

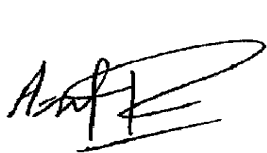
**CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2006**

	Note	(Un audited) September 30, 2006 (Rupees in '000)	(Audited) December 31, 2005 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks		41,484,194	34,143,128
Balances with other banks		14,886,852	18,688,683
Lendings to financial institutions		29,953,507	17,867,552
Investments	4	55,383,331	61,558,826
Advances	5	240,573,114	210,152,629
Other assets		10,830,807	7,932,696
Fixed assets		6,017,744	5,439,818
Deferred tax assets - net		876,409	2,272,814
		<u>400,005,958</u>	<u>358,056,146</u>
LIABILITIES			
Bills payable		5,519,291	4,181,026
Borrowings from financial institutions	6	30,990,115	22,751,015
Deposits and other accounts	7	316,736,312	296,499,113
Sub-ordinated loans		5,498,344	3,999,192
Liabilities against assets subject to finance lease		7,021	4,345
Other liabilities		11,130,291	6,347,853
		<u>369,881,375</u>	<u>333,782,544</u>
NET ASSETS		<u><u>30,124,583</u></u>	<u><u>24,273,602</u></u>
REPRESENTED BY			
Issued, subscribed and paid up capital		6,475,000	5,180,000
Reserves		8,513,966	6,820,234
Unappropriated profit		10,787,562	7,790,148
		25,776,527	19,790,382
Minority interest		1,809,291	1,561,005
		<u>27,585,818</u>	<u>21,351,387</u>
Surplus on revaluation of assets - net of tax		2,538,765	2,922,215
		<u><u>30,124,583</u></u>	<u><u>24,273,602</u></u>

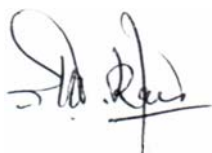
CONTINGENCIES AND COMMITMENTS

8

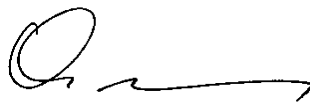
The annexed notes 1 to 10 form an integral part of these financial statements.



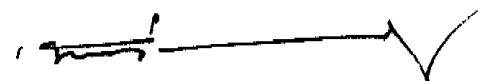
 Atif R. Bokhari
President and
Chief Executive Officer



 Abdul Rauf Malik
Director



 Omar Z. Al Askari
Director



 Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONSOLIDATED PROFIT AND LOSS ACCOUNT - (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2006**

