04/01/2004	AA(f)	---	---
DFIS / INVESTMENT COS. / BROKERAGE HOUSES						
1.	House Building Finance Corporation	Entity	10/07/2003		A	A1
2.	Investment Corporation of Pakistan (ICP)	Entity	06/03/2004		---	A1+
3.	Jahangir Siddiqui & Company Limited	Entity	01/16/2004		AA+	A1+
4.	Pakistan Industrial Credit & Investment Corporation Limited (PICIC)	Entity	06/29/2004		AA	A1+
5.	Pakistan Kuwait Investment Company (Pvt) Limited	Entity	06/30/2004		AAA	A1+
6.	Pak Libya Holding Company (Pvt) Limited	Entity	06/30/2004		AA-	A1+
MODARABAS						
1.	First Fidelity Leasing Modaraba	Entity	03/10/2004		BBB+	A2
2.	First Habib Modaraba	Entity	12/17/2004		AA	A1+
3.	First Punjab Modaraba	Entity	02/25/2004		A	A1
4.	Standard Chartered Modaraba (Formerly First Grindlays Modaraba)	Entity	12/22/2004		AA+	A1+
LEASING COMPANIES						
1.	Askari Leasing Limited	Entity	12/30/2004		A+	A1
2.	Network Leasing Corporation Limited	Entity	12/17/2004		BBB	A3
3.	Orix Leasing Pakistan Limited	Entity	03/12/2004		AA	A1+
4.	Trust Leasing Corporation Limited	Entity	11/12/2004		AA-	A1+
5.	Union Leasing Limited	Entity	12/22/2004		A+	A1
BANKING COMMERCIAL						
1.	AlBaraka Islamic Bank (Pakistan Branches)	Entity	06/21/2004		A-	A1

¹ Asset Manager Rating

² Fund Rating



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	Name of the Organisation	Type of Rating	Date of Notification MM/DD/YYYY	Rating Assigned	
				FS/ FR/ AMR/DG	Long-Term Short-Term
2.	Askari Commercial Bank Limited	Entity	06/24/2004	AA+	A1+
3.	Bank Al Habib Limited	Entity	06/23/2004	AA	A1+
4.	Bank Alfalah Limited	Entity	06/24/2004	AA	A1+
5.	The Bank of Punjab	Entity	06/23/2004	A+	A1
6.	First Women Bank Limited	Entity	10/15/2004	AA	A1+
7.	KASB Bank Limited	Entity	04/23/2004	BBB+	A2
8.	Metropolitan Bank Limited	Entity	06/22/2004	AA+	A1+
9.	Muslim Commercial Bank Limited	Entity	06/19/2004	AA	A1+
10.	NDLC-IFIC Bank Limited	Entity	07/29/2004	A-	A2
11.	Prime Commercial Bank Limited	Entity	06/28/2004	A+	A1
12.	Saudi Pak Commercial Bank Limited	Entity	06/30/2004	BBB	A3
13.	Soneri Bank Limited	Entity	06/24/2004	AA-	A1+
14.	Union Bank Limited	Entity	06/30/2004	A+	A1

BANKING INVESTMENT

1.	Atlas Investment Bank Limited	Entity	12/22/2004	A+	A1
2.	First Dawood Investment Bank Limited (Formerly Dawood Leasing Company Limited)	Entity	01/13/2004	A+	A1
3.	First International Investment Bank Limited	Entity	12/22/2004	A	A1
4.	Jahangir Siddiqui Investment Bank Limited	Entity	02/23/2004	A+	A1
5.	Orix Investment Bank Limited	Entity	03/08/2004	A	A1

INSURANCE COMPANIES

1.	International General Insurance Company of Pakistan Limited (IGI)	IFS ¹	06/23/2004	AA	---	---
2.	Muslim Insurance Company Limited	IFS	09/23/2004	A	---	---
3.	New Jubilee Insurance Company Limited (NJI)	IFS	09/27/2004	AA	---	---

REAL ESTATE DEVELOPERS & PROJECTS

1.	Eden Developers (Pvt) Limited	DG ²	07/01/2004	PE2	---	---
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INDUSTRIAL CORPORATES

