



# **Metropolitan Bank Limited**

**ACCOUNTS FOR THE HALF-YEAR ENDED  
JUNE 30, 2004**

**(UN-AUDITED)**



## Contents

Branch Network	2
Corporate Information	4
Directors' Review	5
Review Report to the Members	6
Balance Sheet	7
Profit and Loss Account	8
Cash Flow Statement	9
Statement of Changes in Equity	10
Notes to the Accounts	11



## REGISTERED OFFICE AND HEAD OFFICE

Ground Floor, Spencer's Building,  
G.P.O. Box 1289, I.I. Chundrigar Road, Karachi-74200, Pakistan

Phones : (021) 263 6740 (20 Lines)  
UAN : (021) 111-18-18-18  
Fax : (021) 263 0404 - 5  
Telex : 20246 BNKMN PK, 20281 BNKMN PK  
Cable : METROBANK  
SWIFT : MPBLPKKA  
URL : www.metrobank.com.pk  
E-mail : info@metrobank.com.pk

### BRANCHES

#### Karachi:

##### Main Branch:

Ground Floor,  
Spencer's Building, I.I. Chundrigar Road,  
G.P.O. Box 1289, Karachi.

Phones : (021) 263 6740 (20 Lines)  
UAN : (021) 111-18-18-18  
Fax : (021) 263 0404 - 5  
Telex : 20246 BNKMN PK  
20281 BNKMN PK  
SWIFT : MPBLPKKA

##### Cloth Market:

BR 1/43, Metro Centre,  
Bombay Bazar, Kharadar,  
P.O. Box 6453, Karachi.

Phones : (021) 231 3712 (3 Lines)  
231 3927  
Fax : (021) 231 3715  
Telex : 27402 MBNPK  
SWIFT : MPBLPKKA011

##### Paper Market:

Plot No. 7, 8 R-6, Altif Hussain Road,  
New Challi, Karachi.

Phones : (021) 221 0562 (6 Lines)  
Fax : (021) 221 0568  
Telex : 27399 MBP PM PK  
SWIFT : MPBLPKKA013

##### Gulshan-e-Iqbal:

Plot No. 118/B/A-XV, Block 10-A, Main Rashid  
Minhas Road, Near Drive-In Cinema,  
Gulshan-e-Iqbal, Karachi.

Phones : (021) 802 1651 (3 Lines)  
(021) 802 1654  
Fax : (021) 802 1655

##### Shahrah-e-Faisal:

Siddique Sons Tower 3, Jinnah Society,  
Near Shaheed-e-Millat Flyover,  
Shahrah-e-Faisal, Karachi.

Phones : (021) 452 8395 (3 Lines)  
(021) 452 2920  
Fax : (021) 438 3498  
Telex : 27424 BNKMN PK  
SWIFT : MPBLPKKA012

##### Jodia Bazar:

Madarassah Islamiya School Building,  
Adamjee Haji Dawood Road,  
Jodia Bazar, Karachi.

Phones : (021) 243 7187, 241 1925,  
(021) 243 7909, 243 8157  
Fax : (021) 243 0056  
Telex : 27723 MBP JB PK  
SWIFT : MPBLPKKA015

##### Karachi Stock Exchange:

Old Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

Phones : (021) 240 1921 (3 Lines)  
Fax : (021) 240 1925

##### M. A. Jinnah Road:

Corner Abdullah Haroon Road,  
Karachi.

Phones : (021) 773 7617 (4 Lines)  
Fax : (021) 773 7621  
SWIFT : MPBLPKKA020

##### North Napier Road:

Plot W.O.I/33, North Napier Road,  
Near Dandia Bazar, Karachi.

Phones : (021) 773 7603 (4 Lines)  
Fax : (021) 773 7607  
SWIFT : MPBLPKKA021

##### Karimabad:

Sohni Bridal Shopping Centre,  
BS-6, Block-4, F.B. Area,  
Karachi.

