

# PROGRESSION

20  
QUARTERLY REPORT  
MARCH 31

08



**CresBank**  
Crescent Commercial Bank Limited

PROGRESSION

20  
QUARTERLY REPORT  
MARCH 31  
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**CresBank**  
Crescent Commercial Bank Limited





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## Board of Directors

Mr. Syed Sajjad Razvi (Chairman w.e.f February 24, 2008)\*  
Mr. Beji Tak - Tak  
Mr. Farhat Abbas Mirza\*\*  
Mr. Javed Iqbal\*\*  
Mr. Mubashar Hanif Khokhar  
Dr. Shujaat Nadeem  
Mr. Zaki Abdul Mohsen Al-Mousa  
Mr. Syed Jamal Baquar (Acting President & CEO)\*\*\*

## Audit Committee

Mr. Beji Tak - Tak  
Mr. Javed Iqbal\*\*\*\*

## Risk Committee

Mr. Beji Tak - Tak (Chairman)  
Mr. Syed Sajjad Razvi

## Business Credit Committee

Mr. Syed Jamal Baquar  
Mr. Syed Sajjad Razvi  
Mr. Beji Tak - Tak

## President & Chief Executive Officer (Acting)

Mr. Syed Jamal Baquar\*\*\*

## Company Secretary

Mrs. Mehnaz Ikram\*\*\*\*\*



## **Auditors**

A. F. Ferguson & Co.  
Chartered Accountants

## **Legal Advisors**

Mohsin Tayebaly & Co.  
Advocates & Legal Consultants

Hassan & Hassan  
Advocates

## **Head Office & Registered Office**

6th Floor, Sidco Avenue Centre,  
Maulana Deen Mohammad Wafai Road,  
Karachi.

## **Share Registrar**

Ferguson Associates (Pvt.) Limited  
4th Floor, State Life Building No. 2-A,  
I.I. Chundrigar Road,  
Karachi - 74000.

- \* w.e.f. December 17, 2007.
- \*\* w.e.f. November 08, 2007.
- \*\*\* w.e.f. February 19, 2008.
- \*\*\*\* w.e.f. February 19, 2008.
- \*\*\*\*\* w.e.f. April 25, 2008.

## DIRECTORS REVIEW

for the Period Ended March 31, 2008

On behalf of the Board of Directors, I am please to share with you the un-audited financial statements of Crescent Commercial Bank Limited (CCBL) as at and for the period ended March 31, 2008.

### Financial Results

A summary of CCBL's financial performance for the period ended March 31, 2008 is as follows:

Loss before taxation  
Taxation (including deferred)  
Loss after taxation  
Earning per share - in Rupees  
Number of branches

March 31, 2008	March 31, 2007 (Restated)
(Rupees in million)	
(51)	(244)
(2)	(1)
(53)	(245)
(0.06)	(0.84)
28	18
March 31, 2008	December 31, 2007
(Rupees in million)	
19,000	20,655
3,732	3,948
4,626	4,693
11,302	12,645
6,165	6,219
(21)	(16)

Total assets  
Investments  
Advances  
Deposits  
Paid up capital & reserves (before revaluation reserve)  
(Deficit)/ Surplus on revaluation of securities

### Review of Operations

The bank reduced its loss from Rs 244 million for the first quarter in 2007 to Rs 51 million for the corresponding period in 2008 mainly due to improvement in asset yield, lower cost of funds, and recoveries from non-performing customers. Since approximately 34% of the bank's loans and advances are non-performing special efforts have been made by the bank's senior management towards recovering these loans which resulted in a net positive impact of Rs 26 million in this quarter.

## DIRECTORS REVIEW

for the Period Ended March 31, 2008

The bank's strategy is focused towards creating value for all its stakeholders. To that end we have consciously started shedding expensive deposits and replacing them with low cost core deposits wherever possible. Although this has resulted in a slight decrease in deposits base compared with December 31, 2007 the cost of deposits has improved considerably. In addition, the bank still possesses adequate liquidity as reflected in a comfortable credit to deposit ratio of 41%.

Other factors that led to the bank recording an after tax loss of Rs. 53 million include:

- 1) Gradual re-deployment of additional liquidity from lower yielding inter-bank money market to higher yielding, better quality consumer and corporate assets.
- 2) Greater focus on recoveries which has resulted in net bottom line positive impact of Rs 26 million.
- 3) The administrative costs have increased mainly due to investment in technology, infrastructure and intellectual capital.

