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CORPORATE INFORMATION

Chairman

Mr. Muhammad Aurangzeb

President & Chief Executive

Mr. Shehzad Naqvi

Directors

Mr. Robert Ralph Davis
Mr. James Alexander Brown
Lt. Gen (Retired) Muhammad Maqbool
Mr. Shamim Ahmad Khan
Mr. Shahid Hafiz Kardar

Chief Financial Officer

Mirza Zafar Baig

Company Secretary

Mian Ejaz Ahmad

Audit Committee

Mr. Shamim Ahmad Khan	Chairman
Lt. Gen. (R) Muhammad Maqbool	Member
Mr. Shahid Hafiz Kardar	Member
Mr. James Alexander Brown	Member

Risk Management Committee

Mr. Shehzad Naqvi	Chairman
Mr. Robert Ralph Davis	Member
Mr. James Alexander Brown	Member
Lt. Gen (Retired) Muhammad Maqbool	Member

Auditors

Messrs M. Yousuf Adil Saleem & Co.,
Chartered Accountants
Cavish Court, A-35, Block 7 & 8, KCHSU,
Sharah-e-Faisal, Karachi.

Legal Advisor

Messrs Hassan & Hassan (Advocates)
7-D, Kashmir/Edgerton Road, Lahore.

Registrar

Messrs Hameed Majeed Associates (Pvt) Limited
H.M. House, 7-Bank Square,
The Mall, Lahore.

Principal Office

16, Abdullah Haroon Road,
Karachi.

Registered / Head Office

77-Y, Phase-III, Commercial Area,
D.H.A., Lahore.

DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors of the Royal Bank of Scotland Limited (Formerly ABN AMRO Bank (Pakistan) Limited), I am pleased to present the un-audited financial statements for the half-year ended June 30, 2009.

Economic Environment- Half-year 2009

Economic Overview

Almost two years after problems in the U.S. mortgage market set in motion the biggest financial crisis since the Great Depression the global economy is beginning to pull out of a recession but stabilization continues to uneven and recovery is expected to be slow. The global financial crunch sweeping the world had an adverse impact for developing economies like Pakistan that depend on demand from developed countries for exports and for capital flows.

Pakistan's economy has been under stress owing to high aggregate demand. The combined effects of high global food and fuel prices and financial crisis took quite a toll on the economy as the current account balance and fiscal deficits increased, inflation surged and growth decelerated sharply. Corrective actions through timely policies and regulatory actions have steered the economy towards stability, the exchange rate has been broadly stable in recent months and reserves position has strengthened. The macroeconomic imbalances are showing the signs of improvement while inflation pressures are easing. Economic recovery would be facilitated by improvement in the overall business environment.

In view of the declining rate of inflation, rising trend in forex reserves and in efforts to revive industrial growth, SBP has eased the monetary policy as the discount rate has been reduced from 15% to 13%, which may provide more breathing space to businesses.

Looking forward, Pakistan's economic prospects in the short to medium term will be influenced by the effectiveness of the policies in driving change within the country and the impact of developments in international markets. Despite possible risk of further deterioration in the global economy, the initial success in stabilizing the economy augurs well for the country.

Performance Review

During the half-year under review, the deposits of the Bank maintained previous levels, within the overall transition of the corporate status of the Bank, with a drop of 1.6% of Rs. 1.272 billion over December 08. The advances portfolio under restricted asset acquisition and a liquidity focus has reflected a decrease of Rs. 13.525 billion. Short-term call borrowings increased over the period, with the level of ERF at the previous volume, leading to aggregate borrowing increasing by Rs. 1.656 billion.

During the half-year ended June 30, 2009 provisioning against the advances portfolio has been created against non performing loans amounting to Rs. 1.585 billion, as against Rs. 1.1 billion recognized in the half-year of 2008. Commercial and consumer credit losses registered an increase during the half-year in line with the cyclical industry situation.

During the initial half-year of 2009, revenue declined by Rs. 163 million over the corresponding period of last year. The interest margins remained under pressure due to the higher cost of savings and term deposits. The increase in the gain on sale of Government securities and the unrealized gain on revaluation of investments were derived by capturing market opportunities in yields of related securities during the current half-year. The administrative expenses base remains under cost control initiatives over the period.

Future outlook

Earlier this year, RBS Plc announced its intention to explore new ownership for its businesses in fifteen countries, including Pakistan. Pursuant to the strategy of the Group we are pleased to report that the competitive process for the review of expressions of interest and bids for the potential sale was completed in this quarter, which resulted in, The Royal Bank of Scotland Group plc (RBSG) having executed a Share Purchase Agreement with MCB Bank Limited for the sale of its 99.37% holding in The Royal Bank of Scotland Limited (RBS Pakistan) for a total consideration of Rs. 7.2 billion, using the services of internationally reputed financial advisors. The transaction is subject to necessary regulatory approvals and compliance to applicable laws and regulations.

Acknowledgments

The Board reiterates its gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities over the transition of RBS in Pakistan.

We wish to maintain and extend clear communication with our customers along with our commitment to maintain the service levels that we offer at RBS. We acknowledge the support of our business partners and seek to enhance these relationships in the future.

We specifically appreciate the role of the employees of the Bank as the driving force in the growth of the Bank over the years and the value of the franchise in Pakistan.