Phones : (021) 634 5296 (2 Lines)  
(021) 634 9446, 680 2262  
Fax : (021) 634 9447

##### SITE:

3/9-B-2, Metro Chowrangji,  
S.I.T.E., Karachi.

Phones : (021) 256 4101 (3 Lines)  
(021) 256 4104, 256 4793-95  
Fax : (021) 256 4100  
SWIFT : MPBLPKKA023

##### DHA:

1-C, Khayaban-e-Shamsheer,  
Phase V, Karachi.

Phones : (021) 585 7404 (3 Lines)  
(021) 585 7407  
Fax : (021) 585 7403

##### Timber Market:

5, Siddiq Wahab Road, Timber Market,  
Karachi.

Phones : (021) 776 8411 (3 Lines)  
(021) 776 8415  
Fax : (021) 776 8414

##### Korangi:

Anwan-e-Sanat Building, Sector 23,  
Korangi Industrial Area, Karachi

Phones : (021) 506 9162 (3 Lines)  
(021) 506 9130  
Fax : (021) 506 9171

##### Saddar:

SB-4/4, Zaibunnisa Street, Saddar,  
Karachi.

Phones : (021) 521 6308 (2 Lines)  
(021) 521 6433  
Fax : (021) 521 6434

##### Bahadurabad:

25, Central Commercial Area,  
Main Alamgir Road, Bahadurabad,  
Karachi.

Phones : (021) 494 8805 (3 Lines)  
(021) 494 8810  
Fax : (021) 494 8803

##### Ittehad:

86-C, 11th Commercial Street,  
D.H.A. Phase II Ext., Karachi.

Phones : (021) 589 7623 (2 Lines)  
(021) 536 2108 (2 Lines)  
(021) 536 2110  
Fax : (021) 588 6872

##### Hyderi:

7-A, Mustafa Market,  
Block G, Barkat-e-Hyderi, Karachi.

Phones : (021) 664 0774 (3 Lines)  
Fax : (021) 664 0777

##### Dhoraji Colony:

Madni Pride, Block 7 & 8,  
C.P. Berar, C.H.S.,  
Dhoraji Colony, Karachi.

Phones : (021) 494 9535 - 44 - 64  
Fax : (021) 494 9592

##### North Karachi Industrial Area:

ST-5, Gabol Town,  
Federal 'B' Area, Karachi.

Phones : (021) 695 7569  
(021) 693 3461 (3 Lines)  
Fax : (021) 695 7570

##### Gulshan Chowrangji:

FL 4/S, Hamid Square,  
Block 3, Gulshan-e-Iqbal, Karachi.

Phones : (021) 480 0790 (3 Lines)  
Fax : (021) 480 0789

##### Khalid Bin Walid:

Khalid Bin Walid Road,  
F/168/A, Madina Mall, Block-3,  
PECHS, Karachi.

Phones : (021) 439 0191 (3 Lines)  
Fax : (021) 439 0190



## BRANCHES

### Karachi:

#### Ceramic Market:

485/486, Rizvia Society,  
Nazimabad, Karachi.  
Phones : (021) 660 0546 (3 Lines)  
          : (021) 670 1001  
Fax : (021) 660 7462

#### Landhi:

15 Milestone, National Highway,  
Landhi, Karachi.  
Phones : (021) 502 4901 (4 Lines)  
Fax : (021) 502 5200

#### Paposh Nagar:

6-A, Block V-A,  
Nazimabad No. 5, Karachi.  
Phones : (021) 670 0001 (4 Lines)  
Fax : (021) 670 0005

#### Textile Plaza:

Nadeem Cloth Market,  
M.A. Jinnah Road, Karachi.  
Phones : (021) 242 2476 (2 Lines)  
          : (021) 242 2415 (2 Lines)  
          : (021) 241 3964  
Fax : (021) 241 6148