TEXTILE

1.	Azgard Nine Limited (Formerly Legler Nafees Denim Mills Limited)	Entity	02/25/2004	A	A1
2.	Nishat Mills Limited	Entity	01/12/2004	A+	A1

SUGAR & ALLIED

1.	Al-Abbas Sugar Mills Limited	Entity	04/12/2004	A-	A2
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FUEL & ENERGY

1.	Attock Petroleum Limited (APL)	Entity	11/14/2004	AA	A1+
2.	Pak-Arab Refinery Company Limited (PARCO)	Entity	03/31/2004	AAA	A1+
3.	Pakistan State Oil Company Limited (PSO)	Entity	10/20/2004	AAA	A1+

¹ Insurer Financial Strength Rating

² Developer Grading



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Name of the Organisation	Type of Rating	Date of Notification	Rating Assigned		
			MM/DD/YYYY	FS/FR/ AMR/DG	Long-Term
TRANSPORT & COMMUNICATION					
1. Pakistan Mobile Communications (Pvt) Limited (Mobilink)	Entity	09/23/2004		AA-	A1
2. WorldCall Communications Limited	Entity	04/22/2004		A+	A1
CHEMICAL & PHARMACEUTICALS					
1. Engro Chemical Pakistan Limited	Entity	06/14/2004		AA-	A1+
PAPER & BOARD					
1. Packages Limited	Entity	04/23/2004		AA	A1+
MISCELLANEOUS					
1. Tri-Pack Films Limited	Entity	05/14/2004		A+	A1



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Term Finance Certificates (TFCs) Ratings:

	Name of the Organisation	Amount PKR (mln)	Date of Notification (MM/DD/YYYY)	Date of Issue (MM/DD/YYYY)	Rating Assigned
1.	Al-Abbas Sugar Mills Limited (<i>Privately Placed</i>)	350.00	04/12/2004	07/03/2003	A
2.	Al-Noor Sugar Mills Limited	203.66	04/23/2004	10/31/2000	BBB+
3.	Askari Commercial Bank Limited (<i>Proposed</i>)	1,500.00	12/17/2004	<i>To be issued</i>	AA
4.	Atlas Investment Bank Limited – I	200.00	12/22/2004	09/27/2000	AA-
5.	Atlas Investment Bank Limited - II	100.00	12/22/2004	08/16/2001	AA-
6.	Bank Al Habib Limited	1,350.00	06/23/2004	07/16/2004	AA-
7.	Bank Alfalah Limited – I	650.00	06/24/2004	12/21/2002	AA-
8.	Bank Alfalah Limited – II	1,250.00	08/26/2004	11/24/2004	AA-
9.	Engro Chemical Pakistan Limited (2 nd Tranche)	1,000.00	06/14/2004	07/06/2002	AA
10.	First Dawood Investment Bank Limited (<i>Formerly Dawood Leasing Company Limited</i>) (1 st Tranche)	253.05	01/13/2004	09/21/2001	AA-
11.	First Dawood Investment Bank Limited (<i>Formerly Dawood Leasing Company Limited</i>) (2 nd Tranche)	345.00	01/13/2004	07/27/2002	AA-
12.	First International Investment Bank Limited (M-Series)	57.04	12/22/2004	09/01/2001	A1*
13.	Gulistan Textile Mills Limited	320.67	04/26/2004	09/05/2001	A-
14.	Jahangir Siddiqui & Company Limited – I	500.00	01/16/2004	04/18/2003	AA+
15.	Jahangir Siddiqui & Company Limited – II	500.00	09/15/2004	<i>To be issued</i>	AA+
16.	KASB Bank Limited (<i>Originally issued by KASB Leasing Limited</i>)	200.00	04/23/2004	07/15/2003	A-
17.	Maple Leaf Cement Factory Limited	250.00	02/25/2004	07/20/2002	A
18.	Muslim Commercial Bank Limited	1,600.00	06/19/2004	08/10/2002	AA-
19.	NDLC-IFIC Bank Limited	500.22	07/29/2004	12/01/1999	A1*
20.	Network Leasing Corporation Limited	100.00	12/17/2004	10/08/2000	A2*
21.	Nishat Mills Limited	600.00	01/12/2004	09/19/2001	A+
22.	Orix Leasing Pakistan Limited (1 st Tranche)	742.00	03/12/2004	04/07/2001	AA+
23.	Orix Leasing Pakistan Limited (2 nd Tranche)	758.00	03/12/2004	08/01/2002	AA+
24.	Packages Limited	850.00	04/23/2004	08/01/2001	AA
25.	Prime Commercial Bank Limited (<i>Proposed</i>)	800.00	10/20/2004	<i>To be issued</i>	A
26.	Securetel SPV Limited – (Securitized)	850.00	11/26/2004	04/27/2003	A
27.	Shahmurad Sugar Mills Limited	230.00	04/26/2004	05/21/2002	BBB
28.	Sui Southern Gas Company Limited (1 st Tranche)	1,000.00	12/31/2003	06/01/2001	AA
29.	Sui Southern Gas Company Limited (2 nd Tranche)	1,250.00	12/31/2003	06/11/2002	AA
30.	Trust Leasing Corporation Limited – I	250.00	11/12/2004	06/03/2003	AA
31.	Trust Leasing Corporation Limited – II	375.00	11/12/2004	07/18/2004	AA
32.	Union Bank Limited – I	750.00	06/30/2004	12/21/2002	A
33.	Union Bank Limited – II	750.00	06/30/2004	01/20/2004	A
34.	Union Leasing Limited	357.10	12/22/2004	04/20/2002	A1+*
35.	WorldCall Communications Limited	350.00	04/22/2004	10/01/2002	AA-
Total Amount Issued:		22,141.64			

