



Metropolitan Bank Limited

ACCOUNTS FOR THE QUARTER ENDED
MARCH 31, 2006

(UN-AUDITED)

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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)
Fax : (021) 263 0404 - 5
UAN : (021) 111-18-18-18

14th Floor, Saima Trade Towers 'A',
I.I. Chundrigar Road, Karachi-74200,
Pakistan
Phones : (021) 227 1935 (14 Lines)
Fax : (021) 227 1950

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
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)
(021) 231 3763, 231 3927
Fax : (021) 231 3715
Telex : 27402 BNKMN PK
SWIFT : MPBLPKKA011

Paper Market:

Plot No. 7, 8 R-6, Altaf 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) 402 1651 (3 Lines)
(021) 402 1654
Fax : (021) 402 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 Islamia 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:

Comer Abdullah Haroon Road,
Karachi.
Phones : (021) 273 7617 (4 Lines)
Fax : (021) 273 7621
SWIFT : MPBLPKKA020

North Napier Road:

Plot W.O./33, North Napier Road,
Near Dandia Bazar, Karachi
Phones : (021) 273 7603 (4 Lines)
Fax : (021) 273 7607
SWIFT : MPBLPKKA021

Karimabad:

Sohni Bridal Shopping Centre,
BS-6, Block-4, F.B. Area,
Karachi.
Phones : (021) 634 5236 (2 Lines)
(021) 634 9446, 680 2262
Fax : (021) 634 9447

SITE:

3/9-B-2, Metro Chowrangi,
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) 276 8411 (3 Lines)
(021) 276 8415
Fax : (021) 276 8414

Korangi:

Aiwan-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) 538 2109
(021) 538 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 Chowrangi:

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

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

Islamic Banking:

SB-4/4, 2nd Floor, Zaibunnisa Street,
Saddar, Karachi
Phones : (021) 681 2577 (4 Lines)
Fax : (021) 565 0650

Water Pump:

57, Nawaz Court, Block-16,
Federal "B" Area, Karachi
Phones : (021) 681 2577 (2 Lines)
 : (021) 632 3028
Fax : (021) 633 4557

Shershah:

D-283/1, S.I.T.E. Area,
Trans Lyari Quarter, Karachi.
Phones : (021) 258 6301 (3 Lines)
Fax : (021) 258 6305

University Road:

Opp. NED University, No. 101,
Zenith Heights Bl-1,
Gulistan-e-Johar, Karachi.
Phones : (021) 402 9701 (3 Lines)
 : (021) 402 9704
Fax : (021) 402 9705

Clifton:

GPC-2, Bl-5 KDA Scheme No. 5,
Clifton, Karachi.
Phones : (021) 587 9734 (3 Lines)
 : (021) 587 9737
Fax : (021) 587 9738

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

Lahore:

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

Badami Bagh:

38-R-359, Circular Road, Lahore.
Phones : (042) 772 3471
 : (042) 773 1413 (3 Lines)

Model Town Link Road:

207-B, Bl-A, Model Town Link Road,
Lahore.
Phones : (042) 520 3657
Fax : (042) 520 3658

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 : (052) 593571 (3 Lines)
 : (052) 588002, 588037
UAN : (052) 111-18-18-18
Fax : (052) 588024
Telex : 46209 BNKMN PK
SWIFT : MPBLPKKA006

Small Industrial Estate:

27-28-A, Small Industrial Estate,
Sialkot.
Phones : (052) 325 4720, 325 4799
Fax : (052) 325 4738

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:

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
SWIFT : MPBLPK010

F-10 Markaz:

F-10, Markaz Branch,
1-D, 10th Avenue, F-10, Islamabad.
Phones : (051) 229 9822
Fax : (051) 227 4082

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

Mohamedali R. Habib *

Firasat Ali

A. R. Wadiwala

Salim A. Zubairi

Zia Shafi Khan

* Executive Director

Audit Committee

Anwar H. Japanwala

Chairman

Mohamedali R. Habib

A. R. Wadiwala

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 quarter ended March 31, 2006.