### Outlook

Long term commitment to Pakistan from Samba Financial Group (Samba) our parent remains clear and unwavering as it continues to support the current momentum of the bank's integration, re-branding, and investment initiatives into areas such as expansion of branch network, improvement of systems and technology, adoption of policies and procedures, and sourcing and retention of intellectual capital. We are well on our way to improving the bank's processes and procedures and introducing new and innovative products with samba's support.

### Rating

Due to significant improvement in the bank's risk profile as a result of Samba's investment, JCR-VIS Credit Rating Agency has upgraded the bank's long term rating by 3-notches from BBB (triple B) to A (single A) and the short term rating from A-2 (A-Two) to A-1 (A-One) respectively. The long term rating reflects adequate credit quality with reasonable protection factors while the short term rating reflects obligations supported by good certainty of timely payments, sound company fundamentals, and improving liquidity.



**DIRECTORS REVIEW**

for the Period Ended March 31, 2008

**Acknowledgment**

On behalf of the Board of Directors I would like to express our sincere gratitude to all directors and employees for their valuable contribution and commitment. I would like to place on record special appreciation of the Board for the contribution made by Mr. Shamim A. Khan former director of the bank. I would also like to thank our clients for their patronage and support and to the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP) and other relevant authorities, for their support and guidance.

In addition, our sincere thanks and appreciation goes to all employees of the bank for their hard work, loyalty, devotion, and continued efforts in achieving the business objectives of the bank.

On behalf of the Board

**Syed Jamal Baquar**

President and Chief Executive (Acting)

Karachi

April 26, 2008

## Balance Sheet

As at March 31, 2008

### ASSETS

Cash and balances with treasury banks	
Balances with other banks	
Lendings to financial institutions	
Investments - net	6
Advances - net	7
Other assets	
Operating fixed assets	
Deferred tax assets - net	

(Un-audited) March 31, 2008	(Audited) December 31, 2007
-----------------------------------	-----------------------------------

(Rupees in '000)

1,024,067	1,003,611
152,718	63,348
7,067,896	8,565,836
3,731,879	3,947,925
4,626,321	4,693,113
718,290	722,911
872,046	854,292
807,480	804,266
19,000,697	20,655,302

### LIABILITIES

Bills payable	
Borrowings from financial institutions	8
Deposits and other accounts	9
Sub-ordinated loans	
Liabilities against assets subject to finance lease	
Other liabilities	
Deferred tax liabilities	

66,068	1,056,878
942,327	182,611
11,302,042	12,644,938
-	-
507	3,403
545,963	565,314
-	-
12,856,907	14,453,144

### NET ASSETS

6,143,790	6,202,158
-----------	-----------

### REPRESENTED BY:

Share capital	
Reserves	
Accumulated loss	

8,769,517	8,769,517
43,080	43,080
(2,647,338)	(2,593,956)
6,165,259	6,218,641
(21,469)	(16,483)
6,143,790	6,202,158

(Deficit) / surplus on revaluation of assets - net of tax

### CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 17 form an integral part of these interim financial statements.

\_\_\_\_\_  
President & CEO  
(Acting)

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**Profit and Loss  
Account  
(Un-Audited)**  
For the quarter ended  
March 31, 2008

Mark-up / return / interest earned	12
Mark-up / return / interest expensed	13
Net mark-up / return / interest income	
Reversal / (Provision) against loans and advances - net	
Reversal / (Provision) for diminution in the value of investments- net	
Bad debts written-off directly	
Net mark-up / return / interest income after provisions	
<b>Non mark-up / interest income</b>	
Fee, commission and brokerage income	
Dividend income	
Income from dealing in foreign currencies	
Gain / (loss) on sale of securities	
Gain / (loss) on revaluation of investments classified as held for trading	
Other income	
Total non mark-up / interest income	
<b>Non mark-up / interest expenses</b>	
Administrative expenses	
Other provisions / write offs- net	
Other charges	
Total non mark-up / interest expenses	
Extraordinary items	
<b>Loss before taxation</b>	
Taxation - Current year	
- Prior years	
- Deferred	
<b>Loss after taxation</b>	
Accumulated loss brought forward	
Share issue cost	
<b>Accumulated loss carried forward</b>	
<b>Basic / diluted loss per share (Rupees)</b>	11