	Jul - Sep 2006	Jul - Sep 2005	Jan - Sep 2006	Jan - Sep 2005
	-----('Rupees in '000)-----			
Mark-up / Return / Interest Earned	8,905,922	6,057,517	24,260,403	14,301,111
Mark-up / Return / Interest Expensed	<u>(3,196,542)</u>	<u>(2,187,064)</u>	<u>(8,663,311)</u>	<u>(4,130,987)</u>
Net Mark-up / Interest Income	5,709,381	3,870,453	15,597,093	10,170,124
Provision for non-performing loans and advances -net	(508,913)	(160,700)	(1,000,623)	(419,256)
Provision against consumer loans	(350,536)	(202,553)	(607,771)	(508,699)
Provision for diminuation in value of investment	-	-	(96,968)	(25,000)
Bad debts written off directly	<u>(33,290)</u>	<u>(348)</u>	<u>(107,599)</u>	<u>(348)</u>
	<u>(892,739)</u>	<u>(363,601)</u>	<u>(1,812,961)</u>	<u>(953,303)</u>
Net Mark-up / return / Interest Income after provisions	4,816,641	3,506,852	13,784,131	9,216,821
Non mark-up / return / interest income				
Fee, Commission and Brokerage Income	959,696	811,450	2,898,830	1,922,163
Dividend Income/ Gain on sale of securities	(28,521)	104,600	415,368	408,276
Income from dealing in foreign currencies	163,625	293,806	470,333	496,640
Other Income	<u>407,871</u>	<u>345,415</u>	<u>1,042,889</u>	<u>832,840</u>
Total non-markup /return / interest Income	1,502,671	1,555,271	4,827,420	3,659,919
	<u>6,319,312</u>	<u>5,062,123</u>	<u>18,611,551</u>	<u>12,876,740</u>
Non Mark-up / Interest Expenses				
Administrative expenses	(2,853,916)	(2,120,865)	(8,035,653)	(6,009,197)
Other provisions / write offs / reversals	8,015	(33,836)	(24,252)	(225,241)
Other charges	<u>(171)</u>	<u>(2,556)</u>	<u>(679)</u>	<u>(5,261)</u>
Total non-markup / interest expenses	<u>(2,846,072)</u>	<u>(2,157,257)</u>	<u>(8,060,584)</u>	<u>(6,239,699)</u>
	3,473,241	2,904,866	10,550,968	6,637,041
Share of income from Associate	<u>(8,734)</u>	-	14,842	-
Profit before taxation	3,464,507	2,904,866	10,565,810	6,637,041
Taxation - Current - for the period	(1,204,980)	(207,257)	(2,104,627)	(520,116)
- Prior	(17,647)	28,790	(27,448)	(77,098)
- Deferred	21,488	(961,465)	(1,446,617)	(2,069,330)
	<u>(1,201,139)</u>	<u>(1,139,932)</u>	<u>(3,578,692)</u>	<u>(2,666,544)</u>
Profit after taxation	2,263,368	1,764,934	6,987,118	3,970,497
Share of Minority Interest	<u>(33,712)</u>	<u>(19,397)</u>	<u>(89,222)</u>	<u>(71,249)</u>
Profit attributable to Shareholders of the Bank	2,229,657	1,745,537	6,897,897	3,899,248
Unappropriated Profit brought forward	8,976,697	4,591,930	7,790,152	3,585,102
	<u>11,206,354</u>	<u>6,337,467</u>	<u>14,688,048</u>	<u>7,484,350</u>
Transferred from surplus on revaluation of fixed assets-net of tax	23,614	23,537	70,841	70,611
Profit before appropriations	<u>11,229,968</u>	<u>6,361,004</u>	<u>14,758,889</u>	<u>7,554,961</u>
Appropriations				
Transfer to statutory reserve	(442,406)	(342,543)	(1,381,327)	(759,500)
Final Cash Dividend for the year ended December 31, 2004 and 2005 declared subsequent to the year end	-	-	(1,295,000)	(777,000)
Transfer to the reserve for bonus shares	-	-	(1,295,000)	-
	<u>(442,406)</u>	<u>(342,543)</u>	<u>(3,971,327)</u>	<u>(1,536,500)</u>
Unappropriated profit carried forward	10,787,562	6,018,461	10,787,562	6,018,461
	<u><u>10,787,562</u></u>	<u><u>6,018,461</u></u>	<u><u>10,787,562</u></u>	<u><u>6,018,461</u></u>
	(Rupees)		(Rupees)	
Basic and diluted earnings per share	3.44	2.70	10.65	6.02