### Lahore:

#### Lahore:

Associated House,  
7-Egerton Road, Lahore.  
Phones : (042) 627 9062 (4 Lines)  
          : (042) 627 8812, 630 6902  
UAN : (042) 111-18-18-18  
Fax : (042) 627 9061  
Telex : 47764 BNKMN PK  
SWIFT : MPBLPKKA002

#### Gulberg:

85, D-1, Main Boulevard, Gulberg-III,  
G.P.O. Box No. 54660, Lahore.  
Phones : (042) 587 2091 (4 Lines)  
          : (042) 575 5151, 575 5252  
Fax : (042) 575 4480

#### Circular Road:

83-Circular Road, Lahore.  
Phones : (042) 767 2634 (5 Lines)  
Fax : (042) 767 2631

#### Defence:

9-Z, Defence Housing Authority, Lahore.  
Phones : (042) 589 4162 (3 Lines)  
Fax : (042) 589 3878

### Peshawar:

95-A, Saddar Road, Peshawar.  
Phones : (091) 270904 (3 Lines)  
          : (091) 275784, 275709  
UAN : (091) 111-18-18-18  
Fax : (091) 275624  
Telex : 52324 BNKMN PK

### Quetta:

Shahrah-e-Iqbal,  
G.P.O. Box 185, Quetta  
Phones : (081) 835302, 835308  
UAN : (081) 111-18-18-18  
Fax : (081) 824209  
Cable : BANKMETRO

### Mirpur A.K.:

Ejaz Plaza, Allama Iqbal Road,  
Mirpur, Azad Kashmir.  
Phone : (058610) 43435, 48039-40  
          : (058610) 45719  
Fax : (058610) 43677

### Sialkot:

Allama Iqbal Chowk, Railway Road,  
G.P.O. Box 2626, Sialkot.  
Phones : (0432) 593571 (3 Lines)  
          : (0432) 588002, 588037  
UAN : (0432) 111-18-18-18  
Fax : (0432) 588024  
Telex : 46209 BNKMN PK  
SWIFT : MPBLPKKA006

### Hyderabad:

F-66, Risala Road,  
P.O. Box No. 182, Hyderabad.  
Phones : (0221) 783893, 784087  
UAN : (0221) 111-18-18-18  
Fax : (0221) 783894  
Telex : 22093 BNKMN PK

### Multan:

85-A, Qasim Road,  
P.O. Box No. 108, Multan Cantt.  
Phones : (061) 583515 (3 Lines)  
          : (061) 785719-20  
UAN : (061) 111-18-18-18  
Fax : (061) 583518  
Telex : 42353 BNKMN PK

### Faisalabad:

P/64, Taj Plaza, Kotwali Road, Faisalabad.  
Phones : (041) 649902 (5 Lines)  
UAN : (041) 111-18-18-18  
Fax : (041) 649901  
Telex : 43555 BNKMN PK  
SWIFT : MPBLPKKA009

### Islamabad:

24-D, Rashid Plaza,  
Jinnah Avenue, Islamabad.  
Phones : (051) 227 4088 (3 Lines)  
UAN : (051) 111-18-18-18  
Fax : (051) 227 4082  
Telex : 54732 BNKMN PK

### Rahim Yar Khan:

24, Shahi Road, Rahim Yar Khan.  
Phone : (0731) 83493, 79522  
Fax : (0731) 74193

### Kasur:

Railway Road, Kasur.  
Phones : (0492) 925 0053, 764606  
          : (0492) 765331  
Fax : (0492) 925 0090

### Gujranwala:

G.T. Road, Near Din Plaza, Gujranwala.  
Phones : (0431) 845467 (3 Lines)  
Fax : (0431) 845466  
Telex : 53352 BNKMN PK

### Rawalpindi:

186/2, Bank Road, Rawalpindi Cantt.  
Phones : (051) 511 0178 - 81 - 82  
          : (051) 551 7013, 511 0177  
Fax : (051) 579 4376



## **BOARD OF DIRECTORS**

### **Chairman**

Anwar H. Japanwala

### **President & Chief Executive**

Kassim Parekh

### **Directors**

Bashir Ali Mohammad

Dewan Asim Mushfiq Farooqui

Firasat Ali

A. R. Wadiwala

Salim A. Zubairi

R. B. Limbuvalla

### **Audit Committee**

Anwar H. Japanwala      Chairman

A. R. Wadiwala

R. B. Limbuvalla

### **Company Secretary**

Fuzail Abbas

### **Share Registrar**

Noble Computer Services (Private) Limited  
2nd Floor, Sohni Centre, BS 5 & 6,  
Main Karimabad, Block-4, Federal B Area,  
Karachi-75950.