* Short-Term Rating

SOVEREIGN RATINGS OF SELECTED COUNTRIES

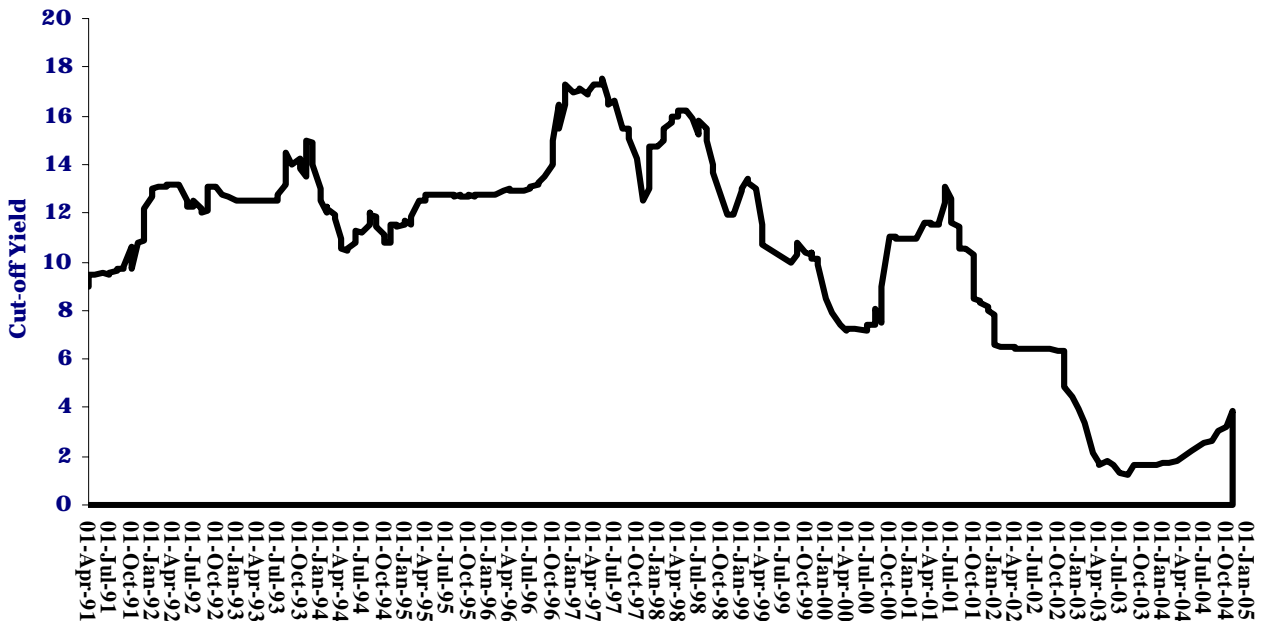
Region	Country Name	Rating Assigned (Long-Term/Short-Term)*		
		S&P	Moody's	FitchRatings
Africa				
	Egypt	BB+/B	Ba2/NP	BB+/B
	South Africa	BBB/A3	Baa2/P2	BBB/F3
America				
	Argentina	SD/SD	Caa2/NP	DDD/C
	Brazil	BB-/B	B2/NP	BB-/B
	Canada	AAA/A1+	Aaa/P1	AAA/F1+
	U.S.A.	AAA/A1+	Aaa/P1	AAA/F1+
Asia Pacific				
Middle East				
	Bahrain	A-/A2	Baa1/P2	A-/F1
	Kuwait	A+/A1+	A2/P1	AA-/F1+
North Asia				
	China	BBB+/A2	A2/P1	A-/F1
	Hong Kong	A+/A1	A1/P1	AA-/F1+
	Japan	AA-/A1+	Aaa/P1	AA/F1+
	Korea	A-/A2	A3/P2	A/F1
	Taiwan	AA-/A1+	Aa3/P1	A+/F1
South Asia				
	India	BB/B	Ba2/NP	BB+/B
	Indonesia	B+/B	B3/NP	B+/B
	Iran	---	---	BB-/B
	Malaysia	A-/A2	A3/P1	A-/F2
	Pakistan	B+/B	B2/NP	---
	Philippines	BB/B	Ba3/NP	BB/B
	Thailand	BBB+/A2	Baa1/P2	BBB/F3
Others				
	Australia	AAA/A1+	Aaa/P1	AA+/F1+
	New Zealand	AA+/A1+	Aaa/P1	AA+/F1+
Europe				
	Belgium	AA+/A1+	Aaa/P1	AA/F1+
	France	AAA/A1+	Aaa/P1	AAA/F1+
	Germany	AAA/A1+	Aaa/P1	AAA/F1+
	Italy	AA-/A1+	Aaa/P1	AA/F1+
	Netherlands	AAA/A1+	Aaa/P1	AAA/F1+
	Russia	BB+/B	Ba1/NP	BBB-/F3
	Spain	AAA/A1+	Aaa/P1	AAA/F1+
	Switzerland	AAA/A1+	Aaa/P1	AAA/F1+
	U.K.	AAA/A1+	Aaa/P1	AAA/F1+

