

**Barclays Bank Plc-**  
**Pakistan Branch Operations**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**

**BARCLAYS BANK PLC - PAKISTAN BRANCHES**  
*(Incorporated in Great Britain with limited liability)*  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2010**

	Note	(Un-audited) September 30, 2010	(Audited) December 31, 2009
<b>ASSETS</b>			
Cash and balances with treasury banks		2,981,770	2,434,134
Balances with other banks		2,968,707	1,517,901
Lendings to financial institutions	6	1,952,922	5,857,743
Investments - net	7	15,031,036	11,625,172
Advances - net	8	16,393,081	18,033,785
Operating fixed assets	9	972,774	1,451,343
Deferred tax assets - net		1,420,034	1,068,551
Other assets		621,250	554,098
		42,341,574	42,542,727
<b>LIABILITIES</b>			
Bills payable		865,613	317,339
Borrowings from financial institutions	10	3,612,793	2,988,707
Deposits and other accounts	11	29,823,713	29,920,456
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,389,344	2,470,625
		35,691,463	35,697,127
<b>NET ASSETS</b>		<b>6,650,111</b>	<b>6,845,600</b>
<b>REPRESENTED BY</b>			
Head office capital account		9,756,756	9,320,564
Reserves		-	-
Accumulated loss		(3,094,823)	(2,480,542)
		6,661,933	6,840,022
(Deficit) / surplus on revaluation of securities - net		(11,822)	5,578
		6,650,111	6,845,600
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
**SHAZAD G. DADA**  
 Chief Executive Officer

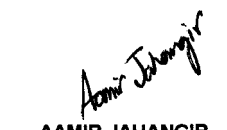
  
**AAMIR JAHANGIR**  
 Interim Head of Finance

**BARCLAYS BANK PLC - PAKISTAN BRANCHES**  
*(Incorporated in Great Britain with limited liability)*  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER & NINE MONTHS ENDED SEPTEMBER 30, 2010**

Note	For the quarter ended		For the nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	----- Rupees in '000 -----			
Mark-up / return / interest earned	1,090,822	864,060	3,249,329	2,398,348
Mark-up / return / interest expensed	671,036	517,481	1,961,124	1,448,771
Net mark-up / interest income	419,786	346,579	1,288,205	949,577
Provision against loans and advances	53,226	31,124	136,486	83,742
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	1,045	-	1,882	-
	54,271	31,124	138,368	83,742
Net mark-up / interest income after provisions	365,515	315,455	1,149,837	865,835
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	41,513	31,787	126,206	69,939
Dividend income	-	-	-	-
Income from dealing in foreign currencies	12,619	3,247	37,039	(28,566)
Gain / (loss) on sale of securities	(628)	8,283	(616)	7,999
Unrealised gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	-	-	-	-
Total non mark-up / interest income	53,504	43,317	162,629	49,372
	419,019	358,772	1,312,466	915,207
<b>Non mark-up / interest expense</b>				
Administrative expenses	614,274	1,038,682	1,803,299	2,883,082
Other provisions / write offs	-	-	-	811
Other charges	4,096	3,329	10,482	7,906
Total non mark-up / interest expense	618,370	1,042,011	1,813,781	2,891,799
Extra ordinary / unusual items	-	-	(461,445)	-
Loss before taxation	(199,351)	(683,239)	(962,760)	(1,976,592)
Taxation - Current	-	-	-	-
Taxation - Prior years	-	-	-	-
Taxation - Deferred	(81,328)	(77,812)	(348,479)	(455,896)
	(81,328)	(77,812)	(348,479)	(455,896)
Loss after taxation	(118,023)	(605,427)	(614,281)	(1,520,696)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

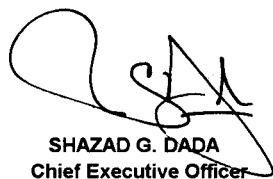
  
**SHAZAD G. DADA**  
 Chief Executive Officer

  
**AAMIR JAHANGIR**  
 Interim Head of Finance


**BARCLAYS BANK PLC - PAKISTAN BRANCHES***(Incorporated in Great Britain with limited liability)***CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER & NINE MONTHS ENDED SEPTEMBER 30, 2010**