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

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONSOLIDATED CASH FLOW STATEMENT - (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	September 30, 2006	September 30, 2005
	('Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	10,565,810	6,637,041
Less: Share of Income from Associates	(14,842)	-
Less: Dividend income	<u>(256,586)</u>	<u>(89,694)</u>
	10,294,382	6,547,347
Adjustments for non-cash charges		
Depreciation	460,338	376,868
Provision against off balance sheet items	-	143,756
Provision for retirement benefits	193,592	38,201
Provision against advances	1,608,394	927,956
Provision for diminution in the value of investments	96,968	25,000
Gain on sale of fixed assets	(66,200)	(2,938)
Finance charges on assets subject to finance lease	-	178
Provision against other assets	24,252	81,486
Unrealized (Gain)/deficit on revaluation of held for trading investment portfolio	-	-
Bad debts written off	107,599	348
	<u>2,424,943</u>	<u>1,590,855</u>
	12,719,325	8,138,202
(Increase)/ decrease in operating assets		
Lendings to financial institutions	(9,542,479)	(17,443,751)
Held-for-trading securities	1,501,824	(15,883,537)
Advances - net	(32,136,478)	(29,987,329)
Others assets	(3,381,199)	(2,714,097)
	<u>(43,558,333)</u>	<u>(66,028,714)</u>
Increase/ (decrease) in operating liabilities		
Bills Payable	1,338,265	2,249,994
Borrowings from financial institutions	8,239,100	(3,927,832)
Deposits and other accounts	20,237,199	49,550,134
Other liabilities	1,697,235	369,762
	<u>31,511,800</u>	<u>48,242,058</u>
	672,792	(9,648,454)
Payments for retirement benefits	(338,300)	(195,275)
Income tax paid	<u>(1,037,470)</u>	<u>(518,731)</u>
Net cash flow from operating activities	(702,978)	(10,362,460)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	4,262,254	8,282,694
Dividend received	234,433	174,931
Investments in fixed assets	(1,013,907)	(575,897)
Sale proceeds of fixed assets disposed-off	87,750	8,589
Net cash flow from investing activities	3,570,530	7,890,317
CASH FLOW FROM FINANCING ACTIVITIES		
Payments / receipts against Sub-ordinated loan	1,499,152	499,192
Dividend paid	(1,295,000)	(777,000)
Payments / receipts of lease obligations	(1,017)	(3,263)
Net cash flow from financing activities	<u>203,135</u>	<u>(281,071)</u>
Net cash flow	3,070,688	(2,753,214)
Exchange difference on translation of net investment in foreign branches and subsidiaries	312,405	(323,324)
Exchange difference on translation of net investment in foreign branches and subsidiaries - minorot	156,141	(12,960)
Increase/(Decrease) in cash and cash equivalents	<u>3,539,234</u>	<u>(3,089,498)</u>
Cash and cash equivalents at beginning of the period	<u>52,831,811</u>	<u>48,119,210</u>
Cash and cash equivalents at end of the period	<u>56,371,045</u>	<u>45,029,712</u>

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

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	Share capital	General Reserve	Statutory Reserve	Exchange Reserve	Reserve for issue of bonus shares	Unappropriated Profit	Total
-----'Rupees in '000-----							
Balance on January 01, 2005	5,180,000	3,000	3,952,439	2,025,009	-	3,585,102	14,745,550
Final cash dividend for the year ended December 31, 2004 declared subsequent to year end	-	-	-	-	-	(777,000)	(777,000)
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	70,611	70,611
Profit after taxation for the nine months ended September 30, 2005	-	-	-	-	-	3,899,248	3,899,248
Transfer to Statutory reserve	-	-	759,500	-	-	(759,500)	-
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	(323,324)	-	-	(323,324)
Balance as at September 30, 2005	5,180,000	3,000	4,711,939	1,701,685	-	6,018,461	17,615,085
Profit after taxation for the three months ended December 31, 2005	-	-	-	-	-	2,178,456	2,178,456
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	23,537	23,537
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	(26,696)	-	-	(26,696)
Transfer to Statutory reserve	-	-	430,306	-	-	(430,306)	-
Balance as at December 31, 2005	5,180,000	3,000	5,142,245	1,674,989	-	7,790,148	19,790,382
Final cash dividend for the year ended December 31, 2005 declared subsequent to year end	-	-	-	-	-	(1,295,000)	(1,295,000)
Transfer to reserve for issue of bonus shares	-	-	-	-	1,295,000	(1,295,000)	-
Issue of bonus shares	1,295,000	-	-	-	(1,295,000)	-	-
Profit after taxation for the nine months ended September 30, 2006	-	-	-	-	-	6,897,900	6,897,900
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	70,841	70,841
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	312,405	-	-	312,405
Transfer to Statutory reserves	-	-	1,381,327	-	-	(1,381,327)	-
Balance as at September 30, 2006	6,475,000	3,000	6,523,572	1,987,394	-	10,787,562	25,776,528

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

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company

United Bank Limited (The Bank)

