

GIVE YOURSELF MEANING

دیارِ عشق میں اپنا مقام پیدا کر

2012  
FIRST QUARTER  
ENDED MARCH 31, 2012  
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, 2012.

### Economic Update

With the passage of three quarters the economy in FY'12 thus far is displaying signs of a modest improvement after an anemic GDP growth of 2.4% in FY'11. Preliminary data indicates that commodity producing sector, especially agriculture is out performing initial estimates and there has been a resurgence of sorts in the services sector and Large Scale Manufacturing. However, concerns regarding macroeconomic outlook have somewhat increased due to faster than expected weakening of the external sector and the resurgence of GOP borrowings from the Central bank due to non realization of anticipated foreign flows.

Given the rigidities in our trade account and vulnerabilities in our financial account the current account was expected to return to negative territory in FY'12, but the pace at which it deteriorated in first 8 Months of FY'12 by (USD 2.9524 billion vs. a USD 194 million during the same period last year) is rather disconcerting. This is attributable mainly to bulky oil payments and a seasonal pause in remittances in the first quarter compounded by a dry up in financial flows which in turn lead to this deficit to be financed largely by drawing down on FX reserves - which subsequently depleted to USD 16.51 billion by the end of 3Q-FY'12 vs. USD 18.234 billion at the start of FY'12. These developments in turn took their toll on the PKR/USD parity which depreciated by 5.5% during FY'12. The GOP aims to curtail the full FY'12 current account deficit within 1.5%-2.5% of GDP which is largely contingent upon; timely realization of coalition support funds, receipt of \$720 million outstanding from Etisalat and successful auctioning of 3G licenses.

The lax fiscal policy and its financing mix are a source of primary concern and the monetary policy is becoming subservient to fiscal considerations. The provisional estimate for H1-FY'12 shows a deficit of 2.5% of GDP (PKR 532 billion) and from here on containing the deficit to the annual target of 5% of GDP is going to be rather difficult. To further complicate matters external sources of financing during FY'12 thus far, have dried up and on the domestic front a lack of diversified and sustainable financing source shifted the bulk of the incremental financial requirements on to the banking system. The GOP hence borrowed substantially from the SBP by end of 3Q FY'12 (PKR 217 billion yoy growth). If these fiscal issues are not addressed in time, the strong inter-linkages between fiscal vulnerabilities and financial stability may tend to spill over to other sectors, disrupting productive economic activities.

The most heartening economic development of FY'12 has been the sharp deceleration witnessed in CPI which was recorded at 11.1% against 13.7% during FY'11. The SBP now expects full year FY'12 CPI in the range of 11%-12%, though there is now a real chance of CPI undershooting 11%, despite an increase in administered prices of energy (electricity & gas) and wheat, rising international oil prices, impact of exchange rate pass through and resurgence in the Q2-FY'12 of GOP borrowings from the SBP (i.e. monetization of the fiscal deficit).

Going forward key challenges facing Pakistan's economy emanate from long standing structural issues which have continued to stifle economic activity growth which for FY'12 is expected in

the vicinity of 3-4% against an initial estimate of 4.5%.

### **Bank's Performance:**

Your Bank continued to make steady progress in all the five areas outlined in the strategy. An overview of the major activities in all the five areas is given below:

#### *Customer Franchise*

Corporate Banking continued to grow their book which during the quarter increased from PKR 108 billion to PKR 121 billion. Retail Branch banking remained focused on mobilizing low cost individual core deposits. As part of this strategy the bank intends to open branches in smaller towns offering full suite of liability as well as financing products. The Branch banking team also actively cross sold wealth products (banca assurance) and approximately Rs.100 million worth of auto loans were booked through branches.

During the quarter FBL signed an agreement with China UnionPay for card issuance and acquiring in Pakistan. UnionPay is one of the fastest growing payments technology companies in the world. Its cards are accepted on 1.5 million ATMs and 4.5 million POS terminals, in more than 126 countries. It has a card base of more than 2.8 billion globally, which makes it one of the largest payment schemes in the world.

Barkat Islamic Banking increased its foot print to 46 branches across 20 cities. To complement distribution growth, innovative Islamic products and services were added to product menu during this quarter. The Islamic Smart Treasury System, in house developed software was launched to facilitate the Islamic treasury activities.

Integration of IMAL, the Islamic banking software, with Symbols upgraded version has been initiated during this quarter. The completion of project will further assist distribution network to achieve the desired scale and service standards to customer delight.

To facilitate the Islamic trade customers in managing foreign currency (forward) exposures and generate returns for Islamic foreign currency remunerative depositors, the Islamic treasury product Wadh (Promise to Sell and Promise to Buy of Foreign currency) has been launched during this quarter.

The Bancassurance department continued its success story this quarter. With sales of PKR 90 million recorded in the month of March '12; highest amongst the peer banks, we have indeed set ourselves a new standard.

This quarter also saw the signing and launch of Health Plan. A plan designed to provide financial protection in case of an illness or accident that leads to hospitalization. These milestones along with the implementation of rigorous quality control checks will yield significant benefits in terms of revenue generation for the Bank while at the same time provide more cost effective, integrated, customer-focused products to our clients.

