

**Faysal Bank Limited
& Subsidiaries**

**Consolidated Condensed Interim
Financial Statements
for the quarter ended
March 31, 2009**

It gives me great pleasure to present, on behalf of the Board of Directors, the financial statements for the quarter ended 31 March 2009.

Group

For the purpose of these financial statements Group is defined as given below:

Holding Company: Faysal Bank Limited

Subsidiary Company: Faysal Management Services (Pvt) Limited (FSML)

FSML was formed to float and manage modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

Ratings

The holding company has been assigned the highest short term rating of A1+ (A One Plus) and AA (Double A) for the long term by JCR-VIS (credit rating company). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. It is pertinent to note that another major credit rating company of Pakistan, PACRA has also assigned the same ratings to the Bank.

	For the quarter ended	
	March 31 2009	March 31 2008
	Rupees in million	
Profit before taxation	361	670
Taxation	(99)	(223)
Profit after taxation	262	447
Minority Interest	(2)	(1)
Profit after tax attributable to equity holders	260	446
Un-appropriated profit brought forward	1,079	1,505
Profit available for appropriation	1,340	1,951
Appropriations:		
Final cash dividend 2007 @ 25% (2006: @ 25%)	-	(1,324)
Transfer to reserve for issue of bonus shares 2008 @ 15% (2007 : NIL)	(795)	-
Un appropriated profit carried forward	545	627
Earning Per Share (Rupees)	0.49	0.84

Profit after tax for the quarter under review at Rs. 262 million was lower than the same period last year mainly due to higher provisions for non performing loans. Taking a prudent and conservative view on some loans, the Group has made provisions. Despite economically difficult period, profit before tax and provisions for the quarter was Rs. 673, million close to the last year's comparative figure of Rs. 732 million.

Despite difficult economic conditions the Group kept its focus on growth and total assets grew by Rs. 11.5 billion. On the liability side, deposits continued to grow and increased from Rs.102.5 billion in December 2008 to Rs.105.8 billion in March 2009. The bank, during the quarter under review has been able to improve its deposit mix showing a growth of Rs. 15.0 billion in current and saving deposits (CASA).

Acknowledgement

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

On behalf of the Board of Directors

Dubai
Dated: 21 April 2009

President & CEO

CONSOLIDATED CONDENSED INTERIM
BALANCE SHEET
As at March 31, 2009



	Note	Un-audited March 31, 2009	Audited December 31, 2008
(Rupees '000)			
ASSETS			
Cash and balances with treasury banks		7,809,030	8,927,524
Balances with other banks	10	2,260,850	876,780
Lendings to financial institutions	11	8,699,584	2,861,401
Investments	12	33,140,605	30,106,298
Advances	13	91,986,045	89,758,789
Operating fixed assets	14	2,666,318	2,646,978
Deferred tax asset - net		-	-
Other assets		3,108,765	2,984,148
		149,671,197	138,161,918
LIABILITIES			
Bills payable		1,278,890	1,536,517
Borrowings from financial institutions		20,243,982	13,027,468
Deposits and other accounts	15	105,873,787	102,592,473
Sub-ordinated loans		999,600	999,600
Liabilities against assets subject to finance lease		-	4,103
Deferred tax liabilities - net		2,601,671	2,484,227
Other liabilities		7,318,630	6,641,902
		138,316,560	127,286,290
NET ASSETS		11,354,637	10,875,628
REPRESENTED BY			
Share capital		5,296,445	5,296,445
Reserves		4,584,492	3,790,023
Unappropriated profit		545,096	1,079,333
		10,426,033	10,165,801
Minority interest		75,353	73,708
		10,501,386	10,239,507
Surplus on revaluation of assets		853,251	636,121
		11,354,637	10,875,628
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

President & CEO

Director

Director

Director

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)**
For the quarter ended March 31, 2009