For and on behalf of the Board

Karachi
August 25, 2009

Muhammad Aurangzeb
Chairman

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROYAL BANK OF SCOTLAND LIMITED

Introduction

We have reviewed the accompanying condensed interim balance sheet of THE ROYAL BANK OF SCOTLAND ("the Bank") as at June 30, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes for the half year then ended June 30, 2009 (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these condensed interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended June 30, 2009 and 2008 have not been reviewed by us as we are required to review only the cumulative figures for the half-year ended June 30, 2009.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi
August 25, 2009

M/S M. Yousuf Adil Saleem & Co.
Chartered Accountants

Condensed Interim Balance Sheet as at June 30, 2009

	Note	(Un-audited) Jun 30, 2009	(Audited) Dec 31, 2008
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		7,294,617	8,578,315
Balances with other banks		7,779,107	1,528,817
Lendings to financial institutions		553,118	1,783,375
Investments	7	27,052,572	18,983,027
Advances	8	54,385,011	67,910,051
Operating fixed assets	9	4,661,404	4,723,595
Deferred tax assets - net		1,107,674	1,490,856
Other assets		2,880,334	3,094,379
		105,713,837	108,092,415
LIABILITIES			
Bills payable		1,267,592	1,731,520
Borrowings from financial institutions	10	9,851,699	8,195,773
Deposits and other accounts	11	77,830,843	79,102,705
Sub-ordinated loans		798,720	798,880
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		6,618,221	8,208,833
		96,367,075	98,037,711
NET ASSETS			
		9,346,762	10,054,704
REPRESENTED BY			
Share Capital		17,179,814	13,474,364
Advance against subscription for right shares		-	3,705,450
Reserves		(6,395,647)	(6,395,647)
Accumulated loss		(3,352,316)	(2,508,205)
Surplus on revaluation of assets - net of tax	12	7,431,851	8,275,962
		1,914,911	1,778,742
		9,346,762	10,054,704

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

President / Chief Executive

Director

Director

Director

Condensed Interim Profit and Loss Account (Un-audited) for the quarter and half year ended June 30, 2009

Note	Quarter ended June 30, 2009	Half year ended June 30, 2009	Quarter ended June 30, 2008	Half year ended June 30, 2008
	----- (Rupees in '000) -----			
			(restated)	(restated)
Mark-up / return / interest earned	2,961,535	6,212,224	2,874,679	5,868,669
Mark-up / return / interest expensed	(1,756,204)	(3,228,804)	(1,135,631)	(2,434,940)
Net mark-up / interest income	1,205,331	2,983,420	1,739,048	3,433,729
Provision against non-performing loans and advances - net	(771,373)	(1,585,828)	(448,332)	(1,126,314)
Provision for diminution in the value of investments	(1,787)	(1,787)	(12,495)	(12,495)
Bad debts written off directly	(550,139)	(1,187,089)	(638,802)	(798,933)
	(1,323,299)	(2,774,704)	(1,099,629)	(1,937,742)
Net mark-up / interest (loss) / income after provisions	(117,968)	208,716	639,419	1,495,987
Non mark-up / interest income				
Fee, commission and brokerage income	303,458	687,921	508,291	998,762
Dividend income	1,742	1,742	892	892
Income from dealing in foreign currencies	134,183	255,109	175,502	271,198
Gain / (loss) on sale of securities	31,781	83,547	(4,703)	(18,132)
Unrealised gain on revaluation of investments classified as held-for-trading	39,026	45,694	-	-
Other income	662,215	1,029,818	307,474	563,869
Total non-mark-up / interest income	1,172,405	2,103,831	987,456	1,816,589
	1,054,437	2,312,547	1,626,875	3,312,576
Non mark-up / interest expenses				
Administrative expenses	(1,320,032)	(2,890,063)	(1,515,850)	(2,974,458)
Reversals / (other provisions) and write offs - net	18,019	13,781	6,861	(153)
Other charges	(110,691)	(114,797)	(14,719)	(14,923)
Total non mark-up / interest expenses	(1,412,704)	(2,991,079)	(1,523,708)	(2,989,534)
	(358,267)	(678,532)	103,167	323,042
Extraordinary / unusual items	-	-	-	-
(Loss) / profit before taxation	(358,267)	(678,532)	103,167	323,042
Taxation - Current	256,551	(145,620)	(709,410)	(786,410)
- Prior years	310,903	292,903	(23,559)	(23,559)
- Deferred	(793,277)	(309,702)	570,099	570,099
	(225,823)	(162,419)	(162,870)	(239,870)
(Loss) / profit after taxation	(584,090)	(840,951)	(59,703)	83,172
(Loss) / earnings per share - Basic and diluted (Rupee) 14	(0.34)	(0.52)	(0.04)	0.06

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

President / Chief Executive

Director

Director

Director

Condensed Interim Cash Flow Statement (Un-audited) for the half-year ended June 30, 2009

