

Consolidated Balance Sheet

As at December 31, 2007

2007 (US \$ in '000)	2006		Note	2007 (Rupees in '000)	2006
ASSETS					
894,962	746,943	Cash and balances with treasury banks	5	55,487,664	46,310,478
435,818	580,081	Balances with other banks	6	27,020,704	35,965,048
26,260	105,647	Lendings to financial institutions	7	1,628,130	6,550,128
2,870,036	1,928,830	Investments	8	177,942,251	119,587,476
6,164,076	5,636,011	Advances	9	382,172,734	349,432,685
441,066	347,346	Other assets	10	27,346,111	21,535,471
222,267	192,821	Operating fixed assets	11	13,780,555	11,954,876
106,667	43,959	Deferred tax asset	12	6,613,372	2,725,486
<u>11,161,152</u>	<u>9,581,638</u>			<u>691,991,521</u>	<u>594,061,648</u>
LIABILITIES					
248,681	153,349	Bills payable	13	15,418,230	9,507,637
951,526	909,553	Borrowings from financial institutions	14	58,994,609	56,392,270
8,569,325	7,405,487	Deposits and other accounts	15	531,298,127	459,140,198
50,000	-	Sub-ordinated loans	16	3,100,000	-
-	-	Liabilities against assets subject to finance lease		-	-
321,663	251,261	Other liabilities	17	19,943,126	15,578,177
-	-	Deferred tax liability		-	-
<u>10,141,195</u>	<u>8,719,650</u>			<u>628,754,092</u>	<u>540,618,282</u>
<u>1,019,957</u>	<u>861,988</u>			<u>63,237,429</u>	<u>53,443,366</u>
NET ASSETS REPRESENTED BY:					
Shareholders' equity					
111,290	111,290	Share capital	18	6,900,000	6,900,000
319,701	287,138	Reserves		19,821,455	17,802,584
457,124	330,243	Unappropriated profit		28,341,670	20,475,080
888,115	728,671	Total equity attributable to the equity holders of the Bank		55,063,125	45,177,664
15,574	14,731	Minority interest		965,642	913,317
116,268	118,586	Surplus on revaluation of assets - net of tax	19	7,208,662	7,352,385
<u>1,019,957</u>	<u>861,988</u>			<u>63,237,429</u>	<u>53,443,366</u>
CONTINGENCIES AND COMMITMENTS					
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The annexed notes 1 to 48 and annexures I to III form an integral part of these Consolidated Financial Statements.

R. Zakir Mahmood
President and Chief Executive Officer

Iain Donald Cheyne
Director

Sajid Zahid
Director

Ahmed Jawad
Director

Consolidated Profit and Loss Account

For the Year Ended December 31, 2007

2007	2006		Note	2007	2006
(US \$ in '000)				(Rupees in '000)	
814,210	704,609	Mark-up / return / interest earned	21	50,481,021	43,685,740
308,935	212,968	Mark-up / return / interest expensed	22	19,153,957	13,204,037
505,275	491,641	Net mark-up / interest income		31,327,064	30,481,703
132,875	46,181	Provision against Non-Performing loans and advances-net	9.6/9.6.1	8,238,227	2,863,207
(881)	(733)	(Reversal) / provision against off-balance sheet obligations	17.1	(54,626)	(45,438)
(1,360)	(221)	Reversal of provision against diminution in value of investments	8.8	(84,310)	(13,697)
-	-	Bad debts written off directly		-	-
130,634	45,227			8,099,291	2,804,072
374,641	446,414	Net mark-up / interest income after provisions		23,227,773	27,677,631
Non mark-up / interest income					
55,162	63,415	Fee, commission and brokerage income		3,420,051	3,931,710
39,882	19,671	Income / gain on investments	23	2,472,663	1,219,623
23,990	17,780	Income from dealing in foreign currencies		1,487,374	1,102,358
42,630	36,061	Other income	24	2,643,076	2,235,805
161,664	136,927	Total non-mark-up / interest income		10,023,164	8,489,496
536,305	583,341			33,250,937	36,167,127
Non mark-up / interest expense					
295,117	276,601	Administrative expenses	25	18,297,279	17,149,232
(4,453)	1,976	Other provisions / write offs-net		(276,111)	122,510
1,373	885	Other charges	26	85,152	54,898
292,037	279,462	Total non mark-up / interest expenses		18,106,320	17,326,640
244,268	303,879			15,144,617	18,840,487
Profit before taxation					
Taxation					
116,463	115,239	-current	27	7,220,717	7,144,846
26,912	(630)	-prior years		1,668,562	(39,067)
(61,753)	(15,574)	-deferred		(3,828,699)	(965,607)
81,622	99,035			5,060,580	6,140,172
162,646	204,844			10,084,037	12,700,315
Profit after taxation					
Attributable to:					
161,294	203,714	Equity holders of the Bank		10,000,231	12,630,259
1,353	1,130	Minority interest		83,806	70,056
162,647	204,844			10,084,037	12,700,315
0.234	0.295	Basic and diluted earnings per share	28	14.49	18.30

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R. Zakir Mahmood
President and Chief Executive Officer