	Note	March 31, 2009	March 31, 2008
(Rupees '000)			
Mark-up / return / interest earned		4,183,365	3,070,948
Mark-up / return / interest expensed		3,085,391	1,936,742
Net mark-up / interest income		1,097,974	1,134,206
Provision against non-performing loans and advances	13.2	324,619	151,275
(Reversal) for consumer loans - general	13.3	(11,853)	(91,600)
(Reversal) / Provision for diminution in the value of investments		(180)	2,533
Bad debts written off directly		-	-
		312,586	62,208
Net mark-up / interest income after provisions		785,388	1,071,998
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		185,494	203,111
Dividend income		33,753	26,470
Income from dealing in foreign currencies		63,714	51,740
Gain on sale of investments		177,770	12,619
Unrealised (loss) / gain on revaluation of securities classified as held-for-trading		(2,907)	-
Other income		17,555	13,268
Total non mark-up / interest income		475,379	307,208
		1,260,767	1,379,206
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		893,395	713,276
Other provisions		8,272	-
Other charges		90	(31)
Total non mark-up / interest income		901,757	713,245
Extraordinary items / unusual items		-	-
Share of income from associates		1,992	3,767
PROFIT BEFORE TAXATION		361,002	669,728
Taxation - Current		90,362	222,554
- Prior years		-	-
- Deferred		8,761	122
		99,123	222,676
PROFIT AFTER TAXATION		261,879	447,052
Profit attributable to minority interest		1,647	907
Profit attributable to the equity holders		260,232	446,145
		261,879	447,052
Basic and diluted earnings per share attributable to the equity holders		Rupees	
	18	0.49	0.84

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

President & CEO

Director

Director

Director

CONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
For the quarter ended March 31, 2009



	March 31, 2009	March 31, 2008
	(Rupees '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	361,002	669,728
Less: Dividend income	(33,753)	(26,470)
Profit on available-for-sale securities	(1,012,228)	(408,588)
	<u>(684,979)</u>	<u>234,670</u>
Adjustments for non-cash charges:		
Depreciation / Amortisation	136,916	96,108
Provision against non-performing advances	324,619	151,275
(Reversal) for consumer loans - general	(11,853)	(91,600)
(Provision) / Reversal for diminution in the value of investments	(180)	2,533
Provision for other assets	8,272	-
Unrealised (loss) / gain on revaluation of held-for-trading financial instruments	(2,907)	-
Bad debts written off directly	-	-
Gain on sale of fixed assets	(5,677)	(1,011)
Finance charges on leased assets	22	56
Exchange gain	(1,239)	(47,722)
	<u>447,973</u>	<u>109,639</u>
	<u>(237,006)</u>	<u>344,309</u>
(Increase) / Decrease in operating assets:		
Lendings to financial institutions	(4,938,183)	(9,227,672)
Held-for-trading securities	(85,226)	-
Advances	(2,540,022)	3,868,158
Others assets (excluding advance taxation)	(120,360)	76,631
	<u>(7,683,791)</u>	<u>(5,282,883)</u>
Increase / (Decrease) in operating liabilities:		
Bills payable	(257,627)	175,584
Borrowings from financial institutions	7,216,514	4,226,759
Deposits	3,281,314	(815,315)
Other liabilities (excluding taxation)	583,240	181,405
	<u>10,823,441</u>	<u>3,768,433</u>
	<u>2,902,644</u>	<u>(1,170,141)</u>
Income tax refund / (paid)	3,196	(60,583)
Net cash flow from operating activities	<u>2,905,840</u>	<u>(1,230,724)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(11,339,211)	836,807
Net investments in held-to-maturity securities	8,805,245	-
Dividend received	38,140	67,032
Profit received on available-for-sale securities	995,310	407,448
Fixed capital expenditure	(258,092)	(138,361)
Sale proceeds from disposal of fixed assets	21,296	12,720
Net cash flow from investing activities	<u>(1,737,312)</u>	<u>1,185,646</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(4,125)	(983)
Repayment of Sub-ordinated loans	-	-
Dividends paid to Minority shareholders	-	-
Dividends paid	(66)	(375)
Net cash used in financing activities	<u>(4,191)</u>	<u>(1,358)</u>
(Decrease) / Increase in cash and cash equivalents	<u>1,164,337</u>	<u>(46,436)</u>
Cash and cash equivalents at beginning of the period	<u>9,804,304</u>	<u>11,380,486</u>
Effects of exchange rate changes on cash and cash equivalents	<u>1,239</u>	<u>47,722</u>
Cash and cash equivalents at beginning of the period	<u>9,805,543</u>	<u>11,428,208</u>
Cash and cash equivalents at end of the period	<u>10,969,880</u>	<u>11,381,772</u>