	Jun 30, 2009	Jun 30, 2008
	(Rupees in '000)	
A CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(678,532)	323,042
Dividend income	(1,742)	(892)
	(680,274)	322,150
Adjustment for non-cash charges		
Depreciation	241,132	203,333
Amortisation	35,200	26,920
Provision for diminution in the value of investments	1,787	12,495
Provision against non-performing advances - net	1,585,828	1,126,314
Gain on sale of operating fixed assets	(22,902)	(1,437)
(Gain)/loss on sale of securities	(83,547)	18,132
Unrealised gain on revaluation of investment classified as held for trading	(45,694)	-
Bad debts written off directly	1,187,089	798,933
Other provisions / write offs	(13,781)	153
	2,885,112	2,184,843
	2,204,838	2,506,993
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,230,257	1,666,642
Held for trading securities	(1,357,845)	49,326
Advances	10,752,123	(8,389,951)
Other assets	227,826	(481,741)
	10,852,361	(7,155,724)
Increase / (decrease) in operating liabilities		
Bills payable	(463,928)	426,091
Borrowings from financial institutions	1,899,289	6,209,010
Deposits and other accounts	(1,271,862)	(808,023)
Other liabilities	(1,228,770)	732,679
	(1,065,271)	6,559,757
	11,991,928	1,911,026
Income tax paid	(211,875)	(976,356)
Net cash flow generated from operating activities	11,780,053	934,670
B CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(6,372,771)	1,270,637
Investments in operating fixed assets	(217,976)	(240,182)
Dividend received	1,742	-
Sale proceeds from disposal of operating fixed assets	26,738	8,434
Net cash flow (used in)/ generated from investing activities	(6,562,267)	1,038,889
C CASH FLOW FROM FINANCING ACTIVITIES		
Right shares issuance cost	(7,671)	-
(Redemption) / receipt of subordinated loan	(160)	1,805,000
Net cash flow (used in) / generated from financing activities	(7,831)	2,854,331
Increase in cash and cash equivalents (A + B + C)	5,209,955	4,827,890
Cash and cash equivalents at beginning of the period	9,800,197	14,149,828
Cash and cash equivalents at end of the period	15,010,152	18,977,718

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

President / Chief Executive

Director

Director

Director

Condensed Interim Statement of Changes in Equity - (Un-audited) for the half-year ended June 30, 2009

	Share Capital	Advance Against Subscription for Right Shares	Merger Reserve	Statutory Reserve	General Reserve	Accumulated Loss	Total
	(R u p e e s i n ' 0 0 0)						
Opening balance as at January 1, 2008	13,474,364	-	(7,035,966)	611,949	28,370	(1,989,575)	5,089,142
Profit for the half year ended June 30, 2008	-	-	-	-	-	83,172	83,172
Closing balance as at June 30, 2008	13,474,364	-	(7,035,966)	611,949	28,370	(1,906,403)	5,172,314
Loss after taxation for the half year ended December 31, 2008	-	-	-	-	-	(600,831)	(600,831)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	-	1,826	1,826
Advance against subscription for right shares	-	3,705,450	-	-	-	-	3,705,450
Right shares issuance cost - net of tax	-	-	-	-	-	(2,797)	(2,797)
Closing balance as at December 31, 2008	13,474,364	3,705,450	(7,035,966)	611,949	28,370	(2,508,205)	8,275,962
Loss after taxation for the half year ended June 30, 2009	-	-	-	-	-	(840,951)	(840,951)
Transfer from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	-	1,826	1,826
Right shares issued during the period	3,705,450	(3,705,450)	-	-	-	-	-
Right shares issuance cost - net of tax	-	-	-	-	-	(4,986)	(4,986)
Closing balance as at June 30, 2009	17,179,814	-	(7,035,966)	611,949	28,370	(3,352,316)	7,431,851

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

President / Chief Executive

Director

Director

Director

Notes to the Condensed Interim Financial Statements for the half year ended June 30, 2009

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Royal Bank of Scotland Limited (formerly ABN AMRO Bank (Pakistan) Limited) (the bank), was incorporated in Pakistan on September 30, 1991 as a public limited company under the Companies Ordinance, 1984 and is listed on all three stock exchanges in Pakistan. The Bank's parent company is ABN AMRO Bank N.V. Amsterdam, which holds 99.37% of issued shares. ABN AMRO Bank N.V.'s parent company ABN AMRO Holdings N.V. is controlled and owned by RFS Holdings B.V. which is ultimately owned by RBS Plc, Fortis N.V., Fortis S.A./N.V. and Banco Santander S.A. The ownership of bank vests in The Royal Bank of Scotland Group Plc. through ABN AMRO Bank N.V. Amsterdam.

The bank currently operates a network of seventy nine branches (December 2008: seventy nine) including 3 Islamic Banking branches in Pakistan and Azad Jammu and Kashmir. The bank operates as a scheduled commercial bank in Pakistan under a license obtained from the State Bank of Pakistan (SBP) and is principally engaged in retail banking, corporate banking and treasury related activities.

- 1.2 The registered office of the bank in Pakistan is situated at 77-Y D.H.A Lahore, where as the principal office is situated at 16-Abdullah Haroon Road, Karachi.
- 1.3 Subsequent to June 30, 2009, a share purchase agreement has been executed between The Royal Bank of Scotland Group Plc. and MCB Bank Limited, whereby MCB Bank Limited will acquire 99.37% ordinary shares of the bank.

2. BASIS OF PREPARATION

In accordance with the directives of the Federal Government regarding shifting of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchasing 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 utilized and the appropriate portion of mark up thereon.

3. STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable to banks in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP), as are notified by the Securities and Exchange Commission of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of the said directives shall prevail.
- 3.2 The SBP vide BSD Circular letter No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, "Investment Property" (IAS 40) for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks.

Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars from time to time.

- 3.3 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP 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 and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2008.

During the current period, International Accounting Standard 1 (Revised), Presentation of Financial Statements (IAS 1) became effective from January 1, 2009. The application of this standard requires certain increased disclosures only. Since the bank has followed format of half yearly financial statements prescribed by the SBP through BSD Circular letter No. 2 of 2004, therefore the changes introduced in IAS 1 (revised) have not been taken into consideration in the preparation of these condensed interim financial statements.

