Corporate Information

Vision

Mission

Directors’ Report to the Members

Report on Condensed Set of Interim Financial Statements

Condensed Interim Balance Sheet

Condensed Interim Profit and Loss Account

Condensed Interim Cash Flow Statement

Condensed Interim Statement of Changes in Equity

Notes to the Condensed Interim Financial Statements

Branch Network

Board of Directors
Mr. Arif Habib - Chairman
Mr. Kamal Uddin Khan - President & CEO
Mr. Salim Chaudhry - Executive Director
Mr. Md. Abdul Hamid Miah - Director
Mr. Asadullah Khawaja - Director
Mr. Nasim Beg - Director
Syed Ajaz Ahmed - Director

Audit Committee
Mr. Asadullah Khawaja - Chairman
Mr. Nasim Beg - Member
Syed Ajaz Ahmed - Member

Executive Committee
Mr. Arif Habib - Chairman
Mr. Kamal Uddin Khan - Member
Mr. Salim Chaudhry - Member
Mr. Nasim Beg - Member

Risk Management Committee
Mr. Arif Habib - Chairman
Mr. Kamal Uddin Khan - Member
Mr. Salim Chaudhry - Member
Mr. Asadullah Khawaja - Member
Mr. Nasim Beg - Member

Human Resource (HR) Committee
Mr. Arif Habib - Chairman
Mr. Kamal Uddin Khan - Member
Mr. Salim Chaudhry - Member
Mr. Asadullah Khawaja - Member

Chief Financial Officer & Company Secretary
Mr. Muhammad Amin Bhouri

Auditors
M. Yousuf Acil Salim & Co.
Chartered Accountants

Legal Advisors
Liaquat Merchant Associates

Head Office:
Arif Habib Centre, 23, M.I. Khan Road,
Karachi - 74000, Pakistan.
UAN: (021) 111-124-725
Fax: (021) 243-5736

Registered Office:
2/1, R.Y. 16, Old Queen’s Road,
Karachi-74000.

Share Registrar:
Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, E.C.H.S,
Off: Shahrah-e-Quaicheen, Karachi,
Tel: (021) 439-1316-7
Fax: (021) 439-1316

Entity Rating
Rated by: JCR-VIS
Medium to long term “A”
Short term “A-2”
Outlook “Stable”

E-mail: info@arifhabibbank.com
Website: www.arifhabibbank.com
Toll Free: 0800-24252
VISION

We are committed to be recognized as the preferred supplier of financial services to the markets we serve.

MISSION

Our mission is to differentiate ourselves as an institution built on Trust, Integrity, Good Governance and Commitment to Deliver Value to all stakeholders i.e. customers, creditors, employees, investors, and community at large.

Reach out and provide financial services to under-served and un-served customer segment.
Directors’ Report to the Members

On behalf of the Board of Directors of Arif Habib Bank Limited (the Bank), we are pleased to present the un-audited financial statements for the half year ended June 30, 2008.

Financial Highlights

The Bank continues its growth momentum during the half year under review. Financial Highlights of the Bank for the period are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Unaudited June 30, 2008</th>
<th>Unaudited June 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>9,599,336</td>
<td>9,584,264</td>
</tr>
<tr>
<td>Equity</td>
<td>6,536,613</td>
<td>3,109,042</td>
</tr>
<tr>
<td>Paid-up-capital</td>
<td>4,500,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Deposits</td>
<td>15,538,932</td>
<td>5,117,950</td>
</tr>
<tr>
<td>Advances (Net of provisions)</td>
<td>16,434,715</td>
<td>2,505,519</td>
</tr>
<tr>
<td>Investments</td>
<td>4,620,809</td>
<td>4,089,710</td>
</tr>
<tr>
<td>Profit for the period before taxation</td>
<td>205,507</td>
<td>50,298</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>212,674</td>
<td>15,098</td>
</tr>
<tr>
<td>Earnings per share (Rupee per share)</td>
<td>0.473</td>
<td>0.177</td>
</tr>
</tbody>
</table>

--- Rupees in '000 ---

Despite challenging economic conditions, your bank continues its growth momentum. Total assets of the bank grew by 39.61% to Rs. 25.3 billion during the half year ended June 30, 2008. Net advances reflect an increase of 104.98%, while deposits registered a growth of 64.18% during the period under review.

