



The will to go beyond

First Quarter

Ended March 31, 2011

Unaudited Financial Statements

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Registered Office
Faysal House, ST-2, Shara-e-Faisal, Karachi
Tel: 021-32795200 Fax: 021-32795234

Board of Directors

Syed Naseem Ahmad	Chairman
Naved A. Khan	President & CEO
Graham Roderick Walker	Director
Mohamed A. R. Hussain	Director
Farooq Rahmatullah	Director
Shahid Ahmad	Director
Hassan Mohammed Mahmood Hassan	Director
Lt. Gen. Muhammad Maqbool (Retd)	Director

Audit Committee (AC)

Graham Roderick Walker	Chairman
Hassan Mohammed Mahmood Hassan	Member
Lt. Gen. Muhammad Maqbool (Retd)	Member

Board Risk Management Committee (BRMC)

Mohamed A.R.Hussain	Chairman
Naved A. Khan	Member
Syed Naseem Ahmad	Member
Shahid Ahmad	Member
Farooq Rahmatullah	Member

Recruitment Nomination and Remuneration Committee (RNRC)

Syed Naseem Ahmad	Chairman
Farooq Rahmatullah	Member
Naved A. Khan	Member
Shahid Ahmad	Member
Hassan Mohammed Mahmood Hassan	Member

On behalf of the Board of Directors, I am pleased to present the financial statements of Faysal Bank Limited for the quarter ended March 31, 2011.

Economic Update

The catastrophic floods, which hit Pakistan in the summer of 2010 hampered growth prospects and posed a further challenge to public finances by depressing budget revenues and necessitating additional spending to meet the humanitarian and reconstruction needs. Real GDP growth which in the beginning of the FY'11 was envisioned at 4% is now expected by the SBP to be in the vicinity of 2-3%. The situation could have been much worse but the wide spread damage caused to livestock, and the cotton and rice crop was partly compensated by increased area under cultivation for wheat and better recovery from sugar cane.

The most heartening economic development has been the improvement witnessed during the first eight months of FY'11 in the current account which recorded a meager deficit of USD 98 million vs. USD 3.027 billion during the same period last year. This stellar performance is attributable to an export growth of 20.3% (on the back of high textile prices), sluggish manufacturing and consumer demand (reflected in the 12.7% growth in imports) and robust increase in workers' remittances which were up by 18% over FY'10. These factors more than compensated for the falling net inflows in the financial account due to the stalled IMF program. This improved external position pushed Pakistan's forex reserves to a record high of USD 17.95 billion (as of 26th March '11) and maintained a stable parity with the USD.

The fiscal position of the GOP remained a major area of concern during FY'11. In the aftermath of the floods, there was a widespread concern among the economic managers that the deficit could swell close to 8%, but due to the austerity measures taken by the GOP and new taxes implemented under the Presidential Ordinance, the deficit is now estimated between 5.5-6.5%. The financing mix however, has largely been skewed towards borrowings from the SBP, i.e. money printing in excess of economic activity. This issue was aptly addressed during the 1st quarter of 2011 as the GOP and SBP reached an agreement on a borrowing ceiling set at PKR 1,290 billion. This is a welcome development as the excessive growth in the Money Supply was viewed as the major reason by the SBP for the stubbornness displayed in inflation.

The paramount challenge facing the economy in FY'11 has been the worsening inflation outlook wherein the CPI is expected between 14.5-15.5% against a pre-flood estimate of 9.5%. The initial price shock was due to escalating food prices in the aftermath of the floods, then the excessive growth in money supply (due to excessive GOP borrowings from the SBP) and now there is an imminent threat from the recent global rally in global commodity prices. The rise in the price of oil is by far the biggest threat to Pakistan's economic stability as it can hit the external sector, exacerbate the energy shortfall and further depress economic activity. For now this potential threat has been overshadowed by positive developments in the current account which has afforded the GOP with financial space to absorb this price shock and hence avert any immediate threat to macro-economic stability. The CPI trajectory is expected to remain downward sticky in the near future due to expected rise in administered prices (e.g. fuel and electricity) over which monetary policy has relatively no influence, but due to a vigilant monetary

stance which saw the SBP raise rates by a cumulative 150 bps during FY'11 the second round effects of inflation are widely expected to be contained.

Going forward the most pressing issue facing Pakistan's economy is to increase the resource envelope and free up fiscal space which can be done by; widening of the tax base, reforming loss making PSE's and eliminating subsidies. Even though these tasks are politically difficult to implement they would pave a much easier path for Pakistan's economy and enable much needed increase in public investment and social spending – a prerequisite for achieving sustainable growth.

Bank's Performance:

March 2011 marks the first quarter in existence for the merged entity after the acquisition of the Royal Bank of Scotland. During the quarter the focus remained firmly on realigning products, processes and resources to provide best in class services to the customers in an efficient and timely manner and optimize synergies of the merged entity.

Bank's performance during the quarter under review is explained as follows:-

Corporate and Investment Banking

Faysal Bank's Investment Banking Group remained active throughout the quarter, concluding existing and winning several new transactions. The prominent achievements are highlighted below:

- FBL acted as Lead Arranger for a project finance transaction for Pakistan's first wind power project with a total capacity of 49.5 MW. The project is being sponsored by a blue chip local conglomerate with a total debt size of PKR 10.6 billion.
- FBL was mandated to arrange the local currency portion of a Project Finance Facility to establish Pakistan's first coal, clinker and cement terminal at Port Qasim Authority. The terminal will be established by a leading terminal operating company in Pakistan in collaboration with International Finance Corporation.
- FBL was mandated to co-arrange the Syndicated Term Finance Facility to setup a new sugar plant at Deharki in Ghotki District (Sindh). The project will have a crushing capacity 8,000 TCD per day and is being sponsored by one of the most progressive industrial groups in Pakistan.
- FBL was mandated as Lead Financial Advisor and Arranger to a Syndicated Working Capital facility up to PKR 2.5 billion for a Corporate Farming Enterprise.