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

President & CEO

Director

Director

Director

**CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**
For the quarter ended March 31, 2009

	Attributable to the equity holders						Minority Interest	Total Equity
	Share capital	Reserves			Unappropriated profit	Total		
		Capital Reserve for issue of bonus shares	Statutory reserve	Revenue Capital market reserve				
(Rupees '000)								
Balance as at January 1, 2008	5,298,445	-	3,177,491	389,542	1,905,083	10,368,531	75,333	10,443,864
Changes in equity for quarter ended March 31, 2008 :								
Final cash dividend for the year ended December 31, 2007 at Rs.25 per share approved subsequent to the year end	-	-	-	-	(1,324,111)	(1,324,111)	-	(1,324,111)
Profit after taxation for the quarter ended March 31, 2008	-	-	-	-	448,145	448,145	907	447,052
Balance as at March 31, 2008	5,298,445	-	3,177,491	389,542	827,087	9,490,565	76,240	9,566,805
Profit after taxation for the period April 01, 2008 to December 31, 2008								
	-	-	-	-	675,236	675,236	3,802	679,038
Dividend Paid								
	-	-	-	-	-	-	(8,336)	(8,336)
Transfer to statutory reserve								
	-	-	222,990	-	(222,990)	-	-	-
Balance as at December 31, 2008	5,298,445	-	3,400,481	389,542	1,079,333	10,165,801	73,708	10,239,507
Changes in equity for quarter ended March 31, 2009 :								
Profit after taxation for the quarter ended March 31, 2009								
	-	-	-	-	260,232	260,232	1,647	261,879
Transfer to reserve for issue of bonus shares								
	-	794,489	-	-	(794,489)	-	-	-
Balance as at March 31, 2009	5,298,445	794,489	3,400,481	389,542	545,096	10,426,033	75,353	10,501,386

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

President & CEO

Director

Director

Director

1. THE GROUP AND ITS OPERATIONS

The group consists of following entities:

Holding Company

Faysal Bank Limited (FBL, the bank)

Subsidiary Company

Faysal Management Services (Private) Limited (shareholding – 60.00%)

Faysal Bank Limited 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 in Pakistan. The bank is engaged in Commercial, Consumer, Corporate and Investment banking activities. The bank has a branch network of 129 branches (December 31, 2008 : 129 branches) and operates 2 sales and service centres (December 31, 2008 : 2).

The Registered Office (Head Office) of the bank is Located at Faysal House, St-02, Shahra-e-Faisal, Karachi.

Ithmaar Bank B.S.C., an Investment Bank listed in Bahrain, is the ultimate holding company of Faysal Bank Limited.

Faysal Management Services (Private) Limited is a company formed under the Companies Ordinance, 1984 as a private limited company to float and manage modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1990.

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 Group 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 consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

3. BASIS OF CONSOLIDATION

The basis of consolidation of the financial statement of subsidiary is the same as that applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2008.

4. STATEMENT OF COMPLIANCE

These consolidated interim financial statements are presented in a condensed form in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting.

The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and approved accounting standards as applicable in Pakistan for interim financial reporting.