* Rating Scales are available at www.standardandpoors.com, www.moodys.com, www.fitchratings.com

INTEREST RATE TRENDS

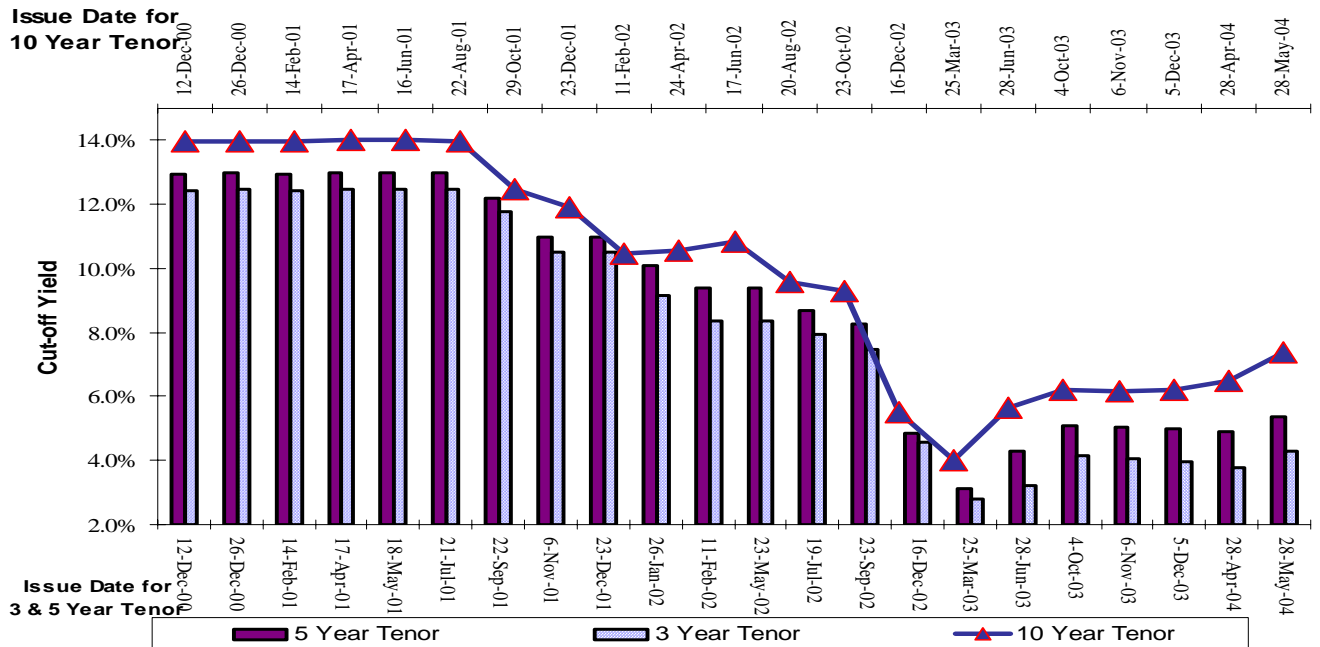
Short Term: (Treasury Bills)