Subsidiary Companies

United National Bank Limited (UNBL), United Kingdom

United Bank AG (Zurich), Switzerland

United Executors and Trustees Company Limited

United Bank Financial services (Pvt.) limited

UBL Fund Managers Limited

(Formerly United Asset Management Company Limited)

The Group is engaged in commercial banking, modaraba management, asset management, mutual funds and trustee services. The Bank is listed on all three Stock Exchanges in Pakistan. The Bank's registered office and principal office is situated in State Life Building No. 1, I. I. Chundirgar Road Karachi. The Bank operates 1043 (2005: 1043) branches inside including the Karachi Export Processing Zone Branch (KEPZ) and 15 (2005: 15) branches outside Pakistan.

The minority interest represents National Bank of Pakistan's 45% share in the net asset value of UNBL.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2005.

4. INVESTMENTS

	Note	September 30, 2006			December 31, 2005		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
-----Rupees in 000'-----							
Held-for-trading securities	4.1	20,487	-	20,487	1,061,504	460,807	1,522,311
Available-for-sale securities	4.2	22,788,211	10,817,374	33,605,585	22,500,774	4,103,980	26,604,754
Held-to-maturity securities	4.3	21,601,529	-	21,601,529	29,542,389	3,930,984	33,473,373
Investments in associates	4.4	611,823	-	611,823	270,101	-	270,101
		<u>45,022,050</u>	<u>10,817,374</u>	<u>55,839,424</u>	<u>53,374,768</u>	<u>8,495,771</u>	<u>61,870,539</u>
Provision for Diminution in value of investments		(462,211)	-	(462,211)	(634,002)	-	(634,002)
Surplus / (deficit) on revaluation of available for sale investments		(189,218)	187,506	(1,712)	322,591	736	323,327
Surplus / (deficit) on revaluation of held for trading investments		7,830	-	7,830	(1,328)	290	(1,038)
Investments (net of provisions)		<u>44,378,451</u>	<u>11,004,880</u>	<u>55,383,331</u>	<u>53,062,029</u>	<u>8,496,797</u>	<u>61,558,826</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	September 30, 2006			December 31, 2005		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
-----Rupees in 000'-----						
4.1 Held-for-trading securities						
Ordinary shares of listed companies	20,487	-	20,487	460,770	-	460,770
Market treasury bills	-	-	-	600,734	460,807	1,061,541
	20,487	-	20,487	1,061,504	460,807	1,522,311
4.2 Available for sale securities						
Market treasury bills	13,396,173	10,717,374	24,113,547	16,004,567	3,898,511	19,903,078
Pakistan investment bonds	1,953,538	100,000	2,053,538	1,317,980	205,469	1,523,449
Ordinary shares of listed companies	2,374,373	-	2,374,373	1,680,335	-	1,680,335
Ordinary shares of unlisted companies	538,711	-	538,711	432,680	-	432,680
GOP Islamic Bonds	694,593	-	694,593	833,386	-	833,386
Units of mutual funds	844,000	-	844,000	582,779	-	582,779
Govt of Pakistan - US \$/ Euro bonds	1,286,407	-	1,286,407	279,575	-	279,575
Foreign currency bonds	1,000,437	-	1,000,437	620,301	-	620,301
Term Finance Certificates	699,979	-	699,979	749,171	-	749,171
	22,788,211	10,817,374	33,605,585	22,500,774	4,103,980	26,604,754
4.3 Held to maturity securities						
Term Finance Certificates	7,928,085	-	7,928,085	8,666,380	-	8,666,380
CIRC bonds	2,900,000	-	2,900,000	4,054,883	-	4,054,883
Pakistan investment bonds	4,709,780	-	4,709,780	5,331,699	335,502	5,667,201
GOP - Gruanteed bonds	2,906,607	-	2,906,607	4,039,971	-	4,039,971
Foreign currency bonds	1,511,352	-	1,511,352	1,694,788	-	1,694,788
Foreign securities	401,030	-	401,030	577,277	-	577,277
Debentures	11,474	-	11,474	169,351	-	169,351
Participation of Term Certificates	61,067	-	61,067	70,087	-	70,087
CDC SAARC Fund	502	-	502	65,501	-	65,501
Federal investment bonds	13,875	-	13,875	32,725	-	32,725
Market treasury bills	1,147,490	-	1,147,490	4,830,400	3,595,482	8,425,882
Cumulative Preference Shares	9,060	-	9,060	8,120	-	8,120
Provincial Government Securities	1,207	-	1,207	1,207	-	1,207
	21,601,529	-	21,601,529	29,542,389	3,930,984	33,473,373
4.4 Investments in associates						
Oman united Exchange Company, Muscat	6,981	-	6,981	6,981	-	6,981
United Growth Advantage Fund	257,979	-	257,979	-	-	-
UBL Insurers Limited	90,000	-	90,000	-	-	-
United Growth and Income Fund	256,863	-	256,863	263,120	-	263,120
	611,823	-	611,823	270,101	-	270,101
	45,022,050	10,817,374	55,839,424	53,374,768	8,495,771	61,870,539
Provision for Diminution in value of investments	(462,211)	-	(462,211)	(634,002)	-	(634,002)
Surplus / (deficit) on revaluation of available for sale investments	(189,218)	187,506	(1,712)	322,591	736	323,327
Surplus / (deficit) on revaluation of held for trading investments	7,830	-	7,830	(1,328)	290	(1,038)
Investments (net of provisions)	44,378,451	11,004,880	55,383,331	53,062,029	8,496,797	61,558,826