	For the quarter ended		For the nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	----- Rupees in '000 -----			
Loss after taxation	(118,023)	(605,427)	(614,281)	(1,520,696)
<b>Components of comprehensive income not reflected in equity</b>				
(Deficit) / surplus on revaluation of available-for-sale securities- net of tax	(8,478)	(33,140)	(17,400)	13,180
<b>Total comprehensive income</b>	<b><u>(126,501)</u></b>	<b><u>(638,567)</u></b>	<b><u>(631,681)</u></b>	<b><u>(1,507,516)</u></b>

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**AAMIR JAHANGIR**  
Interim Head of Finance

**BARCLAYS BANK PLC - PAKISTAN BRANCHES**  
*(Incorporated in Great Britain with limited liability)*  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**

	Note	For the nine months ended September 30, 2010      September 30, 2009	
		-----Rupees in 000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(962,760)	(1,976,592)
<b>Adjustments</b>			
Depreciation		205,577	205,353
Amortisation		25,606	10,370
Extra ordinary / unusual items		461,445	-
Provision against loans and advances - net	8.3	136,486	83,742
Bad debts written off directly		1,882	-
Loss / (gain) on sale of securities		616	(7,999)
Loss on disposal of operating fixed assets		852	33,147
		<u>832,464</u>	<u>324,613</u>
		(130,296)	(1,651,979)
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		3,904,821	(5,013,398)
Advances		1,503,382	(4,093,468)
Other assets (excluding advance taxation)		(64,174)	(264,697)
		<u>5,344,029</u>	<u>(9,371,563)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		548,274	(43,843)
Borrowings from financial institutions		624,086	(511,553)
Deposits and other accounts		(96,743)	13,665,252
Other liabilities		(1,258,980)	1,495,784
		<u>(183,363)</u>	<u>14,605,640</u>
		5,030,370	3,582,098
Income taxes deducted at source		(2,978)	-
<b>Net cash flows generated from operating activities</b>		<u>5,027,392</u>	<u>3,582,098</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(3,426,884)	(3,190,622)
Investment in operating fixed assets		(38,966)	(488,939)
Proceeds from disposal of operating fixed assets		708	15,137
<b>Net cash flows used in investing activities</b>		<u>(3,465,142)</u>	<u>(3,664,424)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Remittances received from head office as capital		436,192	1,772,292
<b>Net cash flows generated from financing activities</b>		<u>436,192</u>	<u>1,772,292</u>
<b>Increase in cash and cash equivalents</b>		<u>1,998,442</u>	<u>1,689,966</u>
Cash and cash equivalents at the beginning of the period		3,952,035	2,001,582
<b>Cash and cash equivalents at the end of the period</b>	14	<u><u>5,950,477</u></u>	<u><u>3,691,548</u></u>

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 Chief Executive Officer


  
**AAMIR JAHANGIR**  
 Interim Head of Finance

**BARCLAYS BANK PLC - PAKISTAN BRANCHES**  
*(Incorporated in Great Britain with limited liability)*  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**

	Head office capital account	Accumulated loss	Share based payment contribution reserve	Total
Rupees in '000				
Balance as at January 1, 2009	7,139,900	(809,414)	-	6,330,486
<b>Changes in equity for the nine months ended September 30, 2009</b>				
Remittances received from head office	1,233,696	-	-	1,233,696
Loss after taxation for the nine months ended September 30, 2009	-	(915,269)	-	(915,269)
Other comprehensive income for the nine months ended September 30, 2009	-	-	-	-
Balance as at September 30, 2009	8,373,596	(1,724,683)	-	6,648,913
<b>Changes in equity for the period ended December 31, 2009</b>				
Remittances received from head office	946,968	-	-	946,968
Loss after taxation for the period ended December 31, 2009	-	(755,859)	-	(755,859)
Other comprehensive income for the period ended December 31, 2009	-	-	-	-
Contribution by Barclays Bank PLC in respect of share-based payments	-	-	15,633	15,633
Recharged balance payable to Barclays Bank PLC in respect of share-based payments	-	-	(15,633)	(15,633)
Balance as at December 31, 2009	9,320,564	(2,480,542)	-	6,840,022
<b>Changes in equity for the nine months ended September 30, 2010</b>				
Remittances received from head office	436,192	-	-	436,192
Loss after taxation for the nine months ended September 30, 2010	-	(614,281)	-	(614,281)
Other comprehensive income for the nine months ended September 30, 2010	-	-	-	-
Contribution by Barclays Bank PLC in respect of share-based payments	-	-	18,756	18,756
Recharged balance payable to Barclays Bank PLC in respect of share-based payments	-	-	(18,756)	(18,756)
Balance as at September 30, 2010	<u>9,756,756</u>	<u>(3,094,823)</u>	<u>-</u>	<u>6,661,933</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
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 Chief Executive Officer