## DIRECTORS' REVIEW

On behalf of the Board of Directors of Metropolitan Bank Limited, I am pleased to present the unaudited accounts for the half year ended June 30, 2004.

Alhamdulillah, your bank, now in its 13th year, continues to register steady progress. During the first half of the current year the deposits and advances portfolio of your Bank maintained a rising trend. The deposits at June 30, 2004 stood at Rs. 42,917 million against Rs. 39,338 million as of December 31, 2003. The advances portfolio has also been increased to Rs. 35,650 million in June 30, 2004 against Rs. 32,230 million as of December 31, 2003. The profit before tax for the half year ended June 30, 2004 is Rs. 659 million, an increase of 26% compared to Rs. 521 million over the corresponding half year. Earnings per share for the six months ended June 30, 2004 works out to Rs. 3.16 per share.

For the fourth consecutive year, your Bank continues to enjoy the highest credit rating of AA+ (double A plus) for long term and A1+ (A one plus) for short term assigned for private sector bank in Pakistan by The Pakistan Credit Rating Agency Limited (PACRA). These ratings denote a very high credit quality, a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

During the half-year under review, the bank opened two more branches in Karachi raising the total number of branches to 42. The bank plans to open additional branches during the remaining half of the year. The present network of 42 branches across 14 cities of Pakistan is fully equipped to provide complete range of services to customers including SWIFT, On-Line Instant Fund Transfer and Tele & Web-Info services. Furthermore, usage of Debit Card & ATM facility is growing satisfactorily.

We wish to place on record our sincere thanks to the Ministry of Finance, State Bank of Pakistan and Securities and Exchange Commission of Pakistan for extending their support and continued guidance. We take this opportunity to also thank our valued customers for their confidence and support and also to all our staff members for their sincere efforts.

On Behalf of the Board

**Kassim Parekh**  
President & Chief Executive

Karachi: August 19, 2004



## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Metropolitan Bank Limited as at June 30, 2004 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements"), for the half year then ended. These financial statements are the responsibility of the bank's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

As explained in note 2.3 to the financial statements, the requirements of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property have not been followed in the preparation of these financial statements. The impact, if any, of these requirements on the financial statements has not been determined.

Based on our review, except for the effect, if any, of the matter referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respect, in accordance with approved accounting standards as applicable in Pakistan.

**HYDER BHIMJI & CO.**  
Chartered Accountants

Karachi: August 19, 2004



# BALANCE SHEET

AS AT JUNE 30, 2004

	Note	June 30, 2004 (Unaudited)	December 31, 2003 (Audited)
		----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		3,516,110	3,294,581
Balances with other banks		875,912	607,302
Lendings to financial institutions		5,812,878	3,896,284
Investments	4	15,663,557	17,958,901
Advances	5	35,649,559	32,229,583
Other assets		865,402	652,327
Operating fixed assets		354,567	342,898
Deferred tax assets		-	-
		<b>62,737,985</b>	<b>58,981,876</b>
<b>LIABILITIES</b>			
Bills payable		1,372,740	939,780
Borrowings from financial institutions		13,030,794	13,155,136
Deposits and other accounts		42,917,369	39,338,050
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		974,135	983,666
Deferred tax liabilities		518,450	757,883
		<b>58,813,488</b>	<b>55,174,515</b>
<b>NET ASSETS</b>		<b>3,924,497</b>	<b>3,807,361</b>
<b>REPRESENTED BY:</b>			
Share capital		1,200,000	1,000,000
Reserves		1,498,951	1,698,951
Un-appropriated profit		432,953	53,722
		<b>3,131,904</b>	<b>2,752,673</b>
Surplus on revaluation of assets		792,593	1,054,688
		<b>3,924,497</b>	<b>3,807,361</b>

## CONTINGENCIES AND COMMITMENTS 7

The annexed notes 1 to 10 form an integral part of these accounts.