Islamic Banking

The year 2011 brings with it new challenges for the bank in general and Islamic Banking business in particular owing to the aggressive expansion plan of opening new Islamic branches. Some of the key achievements of Islamic Banking business during the quarter are as follows:

- Successfully converted Mardan conventional branch into Islamic and received a positive response from the local market, resulting in increasing deposit base of the converted branch.
- Initiated the project of new Islamic branches opening under joint coordination with Retail Banking and other synergy partners after thorough evaluation of identified sites and best available human resource for Islamic branches.
- Participation in Punjab Food Murabaha transaction by taking fresh exposure of PKR 2.5 bn for the period 2011-2012.
- Aligned product policies of the merged entity and revived the Home Mortgages portfolio of ex-RBS.

Special Asset Management Group

With the acquisition of The Royal Bank of Scotland Ltd in last quarter of 2010, the Bank's non performing portfolio has increased considerably. The Bank intends to continue with its strategy to pursue defaulting customers for settlements within its framework and pursue litigation process where amicable settlements are not possible. In anticipation of non-performing portfolio of ex-RBS, the Bank revamped its Special Asset Management team by making it more vibrant and equipped to cater this challenging portfolio thus not only contributing to revival of economic activity at Macro level but also augmenting the bottom line of the Bank.

Risk Management

- Integration agenda spearheaded the 2011 first quarter for Risk Management Group. In Retail Risk significant developments were made for system enhancements based on Policy revisions for Secured & Un-secured product offerings. Detailed Product Program/ Risk Policies (backed by revamped SOPs) finalization and approval based from BOD/ CCC forum were successfully completed. Merged Portfolios were aligned under single FBL entity.
- SME portfolio size is doubled post integration; focus has been set for development and stream line risk management measurement tools and respective implementations and geographical footprint has been expanded in four regional areas.
- In Enterprise Risk Management, formally developed, implemented revised policies and procedures for market, operational, liquidity risks and capital management post RBS acquisition. Derivative Market Products menu has been expanded to additional measures such as Interest Rate Delta (yield curve risk) and Delta Basis (foreign exchange risk). Both Market and Credit Risk Limits have been defined to manage interest and exchange rate movement, and settlement and pre-settlement risks for interest rate and cross currency swap exposures.
- In Operational Risk Management, framework has been updated to reflect the consolidation of ex-RBS operational loss database and re-alignment of country wide operational loss data collection process. Liquidity Risk Management framework was refined in view of the

industry best practices and regulatory requirements. Individual limits were defined for conventional and Islamic banking which are being monitored on daily basis to closely scrutinize market conditions. Capital adequacy calculation model has been implemented to ensure accurate and timely reporting of capital adequacy returns.

- Risk Policy Unit stands formally set-up within RMG in support of the CRO's holistic Risk oversight role, as envisioned in the Bank's Integrated Risk Management Framework. The Unit led the initiative of drawing up the RMG Business Continuity Plan (BCP), as part of the post-acquisition cross-pollination of Best practices from RBS in the merged entity.

Financial Highlights

	March 2011	March 2010
	Rs. in million	
Operating profit	774	2,164
Provision for non performing advances	(443)	(296)
(Provision) / Reversal for diminution in value of investments	(1)	189
	(444)	(107)
Profit before tax	330	2,057
Provision for taxation	(89)	(371)
Profit after tax	241	1,686
Earning per share – Rupees	0.33	2.31

Profit after tax for March 2010 quarter includes an amount of Rs. 1.473 billion on account of gain on settlement of NIT units. The summary of financial results without this amount is as follows:

	March 2011	March 2010
	Rs. in million	
Operating profit	774	726
Provision for non performing advances	(443)	(296)
(Provision) / Reversal for diminution in value of investments	(1)	32
	(444)	264
Profit before tax	330	462
Provision for taxation	(89)	(249)
Profit after tax	241	213
Earning per share – Rupees	0.33	0.29

Net markup income increased by Rs. 941 million or 77% over the corresponding period last year mainly on account of increase in advances and investment volume. Despite difficult economic conditions and increase in size of advances portfolio the bank was able to restrict provisions to Rs. 443 million.

Non markup income for the current quarter increased by 110% over corresponding period last year after excluding one off capital gain of Rs. 1.5 billion realized on settlement of NIT LOC units in the first quarter of previous year. The main factors for this increase were the increase in Bancassurance income, equity market gains and income from derivatives.

After excluding administrative expenses of Rs. 1,251 million relating to RBS operations, administrative expenses increased by Rs. 300 million primarily on account of general inflation, salary increments and IT related expenses.

Credit Rating:

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) had re-affirmed the following entity ratings as on June 30, 2010:

Long-Term	AA
Short-Term	A1+

The ratings were placed on 'Ratings Watch - Developing' status and 'Rating Watch' by JCR and PACRA respectively in view of the acquisition of The Royal Bank of Scotland Limited. Subsequently, in view of the successful acquisition and merger of the Royal Bank of Scotland, the 'Ratings Watch - Developing' status has been removed and 'Stable' outlook was assigned to the ratings.