- 3.4 Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after January 1, 2009 and are not considered to be relevant or have any significant effect on the bank's operations, are not detailed in these condensed interim financial statements.
- 3.5 These condensed interim financial statements are un-audited, however these are subjected to limited scope review by the auditors and are being submitted to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984.

4. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared on the historical cost convention except that certain investments, operating fixed assets and derivative financial instruments are carried at fair value. All amounts are in Pakistan Rupees unless stated otherwise.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 5.1 The accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2008.
- 5.2 The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the bank for the year ended December 31, 2008.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for significant accounting estimates and judgements adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2008.

	Note	Held by bank	Given as collateral (Rupees in '000)	Total
7. INVESTMENTS				
As at June 30, 2009 - (Un-audited)	7.1	25,641,916	1,410,656	27,052,572
As at December 31, 2008 - (Audited)	7.1	17,998,565	984,462	18,983,027

	June 30, 2009 (Un-audited)			December 31, 2008 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in '000)					
7.1 Investment by types						
Held-for-trading securities						
- Pakistan Investment Bonds	1,357,845	-	1,357,845	-	-	-
Available-for-sale securities						
- Pakistan Investment Bonds	2,639,649	-	2,639,649	265,524	-	265,524
- Market Treasury Bills	20,373,956	1,410,656	21,784,612	16,717,157	984,462	17,701,619
- Pakistan Ijara Sukuk	999,200	-	999,200	1,000,000	-	1,000,000
- Unlisted Ordinary Shares	30,139	-	30,139	23,139	-	23,139
- Listed Preference Shares	47,630	-	47,630	54,630	-	54,630
- Open end Mutual Fund Units	5,000	-	5,000	5,000	-	5,000
- Term Finance Certificates-Unlisted	12,495	-	12,495	12,495	-	12,495
	24,108,069	1,410,656	25,518,725	18,077,945	984,462	19,062,407
Investments at cost	25,465,914	1,410,656	26,876,570	18,077,945	984,462	19,062,407
Less: Provision for diminution in value of investments	(68,264)	-	(68,264)	(66,477)	-	(66,477)
Investments - net of provisions	25,397,650	1,410,656	26,808,306	18,011,468	984,462	18,995,930
Surplus/(deficit) on revaluation of securities						
- Held for trading	45,694	-	45,694	-	-	-
- Available for sale	198,572	-	198,572	(12,903)	-	(12,903)
Total Investments at market value	25,641,916	1,410,656	27,052,572	17,998,565	984,462	18,983,027

	Note	(Un-audited) Jun 30, 2009 (Rupees in '000)	(Audited) Dec 31, 2008
8. ADVANCES			
Loans, cash credits, running finances, etc. in Pakistan		60,215,498	72,053,391
Net Investment in finance lease in Pakistan		489,544	620,544
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		246,366	331,084
Payable outside Pakistan		644,753	535,342
		891,119	866,426
Provision against non-performing advances		61,596,161	73,540,361
- Specific	8.1	(6,792,697)	(5,123,823)
- General		(418,453)	(506,487)
		(7,211,150)	(5,630,310)
		54,385,011	67,910,051

8.1 Advances include Rs. 10,264.372 million (December 31, 2008: Rs. 7,688.318 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2009 (Un-audited)		
	Classified Advances	Provision Required	Provision Held
		(Rupees in '000)	
Other Assets Especially Mentioned	82,517	-	-
Substandard	1,907,345	752,519	752,519
Doubtful	2,437,842	996,568	996,568
Loss	5,836,668	5,043,610	5,043,610
	10,264,372	6,792,697	6,792,697

Category of Classification	December 31, 2008 (Audited)		
	Classified Advances	Provision Required	Provision Held
		(Rupees in '000)	
Other Assets Especially Mentioned	-	-	-
Substandard	2,902,486	1,183,180	1,183,180
Doubtful	889,135	359,815	359,815
Loss	3,896,697	3,580,828	3,580,828
	7,688,318	5,123,823	5,123,823

9. OPERATING FIXED ASSETS

During the current period, additions to fixed assets comprise property and equipment, furniture and intangibles aggregating to Rs. 293.556 million (2008: Rs. 240.182 million), whereas deletions comprise of vehicles and equipments aggregating to Rs. 39.493 million (2008: Rs. 11.612 million).

	(Un-audited) Jun 30, 2009	(Audited) Dec 31, 2008
	(Rupees in '000)	
10. BORROWINGS FROM FINANCIAL INSTITUTIONS		
In Pakistan	9,803,041	7,902,418
Outside Pakistan	48,658	293,355
	9,851,699	8,195,773
10.1 Particulars of borrowings with respect to currencies		
In local currency	9,803,041	7,902,418
In foreign currency	48,658	293,355
	9,851,699	8,195,773
10.2 Details of borrowings Secured / Unsecured		
Secured		
Borrowings from State Bank of Pakistan		
Under export refinance scheme	4,580,618	4,605,840
Long term financing of export oriented projects	491,718	499,536
Repurchase agreement borrowings	1,415,791	983,462
	6,488,127	6,088,838
Unsecured		
Call borrowings	3,300,000	1,800,000
Overdrawn nostro and other accounts	63,572	306,935
	3,363,572	2,106,935
	9,851,699	8,195,773
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	33,995,791	37,810,060
Savings deposits	26,055,376	23,578,740
Current accounts - non-remunerative	16,283,442	16,164,094
Margin accounts	434,078	1,003,376
	76,768,687	78,556,270
Financial institutions		
Remunerative deposits	914,530	420,204
Non-remunerative deposits	147,626	126,231
	1,062,156	546,435
	77,830,843	79,102,705