  
**AAMIR JAHANGIR**  
 Interim Head of Finance

## **BARCLAYS BANK PLC - PAKISTAN BRANCHES**

*(Incorporated in Great Britain with limited liability)*

### **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**

#### **1 STATUS AND NATURE OF BUSINESS**

Barclays Bank PLC, Pakistan Branches (the Bank) operates as a branch of Barclays Bank PLC which is a foreign banking company incorporated and domiciled in Great Britain with limited liability (rated "AA-", Long term and "A-1+", Short term by Standard & Poor's) and is a member of Barclays PLC Group (rated "A+", Long term and "A-1", Short term by Standard & Poor's) which is the ultimate holding company. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and operates through fifteen branches (December 31, 2009: fifteen branches) across Pakistan. The Bank commenced its operations on July 23, 2008 and its registered office in Pakistan is situated at Dawood Centre, M. T. Khan Road, Karachi.

#### **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 includes purchasing of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on a deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.

#### **3 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SBP shall prevail.

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 No. 10 dated August 26, 2002 till further instructions. In addition the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard 7, Financial Instruments: Disclosures (IFRS 7) on banking companies vide SRO 411(I) / 2008 till further orders. 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 the State Bank of Pakistan through various circulars.

SBP through its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on Revaluation of Available-for-sale Securities (AFS) only, may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of these condensed interim financial statements.

The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2009.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the 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, 2009.

#### **5 BASIS OF MEASUREMENT**

##### **5.1 Accounting convention**

These condensed interim financial statements have been prepared under the historical cost convention except for the measurement of investments and derivative financial instruments that have been carried at fair values.

##### **5.2 Critical accounting estimates and judgments**

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those adopted in the preparation of the financial statements of the Bank for the year ended December 31, 2009.

		September 30, 2010		December 31, 2009		
		Rupees in '000				
<b>6</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>					
	Call money lendings		-		2,900,000	
	Repurchase agreement lendings		1,952,922		2,957,743	
			<u>1,952,922</u>		<u>5,857,743</u>	
<b>6.1</b>	<b>Particulars of lendings to financial institutions</b>					
	In local currency		1,952,922		5,857,743	
	In foreign currency		-		-	
			<u>1,952,922</u>		<u>5,857,743</u>	
<b>7</b>	<b>INVESTMENTS</b>					
<b>7.1</b>	<b>Investments by type</b>	<b>September 30, 2010</b>			<b>December 31, 2009</b>	
		<b>Held by bank</b>	<b>Given as collateral</b>	<b>Total</b>	<b>Held by bank</b>	<b>Given as collateral</b>
		Rupees in '000				<b>Total</b>
	<b>Available-for-sale investments</b>					
	Market Treasury Bills	13,803,477	-	13,803,477	10,385,024	-
	Pakistan Investment Bonds	1,239,381	-	1,239,381	1,231,566	-
	<b>Investments at cost</b>	<u>15,042,858</u>	<u>-</u>	<u>15,042,858</u>	<u>11,616,590</u>	<u>-</u>
	Surplus on revaluation of available for-sale-securities	(11,822)	-	(11,822)	8,582	-
	<b>Investments at market value</b>	<u>15,031,036</u>	<u>-</u>	<u>15,031,036</u>	<u>11,625,172</u>	<u>-</u>
<b>7.2</b>	<b>Investments by segment</b>				<b>Note</b>	<b>September 30, 2010</b>
						<b>December 31, 2009</b>
						<b>Rupees in '000</b>
	<b>Federal Government Securities</b>					
	- Market Treasury Bills				7.3	13,800,856
	- Pakistan Investment Bonds				7.3	1,230,180
						<u>15,031,036</u>
						<u>11,625,172</u>
<b>7.3</b>	Market Treasury Bills amounting to Rs 9,000 million (2009: Rs 9,020 million) [having a fair value of Rs 8,872.698 million (2009: Rs 8,905.434 million)] and Pakistan Investment Bonds amounting to Rs 1,250 million (2009: Rs 1,250 million) [having fair value of Rs 1230.180 million (2009: Rs 1,231.094 million)] have been deposited with the State Bank of Pakistan as per the requirements of section 13(2) of the Banking Companies Ordinance, 1962. The remaining Market Treasury Bills are eligible for re-discounting with the State Bank of Pakistan.					
<b>8</b>	<b>ADVANCES</b>				<b>Note</b>	<b>September 30, 2010</b>
						<b>December 31, 2009</b>
						<b>Rupees in '000</b>
	Loans, cash credits, running finances, etc.					
	- In Pakistan					16,051,827
	Bills discounted and purchased (excluding market treasury bills)					
	- Payable in Pakistan					25,167
	- Payable outside Pakistan					647,540
						<u>672,707</u>
	<b>Advances - gross</b>					<u>16,724,534</u>
	Provision against advances					
	- Specific provision against non - performing advances				8.3	(272,955)
	- General provision against advances				8.3 & 8.4	(58,498)
						<u>(331,453)</u>
	<b>Advances - net</b>					<u>16,393,081</u>
						<u>18,033,785</u>