Acknowledgement:

I would like to take this opportunity to thank on behalf of the Board and Management of the bank the shareholders for the trust they have reposed in the Bank, I am also grateful to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued support and guidance and the customers for their patronage. I would also like to express sincere appreciation for the employees of the Bank for their dedication and hard work.

On behalf of the Board of Directors

President & CEO

Karachi
Dated: April 19, 2011

**Unconsolidated Condensed Interim
Financial Statements
for the quarter ended March 31, 2011**

FAYSAL BANK LIMITED

Condensed Interim Statement of Financial Position As at March 31, 2011

	Note	Un-audited March 31, 2011	Audited December 31, 2010
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		15,182,429	17,428,924
Balances with other banks	9	3,478,824	5,727,909
Lendings to financial institutions	10	100,000	-
Investments	11	71,429,417	86,418,549
Advances	12	133,000,116	133,706,769
Fixed assets		8,475,562	8,726,406
Deferred tax assets - net		5,025,083	5,017,202
Other assets		9,902,533	10,295,164
		246,593,964	267,320,923
LIABILITIES			
Bills payable		3,014,432	3,218,859
Borrowings		19,466,650	34,635,904
Deposits and other accounts	13	190,795,236	195,315,204
Sub-ordinated loans		4,395,875	4,595,395
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		12,553,677	13,037,791
		230,225,870	250,803,153
NET ASSETS		16,368,094	16,517,770
REPRESENTED BY			
Share capital		7,327,216	7,309,094
Proposed shares to be issued on amalgamation		-	28,253
Reserves		7,328,722	7,354,688
Unappropriated profit		2,192,101	1,950,843
		16,848,039	16,642,878
(Deficit) / Surplus on revaluation of assets - net of tax		(479,945)	(125,108)
		16,368,094	16,517,770

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

Quarter ended March 31, 2011

FAYSAL BANK LIMITED

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2011

	Note	March 31, 2011	March 31, 2010
		Rupees in '000	
Mark-up / return / interest earned		6,679,102	4,320,525
Mark-up / return / interest expensed		4,518,534	3,100,972
Net mark-up / interest income		2,160,568	1,219,553
Provision against non-performing loans and advances - net	12.2	475,308	297,925
Provision / (reversal) for consumer loans - general	12.4	7,286	(2,032)
Provision / (reversal) for diminution in the value of investments	11.3	1,267	(189,105)
Recovery of written off bad debts		(39,331)	-
		444,530	106,788
Net mark-up / return / interest income after provisions		1,716,038	1,112,765
Non mark-up / interest income			
Fee, commission and brokerage income		416,329	251,856
Dividend income		125,438	120,603
Income from dealing in foreign currencies		189,733	136,575
Gain on sale of securities		147,669	1,702,678
Unrealised gain / (loss) on revaluation of investments classified as held for trading		269,003	(92,722)
Other income		234,923	39,004
Total non mark-up / interest income		1,383,095	2,157,994
		3,099,133	3,270,759
Non mark-up / interest expenses			
Administrative expenses		2,764,419	1,213,732
Other (reversals) / provisions- net		(2,670)	-
Other charges		7,228	-
Total non mark-up / interest expenses		2,768,977	1,213,732
		330,156	2,057,027
Extraordinary / unusual items		-	-
Profit before taxation		330,156	2,057,027
Taxation - Current period		93,166	333,078
- Prior years		-	15,048
- Deferred		(4,268)	23,308
		88,898	371,434
Profit after taxation		241,258	1,685,593
Rupees			
Basic earnings per share	15	0.33	2.31

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

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DIRECTOR

FAYSAL BANK LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter ended March 31, 2011

	March 31, 2011	March 31, 2010
	Rupees in '000	
Profit for the quarter	241,258	1,685,593
Components of comprehensive income not reflected in equity		
Surplus / (Deficit) on revaluation of available for sale securities	233,837	(1,656,203)
Deferred tax (liability) / asset on revaluation of available for sale securities	(325,419)	206,148
	(91,582)	(1,450,055)
Total comprehensive income for the period	149,676	235,538

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

FAYSAL BANK LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For the quarter ended March 31, 2011

	March 31, 2011	March 31, 2010
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	330,156	2,057,027
Less: dividend income	(125,438)	(120,603)
Less: mark-up / return / interest earned on available for sale securities	(1,654,033)	(1,068,596)
	<u>(1,449,315)</u>	<u>867,828</u>
Adjustments for:		
Depreciation	264,304	129,587
Amortisation	30,571	27,095
Provision against non-performing loans and advances - net	475,308	297,925
Provision / (reversal) against consumer loans - general	7,286	(2,032)
Provision / (reversal) for diminution in value of investments	1,267	(189,105)
Reversal of provision against other assets	(2,670)	-
Unrealised (gain) / loss on revaluation of investments classified as held for trading	(269,003)	92,722
Net profit on sale of property and equipment	(7,894)	(20,306)
Bad debts written off directly	(39,331)	-
	<u>459,838</u>	<u>335,885</u>
	<u>(989,477)</u>	<u>1,203,713</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	14,717,826
Held for trading securities	(541,393)	(2,087,066)
Advances	263,390	(3,291,366)
Other assets (excluding advance taxation)	605,719	(501,110)
	<u>327,716</u>	<u>8,838,284</u>
Increase / (decrease) in operating liabilities		
Bills payable	(204,427)	251,523
Borrowings	(15,169,254)	1,119,231
Deposits and other accounts	(4,519,968)	(12,811,173)
Other liabilities (excluding current taxation)	(360,144)	(314,902)
	<u>(20,253,793)</u>	<u>(11,755,321)</u>
	<u>(20,915,554)</u>	<u>(1,713,324)</u>
Income tax paid	(361,760)	(946,809)
Net cash generated from operating activities	<u>(21,277,314)</u>	<u>(2,660,133)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	15,274,354	986,317
Net investment in held to maturity securities	181,972	(172,750)
Dividend received	60,243	60,344
Markup / return / interest received on available for sale securities	1,656,810	1,292,776
Investments in operating fixed assets	(117,316)	(94,465)
Proceeds realised on disposal of operating fixed assets	26,703	151,023
Net cash used in investing activities	<u>17,082,766</u>	<u>2,223,245</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of sub-ordinated loan	(199,520)	-
Payments of lease obligations	-	-
Dividends paid	4,895	(92)
Net cash used in financing activities	<u>(194,625)</u>	<u>(92)</u>
Net increase in cash and cash equivalents	<u>(4,389,173)</u>	<u>(436,980)</u>
Cash and cash equivalents at beginning of the period	23,150,426	9,235,997
Cash and cash equivalents at end of the period	<u>18,761,253</u>	<u>8,799,017</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

FAYSAL BANK LIMITED

Condensed Interim Statement of Changes In Equity (Un-audited) For the quarter ended March 31, 2011

	Share capital	Proposed shares to be issued on amalgamation	Reserves						Unappropriated profit	Total	
			Capital			Statutory reserve	Revenue				
			Reserve for issue of bonus shares	Share premium	Non-Distributable Capital Reserve-gain on bargain purchase		Reserve arising on amalgamation	Capital market reserve			Total
Rupees in '000											
Balance as at January 1, 2010	6,090,911	-	-	-	-	3,640,514	389,542	4,030,056	1,980,231	12,101,198	
Profit after tax for the period ended March 31, 2010	-	-	-	-	-	-	-	-	1,685,593	1,685,593	
Balance as at March 31, 2010	6,090,911	-	-	-	-	3,640,514	389,542	4,030,056	3,665,824	13,786,791	
Transfer to reserve for issue of bonus shares	-	-	1,218,183	-	-	-	-	1,218,183	(1,218,183)	-	
Bonus shares issued	1,218,183	-	(1,218,183)	-	-	-	-	(1,218,183)	-	-	
Transfer to unappropriated profit	-	-	-	-	-	-	(389,542)	(389,542)	389,542	-	
Proposed shares to be issued on amalgamation	-	28,253	-	-	-	-	-	-	-	28,253	
Reserve arising on acquisition and amalgamation of non-controlling interest in the RBS	-	-	-	-	23,952	-	-	23,952	-	23,952	
Gain on bargain purchase	-	-	-	3,299,146	-	-	-	3,299,146	-	3,299,146	
Loss after tax for the period from April 1, 2010 to December 31, 2010	-	-	-	-	-	-	-	-	(495,264)	(495,264)	
Transfer to statutory reserve	-	-	-	-	-	391,076	-	391,076	(391,076)	-	
Balance as at December 31, 2010	7,309,094	28,253	-	3,299,146	23,952	4,031,590	-	7,354,688	1,950,843	16,842,878	
Profit after tax for the period ended March 31, 2011	-	-	-	-	-	-	-	-	241,258	241,258	
Issue of shares to shareholders of Ex RBS Pakistan upon amalgamation	18,122	(28,253)	-	10,131	-	-	-	10,131	-	-	
Amortisation of customer relationship - net of deferred tax	-	-	-	(36,097)	-	-	-	(36,097)	-	(36,097)	
Balance as at March 31, 2011	7,327,216	-	-	10,131	3,263,049	23,952	4,031,590	7,328,722	2,192,101	16,848,039	

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited) For the quarter ended March 31, 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the Companies Ordinance, 1984. Its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The Bank is engaged in Corporate, Commercial and Consumer banking activities. The Bank has a network of 226 branches (2010: 226); including 14 Islamic banking branches (2010: 13); and operates 2 sub-branches (2010: 2).

The Registered Office of the Bank is located at Faysal House, ST-02, Shahra-e-Faisal, Karachi.

Ithmaar Bank B.S.C., a Bahrain based retail bank, is the parent company of the Bank, holding, directly and indirectly through subsidiaries 66.94% of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMI), (ultimate parent of the Bank) is the holding company of Ithmaar Bank B.S.C. The DMI group owns and operates an international network of Islamic banks and investment and insurance companies.

- 1.2** During 2010 the Bank had acquired the Pakistan operations of the Royal Bank of Scotland of Pakistan (RBS). Consequent to this acquisition and under the scheme of amalgamation approved by the shareholders and the State Bank of Pakistan, the operations of the RBS have been amalgamated and vested into the Bank with effect from the close of business on December 31, 2010.
- 1.3** In accordance with BSD Circular No. 30 dated November 25, 2008 issued by the State Bank of Pakistan (SBP), the Bank is required to maintain a Capital Adequacy Ratio (CAR) of atleast 10% at March 31, 2011. However, as at March 31, 2011 the CAR of the Bank was 9.67% and is therefore lower than the prescribed requirement by 0.33%. This shortfall was however covered under the letter No. BSD/BAI-3/615/4097/2010 dated April 5, 2011 whereby SBP has granted exemption to the Bank in meeting the CAR till March 31, 2011.
- 1.4** Based on the financial statements of the Bank for the year ended December 31, 2009, the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' and the short term rating as 'A1+'.

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 (SBP) 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 condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

The condensed interim financial results of the Islamic banking branches have been consolidated in these condensed interim financial statements for reporting purposes only. Inter branch transactions and balances have been eliminated. In accordance with the directives issued by the SBP, the statement of financial position is disclosed in note 18 to these condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

- 3.1** These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the directives issued by the SECP and SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives issued by the SECP and SBP shall prevail.
- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further,

FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited) For the quarter ended March 31, 2011

the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

- 3.3** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2010.
- 3.4** SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on Revaluation of Available for Sale (AFS) Securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of these condensed interim financial statements.

4. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments and derivative financial instruments have been marked to market and are carried at fair value.

5. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2010.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2010.

8. FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2010.

9. BALANCES WITH OTHER BANKS

	March 31, 2011	December 31, 2010
	Rupees in '000	
In Pakistan		
- Current accounts	820,232	558,987
Outside Pakistan		
- Current accounts	204,489	2,676,894
- Deposit accounts	2,454,103	2,492,028
	<u>3,478,824</u>	<u>5,727,909</u>

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10. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2011	December 31, 2010
	Rupees in '000	
Call money lendings	100,000	-
Repurchase agreement lendings (Reverse Repo)	-	-
	<u>100,000</u>	<u>-</u>

11.1 Investments by type

	March 31, 2011			December 31, 2010		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000					
Held for trading securities						
Market Treasury Bills	3,489,823	-	3,489,823	2,497,865	-	2,497,865
Pakistan Investment Bonds	2,549	-	2,549	-	-	-
Fully paid up ordinary shares / certificates of closed end mutual funds	565,838	-	565,838	718,952	-	718,952
Ijara Sukuk Bonds	-	-	-	300,000	-	300,000
	<u>4,058,210</u>	<u>-</u>	<u>4,058,210</u>	<u>3,516,817</u>	<u>-</u>	<u>3,516,817</u>
Available for sale securities						
Market Treasury Bills	35,494,954	1,967,467	37,462,421	44,273,115	10,724,483	54,997,598
Pakistan Investment Bonds	8,678,055	-	8,678,055	8,587,713	-	8,587,713
Ijara Sukuk Bonds	3,490,757	-	3,490,757	1,461,287	-	1,461,287
Units of open ended mutual funds						
- National Investment (Unit) Trust	420,009	-	420,009	420,009	-	420,009
- NIT Government Bond Fund	-	-	-	-	-	-
- NIT Income Fund	50,000	-	50,000	50,000	-	50,000
- Faysal Balanced Growth Fund	80,374	-	80,374	80,374	-	80,374
- Faysal Income Growth Fund	200,000	-	200,000	200,000	-	200,000
- Faysal Savings Growth Fund	208,230	-	208,230	208,230	-	208,230
- Faysal Islamic Savings Growth Fund	100,000	-	100,000	100,000	-	100,000
- Faysal Money Market Fund	100,000	-	100,000	100,000	-	100,000
- PICIC Income Fund	-	-	-	100,000	-	100,000
- AKD Income Fund	826	-	826	826	-	826
- First Habib Income Fund	-	-	-	2,043	-	2,043
- HBL Income Fund	-	-	-	6,064	-	6,064
- IGI Income Fund	2,046	-	2,046	2,046	-	2,046
- JS Large Capital Fund	27,888	-	27,888	27,888	-	27,888
- JS KSE 30 Index Fund	3,702	-	3,702	3,709	-	3,709
Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	5,954,439	-	5,954,439	5,629,153	-	5,629,153
Fully paid up preference shares	414,219	-	414,219	415,969	-	415,969
Sukuk Bonds	-	-	-	-	-	-
Term finance certificates	1,515,126	-	1,515,126	1,589,537	-	1,589,537
	<u>56,740,625</u>	<u>1,967,467</u>	<u>58,708,092</u>	<u>63,257,963</u>	<u>10,724,483</u>	<u>73,982,446</u>
Held to maturity securities						
Term finance certificates	7,682,499	-	7,682,499	7,765,875	-	7,765,875
Sukuk Bonds	2,608,900	-	2,608,900	2,707,496	-	2,707,496
	<u>10,291,399</u>	<u>-</u>	<u>10,291,399</u>	<u>10,473,371</u>	<u>-</u>	<u>10,473,371</u>
Associate						
Fully paid up ordinary shares of						
- Faysal Asset Management Limited	45,000	-	45,000	45,000	-	45,000
Subsidiary						
Fully paid up ordinary shares of						
- Faysal Management Services (Private) Limited	108,000	-	108,000	108,000	-	108,000
Investments at cost	<u>71,243,234</u>	<u>1,967,467</u>	<u>73,210,701</u>	<u>77,401,151</u>	<u>10,724,483</u>	<u>88,125,634</u>
Less: Provision for diminution in the value of investments	(1,496,868)	-	(1,496,868)	(1,495,601)	-	(1,495,601)
Investments (net of provisions)	<u>69,746,366</u>	<u>1,967,467</u>	<u>71,713,833</u>	<u>75,905,550</u>	<u>10,724,483</u>	<u>86,630,033</u>
Surplus / (deficit) on revaluation of held for trading securities - net	287,886	-	287,886	18,883	-	18,883
(Deficit) / surplus on revaluation of available for sale securities - net	(570,051)	(2,251)	(572,302)	(193,500)	(36,867)	(230,367)
Total investments	<u>69,464,201</u>	<u>1,965,216</u>	<u>71,429,417</u>	<u>75,730,933</u>	<u>10,687,616</u>	<u>86,418,549</u>

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- 11.2** This represents investment of the Bank in units of National Investment (Unit) Trust LOC Holder's Fund (NIUTL). NIUTL is an open end mutual fund managed by the National Investment Trust Limited (NITL). In prior years, the Government of Pakistan (the Government) had issued Letter of Comfort (LOC) to four of its unit holders (including the Bank), guaranteeing a minimum redemption price of Rs. 13.70 per unit. The LOC dated June 30, 2009 issued by the Government had expired on December 31, 2009, and was not extended. Subsequent to the expiry, the Government had communicated a methodology to settle this investment to all investors including the Bank. In accordance with the methodology, all the underlying assets, except for 'Strategic Assets' representing shares of Pakistan State Oil (PSO) and Sui Northern Gas Pipelines Limited (SNGPL), have been transferred in specie (after charging agreed premium of 2.5%) to the LOC Holder's according to their respective unit holding. Accordingly, during 2010, NITL settled 87.61% of NIUTL's units (excluding Strategic Assets representing shares of PSO and SNGPL) by transferring investments in specie.

It was also agreed that the Strategic Assets representing shares of PSO and SNGPL will be transferred to the NBP at a rate to be determined and agreed by the respective LOC holders' and the cash received from the NBP by the Fund will be paid to the LOC holders'. In this connection, an agreement has been signed between NITL, the Bank and the NBP to facilitate the settlement. The negotiation over the rate at which these Strategic Assets are to be transferred by the Fund to the NBP and consequently to the Bank has been finalized. However, the aforementioned Strategic Assets have not been transferred to the NBP as these were frozen by the Government of Pakistan (Privatization Commission) for sale due to their proposed Privatization. In this connection, the Privatization Commission had arranged a meeting on December 28, 2010 to discuss the matter of transferring the Strategic Assets to the NBP. However, the Privatization Commission has not provided final directions in this context to date.

The Bank had agreed the market value of "Strategic Assets" as of October 13, 2010 for redeeming its existing units. The management is of the view that since the permission of transfer to NBP of the said "Strategic Assets" has not yet been granted by the Privatisation Commission of Pakistan therefore, the value of the Bank's investment representing the "Strategic Assets" should be classified as investments in the books of the Bank and should be marked to market on the basis of net assets value as on October 13, 2010 as the Bank will receive this amount subsequent to the permission of the Privatisation Commission of Pakistan.

	Note	March 31, 2011	December 31, 2010
11.3 Particulars of provision for diminution in the value of investments		Rupees in '000	
Opening balance		1,495,601	1,140,082
Charge for the period / year		30,000	531,941
Reversals during the period / year		(28,733)	(244,686)
		1,267	287,255
Provision against investments transferred from amalgamated entity		-	68,264
Closing balance		1,496,868	1,495,601

12. ADVANCES

Loans, cash credits, running finances, etc. – in Pakistan		140,233,421	140,249,441
Net investment in finance lease – in Pakistan		7,970,614	8,689,093
		148,204,035	148,938,534
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		805,224	645,235
Payable outside Pakistan		1,501,246	1,284,440
		2,306,470	1,929,675
Margin financing / reverse repo transactions		338,200	338,200
Gross advances		150,848,705	151,206,409
Provision against non-performing advances	12.2	(17,504,730)	(17,163,067)
Provision against consumer loans - general	12.4	(343,859)	(336,573)
Advances - net of provision		133,000,116	133,706,769

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- 12.1** Advances include Rs 24.945 billion (December 31, 2010: Rs 24.708 billion) which have been placed under non-performing status as detailed below:

March 31, 2011				
Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000				
Category of classification				
Other Assets Especially				
Mentioned (Agri financing)	398,997	-	398,997	-
Substandard	2,350,797	-	2,350,797	489,542
Doubtful	1,951,812	-	1,951,812	624,465
Loss	20,243,591	-	20,243,591	16,390,723
	<u>24,945,197</u>	<u>-</u>	<u>24,945,197</u>	<u>17,504,730</u>

December 31, 2010				
Domestic	Overseas	Total	Provision required	Provision held
Rupees in '000				
Category of classification				
Other Assets Especially				
Mentioned (Agri financing)	307,671	-	307,671	-
Substandard	2,684,583	-	2,684,583	646,290
Doubtful	2,230,321	-	2,230,321	673,490
Loss	19,485,183	-	19,485,183	15,843,287
	<u>24,707,758</u>	<u>-</u>	<u>24,707,758</u>	<u>17,163,067</u>

12.2 Particulars of provision against non-performing advances

March 31, 2011		
Specific	General	Total
Rupees in '000		
Opening balance	17,163,067	-
Charge for the period	745,087	-
Transfer from general to specific provision	-	-
Reversals during the period	(269,779)	-
	475,308	475,308
Amounts written off	(133,645)	-
Closing balance	<u>17,504,730</u>	<u>17,504,730</u>

December 31, 2010		
Specific	General	Total
Rupees in '000		
Opening balance	6,664,336	184,058
Charge for the year	2,506,791	-
Transfer from / to general provision - note 13.4.1	184,058	(184,058)
Reversals during the year	(600,412)	-
Net charge	2,090,437	(184,058)
Amounts written off - note 13.7.1	(829)	-
Provision against advances transferred from amalgamated entity	8,409,123	-
Closing balance	<u>17,163,067</u>	<u>17,163,067</u>

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- 12.3** Under the revised guidelines issued by the SBP, banks have been allowed to avail the benefit of 40% of forced sales value of pledged stocks and mortgaged commercial, residential and industrial properties held as collateral against all non-performing loans for 4 years from the date of classification for calculating provisioning requirement. However, as per the Circular, the additional impact on profitability arising from availing the benefit of forced sales value against pledged stocks and mortgaged residential, commercial and industrial properties would not be available for payment of cash or stock dividend.