Allhamdulillah, MetroBank now in its 15th year is making steady progress. During the period under review, the deposits and advances portfolio of your Bank maintained a rising trend. The deposits at March 31, 2006 stood at Rs. 58,154 million against Rs. 56,713 million as of December 31, 2005. The advances portfolio has also been increased to Rs. 47,013 million on March 31, 2006 against Rs. 43,463 million as of December 31, 2005. The profit before tax for the quarter comes to Rs. 537 million compared to Rs. 392 million over the corresponding period last year. Earnings per share for the quarter ended March 31, 2006 works out to Rs. 1.70 per shares.

All areas of operations show satisfactory progress while our recently introduced and conservatively positioned consumer-financing products continue to gain significance. We feel that there is a great potential for consumer financing in Pakistan and expect that our portfolio will augment the Bank's income stream.

The Bank has received a proposal from Habib Bank AG Zurich for merger of their Pakistan Operations with and into Metropolitan Bank. In order to assess and evaluate the proposal, due diligence of Habib Bank AG Zurich Pakistan Operations is being carried out after receiving approval from the State Bank of Pakistan. Other commercial, legal & regulatory matters are under review and, when finalized will be subject to approval of the Board of Directors and the shareholders of the Bank.

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: April 17, 2006



BALANCE SHEET

AS AT MARCH 31, 2006

	Note	March 31, 2006 (Un-audited)	December 31, 2005 (Audited)
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks		4,541,521	5,145,677
Balances with other banks		827,287	1,118,240
Lendings to financial institutions		7,364,675	5,462,582
Investments	5	25,901,424	22,809,126
Advances	6	47,012,631	43,463,256
Other assets		1,418,519	1,248,095
Operating fixed assets		408,495	418,922
Deferred tax assets		—	—
		87,474,552	79,665,898
LIABILITIES			
Bills payable		1,408,865	1,046,050
Borrowings from financial institutions		19,940,236	14,429,178
Deposits and other accounts		58,153,644	56,712,820
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Other liabilities		1,602,248	1,333,691
Deferred tax liabilities		410,156	484,994
		81,515,149	74,006,733
NET ASSETS		5,959,403	5,659,165
REPRESENTED BY:			
Share capital		2,080,000	1,560,000
Reserves		2,854,951	3,374,951
Un-appropriated profit		451,482	98,569
		5,386,433	5,033,520
Surplus on revaluation of assets		572,970	625,645
		5,959,403	5,659,165

CONTINGENCIES AND COMMITMENTS 8

The annexed notes 1 to 11 form an integral part of these accounts.

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

FIRASAT ALI
Director

ZIA SHAFI KHAN
Director



PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2006

	For the Quarter March 31, 2006	For the Quarter March 31, 2005
	----- Rupees in '000 -----	
Mark-up/return/interest earned	1,479,687	862,429
Mark-up/return/interest expended	(931,527)	(399,192)
Net mark-up/interest income	548,160	463,237
Provision against non-performing loans and advances	59,359	33,841
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	25
	(59,359)	(33,866)
Net mark-up/interest income after provisions	488,801	429,371
Non markup/interest income		
Fee, commission and brokerage income	119,349	93,714
Dividend income	8,865	93
Gain from sale on securities	44,556	43,316
Income from dealing in foreign currencies	126,427	38,968
Other income	17,105	14,222
Total non mark-up/interest income	316,302	190,313
	805,103	619,684
Non mark-up/interest expenses		
Administrative expenses	268,502	227,295
Other provisions/write offs	-	-
Other charges	42	40
Total non mark-up/interest expenses	(268,544)	(227,335)
Extra ordinary/unusual items	-	-
Profit before taxation	536,559	392,349
Taxation - current	186,000	159,000
- prior years	-	-
- deferred	(2,354)	(5,218)
	(183,646)	(153,782)
Profit after taxation	352,913	238,567
Unappropriated profit brought forward	98,569	46,261
Profit available for appropriation	451,482	284,828
	1.70	1.15
	----- Rupees -----	
Basic and diluted earnings per share	1.70	1.15

The annexed notes 1 to 11 form an integral part of these accounts.