These consolidated condensed interim financial statements do not include all of the information required for full financial statements and should be read in conjunction with the financial statement of the Group for the year ended December 31, 2008.

5. BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except for the following financial instruments:

- Derivative financial instruments are measured at fair value; and
- Investments classified as held for trading and available-for-sale are also measured at fair values.

6. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated condensed interim financial statements have been presented in Pakistani Rupee, which is the Group's functional currency as well as the reporting currency.

7. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Group for the year ended December 31, 2008.

8. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements in accordance with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses in the current and future reporting periods. The actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates (other than adjusting events) are recognized prospectively commencing from the period of revision.

Significant judgements made by the management and the key sources of estimating uncertainty in preparation of these condensed interim consolidated financial statements were same as those applied to the annual financial statements for the year ended December 31, 2008.

9. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements for the year ended December 31, 2008.

	Note	March 31, 2009	December 31, 2008
(Rupees '000)			
10. BALANCES WITH OTHER BANKS			
In Pakistan			
- Current accounts		93,572	163,851
Outside Pakistan			
- Current accounts		1,899,753	712,929
- Deposit accounts		267,525	-
		<u>2,260,850</u>	<u>876,780</u>

11. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings		900,000	-
Repurchase agreement lendings	11.1	7,799,584	2,861,401
		<u>8,699,584</u>	<u>2,861,401</u>

11.1 Repurchase agreement lendings

	March 31, 2009			December 31, 2008		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
(Rupees '000)						
Market Treasury Bills	7,799,584	-	7,799,584	2,861,401	-	2,861,401
	<u>7,799,584</u>	<u>-</u>	<u>7,799,584</u>	<u>2,861,401</u>	<u>-</u>	<u>2,861,401</u>

12. INVESTMENTS

12.1 Investments by type

	March 31, 2009			December 31, 2008		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
(Rupees '000)						
Held for trading securities						
Fully paid up ordinary shares	104,330	-	104,330	19,104	-	19,104
Available-for-sale securities						
Market Treasury Bills	17,082,678	6,203,074	23,285,752	11,345,481	1,122,182	12,467,663
Pakistan Investment Bonds	1,777,028	-	1,777,028	1,154,312	-	1,154,312
Units of open end mutual funds						
- National Investment (Unit) Trust- note 12.2	3,475,056	-	3,475,056	3,475,056	-	3,475,056
- First Habib Income Fund	25,000	-	25,000	25,000	-	25,000
- 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	207,411	-	207,411	207,411	-	207,411
- NAFA Cash Fund	50,000	-	50,000	50,000	-	50,000
- Atlas Income Fund	35,000	-	35,000	35,000	-	35,000
- United Money Market Fund	-	-	-	25,000	-	25,000
Fully paid up ordinary shares / modaraba certificates / units of closed end mutual funds	1,899,351	-	1,899,351	1,750,640	-	1,750,640
Fully paid up preference shares	492,677	-	492,677	492,677	-	492,677
Term finance certificates and bonds	1,513,561	-	1,513,561	1,540,859	-	1,540,859
	26,638,136	6,203,074	32,841,210	20,381,810	1,122,182	21,503,992
Held to maturity						
Market Treasury Bills	-	-	-	8,805,245	-	8,805,245
Associates						
Shares of						
- Faysal Asset Management Ltd.	75,123	-	75,123	73,130	-	73,130
Investments at cost	26,817,589	6,203,074	33,020,663	29,279,289	1,122,182	30,401,471
Provision for diminution in the value of investments	(787,638)	-	(787,638)	(871,481)	-	(871,481)
Investments (Net of Provisions)	26,029,951	6,203,074	32,233,025	28,407,808	1,122,182	29,529,990
Surplus / (Deficit) on revaluation of held for trading securities	(6,318)	-	(6,318)	(3,410)	-	(3,410)
Surplus / (Deficit) on revaluation of available for sale securities (net)	913,898	-	913,898	579,718	-	579,718
Total investments at market value	26,937,531	6,203,074	33,140,605	28,984,196	1,122,182	30,106,298

12.2 This includes 150,268,315 NIT Units (December 31, 2008 : 150,268,315 NIT units) covered under letter of comfort (LOC) dated December 30, 2008 issued by the Federal Government with an expiry / renewal date of June 30, 2009.