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	September 30 2006	December 31 2005
	('Rupees in '000)	
5. ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	200,562,558	179,430,436
Outside Pakistan	40,014,418	32,244,908
	240,576,976	211,675,344
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	6,469,207	3,104,283
Payable outside Pakistan	6,702,864	9,009,360
	13,172,071	12,113,643
	253,749,047	223,788,987
Finance in respect of continuous funding system (CSF)	1,326,693	1,094,002
Provision for non-performing advances- specific	(12,955,541)	(13,506,034)
- General	(1,547,085)	(1,224,326)
	240,573,114	210,152,629

5.1 Advances include Rs.18,188 million 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	495,360	-	495,360	-	-
Substandard	2,255,820	21,610	2,277,430	369,430	369,430
Doubtful	1,726,680	103,680	1,830,360	542,870	542,870
Loss	7,642,320	5,515,550	13,157,870	11,824,772	11,824,772
	12,120,180	5,640,840	17,761,020	12,737,072	12,737,072
Subsidiary Company	-	426,592	426,592	218,469	218,469
	12,120,180	6,067,432	18,187,612	12,955,541	12,955,541

5.2 General provision represents provision amounting to Rs 1,102.150 million (December 31, 2005: Rs. 699.420 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Bank of Pakistan and Rs. 444.935 million (December 31, 2005: Rs. 524.906 million) pertaining to overseas branches and subsidiaries advances to meet the requirements of monetary agencies and regulating authorities of the respective country.

	September 30 2006	December 31 2005
	('Rupees in '000)	
6. BORROWINGS FROM FINANCIAL INSTITUTIONS		
Secured		
Borrowings from financial institutions	-	-
Borrowings from State Bank of Pakistan		
- Export refinance	8,204,087	7,453,261
- LTF for export oriented projects	674,382	303,410
- Locally Manufactured Machinery	3,914	5,195
Repurchase agreement borrowings	10,817,374	8,434,771
	19,699,757	16,196,637
Unsecured		
Call borrowings	9,785,000	4,027,253
Overdrawn nostro accounts	337,050	118,689
Trading account liability	1,168,308	1,479,852
Others	-	928,584
	11,290,358	6,554,378
	30,990,115	22,751,015