8.1 Particulars of advances - gross	September 30, 2010	December 31, 2009
	Rupees in '000	
In local currency	16,076,994	17,976,885
In foreign currencies	647,540	251,868
	<u>16,724,534</u>	<u>18,228,753</u>

8.2 Advances include Rs 713.475 million (December 31, 2009: Rs 931.048 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2010			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other assets especially mentioned	-	-	-	-	-
Substandard	474,663	-	474,663	62,416	62,417
Doubtful	59,283	-	59,283	29,641	29,641
Loss	179,529	-	179,529	179,529	180,897
	<u>713,475</u>	<u>-</u>	<u>713,475</u>	<u>271,586</u>	<u>272,955</u>

Category of classification	December 31, 2009			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other assets especially mentioned	-	-	-	-	-
Substandard	797,107	-	797,107	11,778	11,778
Doubtful	49,998	-	49,998	24,999	24,999
Loss	83,943	-	83,943	83,943	83,943
	<u>931,048</u>	<u>-</u>	<u>931,048</u>	<u>120,720</u>	<u>120,720</u>

### 8.3 Particulars of provision against advances

	September 30, 2010			December 31, 2009		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	120,720	74,248	194,968	-	33,841	33,841
Charge for the period	152,235	-	152,235	120,720	40,407	161,127
Reversals during the period	-	(15,750)	(15,750)	-	-	-
	152,235	(15,750)	136,485	120,720	40,407	161,127
Closing balance	<u>272,955</u>	<u>58,498</u>	<u>331,453</u>	<u>120,720</u>	<u>74,248</u>	<u>194,968</u>

### 8.3.1 Particulars of provision against advances

	September 30, 2010			December 31, 2009		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	272,955	58,498	331,453	120,720	74,248	194,968
In foreign currency	-	-	-	-	-	-
	<u>272,955</u>	<u>58,498</u>	<u>331,453</u>	<u>120,720</u>	<u>74,248</u>	<u>194,968</u>

8.4 General provision represents provision amounting to Rs 58.498 million (December 31, 2009: Rs 74.248 million) held against consumer finance portfolio calculated in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

	Note	September 30, 2010	December 31, 2009
<b>9 OPERATING FIXED ASSETS</b>		Rupees in '000	
Capital work-in-progress		134,477	104,633
Property and equipment	9.1 & 9.2	779,071	1,222,509
Intangible assets	9.1	59,226	124,201
		<u>972,774</u>	<u>1,451,343</u>
		For the nine months ended September 30, 2010      September 30, 2009	
<b>9.1</b>	The following additions have been made at cost during the period:	Rupees in '000	
	- Lease hold improvements	14,632	66,408
	- Furniture and fixtures	1,667	53,789
	- Electrical and office equipment	15,695	86,117
	- Computer equipment	3,870	39,169
	- Vehicles	-	2,274
	- Intangibles	475	58,448
		<u>36,339</u>	<u>306,205</u>
<b>9.2</b>	The written down value of fixed assets disposed of / deleted during the period are as follows:		
	- Electrical and office equipment	72	190
	- Computer equipment	895	-
	- Furniture and fixtures	593	-
		<u>1,560</u>	<u>190</u>
<b>9.3</b>	In addition, the bank has also written off certain fixed assets and recognised impairment on certain assets as mentioned in note 13 to these financial statements.		
<b>10 BORROWINGS FROM FINANCIAL INSTITUTIONS</b>		September 30, 2010	December 31, 2009
		Rupees in '000	
	In Pakistan	3,595,744	2,986,232
	Outside Pakistan	17,049	2,475
		<u>3,612,793</u>	<u>2,988,707</u>
<b>10.1 Particulars of borrowings from financial institutions</b>			
	In local currency	3,595,744	2,986,232
	In foreign currency	17,049	2,475
		<u>3,612,793</u>	<u>2,988,707</u>
<b>10.2 Details of borrowings from financial institutions</b>			
	<b>Secured</b>		
	Borrowings from the State Bank of Pakistan under		
	- Export refinance scheme	3,095,744	2,886,232
	Repurchase agreement borrowings	-	-
		<u>3,095,744</u>	<u>2,886,232</u>
	<b>Unsecured</b>		
	Call borrowings	500,000	100,000
	Overdrawn nostro accounts	17,049	2,475
		<u>3,612,793</u>	<u>2,988,707</u>
<b>11 DEPOSITS AND OTHER ACCOUNTS</b>			
	<b>Customers</b>		
	Fixed deposits	14,967,660	15,216,429
	Savings deposits	9,580,958	9,689,738
	Current accounts – Non-remunerative	5,072,133	4,906,565
	Margin accounts	141,087	98,909
		<u>29,761,838</u>	<u>29,911,641</u>
	<b>Financial Institutions</b>		
	Non-remunerative deposits	61,875	8,815
		<u>29,823,713</u>	<u>29,920,456</u>