The above achievements are result of optimal utilization of available resources, focused strategy and cost efficiency.

Non-Adjusting event-(Declaration of Bonus Shares to shareholders)

The Board of Directors has approved issue of interim bonus shares of 11.11% (i.e. one share for every nine shares held) to its existing shareholders. After issue of bonus shares, paid up capital of the Bank will enhance to Rs. 5,000 million thus fulfilling the requirements of State Bank of Pakistan regarding minimum paid up capital by the year December 31, 2008.

Business & Branch Network

To date fourteen branches are operational, while nineteen branches are under development in different cities. We plan to complete a network of thirty three branches by the end of current year. The Bank plans to develop a network of 100 branches across Pakistan during the next three to five years.

The Bank continues to strengthen its management team, invest in technology, broaden its product base and branch network to achieve its growth targets.

Credit Rating

JCR-VIS Credit Rating Company Limited has maintained the Bank’s credit rating of ‘A’ for medium to long-term and ‘A-2’ for short term with a stable outlook.

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Economic Outlook

Pakistan’s Economy is passing through a challenging phase. The uphill task to manage are high inflation, widening budgetary / trade deficit and weakening rupee as compared to other currencies specially US Dollar. The Government has taken some measures to correct macro economic imbalances. July 2008 numbers of FBR revenues, exports, home remittances and foreign direct investment are encouraging. It is hoped that investors’ confidence will restore after the election of new President.

Acknowledgment

On behalf of the Board and the Management, we would like to express our sincere appreciation to the State Bank of Pakistan for their guidance and support.

We sincerely appreciate our shareholders for their trust and confidence, our customers for their patronage and employees of the Bank for their commitment and hard work.

On Behalf of the Board of Directors

Arif Habib
Chairman
August 20, 2008

Kamal Uddin Khan
President & Chief Executive
## Independent Auditors’ Report on Review of Interim Financial Information to the Members of Arif Habib Bank Limited

### Introduction

We have reviewed the accompanying interim financial information comprising of condensed interim balance sheet of **ARIF HABIB BANK LIMITED (``the Bank``)** as at June 30, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and explanatory notes for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this Interim financial information based on our review. The figures of the condensed profit and loss account for the quarter ended June 30, 2008 have not been reviewed by us as we are required to review only the cumulative figures for the half year ended June 30, 2008.

### Scope of Review

We conducted our review in accordance with International Stancard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of 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 comes to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

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### Condensed Interim Balance Sheet as at June 30, 2008

<table>
<thead>
<tr>
<th>Assets</th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with treasury banks</td>
<td>1,923,091</td>
<td>753,845</td>
</tr>
<tr>
<td>Balances with other banks</td>
<td>113,337</td>
<td>52,511</td>
</tr>
<tr>
<td>Loans to financial institutions</td>
<td>814,125</td>
<td>2,655,850</td>
</tr>
<tr>
<td>Investments</td>
<td>4,562,509</td>
<td>5,408,425</td>
</tr>
<tr>
<td>Advances</td>
<td>16,434,715</td>
<td>6,029,248</td>
</tr>
<tr>
<td>Other assets</td>
<td>575,702</td>
<td>423,620</td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>774,064</td>
<td>597,515</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>783</td>
<td>--------</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>25,256,536</strong></td>
<td><strong>16,120,790</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills payable</td>
<td>120,411</td>
<td>264,179</td>
</tr>
<tr>
<td>Borrowings from financial institutions</td>
<td>2,003,333</td>
<td>1,748,603</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td>15,538,962</td>
<td>9,464,785</td>
</tr>
<tr>
<td>Sub-ordinated loans</td>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>Liabilities against assets subject to finance lease</td>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>283,660</td>
<td>181,776</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>18,346,268</td>
<td>11,619,210</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>6,451,570</strong></td>
<td><strong>6,301,576</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>6,451,570</strong></td>
<td><strong>6,301,576</strong></td>
</tr>
</tbody>
</table>

### Represented By

| Share capital                          | 4,500,000 | 4,500,000 |
| Reserves                                | 1,837,363 | 1,631,385 |
| Unappropriated profit                  | 170,400   | 105,744   |
| Deficit on revaluation of assets - net | (94,843)  | (22,963)  |
| **Total**                               | **6,451,570** | **6,301,576** |