The additional profit arising from availing the FSV benefit - net of tax at March 31, 2011 which is not available for either cash or stock dividend to shareholders amounted to approximately Rs 1,284.332 million (2010: 1,466.175 million).

	March 31, 2011	December 31, 2010
	Rupees in '000	
12.4 Particulars of provision against consumer loans - general		
Opening balance	336,573	190,075
Charge / (Reversals) during the period / year	7,286	(89,730)
General provision against consumer loans transferred from amalgamated entity	-	236,228
Closing balance	<u>343,859</u>	<u>336,573</u>

- 12.5** General provision against consumer loans has been maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations for consumer financing issued by the State Bank of Pakistan.

	March 31, 2011	December 31, 2010
	Rupees in '000	
13. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits	87,886,650	91,361,292
Saving deposits	58,716,584	61,531,285
Current accounts	41,194,044	40,017,566
Margin accounts	2,997,958	2,405,061
	<u>190,795,236</u>	<u>195,315,204</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

Contingent liability in respect of guarantees favouring:

i) Government	-	-
ii) Banking companies and other financial institutions	3,275	3,275
iii) Others	1,088,470	833,770
	<u>1,091,745</u>	<u>837,045</u>

Acceptances

i) Government	-	-
ii) Banking companies and other financial institutions	-	-
iii) Others	1,617,504	1,659,850
	<u>1,617,504</u>	<u>1,659,850</u>

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14.2 Transaction-related contingent liabilities

March 31, 2011 December 31, 2010

Rupees in '000

Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:

i) Government	8,387,598	7,748,465
ii) Banking companies and other financial institutions	4,863,628	11,774,727
iii) Others	5,723,135	4,938,603
	18,974,361	24,461,795

14.3 Trade-related contingent liabilities

Letters of credit

i) Government	587,789	3,067,558
ii) Banking companies and other financial institutions	-	-
iii) Others	14,216,692	10,893,659
	14,804,481	13,961,217

14.4 Other Contingencies

i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case	2,500,000	2,500,000
ii) Indemnity issued favouring the High Court in the above case	457,543	457,543
iii) Claims against the Bank not acknowledged as debt	27,181,289	26,959,996

14.5 Income tax assessments of the Bank have been finalised upto the tax year 2010 (Accounting year 2009).

The department and the Bank have disagreements on various matters for tax years from 1994 to 2009. These include disallowance on certain matters like initial depreciation on leases, provision for bad debts, bad debts written off, taxability of dividend, excess perquisites and certain other matters. The Bank and the department have filed appeals with the CIT (Appeals), ITAT and the High Court in the aforementioned matters. The additional tax liability on these matters is Rs 1,343.382 million. The management of the Bank is confident that the decision in respect of these matters will be decided in Bank's favour and accordingly no provision has been made in these condensed interim financial statements in respect of this liability.

14.6 Commitments in respect of forward lending / purchase

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.

14.7 Commitments in respect of forward exchange contracts

March 31, 2011 December 31, 2010

Rupees in '000

Purchase		
- Customers	1,662,930	1,043,656
- Banks	25,360,513	23,244,880
	27,023,443	24,288,536
Sale		
- Customers	32,766	-
- Banks	7,665,656	5,224,327
	7,698,422	5,224,327

14.8 Commitments for the acquisition of operating fixed assets

82,446 82,108

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	March 31, 2011	December 31, 2010
14.9 Commitments in respect of repo transactions	Rupees in '000	
Repurchase	1,966,004	10,699,230
Resale	437,998	421,320

14.10 Other Commitments

Interest rate swaps and cross currency swaps (notional principal)	48,942,014	53,231,890
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15. EARNINGS PER SHARE

	For the quarter ended	
	March 31, 2011	March 31, 2010
	Rupees in '000	
Profit after tax for the period	<u>241,258</u>	<u>1,685,593</u>
	In thousands	
Weighted average number of ordinary shares	<u>732,721</u>	<u>730,909</u>
	Rupees	
Earnings per share - basic	<u>0.33</u>	<u>2.31</u>

16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

For management purposes the Bank is organised into four major business segments:

- Corporate Finance
- Trading and Sales
- Retail Banking and
- Commercial Banking

All assets, liabilities, off balance sheet items and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

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	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
March 31, 2011					
Total income - net	75,200	663,335	1,592,306	1,212,821	3,543,663
Total expenses	(29,110)	(285,282)	(1,992,731)	(906,383)	(3,213,507)
Net income (loss)	46,090	378,052	(400,425)	306,438	330,156
Segment assets (Gross)	-	84,678,071	58,818,437	122,642,004	266,138,512
Segment non performing loans	-	677,372	10,475,274	13,792,551	24,945,197
Segment provision required against loans	-	(49,207)	(6,570,271)	(11,229,111)	(17,848,589)
Segment liabilities	(19,479)	(27,597,057)	(162,379,765)	(40,229,569)	(230,225,870)
Segment return on assets (ROA) (%)	-	12.05%	10.90%	12.66%	
Segment cost of funds (%)	-	3.98%	7.12%	6.45%	
March 31, 2010					
Total income - net	12,269	777,648	1,363,639	1,223,991	3,377,547
Total expenses	(9,653)	(221,131)	(718,606)	(371,130)	(1,320,520)
Net income	2,616	556,517	645,033	852,861	2,057,027
December 31, 2010					
Total income - net	208,042	1,835,115	4,405,115	3,355,270	9,803,542
Total expenses	(81,316)	(796,897)	(5,566,419)	(2,531,856)	(8,976,488)
Net income (loss)	126,726	1,038,218	(1,161,304)	823,414	827,054
Segment assets (Gross)	-	91,138,328	63,305,812	131,998,604	286,442,744
Segment non performing loans	-	670,924	10,375,566	13,661,268	24,707,758
Segment provision required against loans	-	(48,245)	(6,441,819)	(11,009,576)	(17,499,640)
Segment liabilities	(21,220)	(30,063,645)	(176,893,053)	(43,825,235)	(250,803,153)
Segment return on assets (ROA) (%)	-	12.20%	11.20%	13.60%	
Segment cost of funds (%)	-	4.20%	7.70%	6.90%	

* These percentages have been computed based on closing assets / liability figure instead of average balances.