	September 30, 2010	December 31, 2009
	Rupees in '000	
<b>11.1 Particulars of deposits</b>		
In local currency	25,012,226	26,109,331
In foreign currencies	4,811,487	3,811,125
	<u>29,823,713</u>	<u>29,920,456</u>
<b>12 CONTINGENCIES AND COMMITMENTS</b>		
<b>12.1 Direct credit substitutes</b>		
Contingent liabilities in respect of guarantees given favouring:		
Government	-	-
Banking companies and other financial institutions	-	-
Others	-	-
	<u>-</u>	<u>-</u>
<b>12.2 Transaction-related contingent liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	607,826	607,826
Banking companies and other financial institutions	2,675	-
Others	695,877	571,063
	<u>1,306,378</u>	<u>1,178,889</u>
<b>12.3 Trade-related contingent liabilities</b>		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	17,242	130,402
Banking companies and other financial institutions	-	-
Others	3,073,288	1,042,048
	<u>3,090,530</u>	<u>1,172,450</u>
<b>12.4 Commitments in respect of forward lendings</b>		
The bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
<b>12.5 Commitments in respect of forward exchange contracts</b>	September 30, 2010	December 31, 2009
	Rupees in '000	
Purchase	<u>2,873,713</u>	<u>3,571,921</u>
Sale	<u>3,250,993</u>	<u>2,436,320</u>
<b>12.6 Commitments in respect of operating lease</b>		
The Bank has obtained various offices, branches and other premises under operating lease arrangements. The leases have various terms, escalation and renewal rights. There are no contingent rents payable. The future minimum lease payment under operating leases are as follows:		
	September 30, 2010	December 31, 2009
	Rupees in '000	
Not more than one year	<u>52,334</u>	<u>62,389</u>
<b>12.7 Commitments for the acquisition of operating fixed assets</b>	<u>44,054</u>	<u>4,388</u>

**13 EXTRA ORDINARY / UNUSUAL ITEMS**

During the period the Bank decided to curtail its retail segment operations in accordance with its long-term strategic move to achieve growth by focusing on the expansion of its commercial operations. The Bank recognised certain expenses arising as a result of closure of retail asset originations, as detailed below:

	<b>For the nine months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2010</b>	<b>2009</b>
	-----Rupees in '000-----	
Operating fixed assets written off - net	120,212	-
Impairment over operating fixed assets	163,534	-
Software running expenses	70,529	-
Staff redundancy costs	82,967	-
Other running expenses	24,203	-
	<u>461,445</u>	<u>-</u>

**14 CASH AND CASH EQUIVALENTS**

	<b>September 30,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
	Rupees in '000	
Cash and balances with treasury banks	2,981,770	2,434,134
Balances with other banks	2,968,707	1,517,901
	<u>5,950,477</u>	<u>3,952,035</u>

**15 RELATED PARTY TRANSACTIONS**

The Bank has related party relationships with other branches and direct and indirect subsidiaries of Barclays PLC Group, Barclays Bank PLC, employee benefit plans, and its key management personnel.