### Contingencies And Commitments

The annexed notes from 1 to 13 form an integral part of these accounts.
### Condensed Interim Profit and Loss Account (Unaudited)

for the half year and quarter ended June 30, 2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees in '000</td>
<td>Rupees in '000</td>
<td>Rupees in '000</td>
<td>Rupees in '000</td>
</tr>
<tr>
<td><strong>Mark-up / Return / Interest earned</strong></td>
<td>955,388</td>
<td>205,663</td>
<td>586,779</td>
<td>108,770</td>
</tr>
<tr>
<td><strong>Mark-up / Return / Interest expenses</strong></td>
<td>517,794</td>
<td>199,073</td>
<td>204,032</td>
<td>56,260</td>
</tr>
<tr>
<td><strong>Net Mark-up / Interest Income</strong></td>
<td>437,594</td>
<td>106,661</td>
<td>382,747</td>
<td>52,510</td>
</tr>
<tr>
<td><strong>Provision against non-performing loans and advances</strong></td>
<td>13,529</td>
<td>-</td>
<td>13,529</td>
<td>-</td>
</tr>
<tr>
<td><strong>Provision for diminution in the value of investments</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Bad debt written off directly</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Mark-up / Interest Income after provisions</strong></td>
<td>424,075</td>
<td>106,391</td>
<td>211,218</td>
<td>52,510</td>
</tr>
<tr>
<td><strong>Non Mark-up / Interest Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee, Commission and Brokerage Income</td>
<td>40,608</td>
<td>1,159</td>
<td>22,274</td>
<td>1,026</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>92,704</td>
<td>3,761</td>
<td>23,534</td>
<td>3,595</td>
</tr>
<tr>
<td>Income from trading in government securities</td>
<td>6,885</td>
<td>103,417</td>
<td>6,204</td>
<td>66,076</td>
</tr>
<tr>
<td>(Loss) / gain from dealing in foreign currencies</td>
<td>(5,918)</td>
<td>160</td>
<td>(8,131)</td>
<td>49</td>
</tr>
<tr>
<td>Unrealized loss on revaluation of investments classified as held for trading</td>
<td>-</td>
<td>(5,078)</td>
<td>-</td>
<td>(5,026)</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td>1,711</td>
<td>9,288</td>
<td>609</td>
<td>3,132</td>
</tr>
<tr>
<td><strong>Total non-Mark-up / Interest Income</strong></td>
<td>136,140</td>
<td>113,522</td>
<td>44,590</td>
<td>69,267</td>
</tr>
<tr>
<td><strong>Non Mark-up / Interest Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>273,017</td>
<td>167,053</td>
<td>149,167</td>
<td>88,068</td>
</tr>
<tr>
<td>Other provisions / write-offs</td>
<td>801</td>
<td>712</td>
<td>521</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-mark-up / interest expenses</strong></td>
<td>(274,818)</td>
<td>(168,645)</td>
<td>(140,608)</td>
<td>(68,098)</td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
<td>285,657</td>
<td>50,268</td>
<td>106,300</td>
<td>33,670</td>
</tr>
</tbody>
</table>