	Note	(Un-audited) Jun 30, 2009 (Rupees in '000)	(Audited) Dec 31, 2008
12. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX			
- Operating fixed assets	12.1	1,786,416	1,787,259
- Investments	12.2	128,495	(8,517)
		1,914,911	1,778,742
12.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets at January 1		1,864,918	-
Surplus on revaluation of fixed assets booked during the period		-	1,866,744
Transferred to accumulated loss in respect of incremental depreciation charged during the period		(2,809)	(2,809)
Related deferred tax liability charged during the period		983	983
		1,863,092	1,864,918
Less: Related deferred tax liabilities:			
Revaluation as on January 1		77,659	-
Revaluation of fixed assets during the period		-	78,642
Incremental depreciation charged on related assets		(983)	(983)
		76,676	77,659
		1,786,416	1,787,259
12.2 Surplus on revaluation of available-for-sale securities			
Federal Government securities		200,881	(12,382)
Quoted shares		-	(521)
Other securities		(2,309)	-
		198,572	(12,903)
Less: Related deferred tax (liability)/asset		(70,077)	4,386
		128,495	(8,517)
13. CONTINGENCIES AND COMMITMENTS			
13.1 Direct credit substitutes			
Including general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities:			
		(Un-audited) Jun 30, 2009 (Rupees in '000)	(Audited) Dec 31, 2008
- Government		-	-
- Financial institutions		-	-
- Others		1,966,240	1,847,244
		1,966,240	1,847,244

13.2 Transaction-related contingent liabilities

Including performance bonds, bid bonds, warranties, advance payment guarantees and shipping guarantees related to particular transactions:

	(Un-audited) Jun 30, 2009	(Audited) Dec 31, 2008
	(Rupees in '000)	
- Government	-	187,030
- Financial institutions	13,147,346	9,973,905
- Others	4,395,245	4,792,978
	<u>17,542,591</u>	<u>14,953,913</u>
13.3 Trade-related contingent liabilities		
Letters of credit	5,805,135	13,768,699

13.4 Tax Contingencies

The income tax returns of the bank have been submitted and finalized upto the tax year 2008. In assessing the taxable income of prior years, the Income Tax Department had disallowed provisions against non-performing advances and made certain other add backs against which the bank had filed appeals in the Income Tax Appellate Tribunal (ITAT). These cases were decided in favour of the bank by CIT and ITAT. However, the Income Tax Department has filed appeals in the High Court and in case of adverse outcome by the High Court, liability amounting to Rs. 443 million may arise.

13.5 Commitments in respect of forward lending

The Bank makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	(Un-audited) Jun 30, 2009	(Audited) Dec 31, 2008
	(Rupees in '000)	
13.6 Commitments in respect of forward foreign exchange contracts		
Purchase	61,797,402	45,819,801
Sale	38,240,895	19,986,494
13.7 Commitments for acquisition of operating fixed assets	<u>34,107</u>	<u>54,866</u>
13.8 Other commitments		
Interest Rate Derivatives (notionals)	84,552,755	79,428,271

	(Un-audited)	
	For the half year ended Jun 30, 2009	For the half year ended Jun 30, 2008 (Resated)
14. (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss) / profit for the period - Rupees in thousand	(840,951)	83,172
Weighted average number of ordinary shares - in thousands	1,624,775	1,382,438
(Loss) / earnings per share - basic and diluted - Rupee	(0.52)	0.06

15. RELATED PARTY TRANSACTIONS

Related parties comprise the parent company and group companies outside Pakistan, retirement benefit plans, directors and key management personnel of the bank. These transactions were made on substantially the same commercial terms as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk.

	(Un-audited) Jun 30, 2009	(Audited) Dec 31, 2008
	(Rupees in '000)	
Key management personnel		
Advances		
Opening balance	82,487	48,344
Given during the period	34,540	92,024
Repaid during the period	(42,850)	(57,881)
Closing balance	74,177	82,487
Deposits		
Opening balance	58,758	103,952
Received during the period	55,221	1,881,838
Withdrawn during the period	(74,231)	(1,927,032)
Closing balance	39,748	58,758
	(Un-audited)	
	For the half year ended Jun 30, 2009	For the half year ended Jun 30, 2008
	(Rupees in '000)	
Mark-up / return / interest earned during the period	398	1,917
Mark-up / return / interest expensed during the period	604	551

	(Un-audited) Jun 30, 2009 (Rupees in '000)	(Audited) Dec 31, 2008
Retirement benefit plans		
Deposits with the bank	506,419	117,894
	(Un-audited) For the half year ended Jun 30, 2009	For the half year ended Jun 30, 2008
Charge for defined/retirement benefit plans	84,665	91,662
	(Un-audited) Jun 30, 2009 (Rupees in '000)	(Audited) Dec 31, 2008
Parent company and group companies outside Pakistan		
Balances as at the period / year end were as follows:		
- Deposits and other balances taken	90,494	75,405
- Deposits and other balances placed	7,336,733	1,346,448
- Overdrawn nostros	28,936	293,355
- Guarantees issued favouring related parties or on their behalf	11,862,884	8,749,426
- Other contingencies and commitments	61,259,394	54,353,034
- Advance against subscription for right shares	-	3,705,450
The income and expense in respect of related parties included in these condensed interim financial statements are as follows:		
	(Un-audited) For the half year ended Jun 30, 2009	For the half year ended Jun 30, 2008
Mark-up / return / interest earned during the period	210,519	145,572
Mark-up / return / interest expensed during the period	5,572	8,596