#### *People*

Job Evaluation Project continued into the first quarter of 2012. Initial top-tier results have been

collated and presented to the Recruitment, Nomination & Remuneration Committee of the Board (RNRC). Phase II of the results are awaited from the consultants and are expected by Q2 2012.

In line with our service vision, Learning & Development remained on the service delivery pulse and linked training programs with the service matrix report in order to address ground issues. Keeping this in perspective Learning & Development launched a full day workshop in collaboration with Central Processing Unit to train staff on end-to-end process and account opening rules and regulations. A total of 133 people were trained over 5 sessions in Lahore & Faisalabad. Similar trainings will be rolled out in the South region in Q2, 2012.

### *Risk Management*

Increase in non-performing loans (NPLs) and low private sector credit off-take remained a challenge for the banks as high lending rates and weak economy continued to adversely affect the borrowers' payment capacity. Though these adverse developments (including the 2011 flooding) posed many challenges amidst difficult operating environment, it has enabled the banking industry to undertake a review of risk resulting in further tightening of credit controls and monitoring standards across the Banking Sector.

To create synergies and to improve our position in the SME & Commercial client segments, merger of the Business Banking and Commercial Banking units took place named as the 'Commercial Banking & SME Unit (CBSME)'. In line with the change in business model, a symmetrical alignment under Credit Risk Management structure has been successfully implemented whereby Commercial Risk Management unit and Retail SME & Agri Risk Management unit have been merged into one unit 'Commercial Banking & SME (CBSME) Risk Management unit' to assist business in a more efficient manner.

### *Support Services*

During first quarter of year 2012, a number of challenging tasks have been performed by IT along with the achievement of some critical milestones.

The bank has successfully inaugurated and consolidated the disaster recovery data center in Lahore. The concept behind this consolidation was to lower IT cost, reduce complexity of our infrastructure and above all, accumulate the services of both entities i.e. FBL and Ex-RBS by keeping the change seamless to our internal as well as external customers. In addition to this, the Faysal House data center in Karachi was also upgraded / expanded to consolidate the Ex-RBS data center.

We have also approached towards closure of two regulatory initiatives, namely Internal Control Unit with Compliance and Pakistan Remittance Initiative with Cash Management.

### *Financial Perspective*

The implementation of a fully integrated end to end business intelligence tool QlikView is on track and is expected to be completed by the end of second quarter. This implementation will greatly reduce manual efforts in MIS generation.

## Corporate Brand Promotion

With the start of 2012, Faysal Bank set itself apart from the industry by launching its first ever corporate campaign with the official tagline 'Bank on Ambition'. The campaign was a complete 360 degree execution which included not only engaging and prepping the internal customers but also the external customers through a holistic media campaign. The campaign was aired for a month tapping all major TV and Radio channels along with print and outdoors. This is to be followed by year round of activations as a reinforcement plan inclusive of Internal Staff engagements and CSR activities.

In continuation of the three year contract for Domestic Cricket Sponsorship with PCB, Faysal Bank T 20 Cup 2011-12 Super 8 tournament was held for the first time in Rawalpindi, at the Rawalpindi Cricket Stadium (RCS). The publicity generated through the promotion of events on mass and outdoor media, and public goodwill created by offering wholesome entertainment to the masses, have gone a long way in contributing towards Faysal Bank brand equity.

Solitaire Wealth Management sponsored a Polo Tournament at the Polo Club in Lahore. After a whole week of rigorous competition, the final was played on 25th March 2012.

There was a significant attendance by Solitaire clients amongst approx 500 spectators present, whose cheers and applause added to the energy in the Polo ground. The sponsorship is the beginning of Solitaire Wealth Platform beginning to establish its brand in the eyes of the target market so as to launch it successfully and achieve business objectives.

## Financial Highlights

A summary of operating profits as shown in the financial statements is given below:

	March 2012	March 2011
	Rs. in million	
Operating profit	538	774
(Provision) / Reversal for non performing advances	(295)	(443)
(Provision) / Reversal for diminution in value of investments	95	(1)
	200	(444)
Profit before tax	338	330
(Provision) / Reversal for taxation	(72)	(89)
Profit after tax	266	241
Earning per share – Rupees	0.32	0.29

Although profit before tax was marginally higher than last year, Profit after tax was higher by 10.6%. This was mainly due to higher recoveries of NPLs resulting in net provision being only PKR 295 million compared with PKR 443 million during the corresponding period last year.

Targeted cost reduction activities have led to a reduction of Rs. 243 million or 8.8% in administrative expenses as compared to Q1, 2011. This reduction is satisfactory considering the high prevailing inflation and ever increasing fuel and energy prices. Your Bank is continuously

looking at ways to further reduce our cost base which will Inshallah translate into higher profitability going forward.

Net markup income was lower due to re-pricing of the Bank's loan portfolio as a result of declining interest rate environment (the Bank's loan portfolio is priced on a floating rate basis). The impact of lower yields on the Bank's loan book could not be fully offset by a decrease in cost of funding (there was a lag effect) resulting in lower margins.

**Credit Rating:**

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings based on the financial statements for the year ended December 31, 2010:

Long-Term                      AA

Short-Term                    A1+

"Stable" outlook has been assigned to the ratings by both the agencies.

**Acknowledgment:**

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 20, 2012



**Unconsolidated Condensed Interim  
Financial Statements  
for the quarter ended March 31, 2012**

# FAYSAL BANK LIMITED

## Condensed Interim Statement of Financial Position As at March 31, 2012

		Un-audited March 31, 2012	Audited December 31, 2011
	Note	Rupees '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		17,581,301	18,445,108
Balances with other banks	9	3,916,831	4,685,718
Lendings to financial institutions	10	200,000	-
Investments	11	91,672,803	93,409,187
Advances	12	160,788,600	148,161,995
Fixed assets		10,779,411	10,849,607
Deferred tax assets - net		5,194,087	5,188,126
Other assets		11,192,304	11,828,085
		301,325,337	292,567,826
<b>LIABILITIES</b>			
Bills payable		3,398,588	3,075,642
Borrowings		46,010,700	39,696,986
Deposits and other accounts	14	215,419,922	214,614,731
Sub-ordinated loans		4,195,677	4,395,197
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		12,849,832	11,572,111
		281,874,719	273,354,667
<b>NET ASSETS</b>		<u>19,450,618</u>	<u>19,213,159</u>
<b>REPRESENTED BY</b>			
Share capital		8,243,118	8,243,118
Reserves		6,559,914	6,591,131
Unappropriated profit		<u>3,244,583</u>	<u>2,959,178</u>
		18,047,615	17,793,427
Surplus / (deficit) on revaluation of assets		<u>1,403,003</u>	<u>1,419,732</u>
		<u>19,450,618</u>	<u>19,213,159</u>

### CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

# FAYSAL BANK LIMITED

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2012

	Note	March 31, 2012	March 31, 2011
		Rupees '000	
Mark-up / return / interest earned		6,776,704	6,679,102
Mark-up / return / interest expensed		5,055,192	4,518,534
Net mark-up / interest income		1,721,512	2,160,568
Provision against non-performing loans and advances - net	12.2	321,330	475,308
(Reversal) / provision for consumer loans - general	12.3	(2,341)	7,286
(Reversal) / Provision for diminution in the value of investments - net	11.3	(95,872)	1,267
Bad debts written off directly		(23,638)	(39,331)
		199,479	444,530
Net mark-up / interest income after provisions		1,522,033	1,716,038
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		419,070	416,329
Dividend income		198,900	125,438
Income from dealing in foreign currencies		172,358	189,733
Gain on sale of securities		308,377	147,669
Unrealised gain on revaluation of investments classified as held for trading		117,156	269,003
Other income		159,383	234,923
Total non mark-up / interest income		1,375,244	1,383,095
		2,897,277	3,099,133
<b>Non mark-up / interest expenses</b>			
Administrative expenses		2,534,073	2,764,419
Other provisions / (reversals) - net		17,909	(2,670)
Other charges		6,958	7,228
Total non mark-up / interest expenses		2,558,940	2,768,977
		338,337	330,156
Extraordinary / unusual Items		-	-
<b>Profit before taxation</b>		338,337	330,156
Taxation - Current		74,484	93,166
- Prior years		-	-
- Deferred		(2,913)	(4,268)
		71,571	88,898
<b>Profit after taxation</b>		266,766	241,258
<b>Basic earnings per share - Rupees</b>			
	16	0.32	0.29

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

**FAYSAL BANK LIMITED**

Condensed Interim Statement of Comprehensive Income (Un-audited)  
*For the quarter ended March 31, 2012*

	March 31, 2012	March 31, 2011
	Rupees '000	
<b>Profit for the period</b>	266,766	241,258
<b>Components of comprehensive income not reflected in equity</b>		
Surplus on revaluation of available for sale securities	15,671	233,837
Deferred tax liability on revaluation of available for sale securities	(68,836)	(325,419)
	(53,165)	(91,582)
<b>Total comprehensive income for the period</b>	<u>213,601</u>	<u>149,676</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

**PRESIDENT & CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

**DIRECTOR**

# FAYSAL BANK LIMITED

## Condensed Interim Cash Flow Statement (Un-audited) For the quarter ended March 31, 2012

	March 31, 2012	March 31, 2011
	Rupees '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	338,337	330,156
Less: dividend income	(198,900)	(125,438)
	<u>139,437</u>	<u>204,718</u>
<b>Adjustments for non-cash and other items:</b>		
Depreciation	237,567	264,304
Amortisation	26,855	30,571
Workers' Welfare Fund	6,905	6,738
Provision against non-performing loans and advances - net	321,330	475,308
(Reversal) / provision for consumer loans - general	(2,341)	7,286
(Reversal) / Provision for diminution in value of investments	(95,872)	1,267
Provision / (reversal) for other assets	17,909	(2,670)
Unrealised gain on revaluation of investments classified as held for trading	(117,156)	(269,003)
Net profit on disposal of property and equipment	(516)	(7,894)
Bad debts written off directly	(23,638)	(39,331)
	<u>371,043</u>	<u>466,576</u>
	<u>510,480</u>	<u>671,294</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(200,000)	-
Held for trading securities	(17,198,802)	(541,393)
Advances	(12,921,956)	263,390
Other assets (excluding advance taxation)	895,008	605,719
	<u>(29,425,750)</u>	<u>327,716</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	322,946	(204,427)
Borrowings	6,355,413	(15,169,254)
Deposits and other accounts	805,191	(4,519,968)
Other liabilities	1,277,755	(364,105)
	<u>8,761,305</u>	<u>(20,257,754)</u>
	<u>(20,153,965)</u>	<u>(19,258,744)</u>
Income tax paid	(209,211)	(361,760)
<b>Net cash used in operating activities</b>	<u>(20,363,176)</u>	<u>(19,620,504)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available for sale securities	18,990,467	15,274,354
Net investment in held to maturity securities	173,419	181,972
Dividend income received	49,587	60,243
Investment in operating fixed assets	(245,519)	(117,316)
Proceeds realised on disposal of operating fixed assets	3,781	26,703
<b>Net cash generated from investing activities</b>	<u>18,971,735</u>	<u>15,425,956</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of sub-ordinated loan	(199,520)	(199,520)
Dividends paid	(34)	4,895
<b>Net cash used in financing activities</b>	<u>(199,554)</u>	<u>(194,625)</u>
<b>(Decrease) / increase in cash and cash equivalents</b>	<u>(1,590,995)</u>	<u>(4,389,173)</u>
Cash and cash equivalents at beginning of the period	23,010,563	23,150,426
<b>Cash and cash equivalents at end of the period</b>	<u>21,419,568</u>	<u>18,761,253</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

# FAYSAL BANK LIMITED

## Condensed Interim Statement of Changes In Equity (Un-audited)

For the quarter ended March 31, 2012

	Share capital	Proposed shares to be issued on amalgamation	Reserves						Unappropriated profit	Total	
			Capital				Statutory reserve	Revenue			Total
			Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve - gain on bargain purchase	Reserve arising on amalgamation		Capital market reserve			
Rupees '000											
Balance as at January 1, 2011	7,309,094	28,253	-	-	3,299,146	23,952	4,031,590	-	7,354,688	1,950,843	16,642,878
Shares issued upon amalgamation	18,122	(28,253)	-	10,131	-	-	-	-	10,131	-	-
Transfer to reserve for issue of bonus shares	-	-	915,902	-	-	-	-	-	915,902	(915,902)	-
Bonus shares issued	915,902	-	(915,902)	-	-	-	-	-	(915,902)	-	-
Amortisation of intangible asset - customer relationship - net of deferred tax	-	-	-	-	(129,747)	-	-	-	(129,747)	-	(129,747)
Profit after tax for the year ended December 31, 2011	-	-	-	-	-	-	-	-	-	1,280,296	1,280,296
Transfer to statutory reserve	-	-	-	-	-	-	256,059	-	256,059	(256,059)	-
Transfer from statutory reserve to unappropriated profit	-	-	-	-	-	-	(900,000)	-	(900,000)	900,000	-
Balance as at December 31, 2011	8,243,118	-	-	10,131	3,169,399	23,952	3,387,649	-	6,591,131	2,959,178	17,793,427
Amortisation of intangible asset - customer relationship - net of deferred tax	-	-	-	-	(31,217)	-	-	-	(31,217)	-	(31,217)
Profit after tax for the period ended March 31, 2012	-	-	-	-	-	-	-	-	-	266,766	266,766
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	-	18,639	18,639
Balance as at March 31, 2012	8,243,118	-	-	10,131	3,138,182	23,952	3,387,649	-	6,559,914	3,244,583	18,047,615

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

Quarter ended March 31, 2012

# FAYSAL BANK LIMITED

## Notes to and forming part of the Condensed Interim Financial Statements (Un-audited) For the quarter ended March 31, 2012

### 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 258 branches (2011: 257); including 46 Islamic banking branches (2011: 45).

The Registered Office of the Bank is located at Faysal House, ST-02, Shakra-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** Based on the financial statements of the Bank for the year ended December 31, 2010, 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+'.
- 1.3** The Securities and Exchange Commission of Pakistan (SECP) vide letter EMD/233/12/2002-55 dated July 15, 2011 has granted exemption to the Bank from the preparation of consolidated financial statements of the Bank and its subsidiary company namely Faysal Management Services (Private) Limited with effect from June 30, 2011. The letter from SECP specifies that this exemption is subject to the following:
- (i) Financial highlights (Statement of financial position and profit and loss account) of the subsidiary and nature of auditor's opinion on subsidiary's accounts must be disclosed in the annual financial statements of the Bank; and
  - (ii) It must be disclosed at conspicuous place in the annual financial statements of the Bank that annual audited financial statements of the subsidiary shall be available for inspection at registered office of the Bank, and would be available to the members on request without any cost.

### 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 this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

The condensed interim financial information of the Islamic banking branches have been consolidated in this condensed interim financial information 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 of Islamic banking branches is disclosed in note 19 to this condensed interim financial information.

### 3 STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information has 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, IFAS notified by the SECP 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, IFAS notified by the SECP 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, 2012

the SECP has also 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 this condensed interim financial information. 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 this condensed interim financial information 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 this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2011.
- 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 this condensed interim financial information.

## **4 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention, except that certain fixed assets are carried at revalued amounts and certain investments and derivative contracts have been marked to market and are carried at fair value.

## **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2011.

## **6 FUNCTIONAL AND PRESENTATION CURRENCY**

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

## **7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2011.

## **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, 2011.

## **9 BALANCES WITH OTHER BANKS**

	<b>Un-audited March 31, 2012</b>	<b>Audited December 31, 2011</b>
	<b>Rupees '000</b>	
In Pakistan		
- Current accounts	1,480,524	1,872,679
Outside Pakistan		
- Current accounts	391,888	424,981
- Deposit account	2,044,419	2,388,058
	<u>3,916,831</u>	<u>4,685,718</u>



# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
For the quarter ended March 31, 2012

## 10 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings - PIBs

Un-audited  
March 31,  
2012  
Audited  
December 31,  
2011  
Rupees '000

200,000	-
200,000	-

## 11 INVESTMENTS

### 11.1 Investments by type

Note	Un-audited March 31, 2012			Audited December 31, 2011		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees '000						
<b>Held for trading securities</b>						
Market Treasury Bills	21,923,338	-	21,923,338	2,645,477	-	2,645,477
Pakistan Investment Bonds	31,124	-	31,124	16,058	-	16,058
Fully paid up ordinary shares / certificates of closed end mutual funds	1,080,511	-	1,080,511	921,136	-	921,136
Ijara Sukuk Bonds	-	-	-	2,253,500	-	2,253,500
	23,034,973	-	23,034,973	5,836,171	-	5,836,171
<b>Available for sale securities</b>						
Market Treasury Bills	4,505,819	27,032,770	31,538,589	29,611,270	21,834,936	51,446,206
Pakistan Investment Bonds	12,665,527	-	12,665,527	13,355,470	-	13,355,470
Ijara Sukuk Bonds	7,937,045	-	7,937,045	7,039,259	-	7,039,259
Units of open ended mutual funds						
- National Investment (Unit) Trust	1,950,000	-	1,950,000	2,200,000	-	2,200,000
- NIT Income Fund	-	-	-	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	408,228	-	408,228	208,228	-	208,228
- Faysal Islamic Savings Growth Fund	100,000	-	100,000	425,000	-	425,000
- Faysal Money Market Fund	1,100,000	-	1,100,000	1,100,000	-	1,100,000
- JS Large Capital Fund	27,888	-	27,888	27,888	-	27,888
- JS KSE 30 Index Fund	-	-	-	3,702	-	3,702
- Al-Meezan Mutual Fund	-	-	-	35,263	-	35,263
Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	7,239,268	-	7,239,268	6,250,378	-	6,250,378
Fully paid up preference shares	724,724	-	724,724	414,368	-	414,368
Term finance certificates	1,238,133	-	1,238,133	1,364,107	-	1,364,107
	38,177,006	27,032,770	65,209,776	62,365,307	21,834,936	84,200,243
<b>Held to maturity securities</b>						
Term finance certificates	3,469,942	-	3,469,942	3,545,546	-	3,545,546
Sukuk Bonds	2,263,015	-	2,263,015	2,360,830	-	2,360,830
	5,732,957	-	5,732,957	5,906,376	-	5,906,376
<b>Associate</b>						
Fully paid up ordinary shares of:						
- Faysal Asset Management Limited	45,000	-	45,000	45,000	-	45,000
<b>Subsidiary</b>						
Fully paid up ordinary shares of:						
- Faysal Management Services (Private) Limited	108,000	-	108,000	108,000	-	108,000
<b>Investments at cost</b>	67,097,936	27,032,770	94,130,706	74,260,854	21,834,936	96,095,790
Less: Provision for diminution in the value of investments	(1,809,212)	-	(1,809,212)	(1,905,084)	-	(1,905,084)
<b>Investments (net of provisions)</b>	65,288,724	27,032,770	92,321,494	72,355,770	21,834,936	94,190,706
Surplus / (deficit) on revaluation of held for trading securities - net	78,506	-	78,506	(38,651)	-	(38,651)
(Deficit) / surplus on revaluation of available for sale securities - net	(719,768)	(7,429)	(727,197)	(798,937)	56,069	(742,868)
<b>Total investments</b>	64,647,462	27,025,341	91,672,803	71,518,182	21,891,005	93,409,187

Quarter ended March 31, 2012

# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
For the quarter ended March 31, 2012

	Note	Un-audited March 31, 2012	Audited December 31, 2011
<b>11.3 Particulars of provision for diminution in the value of investments</b>			
<b>Rupees '000</b>			
Opening balance		1,905,084	1,495,601
Charge for the period / year		16,677	695,824
Reversals during the period / year		(112,549)	(286,341)
		(95,872)	409,483
Closing balance		1,809,212	1,905,084
<b>12 ADVANCES</b>			
Loans, cash credits, running finances, etc. – in Pakistan		168,117,033	156,045,856
Net investment in finance lease – in Pakistan		6,629,601	6,684,270
		174,746,634	162,730,126
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		1,985,561	1,563,551
Payable outside Pakistan		1,544,720	1,061,453
		3,530,281	2,625,004
Margin financing / reverse repo transactions		128,200	128,200
Gross advances		178,405,115	165,483,330
Provision against non-performing advances	12.1	(17,359,644)	(17,062,123)
Provision against consumer loans - general	12.3	(256,871)	(259,212)
Advances - net of provision		160,788,600	148,161,995

**12.1** Advances includes Rs. 26,610 million (December 31, 2011: Rs. 26,044 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2012 (Un-audited)								
	Classified Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees '000								
Other Assets Especially									
Mentioned (Agri financing)	270,215	-	270,215	-	-	-	-	-	-
Substandard	2,820,030	-	2,820,030	502,759	-	502,759	502,759	-	502,759
Doubtful	2,565,797	-	2,565,797	572,831	-	572,831	572,831	-	572,831
Loss	20,954,090	-	20,954,090	16,284,054	-	16,284,054	16,284,054	-	16,284,054
	26,610,132	-	26,610,132	17,359,644	-	17,359,644	17,359,644	-	17,359,644
Category of classification	December 31, 2011 (Audited)								
	Classified Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees '000								
Other Assets Especially									
Mentioned (Agri financing)	194,859	-	194,859	-	-	-	-	-	-
Substandard	2,415,055	-	2,415,055	302,021	-	302,021	302,021	-	302,021
Doubtful	2,501,583	-	2,501,583	557,278	-	557,278	557,278	-	557,278
Loss	20,932,622	-	20,932,622	16,202,824	-	16,202,824	16,202,824	-	16,202,824
	26,044,119	-	26,044,119	17,062,123	-	17,062,123	17,062,123	-	17,062,123

# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
For the quarter ended March 31, 2012

## 12.2 Particulars of provision against non-performing advances

	March 31, 2012 (Un-audited)			December 31, 2011 (Audited)		
	Specific	General (excluding consumer loan)	Total	Specific	General (excluding consumer loan)	Total
----- Rupees '000 -----						
Opening balance	17,062,123	-	17,062,123	17,163,067	-	17,163,067
Charge for the period / year	987,610	-	987,610	2,750,540	-	2,750,540
Reversals during the period / year	(666,280)	-	(666,280)	(2,420,452)	-	(2,420,452)
Net charge	321,330	-	321,330	330,088	-	330,088
Amounts written off	(23,809)	-	(23,809)	(431,032)	-	(431,032)
Closing balance	17,359,644	-	17,359,644	17,062,123	-	17,062,123

**12.2.1** The additional profit arising from availing the FSV benefit is PKR 2,597.866 million (net of tax) as at March 31, 2012 (December 31, 2011: 2,590.464 million). This amount as per SBP instructions is not available for either cash or stock dividend to shareholders.

## 12.3 Particulars of provision against consumer loans - general

	Un-audited March 31, 2012	Audited December 31, 2011
Rupees '000		
Opening balance	259,212	336,573
Reversals during the period / year	(2,341)	(77,361)
Closing balance	<u>256,871</u>	<u>259,212</u>

**12.3.1** General provision against consumer loans represents provision maintained at an amount equal to 1.5 percent of the fully secured regular portfolio of consumer loans and 5 percent of the unsecured regular portfolio of consumer loans as per the requirements of the Prudential Regulations issued by the SBP.

## 13 FIXED ASSETS

### 13.1 Additions to operating fixed assets - cost

	Un-audited For the quarter ended March 31, 2012	March 31, 2011
Rupees '000		
Leasehold property and improvements	54,429	10,240
Office furniture, fixtures, equipment and computers	34,842	35,220
Vehicles	7,413	114
Capital work-in-progress	148,835	65,448

### 13.2 Additions to Intangibles

Software	-	40
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# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
For the quarter ended March 31, 2012

## 13.3 Disposals of operating fixed assets - cost

	Un-audited For the quarter ended	
	March 31, 2012	March 31, 2011
	Rupees '000	
Office furniture, fixtures, equipment and computers	176	1,053
Vehicles	10,469	24,763

## 14 DEPOSITS AND OTHER ACCOUNTS

	Un-audited March 31, 2012	Audited December 31, 2011
	Rupees '000	
Fixed deposits	95,479,442	97,908,269
Saving deposits	68,409,498	66,404,338
Current accounts – Remunerative	969,736	954,746
Current accounts – Non-remunerative	48,447,031	47,204,322
Margin accounts	2,114,215	2,143,056
	<u>215,419,922</u>	<u>214,614,731</u>

## 15 CONTINGENCIES AND COMMITMENTS

### 15.1 Direct credit substitutes

#### Contingent liability in respect of guarantees favouring:

i) Government	-	-
ii) Banking companies and other financial institutions	803,275	3,275
iii) Others	-	-
	<u>803,275</u>	<u>3,275</u>

#### Acceptances

i) Government	-	-
ii) Banking companies and other financial institutions	-	-
iii) Others	13,318,864	9,875,957
	<u>13,318,864</u>	<u>9,875,957</u>

### 15.2 Transaction-related contingent liabilities

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

i) Government	10,641,280	10,391,648
ii) Banking companies and other financial institutions	307,275	2,810,032
iii) Others	1,691,356	1,431,547
	<u>12,639,911</u>	<u>14,633,227</u>

### 15.3 Trade-related contingent liabilities

#### Letters of credit

i) Government	1,081,208	3,968,244
ii) Banking companies and other financial institutions	-	-
iii) Others	10,686,672	14,650,767
	<u>11,767,880</u>	<u>18,619,011</u>

### 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. The Bank's legal advisors are confident that the Bank has a strong case	<u>2,500,000</u>	<u>2,500,000</u>
ii) Indemnity issued favouring the High Court in the above case	<u>457,543</u>	<u>457,543</u>
iii) Claims against the Bank not acknowledged as debt	<u>32,862,967</u>	<u>32,976,476</u>

# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
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The above includes an amount of Rs 25,299 million in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages. Based on legal advice, management is confident that the matter will be decided in Bank's favour.

iv) Income tax assessments of the Bank have been finalised upto the tax year 2011 (Accounting year 2010).

The tax department and the Bank have disagreements on various matters for tax years from 1994 to 2011. These include disallowance on certain matters that include initial depreciation on leases, provision for bad debts, bad debts written off, taxability of dividend, excess perquisites and certain other allocation of expenses 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 2,126.110 million. The management of the Bank is confident that the decision in respect of these matters will be decided in the Bank's favour and accordingly no provision has been made in these financial statements in respect of this liability.

## 15.5 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.

## 15.6 Commitments in respect of forward exchange contracts

	Un-audited March 31, 2012	Audited December 31, 2011
	Rupees '000	
Purchase		
- Customers	1,629,446	1,898,402
- Banks	25,109,135	24,112,367
	26,738,581	26,010,769
Sale		
- Customers	195,221	289,437
- Banks	8,362,940	6,503,424
	8,558,161	6,792,861

## 15.7 Commitments for the acquisition of operating fixed assets

179,627 147,586

## 15.8 Commitments in respect of repo transactions

Repurchase	27,243,238	21,948,460
Resale	277,877	271,781

## 15.9 Other Commitments

Interest rate swaps and cross currency swaps (notional principal)	35,242,529	39,741,708
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## 16 EARNINGS PER SHARE

	For the quarter ended March 31, 2012	March 31, 2011
	Rupees '000	
Profit after tax for the period	266,766	241,258
	Restated	
	In thousands	
Weighted average number of ordinary shares	824,312	824,312
	Rupees	
Earnings per share - basic	0.32	0.29

# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
For the quarter ended March 31, 2012

## 17 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
- Corporate & 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	Corporate & Commercial Banking	Total
	Rupees '000				
<b>March 31, 2012</b>					
Total income - net	36,370	504,635	1,890,607	665,144	3,096,756
Total expenses	(8,503)	(36,988)	(1,580,272)	(1,132,656)	(2,758,419)
Net income / (loss)	27,867	467,647	310,335	(467,512)	338,337
Segment assets (Gross)	-	89,424,795	62,233,034	169,558,069	321,215,898
Segment non performing loans	-	-	5,452,426	21,157,706	26,610,132
Segment provision required against loans	-	-	(2,343,398)	(15,273,117)	(17,616,515)
Segment liabilities	(9,753)	(88,216,803)	(58,544,802)	(135,103,361)	(281,874,719)
Segment return on assets (ROA) (%) *	-	2.25%	1.30%	0.64%	
Segment cost of funds (%) *	-	11.89%	7.42%	10.99%	
<b>March 31, 2011</b>					
Total income - net	75,200	663,335	1,592,306	1,212,821	3,543,662
Total expenses	(29,110)	(285,282)	(1,992,731)	(906,383)	(3,213,506)
Net income / (loss)	46,090	378,053	(400,425)	306,438	330,156
<b>December 31, 2011</b>					
Total income - net	187,400	1,043,963	8,497,921	3,547,439	13,276,723
Total expenses	(41,729)	(523,359)	(10,309,239)	(924,305)	(11,798,632)
Net income / (loss)	145,671	520,604	(1,811,318)	2,623,134	1,478,091
Segment assets (Gross)	-	93,137,280	61,603,043	157,500,848	312,241,171
Segment non performing loans	-	-	5,507,984	20,536,135	26,044,119
Segment provision required against loans	-	-	(2,286,174)	(15,035,161)	(17,321,335)
Segment liabilities	(13,994)	(35,461,389)	(191,942,987)	(45,936,297)	(273,354,667)
Segment return on assets (ROA) (%)	-	0.66%	4.85%	1.70%	
Segment cost of funds (%)	-	13.03%	7.20%	11.45%	

\* These percentages have been computed based on average balances.

# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
For the quarter ended March 31, 2012

## 18 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its holding company, 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 this condensed interim financial information.

Banking transactions with the related parties are executed substantially on the same terms, except transaction 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:

	March 31, 2012 (Un-audited)				
	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies (including associated undertakings)
	Rupees '000				
Deposits					
Balance at the beginning of the period	105,537	12,500	480	3,140	29,871
Placements during the period	639,079	132,555	-	114,503	9,396,919
Withdrawals during the period	(639,741)	(106,444)	(275)	(116,079)	(9,411,171)
Balance at end of the period	104,875	38,611	205	1,564	15,619

<b>Advances</b>					
Balance at the beginning of the period	40,266	-	-	-	2,854,555
Disbursements during the period	10,973	-	-	-	1,685,000
Repayments during the period	(11,538)	-	-	-	(1,057,257)
Balance at end of the period	39,701	-	-	-	3,482,298

December 31, 2011 (Audited)					
	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies (including associated undertakings)
	Rupees '000				
<b>Deposits</b>					
Balance at the beginning of the year	77,365	1,645,448	492	479	533,884
Placements during the year	1,741,336	2,478,007	500	413,456	53,499,950
Withdrawals during the year	(1,713,164)	(4,110,955)	(512)	(410,795)	(54,003,963)
Balance at end of the year	105,537	12,500	480	3,140	29,871

<b>Advances</b>					
Balance at the beginning of the year	50,788	-	-	-	2,816,363
Disbursements during the year	5,667	-	-	-	1,132,279
Repayments during the year	(16,189)	-	-	-	(1,094,087)
Balance at end of the year	40,266	-	-	-	2,854,555

# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
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Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current period are not reflected as part of the closing balance. The same are accounted for through the movement presented above.

March 31, 2012 (Un-audited)					
	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies (including associated undertakings)
	Rupees '000				
Shares / Units purchased during the period	-	-	-	-	549,894
Shares / Units sold during the period	-	-	-	-	393,235
Profit paid / accrued	1,498	640	-	75	1,276
Profit return / earned	1,637	-	-	-	107,826
Remuneration of key management personnel					
- Salaries and other short-term employee benefits	40,241	-	-	-	-
- Post-employment benefits	4,042	-	-	-	-
Contribution to staff retirement benefits	-	60,935	-	-	-
Guarantees issued favouring related parties or on their behalf	-	-	-	-	25,000
March 31, 2011 (Un-audited)					
	Directors and key management personnel	Retirement Benefit Plans	Subsidiary	Associate	Group Companies (including associated undertakings)
	Rupees '000				
Shares / Units purchased during the period	-	-	-	-	312,538
Shares / Units sold during the period	-	-	-	-	348,767
Profit paid / accrued	1,353	19,608	-	77	66,129
Profit return / earned	413	-	-	-	45,462
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 favouring related parties or on their behalf	-	-	-	-	25,000



# FAYSAL BANK LIMITED

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)  
For the quarter ended March 31, 2012

## 19 ISLAMIC BANKING BUSINESS

The Bank is operating 46 Islamic banking branches (2011: 45). The statement of financial position as at March 31, 2012 is as follows:

	Un-audited March 31, 2012	Audited December 31, 2011
	Rupees '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	1,056,870	1,089,800
Balances with and due from financial Institutions	81,550	173,799
Investments	9,021,159	5,586,837
Financing and receivables		
- Murabaha	1,046,346	1,751,249
- Ijara	9,230	11,529
- Musharaka	-	-
- Diminishing Musharaka	3,318,890	3,211,551
- Salam	-	-
- Other Islamic Modes	-	-
Other assets	804,337	826,814
	15,338,382	12,651,579
<b>LIABILITIES</b>		
Bills payable	169,107	109,401
Due to financial institutions	800,000	-
Deposits and other accounts		
- Current Accounts	3,936,651	3,995,751
- Saving Accounts	2,753,931	2,341,187
- Term Deposits	3,812,434	3,577,293
- Others	39,996	23,151
- Deposits from financial institutions - remunerative	1,433,976	1,018,868
- Deposits from financial institutions - non-remunerative	4,802	21,235
Due to head office	1,394,137	577,834
Other liabilities	174,560	181,862
	14,519,594	11,846,582
<b>NET ASSETS</b>	818,788	804,997
<b>REPRESENTED BY</b>		
Islamic Banking Fund	880,000	880,000
Reserves	-	-
Unappropriated profit / (loss)	(50,232)	(94,727)
	829,768	785,273
Surplus / (Deficit) on revaluation of assets- net of tax	(10,980)	19,724
	818,788	804,997
<b>Remuneration to shariah advisor</b>	542	2,171
<b>CHARITY FUND</b>		
Opening balance	1,778	67
Additions during the period / year	146	2,761
Payments / utilization during the period / year	(1,750)	(1,050)
Closing balance	174	1,778

## 20 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 20, 2012 by the Board of Directors of the Bank.

## 21 GENERAL

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

**21.2** Figures have been rounded off to the nearest thousand rupees unless other wise stated.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR

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