### Condensed Interim Cash Flow Statement (Unaudited)

for the period ended June 30, 2008

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2008</th>
<th>June 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees in '000</td>
<td>Rupees in '000</td>
</tr>
<tr>
<td><strong>A. Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>285,357</td>
<td>50,268</td>
</tr>
<tr>
<td>Less: Dividend income</td>
<td>(92,754)</td>
<td>(3,791)</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>192,803</td>
<td>46,507</td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td>24,866</td>
<td>15,046</td>
</tr>
<tr>
<td><strong>Unrealized Loss on revaluation of Investment held for Trading</strong></td>
<td>--</td>
<td>5,078</td>
</tr>
<tr>
<td><strong>Provision for non-performing loans and advances</strong></td>
<td>13,529</td>
<td>(752)</td>
</tr>
<tr>
<td><strong>Gain on sale of fixed assets</strong></td>
<td>(243)</td>
<td>350</td>
</tr>
<tr>
<td><strong>Share of gain from associate</strong></td>
<td>64,766</td>
<td>23,009</td>
</tr>
<tr>
<td><strong>Provision for gratuity</strong></td>
<td>247,566</td>
<td>70,416</td>
</tr>
<tr>
<td><strong>Increase/decrease in operating assets</strong></td>
<td>2,041,457</td>
<td>670,206</td>
</tr>
<tr>
<td>Lendings to financial institutions</td>
<td>(8,418,696)</td>
<td>(1,082,150)</td>
</tr>
<tr>
<td>Advances</td>
<td>61,952</td>
<td>63,791</td>
</tr>
<tr>
<td>Net investments in held for trading securities</td>
<td>(250,916)</td>
<td>(46,691)</td>
</tr>
<tr>
<td>Others assets</td>
<td>(6,575,503)</td>
<td>(386,316)</td>
</tr>
<tr>
<td><strong>Increase/decrease in operating liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bills payable</td>
<td>263,769</td>
<td>15,713</td>
</tr>
<tr>
<td>Borrowings from financial institutions</td>
<td>1,154,730</td>
<td>1,183,054</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td>5,074,177</td>
<td>2,991,679</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>45,616</td>
<td>13,742</td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
<td>7,010,768</td>
<td>3,904,188</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>582,623</td>
<td>3,338,288</td>
</tr>
<tr>
<td><strong>B. Cash Flows From Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investments in available-for-sale securities</td>
<td>670,024</td>
<td>(3,130,116)</td>
</tr>
<tr>
<td>Dividend received</td>
<td>96,402</td>
<td>2,227</td>
</tr>
<tr>
<td>Investments in operating fixed assets</td>
<td>210,785</td>
<td>(103,999)</td>
</tr>
<tr>
<td>Sale proceeds of property and equipment disposed of</td>
<td>566,005</td>
<td>(3,241,286)</td>
</tr>
<tr>
<td>Net cash flow generated from / (used in) investing activities</td>
<td>1,220,032</td>
<td>65,020</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>820,596</td>
<td>674,024</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>2,036,429</td>
<td>859,344</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 13 form an integral part of these accounts.

[Arif Habib Bank Limited]

President & Chief Executive
Director
Director
Director

[Arif Habib Bank Limited]

President & Chief Executive
Director
Director
Director
### Condensed Interim Statement of Changes in Equity (Unaudited)
for the period ended June 30, 2008

<table>
<thead>
<tr>
<th>Capital reserves</th>
<th>Revenue reserves</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>Share premium</td>
<td>Statutory reserve</td>
</tr>
<tr>
<td>3,000,000</td>
<td>18,795</td>
<td>--</td>
</tr>
</tbody>
</table>

**Balance as at December 31, 2006**

*Profit for the period:*
- 15,098

*Transferred to Statutory reserve:*
- 3,164
- (3,164)
- --

**Balance as at June 30, 2007**
- 3,000,000
- 21,959
- 87,383
- 3,109,042

*Issue of share capital:*
- 1,500,000
- 1,500,000
- --
- 3,000,000

*Profit for the period:*
- 215,097
- 215,097

*Transferred to statutory reserve:*
- 42,869
- (42,869)
- --

*Transferred to general reserve:*
- 66,567
- (66,567)
- --

**Balance as at December 31, 2007**
- 4,500,000
- 1,500,000
- 54,926
- 66,567
- 192,744
- 6,524,139

*Profit for the period:*
- 212,574
- 212,574

*Transferred to Statutory reserve:*
- 42,536
- (42,536)
- --

*Transferred to general reserve:*
- 183,433
- (183,433)
- --

**Balance as at June 30, 2008**
- 4,500,000
- 1,500,000
- 107,363
- 250,000
- 179,450
- 6,538,813

The annexed notes from 1 to 13 form an integral part of these accounts.

### Notes to the Condensed Interim Financial Statements
for the period ended June 30, 2008

1. **Status and Nature of Business**

   1.1 Arif Habib Bank Limited "the Bank" was incorporated in Pakistan as a public limited company on December 09, 2005 under the Companies Ordinance, 1984. Its registered office is situated at 2/1 R.Y. 16, Old Queen's Road, Karachi in the Province of Sindh. The Bank commenced operation from April 10, 2006 and is listed on all the Stock Exchanges from February 13, 2006.

