

**Faysal Bank Limited
and Subsidiary
Consolidated Condensed Interim
Financial Statements for the
quarter ended March 31, 2010**

Faysal Bank Limited
Consolidated Condensed Interim Balance Sheet
As at March 31, 2010

	<i>Note</i>	Un-audited March 31, 2010	Audited December 31, 2009
Rupees '000			
ASSETS			
Cash and balances with treasury banks		8,493,735	8,427,202
Balances with other banks	10	305,281	508,795
Lendings to financial institutions	11	-	15,017,826
Investments	12	56,175,750	56,459,447
Advances	13	94,341,474	91,346,001
Operating fixed assets		2,594,683	2,787,617
Deferred tax assets - net		1,462,759	1,278,849
Other assets		5,303,905	4,966,716
		168,677,587	180,792,453
LIABILITIES			
Bills payable		1,716,974	1,465,451
Borrowings		36,104,997	34,985,766
Deposits and other accounts	14	110,657,411	123,469,683
Sub-ordinated loans		999,200	999,200
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		6,065,738	6,979,304
		155,544,320	167,899,404
NET ASSETS		13,133,267	12,893,049
REPRESENTED BY			
Share capital		6,090,911	6,090,911
Reserves		4,030,056	4,030,056
Unappropriated profit		2,941,605	1,252,180
		13,062,572	11,373,147
Non-controlling interest		74,157	73,309
		13,136,729	11,446,456
(Deficit) / Surplus on revaluation of assets		(3,462)	1,446,593
		13,133,267	12,893,049
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

President & CEO

Director

Director

Director

Faysal Bank Limited
Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the quarter ended March 31, 2010

	<i>Note</i>	March 31, 2010	March 31, 2009
Rupees '000			
Mark-up / return / interest earned		4,322,283	4,183,365
Mark-up / return / interest expensed		3,094,253	3,085,391
Net mark-up / interest income		<u>1,228,030</u>	1,097,974
Provision against non-performing loans and advances - net	13.2	297,925	324,619
Reversal of provision for consumer loans - general	13.3	(2,032)	(11,853)
Reversal of provision for diminution in the value of investments		(189,105)	(180)
Bad debts written off directly		-	-
Net mark-up / interest income after provisions		<u>106,788</u>	312,586
		<u>1,121,242</u>	785,388
Non mark-up / interest income			
Fee, commission and brokerage income		251,856	185,494
Dividend income		120,603	33,753
Income from dealing in foreign currencies		136,575	63,714
Gain on sale of securities		1,702,677	177,770
Unrealized (loss) on revaluation of investments classified as held for trading		(92,722)	(2,907)
Other income		39,006	17,555
Total non mark-up / interest income		<u>2,157,995</u>	475,379
		<u>3,279,237</u>	1,260,767
Non mark-up / interest expenses			
Administrative expenses		1,213,829	893,395
Other provisions		-	8,272
Other charges		-	90
Total non mark-up / interest expenses		<u>1,213,829</u>	901,757
		<u>2,065,408</u>	359,010
Extraordinary / unusual items		-	-
Share of income from associates		2,559	1,992
Profit before taxation		<u>2,062,849</u>	361,002
Taxation - Current		334,220	90,362
- Prior years		15,048	-
- Deferred		23,308	8,761
		<u>372,576</u>	99,123
Profit after taxation		<u>1,690,273</u>	261,879
Profit attributable to non-controlling interest		848	1,647
Profit attributable to equity holders		<u>1,689,425</u>	260,232
		<u>1,690,273</u>	261,879
Basic and diluted earnings per share attributable to equity holders	16	<u>2.77</u>	<u>0.43</u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

President & CEO

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Director

First quarter ended March 31, 2010 27

Faysal Bank Limited
 Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the quarter ended March 31, 2010

	March 31, 2010	March 31, 2009
	Rupees '000	
PROFIT FOR THE QUARTER	1,690,273	261,879
OTHER COMPREHENSIVE INCOME - RECOGNISED BELOW EQUITY		
Net change in fair value of available for sale investments	(1,656,203)	334,180
Income tax	206,148	(117,050)
Other comprehensive income / (loss) for the period	(1,450,055)	217,130
Total comprehensive income for the period	<u>240,218</u>	<u>479,009</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO:		
Non-controlling interest	848	1,647
Owners of the Company	1,689,425	260,232
	<u>1,690,273</u>	<u>261,879</u>

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Faysal Bank Limited
Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the quarter ended March 31, 2010

	March 31, 2010	March 31, 2009
	Rupees '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,062,849	361,002
Less: Dividend income	(120,603)	(33,753)
Less: Markup / return / interest earned on available for sale securities	(1,068,596)	(1,012,228)
	873,650	(684,979)
Adjustments for :		
Depreciation	129,587	120,567
Amortisation	27,095	16,349
Provision against non-performing loans and advances - net	297,925	324,619
Reversal of provision for consumer loans - general	(2,032)	(11,853)
Reversal of provision for diminution in value of investments	(189,105)	(180)
Provision for other assets	-	8,272
Unrealised loss on revaluation of investments classified as held for trading	92,722	(2,907)
Net profit on sale of property and equipment	(20,306)	(5,677)
Finance charges on leased assets	-	22
Exchange gain	(29,145)	(1,239)
	306,741	447,973
	1,180,391	(237,006)
(Increase) / Decrease in operating assets		
Lendings to financial institutions	14,717,826	(4,938,183)
Held for trading securities	(2,087,066)	(85,226)
Advances	(3,291,366)	(2,540,022)
Other assets	(501,110)	(120,360)
	8,838,284	(7,683,791)
Increase / (Decrease) in operating liabilities		
Bills payable	251,523	(257,627)
Borrowings	1,119,231	7,216,514
Deposits	(12,812,272)	3,281,314
Other liabilities (excluding current taxation)	(315,858)	583,240
	(11,757,376)	10,823,441
	(1,738,701)	2,902,644
Income tax (paid) / refund	(947,951)	3,196
Net cash flow from operating activities	(2,686,652)	2,905,840
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	983,692	(11,339,211)
Net investments in held to maturity securities	(172,750)	8,805,245
Dividends received	60,344	38,140
Markup / interest received on available for sale securities	1,292,776	995,310
Investments in operating fixed assets	(94,465)	(258,092)
Sale proceeds from disposal of fixed assets	151,023	21,296
Net cash flow from investing activities	2,220,620	(1,737,312)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of sub-ordinated loan	-	-
Payments of lease obligations	-	(4,125)
Dividends paid to Minority shareholders	-	-
Dividends paid	(92)	(66)
Net cash used in financing activities	(92)	(4,191)
(Decrease) / Increase in cash and cash equivalents	(466,125)	1,164,337
Cash and cash equivalents at beginning of the year as previously reported	9,235,997	9,804,304
Effects of exchange rate changes on cash and cash equivalents	29,145	1,239
Cash and cash equivalents at beginning of the year as restated	9,265,142	9,805,543
Cash and cash equivalents at end of the quarter	8,799,017	10,969,880

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

President & CEO

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First quarter ended March 31, 2010

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Faysal Bank Limited
 Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
 For the quarter ended March 31, 2010

	Attributable to the equity holders						Non-controlling interest	Total Equity	
	Share capital	Capital		Statutory reserve	Revenue				
	Share premium	Reserve for issue of bonus shares		Capital market reserve	Unappropriated profit	Total			
----- Rupees '000 -----									
Balance as at January 1, 2009	5,296,445	-	-	3,400,481	389,542	1,079,333	10,165,801	73,706	10,239,507
Transaction with owners, recorded directly in equity									
Transfer to reserve for issue of bonus shares	-	-	794,466	-	-	(794,466)	-	-	-
Comprehensive Income for the quarter:									
Profit after taxation for the quarter ended March 31, 2009	-	-	-	-	-	260,232	260,232	1,647	261,879
Balance as at March 31, 2009	5,296,445	-	794,466	3,400,481	389,542	545,099	10,426,033	75,353	10,501,386
Comprehensive Income:									
Profit after taxation for the period from: April 01, 2009 to December 31, 2009	-	-	-	-	-	947,114	947,114	3,535	950,649
Dividend paid	-	-	-	-	-	-	-	(5,579)	(5,579)
Bonus shares issued	794,466	-	(794,466)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	240,033	-	(240,033)	-	-	-
Transaction with owners, recorded directly in equity	794,466	-	(794,466)	240,033	-	(240,033)	-	-	-
Balance as at December 31, 2009	6,090,911	-	-	3,640,514	389,542	1,252,190	11,373,147	73,309	11,446,456
Comprehensive Income for the quarter:									
Profit after taxation for the quarter ended March 31, 2010	-	-	-	-	-	1,689,425	1,689,425	848	1,690,273
Balance as at March 31, 2010	6,090,911	-	-	3,640,514	389,542	2,941,605	13,062,572	74,157	13,136,729

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

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Faysal Bank Limited
Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the quarter ended March 31, 2010

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 (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 Commercial, Consumer and Corporate banking activities. The Bank has a branch network of 133 branches (December 2009: 133 branches); including 6 Islamic Banking branches (December 2009: 6); and operates 2 (December 2009: 2) sub-branches.

The Registered Office (Head Office) of the Bank is located at Shakra-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 (FMSL) 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 1980.

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 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.

The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes only. Inter branch transaction and balances have been eliminated. Balance sheet of the Islamic banking branches is disclosed in note 19 to these financial statements.

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, 2009.

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, 2009.

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 as well as the reporting currency.

7. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2009.

8. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements in accordance with the 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.

The significant judgements made by management and the key sources of estimating uncertainty in preparation of these consolidated condensed interim financial statements were same as those applied to the annual financial statements for the year ended December 31, 2009.

9. FINANCIAL RISK MANAGEMENT

The Group's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2009.

10. BALANCES WITH OTHER BANKS

	<i>Note</i>	March 31, 2010	December 31, 2009
Rupees '000			
In Pakistan			
- Current accounts		119,141	120,292
Outside Pakistan			
- Current accounts		186,140	388,503
		<u>305,281</u>	<u>508,795</u>

11. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings		-	300,000
Repurchase agreement lendings (Reverse Repo)	11.1	-	14,717,826
		<u>-</u>	<u>15,017,826</u>

Faysal Bank Limited
Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the quarter ended March 31, 2010

11.1 Securities held as collateral against lendings to financial institutions

	March 31, 2010			December 31, 2009		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
----- Rupees '000 -----						
Market Treasury Bills	-	-	-	14,717,826	-	14,717,826

12. INVESTMENTS

12.1 Investments by type

	March 31, 2010			December 31, 2009		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- Rupees '000 -----						
Held for trading securities						
Market Treasury Bills	800,398	-	800,398	618,471	-	618,471
Fully paid up ordinary shares / modaraba certificates / units of closed end mutual funds	2,716,362	-	2,716,362	811,223	-	811,223
	3,516,760	-	3,516,760	1,429,694	-	1,429,694
Available for sale securities						
Market Treasury Bills	13,868,724	17,025,910	30,894,634	14,192,378	17,165,757	31,358,135
Pakistan Investment Bonds	4,996,433	-	4,996,433	5,748,485	97,570	5,846,055
Ijara Sukuk Bonds	435,892	-	435,892	462,000	-	462,000
Units of open end mutual funds						
- National Investment (Unit) Trust (note - 12.2)	306,608	-	306,608	2,671,422	-	2,671,422
- NIT Government Bond Fund	-	-	-	50,000	-	50,000
- NIT Income Fund	50,000	-	50,000	80,374	-	80,374
- Faysal Balanced Growth Fund	80,374	-	80,374	200,000	-	200,000
- Faysal Income Growth Fund	200,000	-	200,000	207,411	-	207,411
- Faysal Savings Growth Fund	208,219	-	208,219	-	-	-
- First Habib Income Fund	1,993	-	1,993	-	-	-
- AKD Income Fund	803	-	803	-	-	-
- HBL Income Fund	5,916	-	5,916	-	-	-
- IGI Income Fund	1,995	-	1,995	-	-	-
Fully paid up ordinary shares / modaraba certificates / units of closed end mutual funds	4,829,416	-	4,829,416	1,810,932	-	1,810,932
Fully paid up preference shares	497,857	-	497,857	492,677	-	492,677
Sukuk certificates	-	-	-	85,000	-	85,000
Term finance certificates	1,595,837	-	1,595,837	1,828,288	-	1,828,288
	27,080,067	17,025,910	44,105,977	27,828,967	17,263,327	45,092,294
Held to maturity securities						
Term finance certificates	7,067,770	-	7,067,770	7,127,929	-	7,127,929
Sukuk certificates	2,642,986	-	2,642,986	2,410,077	-	2,410,077
	9,710,756	-	9,710,756	9,538,006	-	9,538,006
Associates						
Fully paid up ordinary shares of						
- Faysal Asset Management Ltd.	83,734	-	83,734	81,109	-	81,109
Investments at cost						
	40,391,317	17,025,910	57,417,227	38,877,776	17,263,327	56,141,103
Provision for diminution in the value of investments	(950,977)	-	(950,977)	(1,140,082)	-	(1,140,082)
Investments (Net of Provisions)	39,440,340	17,025,910	56,466,250	37,737,694	17,263,327	55,001,021
Deficit on revaluation of held for trading securities	(141,807)	-	(141,807)	(49,084)	-	(49,084)
Deficit on revaluation of available for sale securities (net)	(122,922)	(25,771)	(148,693)	1,535,296	(27,786)	1,507,510
Total investments at market value	39,175,611	17,000,139	56,175,750	39,223,906	17,235,541	56,459,447

Faysal Bank Limited
Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the quarter ended March 31, 2010

12.2 This represents 19,194,209 units (2009: 154,923,195 units) in NI(U)T LOC Holders' Fund (the Fund). The letter of comfort (LOC) dated June 30, 2009 issued by the Federal Government expired on December 31, 2009 and was not extended. In accordance with the Ministry of Finance letter reference No. F.4(2)-Inv.III/2000 dated December 3, 2009, the LOC holders, NIT and National Bank of Pakistan entered into an agreement dated January 13, 2010 for settlement of the Fund. As per the terms of the agreement, all the underlying assets except for shares in Pakistan State Oil (PSO) and Sui Northern Gas Pipelines Limited (SNGPL) have been distributed to the LOC Holders according to their respective unit holding, after charging agreed premium of 2.5%. The remaining 19,194,209 units represent shares held by the Fund in PSO and SNGPL which will be taken over by National Bank of Pakistan and cash received from NBP will be paid to the other LOC Holders.

13. ADVANCES	Note	March 31, 2010	December 31, 2009
(Rupees in '000)			
Loans, cash credits, running finances, etc - In Pakistan		88,708,157	85,056,738
Net investment in finance lease- In Pakistan		<u>10,876,300</u>	<u>11,112,580</u>
		<u>99,584,457</u>	96,169,318
Bills discounted and purchased (excluding government market treasury bills)			
- Payable in Pakistan		512,989	438,472
- Payable outside Pakistan		<u>1,240,190</u>	<u>1,438,480</u>
		<u>1,753,179</u>	1,876,952
Margin financing / reverse repo transactions		<u>338,200</u>	338,200
Gross Advances		<u>101,675,836</u>	98,384,470
Provision for non-performing advances	13.2	<u>(7,146,319)</u>	(6,848,394)
Provision for consumer loans - general	13.3	<u>(188,043)</u>	(190,075)
		<u>94,341,474</u>	<u>91,346,001</u>

13.1 Advances include Rs. 10.460 billion (December 31, 2009: Rs. 10.671 billion) which have been placed under non-performing status as detailed below:

	March 31, 2010				
	Domestic	Overseas	Total	Provision required	Provision held
Category of classification	(Rupees in '000)				
Other assets especially mentioned - (Agri)	339,475	-	339,475	-	-
Substandard	870,799	-	870,799	216,714	216,714
Doubtful	2,311,960	-	2,311,960	909,831	909,831
Loss	<u>6,938,164</u>	-	<u>6,938,164</u>	<u>5,823,383</u>	<u>5,823,383</u>
	<u>10,460,398</u>	-	<u>10,460,398</u>	<u>6,949,928</u>	<u>6,949,928</u>
	December 31, 2009				
	Domestic	Overseas	Total	Provision required	Provision held
Category of classification	(Rupees in '000)				
Other assets especially mentioned - (Agri)	277,202	-	277,202	-	-
Substandard	1,756,150	-	1,756,150	334,776	334,776
Doubtful	2,112,776	-	2,112,776	800,237	800,237
Loss	<u>6,524,902</u>	-	<u>6,524,902</u>	<u>5,529,323</u>	<u>5,529,323</u>
	<u>10,671,030</u>	-	<u>10,671,030</u>	<u>6,664,336</u>	<u>6,664,336</u>

13.1.1 In accordance with the directives issued by SBP, the Bank has considered the benefit of 40% of FSV of pledged stocks and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against all Non Performing Loans (NPLs), except consumer financing, for three years from the date of classification for calculating provisioning requirements. The additional impact on profitability from this benefit is not available for payment of cash or stock dividend. For Non Performing Loans in respect of consumer financing, benefit of 50% of the FSV of mortgage property is considered.

Faysal Bank Limited
Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)
For the quarter ended March 31, 2010

13.2 Particulars of provision for non-performing advances

	March 31, 2010		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	6,664,336	184,058	6,848,394
Charge for the period	490,328	12,333	502,661
Transfer to specific provision from general provision	-	-	-
Reversals during the period	(204,736)	-	(204,736)
	285,592	12,333	297,925
Write off during the period	-	-	-
Closing balance	6,949,928	196,391	7,146,319

	December 31, 2009		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	4,833,099	58,676	4,891,775
Charge for the year	2,570,287	183,382	2,753,669
Transfer to specific provision from general provision	-	-	-
Reversals	(729,255)	(58,000)	(787,255)
	1,841,032	125,382	1,966,414
Write off during the period	(9,795)	-	(9,795)
Closing balance	6,664,336	184,058	6,848,394

13.3 Particulars of provision for consumer loans - general

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Opening balance	190,075	216,798
Charge for the period	-	-
Reversals during the period	(2,032)	(26,723)
Closing balance	188,043	190,075

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).

14. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Fixed deposits	45,138,788	60,320,421
Saving deposits	43,045,187	40,443,955
Current accounts	20,800,278	21,157,066
Margin accounts	1,673,158	1,733,746
	110,657,411	123,655,188

15. CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

	March 31, 2010	December 31, 2009
Contingent liability in respect of guarantees favouring:		
i) Government	-	-
ii) Banking companies and other financial institutions	3,275	7,819
iii) Others	-	-
	3,275	7,819
Acceptances		
i) Government	-	-
ii) Banking companies and other financial institutions	-	-
iii) Others	1,428,634	1,471,261
	1,428,634	1,471,261

15.2 Transaction-related contingent liabilities

	March 31, 2010	December 31, 2009
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
i) Government	2,609,316	4,454,789
ii) Banking companies and other financial institutions	41,492	41,492
iii) Others	10,734,632	9,910,872
	13,385,440	14,407,153

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	March 31, 2010	December 31, 2009
	(Rupees in '000)	
15.3 Trade-related contingent liabilities		
Letters of credit		
i) Government	4,845,038	2,695,731
ii) Banking companies and other financial institutions	-	-
iii) Others	10,544,860	7,279,003
	15,389,898	9,974,734
15.4 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	1,534,899	1,641,661
15.5 Income tax assessments of the Bank have been finalised upto the tax year 2009 (Accounting year 2008). The tax department has assessed tax years from 1994 to 2009 and made various disallowances. The bank and the department have filed appeals in these matters which are pending at various appellate levels. The management and the tax consultant are confident that the decision in respect of these matters will be in bank's favour.		
	March 31, 2010	December 31, 2009
	(Rupees in '000)	
15.6 Commitments in respect of forward lending / purchase		
Commitments to extend credit - advances	2,200,000	2,000,000
Commitments to invest in securities	-	210,000
15.7 Commitments in respect of forward exchange contracts		
Purchase		
- Customers	1,038,818	1,745,536
- Banks	11,316,524	6,390,515
	12,355,342	8,136,051
Sale		
- Customers	-	4,840
- Banks	10,336,842	6,522,648
	10,336,842	6,527,488
15.8 Commitments for acquisition of operating fixed assets	89,372	84,787
15.9 Commitments in respect of repo transactions		
Repurchase	17,027,977	17,250,582
Resale	343,759	15,088,857
16. BASIC / DILUTED EARNINGS PER SHARE		
	For the quarter ended	
	March 31, 2010	March 31, 2009
	----- (Rupees in '000) -----	
Profit after taxation	1,689,425	260,232
	Number of shares in thousands	
Weighted average number of ordinary shares	609,091	609,091
Basic / diluted earnings per share	Rs. 2.77	Rs. 0.43

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17. 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, 2010				
Total income - net	12,269	777,648	1,363,639	1,229,910
Total expenses	(12,368)	(283,331)	(920,734)	(476,760)
Net income (loss)	<u>(99)</u>	<u>494,317</u>	<u>442,905</u>	<u>753,150</u>
Segment assets (Gross)	-	50,311,790	43,169,516	83,583,209
Segment non performing financing / investment	-	2,451,224	4,804,610	5,655,788
Segment provision required	-	(950,977)	(2,757,071)	(4,678,880)
Segment liabilities	-	(31,218,378)	(92,722,076)	(31,603,866)
Segment return on assets (ROA) (%)	<u>-</u>	<u>9.80</u>	<u>12.70</u>	<u>13.50</u>
Segment cost of funds (%)	<u>-</u>	<u>10.80</u>	<u>7.00</u>	<u>6.20</u>
2009				
Total income - net	8,807	491,518	371,610	703,410
Total expenses	(12,850)	(277,846)	(537,779)	(484,991)
Net income	<u>(4,043)</u>	<u>213,672</u>	<u>(166,168)</u>	<u>211,794</u>
Segment assets (Gross)	-	51,119,347	72,627,872	65,325,373
Segment non performing assets	-	2,842,742	6,693,223	3,977,807
Segment provision required	-	(1,140,082)	(3,778,916)	(3,361,141)
Segment liabilities	-	(48,391,126)	(95,523,015)	(23,985,263)
Segment return on assets (ROA) (%)	<u>-</u>	<u>10.00</u>	<u>12.40</u>	<u>12.50</u>
Segment cost of funds (%)	<u>-</u>	<u>11.40</u>	<u>7.80</u>	<u>6.70</u>

Note :

The above table is based on best estimates / assumptions.

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18. RELATED PARTY TRANSACTIONS

The Bank has related party relations with its associated undertakings, subsidiary company, Group companies, employee benefit plans, and its directors and executive officers (including their associates). Transactions with key Management Personnel and entities in which the Bank 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.

	March 31, 2010				
	Directors and Key Management Personnel	Retirement Benefit Plans	Associate	Group Companies	Strategic Investments
	----- (Rupees in '000) -----				
Deposits					
Balance at the beginning of the period	39,485	350,367	399	2,181,528	27,085
Placements during the period	139,728	259,697	16,538	24,656,934	39,465
Withdrawals during the period	(64,118)	(372,361)	(16,361)	(26,810,160)	(32,645)
Balance at end of the period	115,095	237,703	576	28,302	33,905
Advances					
Balance at the beginning of the period	33,576	-	-	-	802,558
Disbursement during the period	-	-	-	-	-
Repayment during the period	(5,331)	-	-	-	(654)
Balance at end of the period	28,245	-	-	-	801,904

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Foreign currency placement of funds / nostro balances with group companies	7,818	16,215

	For the quarter ended	
	March 31, 2010	March 31, 2009
	(Rupees in '000)	
Profit paid / accrued	86,237	109,868
Profit / return earned	659	34,582
Transactions involving sale / purchase of investments with related parties		
Shares / units purchased during the period	327,377	298,609
Shares / units sold during the period	376,534	486,709
Remuneration of key management personnel		
Salaries, bonuses and other short-term employee benefits	72,011	55,976
Post-employment benefits	3,208	2,944
Contribution to staff retirement benefits	34,321	28,031

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19. ISLAMIC BANKING BUSINESS

The Bank is operating with 06 (31 December 2009: 06) Islamic banking branches. The balance sheet as at 31 March 2010 is as follows:

	Un-audited March 31, 2010	Audited December 31, 2009
	Rupees '000	
19.1 Balance Sheet		
ASSETS		
Cash and balances with treasury banks	72,795	27,270
Balances with and Due from Financial Institutions	54,057	20,159
Investments	1,114,336	535,877
Financing and Receivables		
- Murabaha	-	-
- Ijara	-	-
- Musharaka	-	-
- Diminishing Musharaka	-	-
- Salam	-	-
Other assets	51,910	38,665
	1,293,098	621,971
LIABILITIES		
Bills payable	4,592	6,601
Due to Financial Institutions	-	-
Deposits and other accounts		
- Current Accounts	227,879	-
- Saving Accounts	315,310	32,482
- Term Deposits	239,890	81,575
- Others	-	-
- Deposit from Financial Institutions -Remunerative	-	-
- Deposits from Financial Institutions-Non-Remunerative	-	-
Due to Head Office	-	-
Other liabilities	6,028	5,108
	793,699	125,766
NET ASSETS	499,399	496,205
REPRESENTED BY		
Islamic Banking Fund	500,000	500,000
Reserves	-	-
Unappropriated / Unremitted loss	(3,148)	(943)
	496,852	499,057
Surplus / (Deficit) on revaluation of assets	2,547	(2,852)
	499,399	496,205
Remuneration to Shariah Advisor / Board	644	1,750
CHARITY FUND		
Opening Balance	-	-
Additions during the period	-	-
Payments/Utilization during the period	-	-
Closing Balance	-	-

20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 28, 2010 by the Board of Directors of the Bank.

21. GENERAL

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

President & CEO

Director

Director

Director

Registered Office

Faysal House
ST-02, Shahrah-e-Faisal,
Karachi, Pakistan

www.faysalbank.com