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

FIRASAT ALI
Director

ZIA SHAFI KHAN
Director



CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2006

	2006	2005
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	536,559	392,349
Less: Dividend income	(8,865)	(93)
	527,694	392,256
Adjustment for non-cash charges:		
Depreciation	10,733	9,654
Provision against non-performing advances - net	59,359	33,841
(Gain) on sale of fixed assets	(309)	(212)
	69,783	43,283
	597,477	435,539
 (Increase) / decrease in operating assets		
Lendings to financial institutions	(1,902,093)	(788,829)
Advances	(3,608,734)	(3,843,004)
Other assets (excluding advance taxation)	(170,424)	(316,022)
	(5,681,251)	(4,947,855)
 Increase / (decrease) in operating liabilities		
Bills payable	362,815	681,707
Borrowings from financial institutions	5,511,058	737,713
Deposits	1,440,824	4,627,050
Other liabilities (excluding taxation and dividend)	188,810	76,712
	7,503,507	6,123,182
 Income tax paid	2,419,733	1,610,866
	(106,253)	(133,687)
 Net cash flow from operating activities	2,313,480	1,477,179
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(3,196,586)	(382,955)
Net investments in held-to-maturity securities	(20,873)	(1,562,241)
Dividend income	8,865	93
Investments in operating fixed assets	(328)	(108)
Sale proceeds of property and equipment disposed-off	333	225
 Net cash flow from investing activities	(3,208,589)	(1,944,986)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	-
 Decrease in cash and cash equivalents	(895,109)	(467,807)
 Cash and cash equivalent at beginning of the period	6,263,917	7,007,577
 Cash and cash equivalent at end of the period	5,368,808	6,539,770

The annexed notes 1 to 11 form an integral part of these accounts.

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

FIRASAT ALI
Director

ZIA SHAFI KHAN
Director



STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2006

	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, 2005	1,200,000	821,590	240,361	900,000	360,000	46,261	3,568,212
Issue of bonus shares	360,000	-	-	-	(360,000)	-	-
Profit after tax for the quarter	-	-	-	-	-	238,567	238,567
Balance as on March 31, 2005	<u>1,560,000</u>	<u>821,590</u>	<u>240,361</u>	<u>900,000</u>	<u>-</u>	<u>284,828</u>	<u>3,806,779</u>
Balance as at January 1, 2006	1,560,000	1,114,590	240,361	1,500,000	520,000	98,569	5,033,520
Issue of bonus shares	520,000	-	-	-	(520,000)	-	-
Profit after tax for the quarter	-	-	-	-	-	352,913	352,913
Balance as on March 31, 2006	<u>2,080,000</u>	<u>1,114,590</u>	<u>240,361</u>	<u>1,500,000</u>	<u>-</u>	<u>451,482</u>	<u>5,386,433</u>

The annexed notes 1 to 11 form an integral part of these accounts.

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

FIRASAT ALI
Director

ZIA SHAFI KHAN
Director



NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2006

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 51 (December 31, 2005: 51) branches including an Islamic Banking Branch in Pakistan.

The Bank has received a proposal from Habib Bank AG Zurich for merger of their Pakistan Operations with and into Metropolitan Bank. In order to assess and evaluate the proposal, due diligence of Habib Bank AG Zurich Pakistan Operations is being carried out after receiving approval from the State Bank of Pakistan besides other commercial, legal & regulatory matters which are under review.

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 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 quarterly accounts are same as those applied in the preparation of the most recent annual financial statements of the Bank.

	March 31, 2006	December 31, 2005
	----- Rupees in '000 -----	
4. KEY FINANCIAL FIGURES OF THE ISLAMIC BANKING BRANCH		
Islamic banking fund	50,000	50,000
Deposits	399,883	289,868
Borrowing from Head Office	71,503	95,487
Ijarah financing	228,956	244,497
Murabaha financing	170,927	161,080
Investment in Sukuk Bonds	25,000	-
Profit before taxation for the period	3,750	8,152
Contingent liabilities	122,033	83,862