**KASSIM PAREKH**  
President & Chief Executive

**BASHIR ALI MOHAMMAD**  
Director

**A. R. WADIWALA**  
Director

**R. B. LIMBUVALLA**  
Director



## PROFIT AND LOSS ACCOUNT (UNAUDITED)

### FOR THE SECOND QUARTER AND HALF YEAR ENDED JUNE 30

	For the quarter ended		For the half year ended	
	June 2004	June 2003	June 2004	June 2003
----- Rupees in '000 -----				
<b>Mark-up/return/interest earned</b>	667,852	684,757	1,332,547	1,378,594
<b>Mark-up/return/interest expended</b>	<u>(302,387)</u>	<u>(341,265)</u>	<u>(605,550)</u>	<u>(746,670)</u>
Net mark-up/interest income	365,465	343,492	726,997	631,924
Provision against non-performing loans and advances	9,121	39,287	44,666	64,390
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	334	-
	(9,121)	(39,287)	(45,000)	(64,390)
Net mark-up/interest income after provisions	356,344	304,205	681,997	567,534
<b>Non mark-up/interest income</b>				
Fee, commission and brokerage income	86,246	75,747	174,323	143,924
Dividend income	91	1,149	3,551	4,611
Income from trading in government securities	-	-	-	-
Income from dealing in foreign currencies	41,769	38,512	113,541	84,736
Other income	23,495	3,824	76,621	37,438
Total non mark-up/interest income	151,601	119,232	368,036	270,709
	507,945	423,437	1,050,033	838,243
<b>Non mark-up/interest expenses</b>				
Administrative expenses	204,865	160,864	390,162	314,504
Other provisions/write offs	-	-	-	-
Other charges	-	-	833	3,045
Total non mark-up/interest expenses	(204,865)	(160,864)	(390,995)	(317,549)
Extra ordinary/unusual items	-	-	-	-
<b>Profit before taxation</b>	303,080	262,573	659,038	520,694
Taxation - current	128,000	128,000	278,000	253,000
- prior years	-	-	-	-
- deferred	(2,760)	(4,709)	1,807	(2,772)
	(125,240)	(123,291)	(279,807)	(250,228)
<b>Profit after taxation</b>	177,840	139,282	379,231	270,466
Unappropriated profit brought forward	255,113	142,427	53,722	11,243
<b>Profit available for appropriation</b>	432,953	281,709	432,953	281,709
----- Rupees -----				
Basic and diluted earnings per share	1.48	1.16	3.16	2.25

The annexed notes 1 to 10 form an integral part of these accounts.