16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows: -

	Corporate finance	Trading & sales	Retail banking	Commercial banking	Agency services	Total
----- (Rupees in '000') -----						
For the half year ended June 30, 2009						
Total income	14,612	2,073,189	2,179,533	808,457	11,460	5,087,251
Total expenses	(4,905)	(109,605)	(3,821,747)	(1,829,526)	-	(5,765,783)
Net income / (loss) before tax	9,707	1,963,584	(1,642,214)	(1,021,069)	11,460	(678,532)
Segment return on assets (ROA) (%)	-	4.76%	6.73%	2.19%	-	-
Segment cost of funds (%)	-	0.58%	6.69%	8.99%	-	-
For the half year ended June 30, 2008						
Total income	102,702	1,567,658	2,851,490	717,051	11,417	5,250,318
Total expenses	(5,974)	(115,482)	(3,332,341)	(1,473,479)	-	(4,927,276)
Net income / (loss) before tax	96,728	1,452,176	(480,851)	(756,428)	11,417	323,042
Segment return on assets (ROA) (%)	-	6.12%	8.33%	1.24%	-	-
Segment cost of funds (%)	-	0.37%	6.66%	9.56%	-	-
As at June 30, 2009						
Segment assets (Gross)	-	43,576,349	32,378,023	36,970,615	-	112,924,987
Segment non performing loans	-	-	4,410,575	5,853,797	-	10,264,372
Segment provision held	-	-	3,090,050	4,121,100	-	7,211,150
Segment liabilities	-	18,921,045	57,099,024	20,347,006	-	96,367,075
As at December 31, 2008						
Segment assets (Gross)	-	33,151,122	38,026,180	42,545,423	-	113,722,725
Segment non performing loans	-	-	3,468,146	4,220,172	-	7,688,318
Segment provision held	-	-	2,538,485	3,091,825	-	5,630,310
Segment liabilities	-	21,101,128	59,823,764	17,112,819	-	98,037,711

For the purpose of segmental reporting unallocated items of income and expenses have been allocated to the above segments in proportions to segment revenue.

17. CREDIT RATING

Pakistan Credit Rating Agency Limited (PACRA), has determined the bank's short term rating at 'A1+' and long term rating at 'AA'.

18. DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue on August 25, 2009 by the Board of Directors.

19. GENERAL

19.1 Comparative information has been reclassified and re-arranged wherever necessary to facilitate the comparison. Significant reclassification includes transfer of Rs. 542.123 million and Rs. 337.268 million for the half year ended and quarter ended June 30, 2008, respectively, from "markup / return / interest expensed" to "markup / return / interest earned".

19.2 Figures have been rounded off to the nearest thousand rupees.

President / Chief Executive

Director

Director

Director

BRANCH NETWORK

KARACHI

Main Branch

16, Abdullah Haroon Road.
UAN: (021) 111-11-22-33
Fax: (021) 568 3432

Abdullah Haroon Road

State Life Building No. 11,
Abdullah Haroon Road.
Tel: (021) 568 4525, 568 2639 & 568 3981
Fax: (021) 568 3975

I. I. Chundrigar Road

Nadir House, I.I.Chundrigar Road.
Tel: (021) 241 8487, 241 8300 - 9
Fax: (021) 241 8485

Zamzama

13 - C, 7th Zamzama Commercial Lane,
Phase V, D.H.A.
Tel: (021) 587 5323, 587 5401
Fax: (021) 587 5404

Defence

World Business Centre,
Main Korangi Road, Phase I, D.H.A.
Tel: (021) 580 5182, 580 5170 - 9
Fax: (021) 580 5180

Shahrah-e-Faisal

Progressive Centre,
Shahrah - e - Faisal.
Tel: (021) 438 9573 - 7
Fax: (021) 453 5170

Shaheed-e-Millat Road - Islamic Banking

SNP, A / 6 - A 1, Commercial Area,
Karachi Cooperative Housing Society
Union Ltd., Union Area,
Shaheed - e - Millat Road.
Tel: (021) 431 2585, 439 8355 - 7
Fax: (021) 431 1658

Cloth Market

Cloth Market, New Naham Road,
Off M. A. Jinnah Road.
Tel: (021) 247 2704, 247 2616 - 9
Fax: (021) 247 2595

Jodia Bazar

NP 12 / 74, Mohammad Shah Street,
Jodia Bazar.
Tel: (021) 253 3976, 252 2225 - 9
Fax: (021) 252 2224

Khy-e-Shahbaz

43 - C, Khayaban-e-Shahbaz,
Phase V, D.H.A.
Tel: (021) 534 2388, 534 2364 - 8
Fax: (021) 534 2387

North Karachi

Nimra Corner, Sector 12-A,
Industrial Area, North Karachi.
Tel: (021) 695 8456, 692 0621 - 5
Fax: (021) 695 6237

Paper Market

Shahrah-e-Liaquat, Paper Market.
Tel: (021) 221 3940, 221 3946 - 7
Fax: (021) 221 3941

Dhoraji

Sana Pride, 35/244, CP & Berar
Cooperative Housing Society, Dhoraji.
Tel: (021) 413 6551, 413 1421 - 3
Fax: (021) 413 6550

S.I.T.E.