Note	Quarter ended March 31, 2008	Quarter ended March 31, 2007 (Restated)
	(Rupees in '000)	
	435,524	102,161
	(262,235)	(141,717)
	173,289	(39,556)
	15,757	(70,389)
	10,643	-
	-	-
	26,400	(70,389)
	199,689	(109,945)
	9,587	6,836
	8,169	1,328
	2,521	1,330
	5,186	15,822
	2	-
	27,803	5,236
	53,268	30,552
	252,957	(79,393)
	(303,900)	(165,515)
	7	1,019
	(46)	-
	(303,939)	(164,496)
	(50,982)	(243,889)
	-	-
	(50,982)	(243,889)
	(2,400)	(825)
	-	-
	-	-
	(2,400)	(825)
	(53,382)	(244,714)
	(2,593,956)	(1,220,064)
	-	(51,000)
	(2,647,338)	(1,515,778)
	(0.06)	(0.84)

The annexed notes 1 to 17 form an integral part of these interim financial statements.

President & CEO  
(Acting)

Chairman

Director

Director



**Cash Flow  
Statement  
(Un-audited)**  
For the quarter ended  
March 31, 2008

**CASH FLOW FROM OPERATING ACTIVITIES**

Loss before taxation  
Less: Dividend income

Adjustments for non-cash charges:

Depreciation / amortization  
(Reversal) / Provision against loans and advances - net  
(Reversal) / Provision for diminution in the value of investment  
Surplus on revaluation of investment held for trading  
Finance charges on leased assets  
Gain on sale of operating fixed assets  
Gain on sale of securities  
Other provisions / write offs-net  
Other charges

(Increase) / decrease in operating assets

Lendings to financial institutions  
Held for trading securities  
Advances  
Other assets (excluding advance & current taxation)

Increase/ (decrease) in operating liabilities

Bills payable  
Borrowings from financial institutions  
Deposits and other accounts  
Other liabilities

Income tax paid

**Net cash from operating activities**

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investments in securities  
Dividend received  
Investment in operating fixed assets  
Proceeds from sale of fixed assets  
Net cash inflow from / (outflow on) investing activities

**CASH FLOW FROM FINANCING ACTIVITIES**

Payments of obligations under finance lease  
Proceeds from issue of shares  
Cost incurred on issuance of shares

**Net cash used in financing activities**

**Increase / (Decrease) in cash and cash equivalents**

**Cash and cash equivalents at beginning of the period**

**Cash and cash equivalents at end of the period**

**Cash and cash equivalents**

Cash and balances with treasury banks  
Balances with other banks

The annexed notes 1 to 17 form an integral part of these interim financial statements.

Quarter ended March 31, 2008	Quarter ended March 31, 2007 (Restated)
(Rupees in '000)	
(50,982)	(243,889)
(8,169)	(1,328)
(59,151)	(245,217)
20,411	19,294
(15,757)	70,389
(10,643)	-
(2)	-
5	123
33	(1,622)
(5,186)	(15,822)
(7)	(1,019)
46	-
(11,100)	71,343
(70,251)	(173,874)
1,497,940	(6,339,219)
(297,867)	-
(51,028)	151,089
4,987	(2,406)
1,154,032	(6,190,536)
(990,810)	1,582
759,716	(133,863)
(1,342,896)	849,397
(19,351)	(3,495)
(1,593,340)	713,621
(509,559)	(5,650,789)
(2,765)	(3,774)
(512,324)	(5,654,563)
655,071	(318,086)
8,169	1,328
(39,300)	(12,559)
1,106	2,548
625,046	(326,769)
(2,896)	(1,854)
-	6,000,000
-	(37,000)
(2,896)	5,961,146
109,826	(20,186)
1,066,959	914,818
1,176,785	894,632
1,024,067	758,332
152,718	136,300
1,176,785	894,632

President & CEO  
(Acting)

