

We are pleased to present the financial results for the quarter ended March 31, 2006.

	<i>Rupees in million</i>	
	Ist Quarter	Ist Quarter
	2006	2005
Profit before provisions	1,840	872
Provisions/charge for non-performing assets-net	251	99
Profit Pre-Tax	1,589	773
Taxation	520	344
Profit After Tax	1,069	429
Earnings Per Share-Rs (for the quarter)	2.43	0.97

The growth momentum in business volumes and profitability set by the Bank in 2005 continued in the first quarter of 2006. Profit before provisions for the first quarter increased by 111% to Rs 1,840 million. Profit After Tax increased by 149% to Rs 1,069 million as compared to the corresponding period of last year. The growth in business volume and improved yield on funds led to higher net interest income despite substantial rise in cost of deposits emanating from the upward revision in profit rates on various deposits schemes. The core fee income and equity portfolio revenue also grew significantly during the first quarter.

The Balance Sheet size grew by 32% from March 31, 2005 and by 8.7% as compared to December 31, 2005. The total Deposits increased by 26% as compared to March 31, 2005 and by 6% as compared to December 31, 2005. The loan book grew to Rs 125,337 million, registering an increase of 63% as compared to March 31, 2005 and 5% as compared to December 31, 2005. The Import and Export Business of the Bank increased by 30% to Rs 23 billion as compared to the corresponding period.

Prudent risk management and aggressive recovery of non performing loans continued to be persistently followed during the period under review. In-spite of higher growth in loan book, the quality of advances remained within acceptable norms. The NPL to Gross Loan ratio dropped to 10% as compared to 20% on March 31, 2005 and 11% on December 31, 2005.

The Bank is giving great emphasis on Human Resource quality and grooming of skills to match with the changing business needs. The ongoing induction of qualified and experienced professionals has been continued to further strengthen the human resource capability of the Bank.

The Bank continued to invest heavily in automation and alternate delivery channels to provide cost effective modern banking solutions to its customers throughout its network. Allied Direct internet banking facility was launched in February 2006. This facility gives the customers freedom of conducting banking activities at their own convenience from anywhere, anytime. To further expand the alternate delivery channels, the ATM network has recently been expanded to over 200 ATM machines.

The Bank is currently assigned credit rating of A+ for long term and A1+ for short term by JCR-VIS.

Given the growth momentum built over the last one and a half years, the Bank is well positioned to tap the new business opportunities and further improve its financial results.

We express our gratitude to our valued customers for their continued trust and patronage and to the management team for their invaluable contribution in successful turnaround of the Bank. We are also grateful to State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their guidance and support.

On behalf of the Board

Khalid A. Sherwani
President and CEO

Mohammad Naeem Mukhtar
Chairman

April 28, 2006
Lahore