In accordance with the policy decision of the Government of Pakistan (GOP) and approval of the Board of Directors of National Investment Unit Trust (NITL), the NITL has been split in two broad segments from April 01, 2007 i.e. one belonging to the LOC holders and the other segment belonging to the non-LOC holders. The two segments are being managed separately from April 01, 2007.

So far both GOP as well as the bank have exchanged proposals offering various exit options but the matter is yet to be finalised.

13. ADVANCES	Note	March 31, 2009	December 31, 2008
		(Rupees in '000)	
Loans, cash credits, running finances, etc - In Pakistan		83,052,205	79,492,629
Net investment in finance lease- In Pakistan		<u>12,719,449</u>	<u>13,493,087</u>
		95,771,654	92,985,716
Bills discounted and purchased (excluding government market treasury bills)			
-Payable in Pakistan		<u>580,662</u>	<u>675,771</u>
-Payable outside Pakistan		<u>724,448</u>	<u>596,917</u>
		<u>1,305,110</u>	<u>1,272,688</u>
		97,076,764	94,258,404
Margin financing / reverse repo transactions		347,029	625,367
Provision for non-performing advances	13.2	(5,232,803)	(4,908,184)
Provision for consumer loans - general	13.3	<u>(204,945)</u>	<u>(216,798)</u>
		<u>91,986,045</u>	<u>89,758,789</u>

13.1 Advances in dues Rs. 8.357 billion (December 31, 2008 : Rs. 7.479 billion) which have been placed under non-performing status as detailed below:

	March 31, 2009				
	Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----					
Category of classification					
Other assets especially					
mentioned - (Agri)	528,204	-	528,204	-	-
Substandard	1,427,549	-	1,427,549	312,740	312,740
Doubtful	2,342,298	-	2,342,298	1,159,765	1,159,765
Loss	4,059,321	-	4,059,321	3,701,622	3,701,622
	<u>8,357,372</u>	<u>-</u>	<u>8,357,372</u>	<u>5,174,127</u>	<u>5,174,127</u>

13.1.1 In accordance with the directives issued by SBP, the Group has considered the benefit of 30% of FSV of pledged stocks and mortgaged commercial and residential properties held as collateral against all Non Performing Loans (NPLs), except consumer financing, for three years from the date of classification for calculating provisioning requirements. For Non Performing Loans in respect of consumer financing, benefit of 50% of the FSV of mortgage property is considered in the first two years of classification and 30% in the third year of classification.

13.2 Particulars of provision for non-performing advances

	March 31, 2009		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	4,849,508	58,676	4,908,184
Charge for the period	554,861	-	554,861
Transfer to specific provision from general provision	-	-	-
Reversals during the period	(230,242)	-	(230,242)
	324,619	-	324,619
Write off during the period	-	-	-
Closing balance	5,174,127	58,676	5,232,803

	December 31, 2008		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	3,199,581	148,676	3,348,257
Charge for the period	1,973,009	-	1,973,009
	90,000	(90,000)	-
Reversals during the period	(411,993)	-	(411,993)
	1,651,016	(90,000)	1,561,016
Write off during the period	(1,089)	-	(1,089)
Closing balance	4,849,508	58,676	4,908,184

13.3 Particulars of provision for consumer loans - general

	March 31, 2009	December 31, 2008
	(Rupees in '000)	
Opening balance	216,798	321,620
Charge for the period	-	-
Reversals during the period	(11,853)	(104,822)
Closing balance	204,945	216,798

13.3.1 General provision against consumer loans has been determined in accordance with the requirements of Prudential Regulations issued by the State Bank of Pakistan (i.e. 1.5% secured loans and 5% of unsecured loans).