Chairman

Director

Director

## Statement of Changes in Equity (Un-audited)

For the quarter ended  
March 31, 2008

	Share capital	Capital reserve	Statutory reserve	Revenue reserve	(Accumulat -ed loss)	Total
----- (Rupees in '000) -----						
Balance as at January 01, 2007	2,769,517	20,935	22,145	-	(1,220,064)	1,592,533
Issuance of share capital	6,000,000	-	-	-	-	6,000,000
Cost incurred on issuance of share capital	-	-	-	-	(51,000)	(51,000)
Loss after taxation for the period ended March 31, 2007	-	-	-	-	(244,714)	(244,714)
Balance as at March 31, 2007	8,769,517	20,935	22,145	-	(1,515,778)	7,296,819
Loss after taxation for the nine months ended December 31, 2007	-	-	-	-	(1,078,178)	(1,078,178)
Balance as at December 31, 2007	8,769,517	20,935	22,145	-	(2,593,956)	6,218,641
Loss after taxation for the period ended March 31, 2008	-	-	-	-	(53,382)	(53,382)
<b>Balance as at March 31, 2008</b>	<b>8,769,517</b>	<b>20,935</b>	<b>22,145</b>	<b>-</b>	<b>(2,647,338)</b>	<b>6,165,259</b>

The annexed notes 1 to 17 form an integral part of these interim financial statements.

\_\_\_\_\_  
President & CEO  
(Acting)

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

### 1 STATUS AND NATURE OF BUSINESS

Crescent Commercial Bank Limited (the bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all stock exchanges in Pakistan and its principal and registered office is situated at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi. The bank is a subsidiary of SAMBA Financial Group of Saudi Arabia and operates 28 branches (December 31, 2007: 28 branches) inside Pakistan.

### 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 banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

### 3 STATEMENT OF COMPLIANCE

- (a) These interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- (b) The State Bank of Pakistan 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. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- (c) The disclosures made in these interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2007.

## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

### 4 BASIS OF MEASUREMENT

These interim financial statements have been prepared under the historical cost convention, except that certain investments and commitments in respect of certain forward exchange contracts have been marked to market and are carried at fair value.

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2007.

### 6 INVESTMENTS

Note	March 31, 2008			December 31, 2007		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
-----Rupees in '000-----						
Held for trading securities	297,867	-	297,867	-	-	-
Available for sale securities	2,288,033	767,280	3,055,313	3,333,152	-	3,333,152
Held to maturity securities	330,530	-	330,530	590,643	-	590,643
Associates / Associated companies	371,470	-	371,470	371,470	-	371,470
	<b>3,287,900</b>	<b>767,280</b>	<b>4,055,180</b>	<b>4,295,265</b>	<b>-</b>	<b>4,295,265</b>
Provision for diminution in the value of investments	(297,244)	-	(297,244)	(329,483)	-	(329,483)
Deficit on revaluation of available for sale securities	(22,966)	(3,091)	(26,057)	(17,857)	-	(17,857)
Investments-net	<b>2,967,689</b>	<b>764,189</b>	<b>3,731,879</b>	<b>3,947,925</b>	<b>-</b>	<b>3,947,925</b>

#### 6.1 Held for trading securities

Market Treasury Bills	297,867	-	297,867	-	-	-
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## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

	March 31, 2008			December 31, 2007		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
-----Rupees in '000-----						
<b>6.2 Available-for-sale securities</b>						
Market Treasury Bills	1,901,474	767,280	2,668,754	2,943,990	-	2,943,990
Pakistan Investment Bonds	90,253	-	90,253	90,253	-	90,253
WAPDA Bonds	63,129	-	63,129	63,215	-	63,215
Term Finance Certificates - listed	22,811	-	22,811	22,811	-	22,811
Ordinary shares and certificates - listed	123,707	-	123,707	120,968	-	120,968
Ordinary shares - unlisted	66,659	-	66,659	66,659	-	66,659
Preference shares - listed	10,000	-	10,000	15,256	-	15,256
Units of open-end mutual fund - listed	10,000	-	10,000	10,000	-	10,000
	2,288,033	767,280	3,055,313	3,333,152	-	3,333,152
<b>6.3 Held-to-maturity securities</b>						
Pakistan Investment Bonds	328,177	-	328,177	329,244	-	329,244
Term Finance Certificates - unlisted	2,353	-	2,353	261,399	-	261,399
	330,530	-	330,530	590,643	-	590,643
<b>6.4 Associates / Associated companies</b>						
Ordinary shares - listed	371,470	-	371,470	371,470	-	371,470
Preference shares - listed	-	-	-	-	-	-
Ordinary shares - unlisted	-	-	-	-	-	-
Term Finance Certificates - listed	-	-	-	-	-	-
	371,470	-	371,470	371,470	-	371,470
	3,287,900	767,280	4,055,180	4,295,265	-	4,295,265
Less: Provision for diminution in the value of investments	(297,244)	-	(297,244)	(329,483)	-	(329,483)
Deficit on revaluation of available for sale securities	(22,966)	(3,091)	(26,057)	(17,857)	-	(17,857)
<b>Investments - net</b>	<b>2,967,689</b>	<b>764,189</b>	<b>3,731,879</b>	<b>3,947,925</b>	<b>-</b>	<b>3,947,925</b>



## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

### 7 ADVANCES - NET

#### Loans, cash credits, running finances, etc

- In Pakistan
- Outside Pakistan

#### Net Investment in finance lease

- In Pakistan
- Outside Pakistan

#### Bills discounted and purchased (excluding government treasury bills)

- Payable in Pakistan
- Payable outside Pakistan

#### Less: Provision for loans and advances

- Specific provision
- General provision

Note

March 31, 2008	December 31, 2007
(Rupees in '000)	
6,032,490	6,092,646
-	-
6,032,490	6,092,646
831,690	878,848
-	-
831,690	878,848
133,944	133,944
-	-
133,944	133,944
6,998,124	7,105,438
(2,244,501)	(2,292,023)
(127,302)	(120,302)
(2,371,803)	(2,412,325)
4,626,321	4,693,113

- 7.1 Advances include Rs 1,841.848 million (December 31, 2007 : Rs 1,872.496 million) which have been placed under non-performing status and Rs. 533.161 million (December 31, 2007: Rs 538.501 million) placed under the special mention category as detailed below:

#### Category of Classification

Substandard  
Doubtful  
Loss

Special Mention Category

March 31, 2008				
Domestic	Overseas	Total	Provision required	Provision held
-----Rupees in '000-----				
90,194	-	90,194	31,007	31,007
-	-	-	-	-
1,751,654	-	1,751,654	1,695,070	1,695,070
1,841,848	-	1,841,848	1,726,077	1,726,077
533,161	-	533,161	518,424	518,424
2,375,009	-	2,375,009	2,244,501	2,244,501



## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

7.2 The general provision includes a provision amounting to Rs 122.493 million (December 31, 2007: Rs 115.493 million) against consumer financing portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes a provision of Rs 4.809 million (December 31, 2007: Rs 4.809 million) made in respect of potential loan losses present in the portfolio but not specifically identified and has been determined on the basis of management best estimate.

### 8 BORROWINGS FROM FINANCIAL INSTITUTIONS

#### Secured

Borrowings from SBP under export refinance scheme  
World Bank  
Repurchase agreement borrowings

#### Unsecured

Bankers Equity Limited (under liquidation)

### 9 DEPOSITS AND OTHER ACCOUNTS

#### Customers

Fixed deposits  
Savings deposits  
Current accounts - non-remunerative  
Others

#### Banks and Financial Institutions

Remunerative deposits  
Non-remunerative deposits

March 31, 2008	December 31, 2007
(Rupees in '000)	
156,800	156,800
2,714	3,475
760,477	-
919,991	160,275
22,336	22,336
942,327	182,611
6,202,172	6,922,165
3,072,265	3,135,218
1,245,225	1,666,407
23,997	23,290
10,543,659	11,747,080
727,685	867,745
30,698	30,113
758,383	897,858
11,302,042	12,644,938

## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

### 10 CONTINGENCIES AND COMMITMENTS

#### 10.1 Direct credit substitutes

Contingent liabilities in respect of guarantees given favouring

- Government
- Banks and financial institutions
- Others

#### 10.2 Transaction-related contingent liabilities /commitments

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring

- Government
- Banks and financial institutions
- Others

#### 10.3 Trade-related contingent liabilities

Contingent liabilities in respect of letters of credit opened favouring

- Government
- Banking companies and other financial institutions
- Others

#### 10.4 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs 501.862 million for the assessment years 1995-96, 1996-97 and 1997-98 on account of non-deduction of tax on profit paid under portfolio management scheme and on interest paid on foreign currency certificates of investment. The department has also raised further demand of Rs 782.63 million for assessment years 1995-96, 1998-99 to tax year 2003 on account of taxability of investment bank as a banking company, taxation of dividend income, add back relating to extra shift allowance, lease rentals received or receivable, lease key money and certain other items. The aforementioned demands and add backs include pending assessments of amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited, Fidelity Investment Bank Limited and Pakistan Industrial Leasing Corporation.

March 31, 2008	December 31, 2007
(Rupees in '000)	
500,000	-
166,524	155,450
1,568,150	1,559,300
<u>2,234,674</u>	<u>1,714,750</u>
368,367	374,012
-	-
-	235
<u>368,367</u>	<u>374,247</u>
-	-
-	-
656	654
<u>656</u>	<u>654</u>



## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

Presently, the bank is contesting these add backs / demands at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from their tax advisors the management is confident that the eventual outcome of the aforementioned matters will be in favour of the bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands of Rs 1,284.492 million raised by the income tax authorities.

### 10.5 Commitments in respect of forward lending

The bank makes commitments to extend credit in the normal course of its business but these being recoverable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

### 10.6 Commitments in respect of forward foreign exchange contracts

Purchase

### 10.7 Capital Commitments

Commitments for capital expenditure as at Mar 31, 2008 amounted to Rs. 275.435 million (December 31, 2007: Rs. 68.39 million).

## 11 LOSS PER SHARE - Basic & Diluted

Loss after taxation attributable to ordinary shareholders

Weighted average number of shares outstanding during the period

Loss per share - Basic & diluted

March 31, 2008	December 31, 2007
(Rupees in '000)	
<b>156,805</b>	184,080
March 31, 2008	March 31, 2007 (Restated)
(Rupees in '000)	
<b>(53,382)</b>	(244,714)
Number of Shares	
<b>876,951,675</b>	290,285,033
(Rupees)	
<b>(0.06)</b>	(0.84)

## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

### 12 MARK-UP / RETURN / INTEREST EARNED

On loans and advances to :  
Customers

On investments in:  
Government securities  
TFCs, Debentures, Bonds and PTCs etc.

On deposits with financial institutions  
On securities purchased under resale agreements  
On call lendings

### 13 MARK-UP / RETURN / INTEREST EXPENSED

Deposits  
Securities sold under repurchase agreements  
Long-term and other short term borrowings  
SBP export re-finance  
Others

### 14 RELATED PARTY TRANSACTIONS

The bank has related party relationship with its associates, employee contribution plan, its directors and key management personnel.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contribution to staff retirement benefit plan is made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their employment.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the bank. The bank considers all member of their management team, including Chief Executive and Directors to be key management personnel.

March 31, 2008	March 31, 2007
(Rupees in '000)	
<b>186,431</b>	46,964
<b>72,132</b>	29,378
<b>5,647</b>	8,184
<b>748</b>	1,173
<b>74,985</b>	3,875
<b>95,581</b>	12,587
<b>435,524</b>	102,161
<b>249,059</b>	135,524
<b>10,692</b>	1,031
<b>52</b>	597
<b>2,432</b>	4,434
<b>-</b>	131
<b>262,235</b>	141,717



## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

Details of transactions with related parties are given below:

	March 31, 2008			December 31, 2007		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
	-----Rupees in '000-----					
<b>BALANCE OUTSTANDING - GROSS</b>						
<b>Advances</b>						
At January 01	45,701	45,500	-	14,890	55,617	-
Given during the period	1,273	-	-	42,230	-	-
Repaid during the period	(847)	-	-	(3,038)	(10,117)	-
Adjustments	-	-	-	(8,381)	-	-
At March 31 / December 31	<u>46,127</u>	<u>45,500</u>	<u>-</u>	<u>45,701</u>	<u>45,500</u>	<u>-</u>
<b>Provision held against advances</b>	-	45,500	-	-	45,500	-
<b>Deposits</b>						
At January 01	24,405	14,443	15,288	15,499	34,921	-
Received during the period	40,882	13,690	10,299	161,719	181,770	26,860
Withdrawn the period	(37,155)	(21,041)	(1,297)	(148,831)	(165,122)	(11,572)
Adjustments	(2,130)	-	-	(3,982)	(37,126)	-
At March 31 / December 31	<u>26,002</u>	<u>7,092</u>	<u>24,290</u>	<u>24,405</u>	<u>14,443</u>	<u>15,288</u>
<b>Others</b>						
Guarantees	-	19,118	-	-	3,733	-
Investment in shares	-	371,470	-	-	371,470	-
Sundry receivables	-	2,484	-	-	2,224	-
Balances in vostro accounts	-	324	-	-	492	-
<b>Provision against diminution in the value of investments</b>	-	196,383	-	-	196,383	-

## Notes to the Financial Statements (Un-audited)

For the quarter ended March 31, 2008

	January-March 2008			January-March 2007		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
	-----Rupees in '000-----					
<b>Transactions for the period</b>						
Remuneration and benefits	31,025	-	-	19,309	-	-
Directors fee	2,158	-	-	30	-	-
Letter of guarantee issued	-	15,385	-	-	-	-
Mark-up / return / interest expensed	220	198	153	129	30	107
Mark-up / return / interest income	490	-	-	159	33	-
Disposal of fixed assets	-	-	-	569	-	-

### 15 CORRESPONDING FIGURES

Investment in associates was accounted for under equity method as per International Accounting Standard 28 "Investment in Associates". Subsequent to BSD Circular No. 6 dated September 6, 2007 by the SBP, investment in associates is now carried at cost. The said change in accounting policy was applied in the financial statements for the year ended December 31, 2007 in accordance with the treatment specified in International Accounting Standard (IAS) 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Therefore, profit and loss account and cash flow statement for the comparative period have been restated to comply with the said circular.

Further, certain corresponding figures have been reclassified and re-arranged, wherever necessary, for the purpose of comparison.

### 16 GENERAL

Figures have been rounded off to the nearest thousand rupees.

### 17 DATE OF AUTHORISATION FOR ISSUE

These interim financial statements were authorised for issue on April 26, 2008 by the Board of Directors of the bank.

\_\_\_\_\_  
President & CEO  
(Acting)

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



## Branches Network

### HEAD OFFICE & REGISTERED OFFICE

5th & 6th Floor, Sidco Avenue Centre  
Maulana Deen Muhammad Wafai Road,  
KARACHI.  
Tel: (92-21) 5688008, 5686468, 5685312 & 17  
Fax: (92-21) 5689625, 5685442  
UAN: 111-999-333

### BAHRIA COMPLEX BRANCH, KARACHI

Ground Floor  
Bahria Complex I, 24 M. T. Khan Road  
KARACHI - 74200  
Tel: (92-21) 5610393-5 & 5611146-7  
Fax: (92-21) 5610830

### BAHRIA COMPLEX BRANCH, KARACHI

Ground Floor Bahria Complex - I,  
M.T. Khan Road  
KARACHI  
Tel: (92-21) 5610314, 5610154  
Fax: (92-21) 5610139

### FOUNTAIN BRANCH, KARACHI

270/1/A Maulana Deen Muhammad Wafai Road  
KARACHI - 74200  
Tel: (92-21) 5685165, 5685194,  
5688768, 5689322 & 17  
Fax: (92-21) 5689113

### DHA BRANCH, KARACHI

Plot#1, C Shahbaz Lane#4  
26th Street, Phase VI, DHA,  
KARACHI  
Tel: (92-21) 5340033, 5340113, 5340116  
Fax: (92-21) 5340149

### NORTH KARACHI BRANCH, KARACHI

Plot No. 24, Sector No. 12-B  
North Karachi Industrial Area,  
KARACHI  
Tel : (92-21) 6957429, 6957640  
Fax: (92-21) 6957209

### SHAHRAH-E-FAISAL BRANCH, KARACHI

Showroom No. 6 & 7, Ground Floor  
Ibrahim Trade Towers, Plot No. 1  
Block 7 & 8, Maqbool Cooperative Housing  
Society, Shahrah-e-Faisal,  
KARACHI  
Tel : (92-21) 4322110  
Fax: (92-21) 4322109

### SITE BRANCH, KARACHI

Show Room G-1, Sub Divide Plot No. B/53-A,  
S.I.T.E,  
KARACHI  
Tel: (92-21) 2574899, 2574946, 2574906  
Fax: (92-21) 2574930

### RASHID MINHAS ROAD BRANCH, KARACHI

Shop No. 9 to 12, Billy's Tower,  
Main Rashid Minhas Road,  
KARACHI  
Tel: (92-21) 4029602  
Fax: (92-21) 4029601

### MALL BRANCH, LAHORE

48 Shakra-e-Quaid-e-Azam  
LAHORE -54660  
Tel: (92-42) 6302064-7  
Fax: (92-42) 6363062

### GULBERG BRANCH, LAHORE

91-D-1, Main Boulevard, Gulberg,  
LAHORE.  
Tel: (92-42) 5781347-57  
Fax: (92-42) 5781339  
UAN: 111-666-333

### MONTGOMERY ROAD BRANCH, LAHORE

Shafi Mansion 9-Montgomery Road  
LAHORE.  
Tel: (92-42) 6371435  
Fax: (92-42) 6369938



**DEFENCE BRANCH, LAHORE**

74-Z, Commercial Phase-III, DHA,  
LAHORE

UAN: 111-999-333

**CIRCULAR ROAD BRANCH, LAHORE**

75-Circular Road, Outside Akbari Gate,  
LAHORE.