Iain Donald Cheyne
Director

Sajid Zahid
Director

Ahmed Jawad
Director

Consolidated Cash Flow Statement

For the Year Ended December 31, 2007

2007	2006		Note	2007	2006
(US \$ in '000)				(Rupees in '000)	
244,268	303,879	CASH FLOWS FROM OPERATING ACTIVITIES		15,144,617	18,840,487
(35,010)	(19,229)	Profit before taxation		(2,170,631)	(1,192,213)
(4,871)	(442)	Less: Dividend income and share of profit of associated and joint venture companies		(302,032)	(27,410)
(39,881)	(19,671)	Gain on sale of investments - net		(2,472,663)	(1,219,623)
204,387	284,208			12,671,954	17,620,864
18,980	15,645	Adjustment for:		1,176,762	969,983
(1,360)	(221)	Depreciation / amortisation / adjustments		(84,310)	(13,697)
132,875	46,181	Reversal against diminution in the value of investments		8,238,227	2,863,207
5,164	5,835	Provision against Non-Performing loans and advances-net of reversals		320,166	361,750
(837)	(1,185)	Amortisation of premium on investments		(51,913)	(73,441)
(7,495)	(1,153)	Gain on sale of property and equipment - net		(464,718)	(71,469)
147,327	65,102	Miscellaneous provisions		9,134,214	4,036,333
351,714	349,310			21,806,168	21,657,197
(753,690)	(215,361)	(Increase) / decrease in operating assets		(46,728,771)	(13,352,383)
79,387	92,292	Government securities		4,921,998	5,722,120
(660,940)	(571,198)	Lendings to financial institutions		(40,978,276)	(35,414,257)
(121,932)	(30,562)	Loans and advances		(7,559,795)	(1,894,864)
(1,457,175)	(724,829)	Other assets - net		(90,344,844)	(44,939,384)
1,163,838	428,952	Increase / (decrease) in operating liabilities		72,157,929	26,595,033
41,973	346,579	Deposits and other accounts		2,602,339	21,487,918
95,332	(627)	Borrowings from financial institutions		5,910,593	(38,868)
85,454	30,556	Bills payable		4,391,497	1,894,448
1,386,597	805,460	Other liabilities - net		85,062,358	49,938,531
281,136	429,941			16,523,682	26,656,344
(123,696)	(142,013)	Income tax paid-net		(6,762,469)	(8,804,827)
157,440	287,928	Net cash flows from operating activities		9,761,213	17,851,517
(164,508)	9,502	CASH FLOWS FROM INVESTING ACTIVITIES		(10,199,514)	589,141
7,767	11,629	Net investments in securities, associated and joint venture companies		481,567	720,998
(49,377)	(26,816)	Dividend income received		(3,061,361)	(1,662,596)
1,788	2,482	Fixed capital expenditure		110,853	153,904
22,921	7,248	Proceeds from sale of fixed assets		1,421,084	449,350
(181,409)	4,045	Exchange adjustments on translation of balances in foreign branches, subsidiaries and joint venture		(11,247,371)	250,797
		Net cash flows (used in) / from investing activities			
50,000	-	CASH FLOWS FROM FINANCING ACTIVITIES		3,100,000	-
(22,275)	(11,152)	Sub-ordinated Loans		(1,381,000)	(691,350)
27,725	(11,152)	Dividend paid		1,719,000	(691,350)
3,756	280,821	Net cash flows (used in) / from financing activities		232,842	17,410,964
1,290,268	990,604	Increase in cash and cash equivalents during the year		79,996,643	61,417,428
36,756	55,599	Cash and cash equivalents at beginning of the year		2,278,883	3,447,134
1,327,024	1,046,203	Effects of exchange rate changes on cash and cash equivalents		82,275,526	64,864,562
1,330,780	1,327,024	Cash and cash equivalents at end of the year	29	82,508,368	82,275,526

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Director

Ahmed Jawad
Director

Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2007

	Attributable to shareholders of the Group							Minority interest	Total
	Share Capital	Exchange Translation Reserve	RESERVES			Sub Total			
			Statutory requirement of Joint Venture and Subsidiaries	Bank	Other Reserves General Unappropriated profit				
(Rupees in '000)									
Balance as at December 31, 2005	6,900,000	1,932,210	119,161	7,787,094	6,073,812	9,908,920	32,721,197	846,801	33,567,998
Profit for the year ended December 31, 2006	-	-	-	-	-	12,630,259	12,630,259	70,056	12,700,315
Exchange translation released on disposal of investment	-	(55,709)	-	-	-	-	(55,709)	-	(55,709)
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	66,858	66,858	-	66,858
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	505,059	-	-	-	-	505,059	43,665	548,724
Total recognised income and expense for the year	-	449,350	-	-	-	12,697,117	13,146,467	113,721	13,260,188
Transferred to statutory reserve	-	-	13,344	1,427,613	-	(1,440,957)	-	-	-
Cash dividend paid at Rs. 1 per share	-	-	-	-	-	(690,000)	(690,000)	(42,885)	(732,885)
Minority share of surplus on revaluation of securities of modaraba	-	-	-	-	-	-	-	(4,320)	(4,320)
Balance as at December 31, 2006	6,900,000	2,381,560	132,505	9,214,707	6,073,812	20,475,080	45,177,664	913,317	46,090,981
Profit for the year ended December 31, 2007	-	-	-	-	-	10,000,231	10,000,231	83,806	10,084,037
Exchange translation released on disposal of investment	-	(229,620)	-	-	-	-	(229,620)	-	(229,620)
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	73,766	73,766	-	73,766
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	1,421,084	-	-	-	-	1,421,084	14,166	1,435,250
Total recognised income and expense for the year	-	1,191,464	-	-	-	10,073,997	11,265,461	97,972	11,363,433
Transferred to statutory reserve	-	-	23,265	804,142	-	(827,407)	-	-	-
Cash dividend paid at Rs. 2 per share	-	-	-	-	-	(1,380,000)	(1,380,000)	-	(1,380,000)
Cash dividend paid at Rs. 1.3 per certificate by modaraba	-	-	-	-	-	-	-	(46,457)	(46,457)
Minority share of deficit on revaluation of securities of modaraba	-	-	-	-	-	-	-	810	810
Balance as at December 31, 2007	6,900,000	3,573,024	155,770	10,018,849	6,073,812	28,341,670	55,063,125	965,642	56,028,767

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