   1.2 The Bank is principally engaged in the business of banking company, through its 12 branches and one sub-branch, as defined in the Banking Companies Ordinance, 1962. The medium to long term rating of the Bank rated by JCR-VIS, credit rating company, A with a positive outlook. Short term rating of the Bank is A-2.

2. **Statement of Compliance**

   These condensed interim financial statements are prepared and presented in accordance with BSD Circular Letter No.2 dated May 12, 2002 relating to format of interim financial statements, approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directive issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

   The State Bank of Pakistan as per BSD Circular letter No.10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, “Financial Instruments: Recognition and Measurement” and International Accounting Standard 40, “Investment Property” for Banking Companies. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However the investments have been classified and valued in accordance with the categories prescribed by the State Bank of Pakistan through various circulars.

   The disclosures made in these condensed 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 these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2007.

3. **Basis of Measurement**

   These condensed interim financial statements have been prepared under the historical cost convention, except that certain investments and commitments in respect of forward exchange contracts have been carried at revalued amount and staff retirement benefits (Salaried) stated at present value.

4. **Summary of Significant Accounting Policies**

   The accounting policies adopted in preparation of these condensed interim financial statements are the same as those adopted in the preparation of the annual financial statements of the Bank for the year ended December 31, 2007. In addition to the policies as discussed in annual financial statements for the year ended December 31, 2007, the Bank has adopted the following policies:

   4.1 **Investment in Associates**

   Investment in associates are valued using equity method of accounting.

   4.2 **Net Investment in Finance Lease**

   Lease including hire purchase where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance lease. Net investment in finance lease is recognized at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, if any.)
5. Investments

Investments by types:

<table>
<thead>
<tr>
<th>Held by bank</th>
<th>Given as collateral</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed companies shares</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Mutual funds units / certificates</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Available - for - sale securities</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rupees in '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>55,659</td>
</tr>
<tr>
<td>63,740</td>
</tr>
</tbody>
</table>

Market Treasury Bills
Pakistan Investment Bonds
Listed companies shares
Sukuk bonds
Mutual funds units / certificates
Term Finance Certificates
Investment in associate
Less: Provision for diminution in value of investments

Investments - net of provisions

7. Operating Fixed Assets - At Cost

7.1 Additions

<table>
<thead>
<tr>
<th>Rupees in '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>68,029</td>
</tr>
</tbody>
</table>

7.2 Deletions

<table>
<thead>
<tr>
<th>Rupees in '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,681</td>
</tr>
</tbody>
</table>

8. Contingencies and Commitments

8.1 Direct Credit Subsidies

8.2 Transaction-related contingent liabilities / commitments

Guarantees given in favour of:

8.3 Trade-related contingent liabilities

Letters of credit
Acceptances

8.4 Other contingencies - claims against bank not acknowledged as debt

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Notes to the Condensed Interim Financial Statements for the period ended June 30, 2008

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Unaudited June 30, 2008

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Audited Dec.31, 2007

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8.5 Commitments in respect of forward lending
Forward call lending
Forward repurchase agreement lending
Commitments to extend credit

8.6 Commitments in respect of foreign exchange contracts
Purchase

8.7 Commitments for the acquisition of operating fixed assets
Civil works
Accretion of computer software

9. Segment Details with Respect to Business Activities

11.2 Key Management Personnel
Advances
Balance at the beginning of the period/year 14,237
Sanctioned / granted during the period/year 47,338
Payment received during the period/year 3,387
Balance at the end of the period/year 58,301

11.3 Investments in shares / TFCs of associated companies
Thatta Cement Company Limited - Shares 113,013
Pak Arab fertilizers Limited - TFC

11.4 Mutual Fund of Arif Habib Investment Management Company
Investments - group company
Pakistan income fund

11.6 Related Party Transactions
11.1 Associated companies
Brokerage Services
Brokerage expenses paid - CFS
Brokerage expenses paid - Equity securities
Rent expense during the period
Financing

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

Non Adjusting Event After Balance Sheet Date
The board of directors have approved appropriation of Rs. 500,000,000 for issue of bonus shares as an interim announcement for the half year ended June 30, 2008. These financial statements do not reflect this appropriation.
Notes to the Condensed Interim Financial Statements
for the period ended June 30, 2008

11.5 Deposits - associated persons / companies

<table>
<thead>
<tr>
<th></th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2008</td>
<td>December 31, 2007</td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period/year</td>
<td>611,147</td>
<td>523,237</td>
</tr>
<tr>
<td>Deposits during the period/year</td>
<td>156,643,473</td>
<td>34,659,686</td>
</tr>
<tr>
<td>Withdrawal during the period/year</td>
<td>(159,691,042)</td>
<td>(33,971,775)</td>
</tr>
<tr>
<td>Balance at the end of the period/year</td>
<td>4,553,578</td>
<td>611,147</td>
</tr>
<tr>
<td>Mark up payable</td>
<td>36,767</td>
<td>5,911</td>
</tr>
</tbody>
</table>

--- Rupees in '000 ---

11.6 Defined Contribution Plan

Contribution paid to provident fund | 3,614 | 2,937 |

--- Rupees in '000 ---

11.7 Contingencies - associated companies

Guarantees, letter of credit and acceptances | 861,659 | 583,571 |

--- Rupees in '000 ---

12. Date of Authorization for Issue

The condensed interim financial statements were authorized for issue on August 23, 2008 by the Board of Directors of the bank.

13. General

13.1 These condensed interim financial statements are unaudited and are reviewed by auditors as required by the Code of Corporate Governance. These financial statements are circulated to the shareholders as required by section 245 of the Companies Ordinance, 1984.

13.2 Figures have been rounded off to the nearest thousand rupee.

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President & Chief Executive
Director
Director
Director

Branch Network

Karachi:
- Ujj Chundrigar: Tel: 021-2466910-3, Fax: 021-24667500
  - Uni Towers, Ujj Chundrigar Road, Karachi
- Boat Basin: Tel: 021-582471-60, Fax: 021-5824163
  - Ground Floor, Plot No. FL-4, Hanging Gardens, Block 5, Clifton, Karachi
- Gulistan-e-Jauhar: Tel: 021-4203273, Fax: 021-4205226
  - Shop G-1-10, Ruffi Shopping Mall, Block-18, Gulistan-e-Jauhar, Karachi
- Gulistan-e-Jauhar: Tel: 021-4261291-4, Fax: 021-4261286
  - Shop # 00-64, Ground Floor Ruffi Paradise, Block-12, Gulistan-e-Jauhar, Karachi
- ATM: Tel: 021-5641363, Fax: 021-5641366
  - ATM:
- Karachi Stock Exchange: Tel: 021-2488544-8, Fax: 021-248858-50
  - Exhibition, Karachi
- Cloth Market: Tel: 021-5434881, Fax: 021-54348871
  - Shop # 26 & 27, Ground Floor, Arum Mall, Staff Lines, Zia Bani Sial Street, Saddar, Karachi
- Korangi Industrial Area: Tel: 021-9114290, Fax: 021-9114252
  - 331, Sector 15, Korangi Industrial Area, Karachi

Lahore:
- Defence: Tel: 042-5749908, Fax: 042-5749871
  - 153, Block Y, Phase III, DHA, Lahore Cantt.
- Lahore Stock Exchange: Tel: 042-2696353-6, Fax: 042-696351
  - Office # 5, 619th Awan-e-Iqbal Road, Lahore Stock Exchange Building, Lahore

Islamabad:
- Super Market: Tel: 051-2379157-70, Fax: 051-2379166
  - No. 68, F-6, Super Market, Islamabad
- Islamabad Stock Exchange Sub Branch: Tel: 051-580800, Fax: 051-580800
  - Islamabad Stock Exchange Branch
- Islamabad Stock Exchange: Tel: 051-257-2526, Fax: 051-257-2526
  - Shop # 06, Al-Khair Plaza, Fazal-ul-Haqq Road, Blue Area, Islamabad

Multan:
- Abdali Road: Tel: 061-4573259, Fax: 061-4573259
  - No. 66 AB/G/A, Abdali Road, Multan-Pakistan
- Faisalabad:
- Yarn Market: Tel: 041-2616885, Fax: 041-2616885
  - Property # 7, Yarn Market, Ghanta Ghar, Faisalabad

No. of Branches:
- Karachi: 8 Branches
- Lahore: 2 Branches
- Islamabad: 2 Branch
- Multan: 1 Branch
- Faisalabad: 1 Branch