5. INVESTMENTS

	March 31, 2006			December 31, 2005		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- Rupees in '000 -----						
5.1 Investment by Types						
Available-for-sale securities						
Market Treasury Bills	3,338,349	5,744,863	9,083,212	4,016,920	2,308,618	6,235,538
Pakistan Investment Bonds	4,676,359	2,800,000	7,476,359	5,155,069	2,450,000	7,605,069
Term Finance Certificates	1,413,822	-	1,413,822	1,515,430	-	1,515,430
WAPDA Bonds	200,000	-	200,000	200,000	-	200,000
Sukuk Bonds	25,000	-	25,000	-	-	-
Ordinary shares of listed companies	368,245	-	368,245	248,653	-	248,653
Ordinary shares of un-listed companies	80,759	-	80,759	80,759	-	80,759
Preference Shares	65,000	-	65,000	65,000	-	65,000
Mutual Funds	1,925,890	-	1,925,890	1,523,676	-	1,523,676
National Prize Bonds	3,893	-	3,893	5,183	-	5,183
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	1,740	-	1,740	1,740	-	1,740
Held-to-maturity securities						
Market Treasury Bills	2,536,073	-	2,536,073	3,106,463	-	3,106,463
Federal Investment Bonds	77,277	-	77,277	337,461	-	337,461
Pakistan Investment Bonds	154,154	-	154,154	154,154	-	154,154
Certificates of Investments	2,490,000	-	2,490,000	1,640,000	-	1,640,000
	17,356,561	8,544,863	25,901,424	18,050,508	4,758,618	22,809,126

	March 31, 2006	December 31, 2005
	----- Rupees in '000 -----	
6. ADVANCES		
Loans, cash credits, running finances, etc. In Pakistan	36,874,567	34,196,964
Net investment in finance lease In Pakistan	948,909	845,695
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan	3,004,664	2,498,225
Payable outside Pakistan	6,764,289	6,442,811
	9,768,953	8,941,036
	47,592,429	43,983,695
Provision for non-performing advances - Note 6.2	(579,798)	(520,439)
	47,012,631	43,463,256

6.1 Advances include Rs. 110,666 thousand (December 31, 2005: Rs. 88,724 thousand) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
----- Rupees in '000 -----					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	110,666	-	110,666	101,068	101,068
	<u>110,666</u>	<u>-</u>	<u>110,666</u>	<u>101,068</u>	<u>101,068</u>



6.2 The provision for non-performing advances includes provision made against consumer portfolio in accordance with prudential regulations issued by State Bank of Pakistan at 1.50% of fully secured and at 5% of the unsecured consumer portfolios.

7. OPERATING FIXED ASSETS

Following is the cost of tangible fixed assets that have been added/disposed during the period ended March 31, 2006.

	Additions	Deletions
	----- Rupees in '000 -----	
Building on leasehold land	-	-
Furniture, fixtures, office and computer equipments	214	11
Vehicles	114	10
	328	21
	March 31, 2006	December 31, 2005
	----- Rupees in '000 -----	

8. CONTINGENCIES AND COMMITMENTS

8.1 Direct credit substitutes - Others	18,137	18,137
8.2 Transaction-related contingent liabilities		
Government	1,847,387	2,294,488
Financial institutions	4,866	1,523
Others	1,692,211	916,099
	3,544,464	3,212,110
8.3 Trade-related contingent liabilities		
Letter of credit	14,794,366	14,965,681
Acceptances	8,384,902	8,464,254
8.4 Commitments in respect of forward lending		
Forward repurchase agreement lending	300,000	-
8.5 Commitments in respect of forward exchange contracts		
Purchase	9,500,533	6,394,818
Sale	12,098,895	9,678,156
8.6 Commitments in respect of operating leases		
Not later than one year	70,936	74,048
Later than one year and not later than five years	53,423	63,709
	124,359	137,757
8.7 Commitments for the acquisition of operating fixed assets	-	-



9. RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions with companies with common directorship, staff retirement benefit funds and key management personnel. The pricing policy in respect of these transactions is based on an arm's length basis using the comparable uncontrolled price method.

	March 31, 2006	December 31, 2005
	----- Rupees in '000 -----	
Associates & other related parties		
Deposits	1,457,178	2,522,343
Advances	21,330	69,759
Trade-related contingent liabilities	423,706	279,658
Key Management Personnel		
Deposits	8,254	10,447
Advances	794	908
	March 31, 2006	March 31, 2005
	----- Rupees in '000 -----	
Associates & other related parties		
Profit paid on deposits	56,624	21,674
Markup/Interest earned	126	115
Commission/Bank charges recovered	53	109
Rent income	152	46
Contribution to staff retirement benefit funds	5,136	3,572
Key Management Personnel		
Profit paid on deposits	115	20
Markup/Interest earned	24	4
Salaries, allowances etc.	3,987	3,517
Charge for defined benefit plan	27	34
Contribution to defined contribution plan	141	141

10. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 17, 2006 by the Board of Directors of the Bank.

11. GENERAL

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

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

FIRASAT ALI
Director

ZIA SHAFI KHAN
Director