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	September 30, 2006	December 31, 2005
	('Rupees in '000)	
7. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	102,731,848	82,230,051
Savings deposits	114,843,996	124,033,403
Sundry Deposits	7,273,057	4,148,275
Margin Deposits	2,629,266	2,226,835
Current Accounts - Remunerative	1,749,322	1,891,832
Current Accounts - Non-remunerative	86,269,608	81,659,966
	315,497,097	296,190,362
Financial Institutions		
Remunerative deposits	404,808	26,157
Non-remunerative deposits	834,407	282,594
	1,239,216	308,751
	<u>316,736,312</u>	<u>296,499,113</u>
8. CONTINGENCIES AND COMMITMENTS		
8.1 Direct Credit Substitutes		
Contingent liability in respect of guarantees given favouring:		
Government	9,861,530	1,723,733
Banking companies and other financial institutions	1,943,829	775,064
Others	3,844,138	2,427,256
	15,649,497	4,926,053
8.2 Transaction-related Contingent Liabilities		
Contingent liability in respect of performance bonds, bid bonds, warranties, etc.		
Government	23,423,191	14,640,161
Banking companies and other financial institutions	1,476,230	785,981
Others	4,501,096	5,287,560
	29,400,517	20,713,702
8.3 Trade-related Contingent Liabilities		
Contingent liability in respect of letters of credit favouring:		
Government	1,703,999	1,628,389
Banking companies and other financial institutions	809,518	693,229
Others	100,447,978	71,300,730
	102,961,495	73,622,348
8.4 Other Contingencies		
Claims against the bank not acknowledge as debts	5,572,236	6,054,243
8.5 Commitments to Extend Credit		
The bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
	September 30, 2006	December 31, 2005
	('Rupees in '000)	
8.6 Commitments in respect of forward exchange contracts		
Sale	35,551,101	42,020,795
Purchase	39,319,623	38,156,440
8.7 Other commitments		
Forward purchase contracts of government securities	-	598,194
Interest rate swaps	6,990,937	7,826,415
Forward rate agreement	250,000	-
Equity futures	738,691	43,765
Sales of securities not yet purchased	1,167,230	1,479,279
Commitments in respect of capital expenditure	26,870	217,112

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**
9. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associated undertakings, employee benefit plans and its directors and executive officers (including their associates).

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

Details of transactions with related parties are given below:

	2006			2005		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
	-----Rupees in 000'-----					
Advances						
At January 01	80,694	-	1,818,141	61,709	-	2,542,969
Given during the year	43,640	-	-	31,112	-	1,863,892
Repaid during the year	(29,993)	-	(30,903)	(12,127)	-	(2,588,720)
At June 30 / December 31	<u>94,341</u>	<u>-</u>	<u>1,787,238</u>	<u>80,694</u>	<u>-</u>	<u>1,818,141</u>
Deposits						
At January 01	15,542	60,928	4,322,020	13,415	62,403	3,594,143
Received during the year	141,621	45,231,320	255,397,709	121,382	1,019,588	30,792,517
Withdrawn during the year	(147,479)	(45,191,736)	(254,095,922)	(119,255)	(1,021,063)	(30,064,640)
At June 30 / December 31	<u>9,684</u>	<u>100,512</u>	<u>5,623,807</u>	<u>15,542</u>	<u>60,928</u>	<u>4,322,020</u>
Placements made during the year	-	250,000	-	-	-	-
Placements settled during the year	-	250,000	-	-	-	-
Maximum amount of a placement made during the year	-	-	-	-	-	-
Mark-up / return / interest earned	-	2,349	120,533	-	-	17,501
Mark-up / return / interest expensed	-	36	157,345	-	-	7,244
Reimbursement of liaison office expenses paid to Dubai and Abu Dhabi Group	-	-	21,198	-	-	7,447
Investment made during year	-	340,000	-	-	250,000	180,000
Distribution commission income	-	-	-	-	-	-
Remuneration paid	150,761	-	-	16,688	-	-
Post Employment benefits	12,885	-	-	3,829	-	-

Corresponding balance sheet items are as of December 31, 2005 and profit and loss items are for the nine months ended September 30, 2006.

10. DATE OF AUTHORIZATION

These financial statements were authorised for issue on November 08, 2006 by the Board of Directors of the Bank.

Atif R. Bokhari
President and
Chief Executive Officer

Abdul Rauf Malik
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman