



Metropolitan Bank Limited

**ACCOUNTS FOR THE QUARTER AND NINE MONTHS
ENDED SEPTEMBER 30, 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

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

achi:

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

10th 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 : 27242 BNKMN PK
SWIFT : MPBLPKKA011

aper Market:

Plot No. 7, 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

ulshan-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

hahrah-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

odia 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-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

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)
Fax : (021) 258 6305

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)
: (042) 767 2632
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) 527 0904 (3 Lines)
: (091) 527 5784, 527 5709
UAN : (091) 111-18-18-18
Fax : (091) 527 5624
Telex : 52324 BNKMN PK

Quetta:

Shahrah-e-Iqbal, G.P.O. Box 185, Quetta.
Phones : (081) 284 5302, 284 5308
UAN : (081) 111-18-18-18
Fax : (081) 282 4209
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) 459 3571 (3 Lines)
: (052) 458 8002, 458 8037
UAN : (052) 111-18-18-18
Fax : (052) 458 8024
Telex : 46209 BNKMN PK
SWIFT : MPBLPKKA006

Hyderabad:

F-66, Risala Road,
P.O. Box No. 182, Hyderabad.
Phones : (022) 278 3893, 278 4087
UAN : (022) 111-18-18-18
Fax : (022) 278 3894
Telex : 22093 BNKMN PK

Multan:

85-A, Qasim Road,
P.O. Box No. 108, Multan Cantt.
Phones : (061) 458 3515 (3 Lines)
: (061) 478 5719 - 20
UAN : (061) 111-18-18-18
Fax : (061) 458 3518
Telex : 42353 BNKMN PK

Faisalabad:

P/64, Taj Plaza, Kotwali Road, Faisalabad.
Phones : (041) 264 9902 (5 Lines)
UAN : (041) 111-18-18-18
Fax : (041) 264 9901
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) 210 2514 (3 Lines)

Rahim Yar Khan:

24, Shahi Road, Rahim Yar Khan.
Phone : (068) 588 3493, 587 9522
Fax : (0681) 587 4193

Kasur:

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

Gujranwala:

G.T. Road, Near Din Plaza, Gujranwala.
Phones : (055) 384 5467 (3 Lines)
: (055) 325 1997
Fax : (055) 384 5466
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 present to you the unaudited accounts for the nine months ended September 30, 2005.

Pakistan suffered an unprecedented national tragedy on account of an earthquake on October 8, 2005. On behalf of all members of the Bank, we extend our deepest sympathies to the victims and pray for Allah's mercy. In its recently held meeting, the Board resolved to donate Rs. 10 million to the President of Pakistan's earthquake relief fund.

Alhamdulillah, MetroBank now in its 14th 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 September 30, 2005 stood at Rs. 52,180 million against Rs. 48,596 million as of December 31, 2004. The advances portfolio has also been increased to Rs. 41,014 million on September 30, 2005 against Rs. 40,122 million as of December 31, 2004. The profit before tax for the nine months comes to Rs. 1,372 million compared to Rs. 990 million over the corresponding period last year. Earnings per share for the nine months ended September 30, 2005 works out to Rs. 6.26 per share.

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

During the period under review, MetroBank joined the Global Trade Finance Program (GTFP) of International Finance Corporation (IFC). We are the first Bank in Pakistan to join this program. By virtue of the GTFP, your Bank will be listed in a select panel of prominent banks in 70 countries. This will help us expand our trade business globally and enhance our presence in the emerging markets.

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: October 13, 2005



BALANCE SHEET

AS AT SEPTEMBER 30, 2005

Note

September 30,
2005

December 31,
2004

(Un-audited)

(Audited)

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

ASSETS

Cash and balances with treasury banks

4,622,089

4,648,318

Balances with other banks

1,378,298

2,359,259

Lendings to financial institutions

4,317,912

4,132,234

Investments

5

22,453,998

15,559,826

Advances

6

41,013,544

40,121,548

Other assets

1,046,206

699,665

Operating fixed assets

343,637

369,675

Deferred tax assets

—

—

75,175,684

67,890,525

LIABILITIES

Bills payable

1,477,809

1,203,214

Borrowings from financial institutions

14,899,707

12,327,265

Deposits and other accounts

52,179,711

48,595,565

Sub-ordinated loans

—

—

Liabilities against assets subject to finance lease

—

—

Other liabilities

1,260,119

965,049

Deferred tax liabilities

349,349

535,636

70,166,695

63,626,729

NET ASSETS

5,008,989

4,263,796

REPRESENTED BY:

Share capital

1,560,000

1,200,000

Reserves

1,961,951

2,321,951

Un-appropriated profit

1,023,181

46,261

4,545,132

3,568,212

Surplus on revaluation of assets

463,857

695,584

5,008,989

4,263,796

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

MOHAMEDALI R. HABIB

Director

FIRASAT ALI

Director



PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30,

	For the quarter ended September 30, 2005	For the nine months ended September 30, 2005	For the quarter ended September 30, 2004	For the nine months ended September 30, 2004
	Rupees in '000			
Mark-up/return/interest earned	1,208,098	3,048,832	697,375	2,029,922
Mark-up/return/interest expensed	(655,142)	(1,542,908)	(326,672)	(932,222)
Net mark-up/interest income	552,956	1,505,924	370,703	1,097,700
(Reversal)/Provision against non-performing loans and advances	(6,759)	11,085	26,533	71,199
Provision for diminution in the value of investments	—	—	—	—
Bad debts written off directly	420	508	—	334
	6,339	(11,593)	(26,533)	(71,533)
Net mark-up/interest income after provisions	559,295	1,494,331	344,170	1,026,167
Non mark-up/interest income				
Fee, commission and brokerage income	106,350	308,119	97,069	271,392
Dividend income	3,134	16,769	—	3,551
(Loss)/Gain from sale on securities	(4,297)	6,666	12,695	44,997
Income from dealing in foreign currencies	133,422	216,324	63,898	177,439
Other income	18,346	49,025	14,363	58,682
Total non mark-up/interest income	256,955	596,903	188,025	556,061
	816,250	2,091,234	532,195	1,582,228
Non mark-up/interest expenses				
Administrative expenses	238,451	709,867	201,010	591,172
Other provisions/write-offs	—	—	—	—
Other charges	9,652	9,747	41	874
Total non mark-up/interest expenses	(248,103)	(719,614)	(201,051)	(592,046)
Extra ordinar/unusual items	—	—	—	—
Profit before taxation	568,147	1,371,620	331,144	990,182
Taxation - current	182,000	476,000	122,000	400,000
- prior years	(119,095)	(119,095)	—	—
- deferred	51,755	37,795	(2,574)	(767)
	(114,660)	(394,700)	(119,426)	(399,233)
Profit after taxation	453,487	976,920	211,718	590,949
Un-appropriated profit brought forward	569,694	46,261	432,953	53,722
Profit available for appropriation	1,023,181	1,023,181	644,671	644,671
	Rupees			
Basic and diluted earnings per share	2.91	6.26	1.36	3.79

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

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

MOHAMEDALI R. HABIB
Director

FIRASAT ALI
Director

CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2005	2004
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,371,620	990,182
Less: Dividend income	(16,769)	(3,551)
	<u>1,354,851</u>	<u>986,631</u>
Adjustment for non-cash charges:		
Depreciation	28,888	28,640
Provision against non-performing advances - net	11,085	71,199
(Gain) on sale of fixed assets	(2,399)	(13,660)
	<u>37,574</u>	<u>86,179</u>
	<u>1,392,425</u>	<u>1,072,810</u>
(Increase) in operating assets		
Lendings to financial institutions	(185,678)	(1,914,621)
Advances	(903,081)	(5,778,100)
Other assets (excluding advance taxation)	(346,541)	(149,976)
	<u>(1,435,300)</u>	<u>(7,842,697)</u>
Increase in operating liabilities		
Bills payable	274,595	388,613
Borrowings from financial institutions	2,572,442	90,236
Deposits	3,584,146	6,931,108
Other liabilities (excluding taxation and dividend)	253,798	121,649
	<u>6,684,981</u>	<u>7,531,606</u>
	<u>6,642,106</u>	<u>761,719</u>
Income tax paid	(315,631)	(456,693)
Net cash flow from operating activities	<u>6,326,475</u>	<u>305,026</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(6,815,119)	5,331,744
Net investments in held-to-maturity securities	(534,861)	(3,750,101)
Dividend income	16,769	3,551
Investments in operating fixed assets	(3,794)	(45,853)
Sale proceeds of fixed assets disposed-off	3,342	25,690
Net cash flow from investing activities	<u>(7,333,663)</u>	<u>1,565,031</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(2)	(546)
(decrease)/increase in cash and cash equivalents	<u>(1,007,190)</u>	<u>1,869,511</u>
Cash and cash equivalent at beginning of the period	7,007,577	3,901,883
Cash and cash equivalent at end of the period	<u>6,000,387</u>	<u>5,771,394</u>

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

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

	Reserves					Un- appropriated profit	Total
	Share capital	Statutory reserve	Special reserve	Revenue reserve	Reserve for issue of bonus shares		
	-----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 period	-	-	-	-	-	590,949	590,949
Balance as at September 30, 2004	1,200,000	658,590	240,361	600,000	-	644,671	3,343,622
Profit after tax for the period	-	-	-	-	-	224,590	224,590
Transfer from Profit and loss account	-	163,000	-	300,000	360,000	(823,000)	-
Balance as at December 31, 2004	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 period	-	-	-	-	-	976,920	976,920
Balance as at September 30, 2005	1,560,000	821,590	240,361	900,000	-	1,023,181	4,545,132

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

ANWAR H. JAPANWALA
Chairman

KASSIM PAREKH
President & Chief Executive

MOHAMEDALI R. HABIB
Director

FIRASAT ALI
Director



NOTES TO THE ACCOUNTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 (December 31, 2004 : 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 and nine months accounts are same as those applied in the preparation of the most recent annual financial statements of the Bank.

4. KEY FINANCIAL FIGURES OF THE ISLAMIC BANKING BRANCH

	September 30, 2005	December 31, 2004
	Rupees in '000	
Islamic Banking Fund	50,000	50,000
Deposits	91,777	15,562
Borrowing from Head Office	332,427	-
Financing	471,600	34,239
Profit before taxation	3,909	79
Letters of Credit	65,378	-

5. INVESTMENTS

	September 30, 2005			December 31, 2004		
	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	3,189,879	3,048,398	6,238,277	—	—	—
Pakistan Investment Bonds	5,113,128	2,500,000	7,613,128	5,280,715	3,250,000	8,530,715
Term Finance Certificates	1,565,242	—	1,565,242	1,357,380	—	1,357,380
WAPDA Bonds	200,000	—	200,000	200,000	—	200,000
Ordinary shares of listed companies	175,588	—	175,588	176,498	—	176,498
Ordinary shares of un-listed companies	30,680	—	30,680	30,680	—	30,680
Preference shares	65,000	—	65,000	65,000	—	65,000
Mutual funds	1,873,085	—	1,873,085	1,045,245	—	1,045,245
National prize bonds	8,060	—	8,060	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	2,489,600	—	2,489,600	2,506,637	—	2,506,637
Federal Investment bonds	346,549	—	346,549	1,311,700	—	1,311,700
Pakistan Investment Bonds	157,049	—	157,049	—	—	—
Certificates of Investments	1,690,000	—	1,690,000	330,000	—	330,000
	16,905,600	5,548,398	22,453,998	12,309,826	3,250,000	15,559,826

September 30, 2005 December 31 2004

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

6. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan **32,252,932** 33,856,122

Net investment in finance lease / Ijarah

In Pakistan **628,003** 327,224

Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan

Payable outside Pakistan

2,280,348

6,333,561

8,613,909

41,494,844

(481,300)

41,013,544

1,545,216

4,870,726

6,415,942

40,599,288

(477,740)

40,121,548

Provision for non-performing advances - Note 6.2

6.1 Advances include Rs. 98,074 thousand (December 31, 2004: Rs. 89,690 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 -----					
Other assets especially mentioned	1,500	—	1,500	—	—
Substandard	1,970	—	1,970	—	—
Doubtful	13,797	—	13,797	777	777
Loss	80,807	—	80,807	64,802	64,802
	<u>98,074</u>	<u>—</u>	<u>98,074</u>	<u>65,579</u>	<u>65,579</u>

6.2 Provision against non-performing advances included provision against consumer financing facilities extended by the Bank.

7. OPERATING FIXED ASSETS

Following is the cost of tangible fixed assets that have been added/disposed off during the period ended September 30, 2005.

	Additions	Deletions
----- Rupees in '000 -----		
Building on leasehold land	—	—
Furniture, fixtures, office and computer equipments	1,245	1,039
Vehicles	1,160	1,076
	<u>2,405</u>	<u>2,115</u>
	September 30, 2005	December 31, 2004
----- Rupees in '000 -----		

8. CONTINGENCIES AND COMMITMENTS

8.1 Direct credit substitutes - Others

8,000	8,000
-------	-------

8.2 Transaction-related contingent liabilities

Government	2,121,994	1,773,180
Financial institutions	46,134	52,712
Others	847,132	596,966
	<u>3,015,260</u>	<u>2,422,858</u>

8.3 Trade-related contingent liabilities

Letter of credit	14,650,852	11,614,050
Acceptances	7,267,769	4,310,640

8.4 Commitments in respect of forward lending

Forward repurchase agreement lending	—	—
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8.5 Commitments in respect of forward exchange contracts

Purchase	5,255,480	4,417,339
Sale	8,377,291	6,413,653



September 30, December 31,
2005 2004

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

8.6 Commitments in respect of operating leases

Not later than one year
Later than one year and not later
than five years

71,371	66,307
58,293	75,155
129,664	141,462

8.7 Commitments for the acquisition of operating fixed assets

13,470	—
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9. 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.

Deposits	2,896,717	1,957,238
Advances	781	8,363
Trade-related contingent liabilities	66,962	565,908

September 30, September 30,
2005 2004

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

Markup / Interest earned(during the period)	660	217
Commission / Bank chages recovered (during the period)	1,757	2,436
Rent income (during the period)	416	349
Profit paid/accrued on deposits (during the period)	61,104	85,554
Insurance premium paid (during the period)	—	997

10. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 13, 2005 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

MOHAMEDALI R. HABIB
Director

FIRASAT ALI
Director