



Metropolitan Bank Limited

**ACCOUNTS FOR THE QUARTER ENDED
MARCH 31, 2005**

(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 - 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)
(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:

Corner 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 2108 (2 Lines)
(021) 538 2110
Fax : (021) 588 6872

Hyderi:

7-A, Mustafa Market,
Block G, Barkat-e-Hyden, 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

Ceramic Market:

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



BRANCHES

Karachi:

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) 565 0711 (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)

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

Badami Bagh:

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

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
SWIFT : MPBLPK010

F-10 Markaz:

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

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 period ended March 31, 2005.

Alhamdulillah, your bank, now in its 14th year, continues to register steady progress. During the period under review, the deposits and advances portfolio of your Bank maintained a rising trend. The deposits at March 31, 2005 stood at Rs. 53,223 million against Rs. 48,596 million as of December 31, 2004. The advances portfolio has also been increased to Rs. 43,931 million in March 31, 2005 against Rs. 40,122 million as of December 31, 2004. The profit before tax for the first quarter of 2005 comes to Rs. 392 million compared to Rs. 356 million over the corresponding period last year. Earnings per share for the three months ended March 31, 2005 works out to Rs. 1.53 per share.

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 to private sector banks 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.

Our recently established Islamic Banking Branch has expanded its coverage. The Bank is now offering Islamic Banking facilities from 5 locations and plans to add more during the current year.

During the period under review, Mr. R. B. Limbuvalla resigned from the Board and in his place Mr. Zia Shafi Khan was elected as director in the last annual general meeting. The Board expresses its appreciation for the services rendered by Mr. R. B. Limbuvalla during his association as director with 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 25, 2005

BALANCE SHEET

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CONTINGENCIES AND COMMITMENTS

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

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

MOHAMEDALI R. HABIB
Director

ZIA SHAFI KHAN
Director



PROFIT AND LOSS ACCOUNT (UN-AUDITED) **FOR THE QUARTER ENDED MARCH 31, 2005**

	For the Quarter March 31, 2005	For the Quarter March 31, 2004
	----- Rupees in '000 -----	
Mark-up/return/interest earned	862,429	664,695
Mark-up/return/interest expensed	(399,192)	(303,163)
Net mark-up/interest income	<u>463,237</u>	<u>361,532</u>
Provision against non-performing loans and advances	<u>33,841</u>	<u>35,545</u>
Provision for diminution in the value of investments	<u>-</u>	<u>-</u>
Bad debts written off directly	<u>25</u>	<u>334</u>
	<u>(33,866)</u>	<u>(35,879)</u>
Net mark-up/interest income after provisions	<u>429,371</u>	<u>325,653</u>
Non markup/interest income		
Fee, commission and brokerage income	<u>93,714</u>	<u>88,077</u>
Dividend income	<u>93</u>	<u>3,460</u>
Income from trading in government securities	<u>-</u>	<u>-</u>
Income from dealing in foreign currencies	<u>38,968</u>	<u>71,772</u>
Other income	<u>57,538</u>	<u>53,126</u>
Total non mark-up/interest income	<u>190,313</u>	<u>216,435</u>
	<u>619,684</u>	<u>542,088</u>
Non mark-up/interest expenses		
Administrative expenses	<u>227,295</u>	<u>185,297</u>
Other provisions/write offs	<u>-</u>	<u>-</u>
Other charges	<u>40</u>	<u>833</u>
Total non mark-up/interest expenses	<u>(227,335)</u>	<u>(186,130)</u>
Extra ordinary/unusual items	<u>-</u>	<u>-</u>
Profit before taxation	<u>392,349</u>	<u>355,958</u>
Taxation - current	<u>159,000</u>	<u>150,000</u>
- deferred	<u>(5,218)</u>	<u>4,567</u>
	<u>(153,782)</u>	<u>(154,567)</u>
Profit after taxation	<u>238,567</u>	<u>201,391</u>
Unappropriated profit brought forward	<u>46,261</u>	<u>53,722</u>
Profit available for appropriation	<u>284,828</u>	<u>255,113</u>
	<u>1.53</u>	<u>1.29</u>
	----- Rupees -----	
Basic and diluted earnings per share	<u>1.53</u>	<u>1.29</u>

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

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

MOHAMEDALI R. HABIB
Director

ZIA SHAFI KHAN
Director



CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2005

	2005	2004
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	392,349	355,958
Less: Dividend income	(93)	(3,460)
	392,256	352,498
Adjustment for non-cash charges:		
Depreciation	9,654	9,042
Provision against non-performing advances - net	33,841	35,545
Provision for diminution in value of investments	-	-
(Gain) on sale of fixed assets	(212)	(8,600)
Fixed Assets written off	-	-
	43,283	35,987
	435,539	388,485
(Increase) / decrease in operating assets		
Lendings to financial institutions	(788,829)	(2,742,717)
Advances	(3,843,004)	(3,609,790)
Other assets (excluding advance taxation)	(316,022)	(79,187)
	(4,947,855)	(6,431,694)
Increase / (decrease) in operating liabilities		
Bills payable	681,707	417,410
Borrowings from financial institutions	737,713	552,782
Deposits	4,627,050	4,235,638
Other liabilities (excluding taxation and dividend)	76,712	49,359
	6,123,182	5,255,189
	1,610,866	(788,020)
Income tax paid	(133,687)	(107,855)
Net cash flow from operating activities	1,477,179	(895,875)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(382,955)	1,388,342
Net investments in held-to-maturity securities	(1,562,241)	-
Dividend income	93	3,460
Investments in operating fixed assets	(108)	(33,869)
Sale proceeds of property and equipment disposed-off	225	15,472
Net cash flow from investing activities	(1,944,986)	1,373,405
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(18)
Increase/(decrease) in cash and cash equivalents	(467,807)	477,512
Cash and cash equivalent at beginning of the period	7,007,577	3,901,883
Cash and cash equivalent at end of the period	6,539,770	4,379,395

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

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

MOHAMEDALI R. HABIB
Director

ZIA SHAFI KHAN
Director



STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2005

	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, 2004	1,000,000	658,590	240,361	600,000	200,000	53,722	2,752,673
Issue of bonus Shares	200,000	-	-	-	(200,000)	-	-
Profit after tax for the quarter	-	-	-	-	-	201,391	201,391
Balance as on March 31, 2004	1,200,000	658,590	240,361	600,000	-	255,113	2,954,064
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	1,560,000	821,590	240,361	900,000	-	284,828	3,806,779

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

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

MOHAMEDALI R. HABIB
Director

ZIA SHAFI KHAN
Director



NOTES TO THE ACCOUNTS (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2005

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 47 branches including an Islamic Banking Branch 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 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.



4. INVESTMENTS

	March 31, 2005			December 31, 2004		
	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						
Pakistan Investment Bonds	6,330,231	2,250,000	8,580,231	5,280,715	3,250,000	8,530,715
Term Finance Certificates	1,408,029	-	1,408,029	1,357,380	-	1,357,380
WAPDA Bonds	200,000	-	200,000	200,000	-	200,000
Quoted shares	38,131	-	38,131	176,498	-	176,498
Unquoted shares	30,680	-	30,680	30,680	-	30,680
Preference Shares	65,000	-	65,000	65,000	-	65,000
Mutual Funds	1,250,188	-	1,250,188	1,045,245	-	1,045,245
National prize bond	12,603	-	12,603	4,231	-	4,231
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	1,740	-	1,740	1,740	-	1,740
Held-to-maturity securities						
Market Treasury Bills	3,918,003	286,613	4,204,616	1,311,700	-	1,311,700
Federal Investment Bonds	1,265,962	-	1,265,962	2,506,637	-	2,506,637
Certificates of Investments	240,000	-	240,000	330,000	-	330,000
	14,760,567	2,536,613	17,297,180	12,309,826	3,250,000	15,559,826

5. ADVANCES

	----- Rupees in '000 -----	
Loans, cash credits, running finances, etc.		
In Pakistan	35,570,751	33,856,122
Net investment in finance lease		
In Pakistan	431,721	327,224
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	1,650,230	1,545,216
Payable outside Pakistan	6,789,590	4,870,726
	8,439,820	6,415,942
	44,442,292	40,599,288
Provision for non-performing advances - Note 5.2	(511,581)	(477,740)
	43,930,711	40,121,548

5.1 Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- Rupees in '000 -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	84,105	-	84,105	66,973	66,973
	84,105	-	84,105	66,973	66,973

5.2 Provision against non-performing advances includes provision against consumer financing facilities extended by the Bank.

6. OPERATING FIXED ASSETS

Following is the cost of tangible fixed assets that have been added/disposed during the period ended March 31, 2005.

	Additions ----- Rupees in '000 -----	Deletions ----- Rupees in '000 -----
Building on leasehold land	—	—
Furniture, fixtures, office and computer equipments	108	—
Vehicles	—	13
	108	13
	March 31, 2005	December 31, 2004
	----- Rupees in '000 -----	----- Rupees in '000 -----

7. CONTINGENCIES AND COMMITMENTS

7.1 Direct credit substitutes - Others

8,000	8,000
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7.2 Transaction-related contingent liabilities

Government	1,791,969	1,773,180
Financial institutions	42,899	52,712
Others	547,536	596,966
	2,382,404	2,422,858

7.3 Trade-related contingent liabilities

Letter of credit	13,305,863	11,614,050
Acceptances	5,374,068	4,310,640

7.4 Commitments in respect of forward exchange contracts

Purchase	4,035,681	4,417,339
Sale	8,018,101	6,413,653

7.5 Commitments in respect of operating leases

Not later than one year	68,837	66,307
Later than one year and not later than five years	55,804	75,155
	124,641	141,462

7.6 Commitments for the acquisition of operating fixed assets

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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.

	March 31, 2005	December 31, 2004
----- Rupees in '000 -----		
Deposits	1,508,188	1,957,238
Advances	11,614	8,363
Trade-related contingent liabilities	373,550	565,908
	March 31, 2005	March 31, 2004
----- Rupees in '000 -----		
Markup / Interest earned (during the period)	115	-
Profit earned on Term Finance Certificates	-	983
Commission / Bank charges recovered (during the period)	109	-
Rent income (during the period)	46	-
Profit paid/accrued on deposits (during the period)	21,674	-
Insurance premium paid (during the period)	-	-

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 25, 2005 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.

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

MOHAMEDALI R. HABIB
Director

ZIA SHAFI KHAN
Director