Tel: (92-42) 7665671, 7664872 & 91

Fax: (92-42) 7666205

**LIAQUAT ROAD BRANCH, FAISALABAD**

P-74, Liaquat Road, Opp: Police Line  
FAISALABAD

Tel: (92-41) 2604901-06

Fax: (92-41) 2540102

**PARIS ROAD BRANCH, SIALKOT**

House No. 1, Street No. 1

Abdullah Mansion, Nishat Park  
Paris Road,

SIALKOT

Tel : (92-524) 273740, 263709, 272808,

272902, 274467

Fax: (92-534) 273730

**RAZIA SHARIF PLAZA BRANCH, ISLAMABAD**

92- West Razia Sharif Plaza  
Fazal-ul- Haq Road, Blue Area  
ISLAMABAD

Tel: (92-51) 2270765-7

Fax: (92-51) 2825629

UAN: 111-999-333

**TAHIR PLAZA BRANCH, ISLAMABAD**

37-B, Tahir Plaza  
Blue Area, ISLAMABAD

Tel: (92-51) 2270270, 2270272

Fax: (92-51) 2270271

**SARWAR ROAD BRANCH - LAHORE**

31A - Sarwar Road, Near Police Station,  
LAHORE CANTT.

Tel: (92-42) 663801-05

Fax: (92-42) 6603810

**F-10 BRANCH - ISLAMABAD**

Mustafa Mansion 1-Q 1-R, Main Dabble Road,  
F-10 Markaz  
ISLAMABAD.

Tel: (92-51) 2103158, 2103173,  
3103186, 3103206, 2809761-64

Fax: (92-51) 2103157

**MASCO BRANCH - ISLAMABAD**

Masco Plaza 3rd Floor, Blue Area F-7  
ISLAMABAD.

Tel: (92-51) 2803291-95

Fax: (92-51) 2803290

**CLIFTON BRANCH - KARACHI**

Commercial property bearing # GPC-4,

Block # 5,

KARACHI.

Tel: (92-21) 5364294-97

Fax: (92-21) 5364298

**GULSHAN-E-IQBAL BRANCH - KARACHI**

Five Star Plaza, Sub Plot # SB-11, Block-13-C,  
KDA Scheme # 24, Gulshan-e-Iqbal,  
KARACHI.

Tel: (92-21) 4820185, 4830507-08

Fax: (92-21) 4830509

**SIDCO CENTRE BRANCH - KARACHI**

First Floor, Sidco Avenue Centre Mualana Deen  
Muhammad Wafai Road, Sadar,  
KARACHI.

Tel: (92-21) 5693189-90, 5693198

Fax: (92-21) 5693247

**SADDAR ROAD BRANCH, PESHAWAR**

6-D, Saddar Road Peshawar Cantt.  
PESHAWAR

Tel: (92-91) 270951

Fax: (92-91) 270952

UAN: 111-999-333

**MULTAN BRANCH**

Property # 1, Ward # 9, Muzza Ismail Near Altaf  
Town, behind Aqab Nusrat road,  
TEHSIL & DISTRICT MULTAN.

Tel: (92-61) 4516170, 4516380, 4516420, 4516470

Fax: (92-61) 4516140

**GUJRANWALA BRANCH**

Plaza Arshad Tower, Near Gulshan Park Opposite  
to Quaid-d-Azam Divisional Public School,  
Main G.T.Road,  
GUJRANWALA.

Tel: (92-55) 3842477, 3841981, 3842908, 3841991

Fax: (92-55) 3842901

**CAVALRY GROUND BRANCH - LAHORE**

Plot # 86, Commercial Area Cavalry Ground  
Walton Cantt,  
LAHORE.

Tel: (92-42) 6619712-16

Fax: (92-42) 6619720

**GARDEN BRANCH - LAHORE**

Asia Centre, Plot # 8, Babar Block Main  
Boulevard, New Garden Town,  
LAHORE.

Tel: (92-42) 5941156-58, 5941162-63

Fax: (92-42) 5941160



CresBank  
Crescent Commercial Bank Limited