Transactions between the Bank and its related parties are carried out under normal course of business except for staff loans, that are as per terms of agreement.

Details of transactions with related parties during the period and balances with them as at period end are as follows:

	<b>September 30,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
	Rupees in '000	
<b>Balances as at period-end</b>		
<b>Group</b>		
Nostro balances with other branches of Barclays Bank PLC	2,797,136	1,472,516
Payable to affiliate for IT expenditure	196,885	526,489
Payable to affiliate for Services & Recharges	220,956	821,570
Payable to Barclays Bank PLC in respect of share-based payments	34,389	15,633
<b>Key management personnel</b>		
Loans and advances	82,788	113,580
Accrued interest on loans and advances	47	-
Deposits	52,181	21,227
<b>Others</b>		
Deposits of staff retirement benefit fund	14,970	58,790
Accrued interest	-	4,385
Other receivables	8,695	13,246

For the nine months ended September 30, 2010  
For the nine months ended September 30, 2009  
Rupees in '000

### Transactions during the period

#### Group

Income for the period on

- Nostro balances with other branches of Barclays Bank PLC	4,243	737
- Placements with Barclays Bank PLC	554	2,158

Interest expense for the period on deposits with Barclays Bank PLC

Recharged balance in respect of share-based payments	18,756	4,780
IT expenditure	-	263,318
Services & Recharges	180,696	210,634
Regional office expenses	-	108,414

#### Key management personnel \*

Markup / interest / return earned	1,667	1,470
Markup / interest / return expensed	2,999	2,551
Salaries and benefits	184,132	160,594
Post-retirement benefits	4,592	4,427

#### Others

Contributions to staff retirement benefit fund	85,205	31,259
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\* During the period management has revised the classification basis for key management personnel. Resultantly, the comparative figures in respect of transactions with key management personnel have been restated for September 2009.

## 16 SEGMENT DETAILS

The business activities of the Bank are confined to three segments i.e. trading and sales, retail banking and commercial banking. The products and services offered by these segments are as follows:

#### Trading and sales

Overall management of treasury operations of the Bank.

#### Retail banking

Deposits, mortgages, personal instalment loans and business instalment loans.

#### Commercial banking

Deposits, trade and lending activities for corporate enterprises.

	----- For the nine months ended September 30, 2010 -----			
	Commercial banking	Trading and sales	Retail banking	Total
	----- Rupees in '000 -----			
Net mark-up / interest income before provisions	300,918	1,548,152	(560,865)	1,288,205
Non mark-up / interest income	56,537	34,129	71,963	162,629
Non mark-up / interest expense	553,239	356,519	1,503,837	2,413,594
Net income / (loss)	(195,784)	1,225,762	(1,992,739)	(962,760)
Segment return on assets (ROA) (%)	-1.24%	5.21%	-66.71%	-2.27%
Segment cost of funds (%)	9.06%	6.73%	6.29%	7.36%

----- For the nine months ended September 30, 2009 -----

	Commercial banking	Trading and sales	Retail banking	Total
----- Rupees in '000 -----				
Net mark-up / interest income before provisions	331,125	1,125,301	(506,849)	949,577
Non mark-up / interest income	51,268	(20,476)	18,580	49,372
Non mark-up / interest expense	865,359	578,651	1,447,789	2,891,799
Net income / (loss)	(482,966)	526,174	(1,936,058)	(1,892,850)
Segment return on assets (ROA) (%)	-3.87%	2.25%	-51.37%	-17.66%
Segment cost of funds (%)	11.00%	5.15%	7.55%	7.90%

----- As at September 30, 2010 -----

	Commercial banking	Trading and sales	Retail banking	Total
----- Rupees in '000 -----				
Segment assets	15,824,614	23,529,799	2,987,161	42,341,574
Segment provision required	96,873	-	234,580	331,453
Segment liabilities	15,398,668	574,687	19,718,107	35,691,463

----- As at December 31, 2009 -----

	Commercial banking	Trading and sales	Retail banking	Total
----- Rupees in '000 -----				
Segment assets	17,120,159	22,257,548	3,165,020	42,542,727
Segment provision required	24,999	-	169,969	194,968
Segment liabilities	16,918,564	139,573	18,638,990	35,697,127


**17 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on October 28, 2010 by the management of the Bank.

**18 GENERAL**

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

  
**SHAZAD G. DADA**  
 Chief Executive Officer

  
**AAMIR JAHANGIR**  
 Interim Head of Finance