	For the Quarter ended	
	March 31, 2009	March 31, 2008
	(Rupees in '000)	
14. OPERATING FIXED ASSETS		
14.1 Additions to operating fixed assets		
Leasehold property and improvements	45,976	404
Office furniture, fixtures, equipment and computers	114,252	70,058
Vehicles-owned	19,199	2,129
Capital Work-in-progress	60,616	65,798
14.2 Intangibles		
Software	18,049	28
14.3 Disposals of operating fixed assets		
Office furniture, fixtures, equipment and computers	687	13,157
Vehicles-owned	28,271	5,960
Vehicles-subject to finance lease	10,478	-

	March 31, 2009	December 31, 2008
	(Rupees in '000)	
15. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits	44,988,395	56,750,305
Saving deposits	40,112,979	25,317,608
Current accounts	18,504,047	18,505,883
Margin accounts	2,268,366	2,018,677
	<u>105,873,787</u>	<u>102,592,473</u>
16. CONTINGENCIES AND COMMITMENTS		
16.1 Direct credit substitutes		
Contingent liability in respect of guarantees favouring:		
i) Government	-	-
ii) Banking companies and other financial institutions	11,314	11,314
iii) Others	2,251,801	2,298,364
	<u>2,263,115</u>	<u>2,309,678</u>
16.2 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
i) Government	3,974,871	3,940,271
ii) Banking companies and other financial institutions	38,792	121,645
iii) Others	12,046,867	13,053,502
	<u>16,060,530</u>	<u>17,115,418</u>
16.3 Trade-related contingent liabilities		
Letters of credit		
i) Government	-	302,870
ii) Banking companies and other financial institutions	53,608	115,210
iii) Others	11,185,181	8,378,903
	<u>11,238,789</u>	<u>8,796,983</u>
Acceptances		
i) Government	-	8,903
ii) Banking companies and other financial institutions	-	-
iii) Others	2,182,298	2,115,242
	<u>2,182,298</u>	<u>2,124,145</u>
16.4 Other Contingencies		
i) Suit filed by a customer for recovery of alleged losses suffered, which is pending in the High Court of Sindh; 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 above case	457,543	457,543
iii) Claims against the Bank not acknowledged as debt	1,126,990	1,126,990
16.5		
The income tax assessments of the Bank have been finalized upto tax year 2005. The Taxation Officer has issued notice u/s 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2004 to 2008, intending to disallow certain deductions in Bank's return filed under universal self assessment scheme. The management is of the view that the Bank has made adequate provisions for tax.		

	March 31, 2009	December 31, 2008
	(Rupees in '000)	
16.6 Commitments in respect of forward lending / sale		
Commitments to extend credit - Advances	1,144,000	3,179,852
Commitments to invest in securities	-	330,000
16.7 Commitments in respect of forward exchange contracts		
Purchase		
- Customers	1,440,752	1,103,966
- Banks	10,847,320	4,905,443
	12,288,072	6,009,409
Sale		
- Customers	-	-
- Banks	12,290,683	3,224,281
	12,290,683	3,224,281
16.8 Commitments for acquisition of operating fixed assets	160,985	196,637
16.9 Commitments in respect of repo transactions		
Repurchase	8,287,953	3,448,631
Resale	6,203,074	1,122,184

17. CAPITAL MARKET RESERVE

The Group makes appropriation for capital market reserve in order to meet unforeseen future contingencies in the capital market. Appropriation in respect of the current year will be considered at the time of finalisation of the annual statutory financial statements.

18. BASIC / DILUTED EARNINGS PER SHARE

	For the Quarter ended	
	March 31, 2009	March 31, 2008
	----- (Rupees in '000) -----	
Profit after taxation	260,232	446,145
	Number of shares in thousands	
Weighted average number of ordinary shares	529,644	529,644
Basic / diluted earnings per share	Rs. 0.49	Rs. 0.84

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

For management purposes the Group 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.

	Corporate finance	Trading & sales	Retail banking	Commercial banking
	(Rupees in '000)			
March 31, 2009				
Total income	240,660	716,512	1,388,132	2,313,440
Total expenses	(198,650)	(695,668)	(1,296,839)	(2,207,700)
Net income (loss)	42,010	20,844	91,293	105,740
Segment assets (Gross)	7,772,193	19,266,554	51,854,735	77,003,101
Segment non performing financing / investment	1,621,284	1,316,016	2,908,885	4,081,063
Segment provision required	(367,984)	(536,676)	(1,866,305)	(3,454,421)
Segment liabilities	(1,597,497)	(17,702,679)	(45,987,156)	(73,184,402)
Segment return on assets (ROA) (%) *	12.39	14.88	10.71	12.02
Segment cost of funds (%) *	10.26	9.39	6.02	6.34
December 31, 2008				
Total income	811,944	2,417,389	4,683,320	7,801,814
Total expenses	(658,759)	(2,306,964)	(4,300,561)	(7,322,093)
Net income (loss)	153,185	110,425	382,759	479,721
Segment assets (Gross)	7,213,708	17,816,850	47,952,947	71,174,874
Segment non performing financing / investment	1,734,787	1,408,147	3,112,530	4,366,769
Segment provision required	(354,452)	(517,029)	(1,797,676)	(3,327,306)
Segment liabilities	(1,468,576)	(16,274,040)	(42,275,906)	(67,267,768)
Segment return on assets (ROA) (%) *	11.26	13.57	9.77	10.96
Segment cost of funds (%) *	10.46	9.57	6.14	6.46

* Segment ROA = Net income / (Segment assets - Segment provisions). 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.

Segment cost of funds include all expenses except non mark-up expenses.

20. RELATED PARTY TRANSACTIONS

The Group has related party relations with its associated undertakings, Group companies, employee benefit plans, and its directors and executive officers (including their associates). Transaction with key Management Personnel and entities in which the Group has strategic investment are also disclosed as part of related party transactions.

Banking transactions with the related parties are executed substantially on the same terms, except transactions with directors and executive officers 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 / balances with related parties are as follows:

	March 31, 2009				
	Directors and Key management personnel	Group companies	Associates	Strategic investments	Retirement Benefit Plan
----- (Rupees in '000) -----					
Deposits					
Balance as at January 01, 2009	21,081	1,174,496	958	13,412	148,888
Placements during the period	122,378	12,947,585	24,156	3,455,660	252,547
Withdrawals during the period	(70,168)	(13,995,981)	(24,832)	(3,353,975)	(158,355)
Balance as at March 31, 2009	73,291	126,060	282	115,097	243,080
Advances					
Balance as at January 01, 2009	71,807	-	-	731,564	-
Disbursement during the period	-	-	-	-	-
Repayment during the period	(1,166)	-	-	(18,409)	-
Balance as at March 31, 2009	70,641	-	-	713,155	-
March 31, 2009 December 31, 2008 (Rupees in '000)					
Foreign currency placement of funds / nostro balances			-	15,238	
Transactions involving sale / purchase of investments with related parties					
Shares / units purchased during the period			298,609	550,383	
Shares / units sold during the period			486,709	428,411	
For the Quarter ended					
March 31, 2009 March 31, 2008 (Rupees in '000)					
Profit paid / accrued			109,868	2,090	
Profit / return earned			34,582	253	
Technical Fee			-	3,935	
Remuneration of key management personnel					
Salaries, bonuses and other short-term employee benefits			55,976	50,869	
Post-employment benefits			-	853	
Contribution to staff retirement benefits			28,031	15,247	

21. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 21, 2009 by the Board of Directors of the Group.

22. GENERAL

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

President & CEO

Director

Director

Director

responsiveness
innovation
compassion
passion