**KASSIM PAREKH**  
President & Chief Executive

**BASHIR ALI MOHAMMAD**  
Director

**A. R. WADIWALA**  
Director

**R. B. LIMBUVALLA**  
Director





## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

### FOR THE HALF YEAR ENDED JUNE 30, 2004

	Share capital	Statutory reserve	Special reserve	Revenue reserve	Reserve for issue of bonus shares	Un-appropriated profit	Total
	-----Rupees in '000-----						
Balance as at January 1, 2003	1,000,000	522,590	240,361	300,000	-	11,243	2,074,194
Profit after tax for the half year	-	-	-	-	-	270,466	270,466
<b>Balance as on June 30, 2003</b>	<b>1,000,000</b>	<b>522,590</b>	<b>240,361</b>	<b>300,000</b>	<b>-</b>	<b>281,709</b>	<b>2,344,660</b>
Profit after tax for the half year	-	-	-	-	-	408,013	408,013
Transfer to reserve	-	136,000	-	300,000	200,000	(636,000)	-
<b>Balance as on December 31, 2003</b>	<b>1,000,000</b>	<b>658,590</b>	<b>240,361</b>	<b>600,000</b>	<b>200,000</b>	<b>53,722</b>	<b>2,752,673</b>
Reserve for issue of bonus shares transfer to share capital	200,000	-	-	-	(200,000)	-	-
Profit after tax for the half year	-	-	-	-	-	379,231	379,231
<b>Balance as on June 30, 2004</b>	<b>1,200,000</b>	<b>658,590</b>	<b>240,361</b>	<b>600,000</b>	<b>-</b>	<b>432,953</b>	<b>3,131,904</b>

The annexed notes 1 to 10 form an integral part of these accounts.

**KASSIM PAREKH**  
President & Chief Executive

**BASHIR ALI MOHAMMAD**  
Director

**A. R. WADIWALA**  
Director

**R. B. LIMBUVALLA**  
Director



# NOTES TO THE ACCOUNTS (UNAUDITED)

## FOR THE HALF YEAR ENDED JUNE 30, 2004

### 1. STATUS AND PRINCIPAL ACTIVITIES:

Metropolitan Bank Limited (the Bank) was incorporated in Pakistan on August 3, 1992 as a public limited company, under the Companies Ordinance, 1984 and commenced its banking operations from October 21, 1992. Its shares are quoted on all the stock exchanges in Pakistan.

Metropolitan Bank Limited is a fully accredited scheduled commercial bank, operating under supervision of the State Bank of Pakistan.

The objects for which the bank is established are to carry on the business of "Banking Companies" as defined by the Banking Companies Ordinance, 1962. It operates 42 branches in Pakistan.

### 2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the directives issued by the State Bank of Pakistan, the requirements of Banking Companies Ordinance, 1962, Companies Ordinance, 1984 and accounting standards issued by the International Accounting Standards Committee (IASC) and interpretations issued by standing interpretations committee of the IASC, as adopted and applicable in Pakistan.

2.2 These financial statements are un-audited and are being presented in condensed form in accordance with the requirements of International Accounting Standard 34: "Interim Financial Reporting" and BSD Circular Letter No. 02 dated May 12, 2004 of the State Bank of Pakistan.

2.3 The application of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property have been deferred by the State Bank of Pakistan vide BSD Circular Letter No. 10 dated August 26, 2002, and accordingly the requirement of these standards have not been considered in the preparation of these accounts.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and methods of computation adopted in preparation of the half yearly accounts are same as those applied in the preparation of the most recent annual financial statements of the Bank.

### 4. INVESTMENTS

	June 30, 2004			December 31, 2003		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total

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

#### 4.1 Investment by Types

##### Available-for-sale securities

Market Treasury Bills	957,758	498,345	1,456,103	3,403,873	624,944	4,028,817
Pakistan Investment bonds	5,431,765	3,300,000	8,731,765	4,530,740	4,087,000	8,617,740
Federal investment bonds	1,918,943	-	1,918,943	2,558,690	-	2,558,690
Term finance certificates	1,781,794	-	1,781,794	1,388,612	-	1,388,612
Certificates of investments	385,000	-	385,000	375,000	-	375,000
Quoted shares	163,566	-	163,566	83,730	-	83,730
Unquoted shares	55,680	-	55,680	30,680	-	30,680
National prize bond	4,905	-	4,905	536	-	536
Mutual Funds	1,104,061	-	1,104,061	806,993	-	806,993
S.W.I.F.T.	1,740	-	1,740	1,740	-	1,740

##### Associates

Term finance certificates	60,000	-	60,000	66,363	-	66,363
---------------------------	--------	---	--------	--------	---	--------

	11,865,212	3,798,345	15,663,557	13,246,957	4,711,944	17,958,901
--	------------	-----------	------------	------------	-----------	------------



4.2 Term finance certificates (TFCs) include investments of Rs. 20,000,000, Rs. 50,000,000 and Rs. 50,000,000 made as pre-IPO subscriptions for TFCs to be issued by Trust Leasing Corporation Limited, United Bank Limited and Bank Al-Habib Limited respectively. The TFCs against these subscriptions have not been issued till June 30, 2004.