6-Month Treasury Bills Cut-Off Yield



Long Term: (PIBs)

Rates for 3, 5 & 10 Year Tenor





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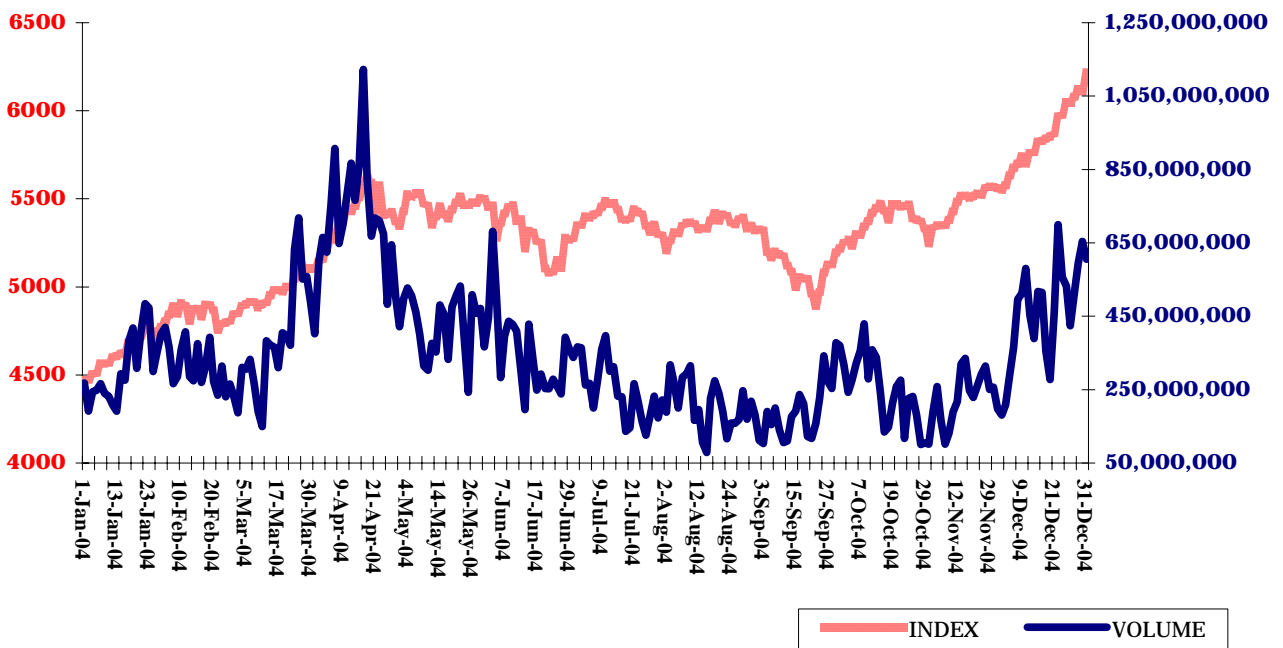
KIBOR:

KIBOR (6-Month Average Ask Rate)



KSE-100 Index:

KSE Index & Volume Movements (CY2004)





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