Plot No. B / 9 - B - 2,
Estate Avenue, S.I.T.E.
Tel: (021) 256 9772, 256 9934 - 43
Fax: (021) 256 9771

North Nazimabad - Block G

Almas Square, Plot No. SD - 5,
Block G, North Nazimabad.
Tel: (021) 664 8441, 664 8750 - 1
Fax: (021) 664 8440

Metroville

ST-15, Block-3, Metroville I, S.I.T.E.
Tel: (021) 666 1300
Fax: (021) 666 2774

Marriot Road

G/5-7, St. No. MR-1, Survey No. 54.
Tel: (021) 241 4093, 241 2803 - 7
Fax: (021) 241 4095

Gulshan-e-Iqbal - Block 6

FL-2/4, Block 6.
Tel:(021) 481 9741, 481 9572 - 6
Fax: (021) 481 9744

Federal B Area

C-25, Block 17.
Tel: (021) 680 0693, 680 0342 - 3
Fax: (021) 680 0344

Gulistan-e-Jauher

Billy's Heights, KDA Scheme No.36.
Tel: (021) 402 6833, 402 6826 - 30
Fax: (021) 402 6832

Kh-e-Itehad

8-C, Itehad Commercial Lane 9,
Phase VI, D.H.A.
Tel: (021) 535 0274, 535 0268 - 72
Fax: (021) 535 0275

Tipu Sultan Road

Plot No.110, Zonal Commercial Area,
Banglore Cooperative Housing Society.
Tel: (021) 430 1181 - 85
Fax: (021) 430 1187

Defence

22/C, Lane 2, Shahbaz Commercial,
Phase V, D.H.A.
Tel: (021) 585 4460
Fax: (021) 585 5131
UAN: (021) 111-111-338

Gulshan-e-Iqbal - KDA Scheme No. 24

SB-25, Block 13/C, KDA Scheme No. 24,
University Road.
Tel: (021) 499 2055
Fax: (021) 497 2270
UAN: (021) 111-335-335

Shaheed-e-Millat

72-A/Z, Block 7/8,
Al-Riaz Cooperative Housing Society.
Tel: (021) 431 1950
Fax: (021) 431 0749, 438 2583
UAN: (021) 111-321-321

North Nazimabad - Block D

D4, Block D, North Nazimabad.
Tel: (021) 672 1601 - 5, 672 1640
Fax: (021) 672 1614

Korangi - Islamic Banking

KM Centre, 130, 130/1,
Main Korangi Road, Phase I, D.H.A.
Fax: (021) 531 1441
UAN: (021) 111-11-71-72

LAHORE

Main Branch

310, Upper Mall,
Shahrah-e-Quaid-e-Azam.
Fax: (042) 575 1020
UAN: (042) 111-11-22-33

Gulberg

61- Main Gulberg.
Tel: (042) 575 7666
Fax: (042) 575 3111

Egerton Road

Ground Floor, Building No. 3,
Aiwan-e-Iqbal Complex, Egerton Road.
Tel: (042) 637 1111, 627 8782
Fax: (042) 636 8500

Defence

77-Y, Phase III, D.H.A.
Tel: (042) 572 8282, 572 6601
Fax: (042) 572 5767

New Garden Town

Awami Complex, Block No. 2,
New Garden Town.
Tel: (042) 586 1111, 594 0191
Fax: (042) 586 9181

Allama Iqbal Town

20 Gulshan Block,
Allama Iqbal Town.
Tel: (042) 541 5588, 541 7262
Fax: (042) 541 9394

Gulberg Industrial Area

25-B-2 Gulberg III.
Tel: (042) 571 7141-5
Fax: (042) 571 8050

Township

894-D, Faisal Town, PECO Road.
Tel: (042) 517 6051-9, 517 6002
Fax: (042) 517 6041

Circular Road

Outside Shah Alam Gate,
Main Circular Road.
Tel: (042) 767 0600, 767 0501
Fax: (042) 767 0666

Qurtaba Chowk

Qurtaba Chowk, 110-A, Lytton Road.
Tel: (042) 721 0500-4, 790 0268
Fax: (042) 721 0505

PIA Town

188, Block-F, Phase I,
PIA Employees Housing Society,
Wapda Chowk.
Tel: (042) 518 9011 - 6, 518 9020
Fax: (042) 518 9010

Baghbanpura

Bilal Market, Chowk Shalamar Bagh,
G. T. Road, Baghbanpura.
Tel: (042) 684 0310 - 5, 684 0318
Fax: (042) 684 0316

Badami Bagh

343-Circular Road, Badami Bagh.
Tel: (042) 770 8160, 770 8171
Fax: (042) 770 8170

Raiwind Road

131/178, Bohbatein Chowk,
10 K.M. Raiwind Road.
Tel: (042) 532 0164, 532 0406
Fax: (042) 532 0706

Bilal Gunj

16, Shahjehan Road, Bilal Gunj.
Tel: (042) 721 4084 - 8
Fax: (042) 721 4074

Gulshan-e-Ravi

2/B, Civic Centre, Gulshan-e-Ravi.
Tel: (042) 740 4511-6, 630 1107
Fax: (042) 740 4517

Valancia Society

A-6, H-Block, Commercial Zone,
Valancia Society.
Tel: (042) 518 8604 - 5
Fax: (042) 518- 8606

T-Block

CCA-22, T-Block, Phase II, D.H.A.
Tel: (042) 574 9742, 503 3331 &
844 5101-3
Fax: (042) 574 9741

Shahdara

Mauza Begum Kot,
Sheikhupura Road, Shahdara.
Tel: (042) 790 0260 - 1, 790 0268

Faisal Town

594-A Faisal Town.
Tel: (042) 520 3881 - 4, 520 3892
Fax: (042) 520 3880

Cavalry Ground - Islamic Banking Branch

97 Commercial Area,
Cavalry Ground.
Tel: (042) 660 3412 - 17
Fax: (042) 660 3411

Cavalry Ground

4/5, Hassan Plaza,
Cavalry Ground Cantt.
Fax: (042) 665 5591
UAN: (042) 111-321-321

ISLAMABAD

Main Branch

15 Markaz, F - 7, Opposite FG College
for Women, F-7/2.
Tel: (051) 265 1318
Fax: (051) 265 1331
UAN: (051) 111-11-22-33

Blue Area

78 - W, Roshan Centre,
Jinnah Avenue, Blue Area.
Tel: (051) 227 5252
Fax: (051) 227 5254

F-10 Markaz

7-L, F-10 Markaz.
Tel: (051) 229 3386, 229 1487
Fax: (051) 221 3207

PESHAWAR

Ashraf Road

New Rampura Gate.
Tel: (091) 259 3364 - 5, 259 3164
Fax: (091) 259 3165

Cantt.

6- Sadar Road, Peshawar Cantt.
Tel: (091) 527 5156, 527 5182
Fax: (091) 527 3251

QUETTA

1-25/14-15, Qandhari Bazar.
Tel: (081) 282 0916, 283 7890
Fax: (081) 282 0915

RAWALPINDI

Mall Road

Century Tower, 6-The Mall.
Tel: (051) 570 1054-6, 570 1060
Fax: (051) 556 7016

Gunj Mandi

Raja Bazar.
Tel: (051) 553 9115, 553 3315 & 553 5988

Meo Road

CL / 55 - A, Civil Lines, Meo Road.
Tel: (051) 579 5105
Fax: (051) 556 7955
UAN: (051) 111-321-321

FAISALABAD

Liaquat Road

P-3, Liaquat Road.
Tel: (041) 264 7161, 263 6341
Fax: (041) 261 2064

Bilal Road

P - 17/1, Bilal Road, Civil Lines.
Tel: (041) 260 6138
Fax: (041) 260 6001-2
UAN: (041) 111-11-22-33

MULTAN

Abdali Road

80 - Abdali Road.
Tel: (061) 458 1905-6, 457 1768
Fax: (061) 458 1904

Nusrat Road

01-Nusrat Road, Multan Cantt.
Tel: (061) 478 1054
Fax: (061) 478 0126 - 7
UAN: (061) 111-11-22-33

SIALKOT

Paris Road

Sialkot Chamber of Commerce & Industry
Building, Paris Road.
Tel: (052) 426 5216
Fax: (052) 426 7030

Daska Road

Pul Aik, Daska Road.
Tel: (052) 324 0203-4, 324 0200
Fax: (052) 324 0205

HYDERABAD

CB 474, Opposite Cantt. Police Station, Saddar.
Tel: (022) 278 1604, 278 1077 - 8
Fax: (022) 278 0879

GUJRAT

2-Prince Fan Colony, G. T. Road.
Tel: (053) 353 3143, 353 5931
Fax: (053) 353 3145

MIRPUR (AZAD KASHMIR)

Akbar Plaza Plot No. 2A/2 Sector A-2
Tel: (058610) 111-11-22-33
Fax: (058610) 37 260 & 42 812

SARGODHA

Khayyam Chowk, Railway Road.
Tel: (048) 372 6646 - 8
Fax: (048) 372 6649

GUJRANWALA

Al-Majeed Centre, G.T. Road.
Tel: (055) 373 5531 - 5, 373 5337
Fax: (055) 373 5536

VEHARI

94-B, Iqbal Road,
Behind Grain Market.
Tel: (067) 336 6582, 336 6481
Fax: (067) 336 6584

JHELUM

Old G. T. Road, Jhelum Cantt.
Tel: (0544) 62 1122
Fax: (0544) 625 648, 620 404

TURBAT

Main Bazar.
Tel: (0852) 41 3816
Fax: (0852) 41- 2673

DERA GHAZI KHAN

Pakistan Plaza, Jampur Road.
Tel: (0642) 47 4182, 47 4175 - 7
Fax: (0642) 47 4178

SUKKUR

Shaheed Gunj.
Tel: (071) 562 8967
Fax: (071) 562 8968

MARDAN

Main Bazar, Bank Road.
Tel: (0937) 87 1761 - 2
Fax: (0937) 87 0546, 87 0902

GUJAR KHAN

Plot No. 204-A, G. T. Road.
Tel: (051) 351 6425, 351 6324
Fax: (051) 351 6325

KHARIAN

G. T. Road.
Tel: (053) 753 6249

BHALWAL

131-A, Liaquat Shaheed Road,
Chak No. 8, Tehsil Bhalwal,
District Sargodha.
Tel: (048) 664 3671, 664 2405 & 664 2408
Fax: (048) 664 3545

BAHAWALPUR

V/912, Circular Road.
Tel: (062) 273 1112, 273 1115 - 8
Fax: (062) 287- 4503