	June 30, 2004	December 31, 2003
	----- Rupees in '000 -----	
<b>5. ADVANCES</b>		
Loans, cash credits, running finances, etc. In Pakistan	29,618,506	27,058,265
Net investment in finance lease In Pakistan	132,296	60,076
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	1,494,078	1,295,486
Payable outside Pakistan	4,844,465	4,223,264
	6,338,543	5,518,750
Provision for non-performing advances - Note 5.2	36,089,345 (439,786)	32,637,091 (407,508)
	35,649,559	32,229,583

5.1 Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- Rupees in '000 -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	4,809	-	4,809	962	962
Doubtful	-	-	-	-	-
Loss	101,621	-	101,621	77,931	77,931
	106,430	-	106,430	78,893	78,893

5.2 The provisioning requirement against non-performing advances and consumer financing has been determined after taking into account the directive contained in the revised prudential regulations issued by the State Bank of Pakistan which became applicable with effect from January 1, 2004.

## 6. OPERATING FIXED ASSETS

Following is the cost of tangible fixed assets that have been added/disposed during the period ended June 30, 2004.

	Additions	Deletions
	----- Rupees in '000 -----	
Building on leasehold land	30,200	10,672
Furniture, fixtures, office and computer equipments	2,122	-
Vehicles	41	1,246
	32,363	11,918



June 30,                      December 31,  
2004                                      2003

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

**7. CONTINGENCIES AND COMMITMENTS**

<b>7.1 Direct credit substitutes - Others</b>	<b>8,000</b>	<b>17,571</b>
<b>7.2 Transaction-related contingent liabilities</b>		
Government	1,586,831	1,363,209
Financial institutions	95,550	87,397
Others	436,633	412,679
	<b>2,119,014</b>	<b>1,863,285</b>
<b>7.3 Trade-related contingent liabilities</b>		
Letter of credit	11,390,315	10,312,221
Acceptances	5,002,731	3,370,447
<b>7.4 Commitments in respect of forward exchange contracts</b>		
Purchase	3,692,355	5,852,889
Sale	5,003,720	7,092,437
<b>7.5 Commitments in respect of operating leases</b>		
Not later than one year	66,491	58,638
Later than one year and not later than five years	63,382	56,654
	<b>129,873</b>	<b>115,292</b>
<b>7.6 Commitments for the acquisition of operating fixed assets</b>	<b>-</b>	<b>4,545</b>

**8. RELATED PARTY TRANSACTIONS**

The Bank has related party relationship due to common directorship.

The pricing policy in respect of following transactions is based on an arm's length basis using the comparable uncontrolled price method.

June 30,                      December 31,  
2004                                      2003

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

Deposits		
Balance at beginning of year	4,139	962
Placements during the period	486,667	328,910
Withdrawals during the period	(487,112)	(325,733)
Balance at end of period	<b>3,694</b>	<b>4,139</b>



	June 30, 2004	June 30, 2003
	----- Rupees in '000 -----	
Profit earned on term finance certificates (during the period)	1,732	1,738
Profit paid/accrued on deposits (during the period)	-	15

#### 9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 19, 2004 by the Board of Directors of the Bank.

#### 10. GENERAL

- 10.1 These accounts are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.
- 10.2 The figures have been rounded off to nearest thousand rupees.
- 10.3 Corresponding figures have been rearranged, where necessary to facilitate comparison.

**KASSIM PAREKH**  
President & Chief Executive

**BASHIR ALI MOHAMMAD**  
Director

**A. R. WADIWALA**  
Director

**R. B. LIMBUVALLA**  
Director