Note: The above table is based on best estimates / assumptions.

17. RELATED PARTY TRANSACTIONS

The Bank has related party relations with its associated undertaking, subsidiary company, group companies, retirement benefit plans, directors, key management personnel and entities over which the directors or key management personnel are able to exercise significant influence. The particulars of the Bank's investment in its subsidiary company and associated company is given in note 11.1 to these condensed interim financial statements.

Banking transactions with the related parties are executed substantially on the same terms, except transactions with directors and key management personnel that are as per their terms of employment, including mark-up rates and collateral, as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Details of transactions with the related parties and balances with them as at period end are as follows:

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	March 31, 2011					
	Directors and Key Management Personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies	Strategic Investments
	Rupees in '000					
Balance at the beginning of the period	77,365	1,645,448	492	479	515,979	17,905
Placements during the period	251,428	355,327	-	78,986	4,666,926	115,712
Withdrawals during the period	(273,732)	(1,710,799)	(78)	(72,427)	(5,169,292)	(65,946)
Balance at end of the period	55,061	289,976	414	7,038	13,613	67,671

Deposits

Advances

Balance at the beginning of the period	50,788	-	-	-	2,014,168	802,195
Disbursement during the period	3,782	-	-	-	900,000	-
Repayment during the period	(20,351)	-	-	-	-	(116)
Balance at end of the period	34,219	-	-	-	2,914,168	802,079

	March 31, 2011					
	Directors and Key Management Personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies	Strategic Investments
	Rupees in '000					
Nostro balances with group companies	-	-	-	-	-	-
Shares / Units purchased during the period	-	-	-	-	312,538	-
Shares / Units sold during the period	-	-	-	-	348,767	-
Profit paid / accrued	1,353	19,608	-	77	65,769	360
Profit return / earned	413	-	-	-	45,410	52
Dividend income from subsidiary	-	-	-	-	-	-
Remuneration of key management personnel						
- Salaries and other short-term employee benefits	38,063	-	-	-	-	-
- Post-employment benefits	4,876	-	-	-	-	-
Contribution to staff retirement benefits	-	64,956	-	-	-	-
Guarantees issued favoring related parties or on their behalf	-	-	-	-	25,000	-

	March 31, 2010					
	Directors and Key Management Personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies	Strategic Investments
	Rupees in '000					
Nostro balances with group companies	-	-	-	-	7,818	-
Shares / Units purchased during the year	-	-	-	-	327,377	-
Shares / Units sold during the year	-	-	-	-	376,534	-
Profit paid / accrued	226	3,521	-	1	82,122	367
Profit return / earned	615	-	-	-	-	44
Dividend income from subsidiary	-	-	-	-	-	-
Remuneration of key management personnel						
- Salaries and other short-term employee benefits	72,011	-	-	-	-	-
- Post-employment benefits	3,208	-	-	-	-	-
Contribution to staff retirement benefits	-	34,321	-	-	-	-

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18. ISLAMIC BANKING BUSINESS

The Bank is operating 14 Islamic banking branches (2010: 13). The statement of financial position as at March 31, 2011 is as follows:

18.1 Statement of Financial Position

	Un-audited March 31, 2011	Audited December 31, 2010
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	339,096	404,534
Balances with and due from financial Institutions	30,894	47,588
Investments	3,377,566	2,666,067
Financing and receivables		
- Murabaha	693,613	1,614,237
- Ijara	24,784	21,091
- Musharaka	-	-
- Diminishing Musharaka	1,760,186	1,809,843
- Salam	-	-
- Other Islamic Modes	-	-
Other assets	294,062	471,827
	6,520,201	7,035,187
LIABILITIES		
Bills payable	23,527	9,623
Due to financial institutions	-	-
Deposits and other accounts		
- Current Accounts	1,384,386	1,331,527
- Saving Accounts	944,763	1,011,063
- Term Deposits	1,611,378	1,413,258
- Others	11,045	12,288
- Deposits from financial institutions - remunerative	1,828,101	1,492,313
- Deposits from financial institutions - non-remunerative	-	-
Due to head office	12,500	1,080,500
Other liabilities	21,699	24,919
	5,837,399	6,375,491
NET ASSETS	682,802	659,696
REPRESENTED BY		
Islamic Banking Fund	880,000	880,000
Reserves	-	-
Unappropriated profit / (loss)	(199,956)	(225,003)
	680,044	654,997
Surplus on revaluation of assets- net of tax	2,758	4,699
	682,802	659,696
Remuneration to shariah advisor	991	3,503
CHARITY FUND		
Opening balance	67	-
Charity fund transferred from amalgamated entity	-	(304)
Additions during the period	814	371
Payments / utilization during the period	-	-
Closing balance	881	67

FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)
For the quarter ended March 31, 2011

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 19, 2011 by the Board of Directors of the Bank.

20. GENERAL

20.1 Comparative information has been re-classified and re-arranged in these condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

20.2 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR