

Quarterly Report September 2011



fcibank

FIRST CREDIT AND INVESTMENT BANK LTD.

Major Joint Venture Partners:





FIRST CREDIT AND INVESTMENT BANK LIMITED

Vision

*Be a preferred investment bank enhancing value
for the stakeholders and contributing to the
National goals.*

Mission Statement

*Contributing through innovative financing and
investment in quality portfolio, advisory services
delivered in an environment of trust and
customer confidence supported by a team of
professionals.*



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FIRST CREDIT AND INVESTMENT BANK LIMITED

BOARD OF DIRECTORS



Mr. Shahid Anwar Khan
Chairman



Dr. Asif A. Brohi
Director



Mr. Najib Tariq
Director



Mr. Imdad Ali Shaikh
Director



Mr. Wajahat A. Baqai
Director



Mr. Anwar-ul-Haq
Director



Chaudhary Tahir Hussain
Director



Mr. Mohammad Imran Malik
President & Chief Executive



FIRST CREDIT AND INVESTMENT BANK LIMITED

COMPANY INFORMATION

HR COMMITTEE:

Dr. Asif A. Brohi (Chairman)
Mr. Anwar-ul-Haq (Member)
Mr. Mohammad Imran Malik (Member)

AUDIT COMMITTEE:

Mr. Najib Tariq (Chairman)
Mr. Wajahat A. Baqai (Member)
Mr. Anwar -ul- Haq (Member)
Mr. Imdad Ali Shaikh (Member)

INVESTMENT AND CREDIT COMMITTEE:

Chaudhry Tahir Hussain (Chairman)
Mr. Najib Tariq (Member)
Mr. Wajahat A. Baqai (Member)

COMPANY SECRETARY:

Mr. Muhammad Mohsin Ali

AUDITORS:

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR:

Mohsin Tayebaly & Company

BANKERS:

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan

SHARE REGISTRAR:

THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3
Dr. Ziauddin Ahmed Road,
Karachi. 75530
Ph. # +92 (21) 111-000-322
Fax # +92 (21) 35655595

HEAD OFFICE / REGISTERED OFFICE:

2nd Floor, Sidco Avenue Centre,
Stratchen Road,
Karachi - 74200
Pakistan.
Ph. # : 35658750-1, 35670452, 35688490
Fax. # : 35689331, 35686310
E-mail: info@fcibank.com.pk
Website: www.fcibank.com.pk

LAHORE BRANCH:

Ground Floor, Office # 2, 83-A-E/1
Main Boulevard, Gulberg III, Lahore.
Ph. # : +92 (42) 35790251
Fax. # : +92 (42) 35790252



FIRST CREDIT AND INVESTMENT BANK LIMITED

DIRECTORS' REVIEW

On behalf of the Board of Directors, I have the privilege of presenting the un-audited financial statements of First Credit & Investment Bank Limited for the three-months period ended September 30, 2011.

Operating Results

Financial results of the Bank are as under:

	For the quarter ended	
	Sep 30, 2011 (Un-audited)	Sep 30, 2010 (Un-audited)
	(Rupees in ,000)	
Profit & Loss Account		
Total revenue	34,604	39,931
Operating profit/ (loss)	(1,408)	5,432
Profit/ (loss) before tax	(1,422)	5,425
Profit/ (loss) after tax	(1,765)	3,878
Earning/ (loss) per share-basic & diluted (Rs.)	(0.03)	0.06

	As at	
	Sep 30, 2011 (Un-audited)	June 30, 2011 (Audited)
Balance Sheet		
Net shareholders' equity	714,043	715,394
Total assets	1,530,926	1,517,877

Due to slow down in the economic and investment activities, total income for the quarter ended September 30, 2011 saw 13.3% decrease to Rs 34.604 million as compared to Rs 39.931 million for the quarter ended September 30, 2010. Decrease in total income coupled with slight increase in financial cost and administrative & operating expenses the Bank closed this quarter with a small net loss after tax of Rs 1.765 million as against profit after tax of Rs 3.878 million for the corresponding quarter last year.

Your Bank had, since inception to end of FY10, maintained profitability in spite of the continuing economic and financial crises, turmoil of the stock exchanges and competition from the commercial banks. Despite these adverse conditions, the Bank has managed to control its losses and erosion in shareholders' equity. The net shareholders equity decreased by Rs.1.4 million to Rs.714.0 million as at September 30, 2011 from Rs.715.4 million as at June 30, 2011. Total assets as at September 30, 2011 increased to Rs.1,530.9 million from Rs.1,517.9 million as at June 30, 2011.



FIRST CREDIT AND INVESTMENT BANK LIMITED

Credit Rating

JCR-VIS Credit Rating Company Limited vide its report dated December 31, 2010 has maintained the medium to long-term entity rating of the Bank at 'A-' (Single A Minus). Short-term rating has been maintained at 'A-2' (A-Two). Outlook on the medium to long term rating is 'Stable'. This is an achievement in view of the overall performance of the investment banking sector.

Future Outlook

The SBP's policy rate has been decreased on October 08, 2011 by 150 basis points from 13.5% to 12.0%, as per the expectations particularly those of the business and industry. This is expected to have a positive impact on the economic activities in the country as well as the performance at the stock exchanges.

We are vigilant for diversifying and increasing our revenue streams, which will be forthcoming with improvement in economic conditions of the country. Your Bank would endeavour to restore reasonable quality of its existing assets, improve its infrastructure, build capacity through training of existing personnel and hiring key professionals, diversify its products and services, and update its policies and procedures. We hope to come out of the red once the economic conditions of the country improves.

Acknowledgement

The directors wish to place on record their appreciation to our shareholders, valued customers and financial institutions for their continued trust and patronage. We are grateful to the regulatory authorities especially the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the Karachi Stock Exchange for their continued guidance and support. We acknowledge the hard work and dedication of our employees who are our real assets.

By order of the Board

Mohammad Imran Malik
Chief Executive / President

Karachi
October 28, 2011



FIRST CREDIT AND INVESTMENT BANK LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2011

	Note	30-Sep-11 Rupees	30-Jun-11 Rupees
		(Un-audited)	(Audited)
ASSETS			
Non-Current Assets			
Fixed assets -tangible	5	9,550,552	10,265,622
Fixed assets - intangible		1,625,934	1,805,616
Long-term investments	6	638,614,170	676,605,288
Long-term loans and finances		56,598,011	61,132,786
Long-term security deposits		1,050,000	1,050,000
Deferred tax assets		67,823,992	67,823,992
		775,262,659	818,683,304
Current Assets			
Short-term investments	7	177,986,095	154,343,017
Short-term placements	8	280,000,000	255,924,700
Current portion of non-current assets			
Long term investments		224,076,942	204,834,420
Long term loans and finances		27,922,773	25,115,122
Mark-up accrued		25,107,483	38,437,935
Advances, prepayments and other receivables		3,236,747	3,517,348
Advance tax - net		9,938,135	8,423,041
Cash and bank balances		7,394,781	8,597,745
		755,662,956	699,193,328
Total Assets		1,530,925,615	1,517,876,632
EQUITIES & LIABILITIES			
Share Capital and Reserves			
Authorized capital			
		750,000,000	750,000,000
Issued, subscribed and paid-up capital		650,000,000	650,000,000
Reserves		76,215,041	77,979,714
		726,215,041	727,979,714
Deficit on revaluation of investment -net	9	(12,172,316)	(12,586,134)
Non-Current Liabilities			
Long-term loans		171,875,000	203,125,000
Long-term certificate of deposits		6,000,000	5,000,000
		177,875,000	208,125,000
Current Liabilities			
Short-term borrowings	10	187,847,000	181,575,800
Current portion of long-term loans		78,125,000	46,875,000
Short-term certificates of deposits		331,330,000	333,020,000
Accrued mark-up		33,308,229	24,524,319
Accrued expenses and other liabilities		8,397,661	8,362,933
		639,007,890	594,358,052
Contingencies and commitments	11	-	-
		1,530,925,615	1,517,876,632

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive Officer / President

Director

QUARTERLY REPORT SEPTEMBER 2011



FIRST CREDIT AND INVESTMENT BANK LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	30-Sep-11 Rupees	30-Sep-10 Rupees
INCOME			
Income from finances and fund placements		7,721,737	5,942,699
Income from investments	12	26,572,141	33,988,155
Fees and commission		310,027	-
		34,603,905	39,930,854
EXPENSES			
Finance cost		8,682,465	3,998,219
Mark-up on bank loans		4,212,382	8,175,078
Mark-up on other short-term borrowings		547	273,805
Mark-up on short-term running finance		11,703,680	10,362,720
Mark-up on certificate of deposits		24,599,074	22,809,822
Administrative and operating expenses		11,393,126	10,942,549
Others		19,978	746,646
		36,012,178	34,499,017
Operating (Loss)/Profit		(1,408,273)	5,431,837
Unrealized loss on held-for-trading investments		(13,400)	(6,675)
(Loss)/Profit before taxation		(1,421,673)	5,425,162
Provision for taxation		(343,000)	(1,547,000)
(Loss)/Profit after taxation		(1,764,673)	3,878,162
(Loss)/Earnings per share -basic and diluted	13	(0.03)	0.06

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive Officer / President

Director

QUARTERLY REPORT SEPTEMBER 2011



FIRST CREDIT AND INVESTMENT BANK LIMITED

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	30-Sep-11 Rupees	30-Sep-10
(Loss) / Profit after taxation	(1,764,673)	3,878,162
Other comprehensive income not transferred to equity		
Gains on remeasuring of Investments classified ' as available for sale'	413,818	1,144,506
Total comprehensive (loss)/income for the period	<u>(1,350,855)</u>	<u>5,022,668</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive Officer / President

Director

QUARTERLY REPORT SEPTEMBER 2011



FIRST CREDIT AND INVESTMENT BANK LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

Note	30-Sep-11 Rupees	30-Sep-10 Rupees
	(Un-audited)	(Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,421,673)	5,425,162
Less: Dividend income	(300,449)	(412,496)
Adjustments for:		
Depreciation	806,153	629,166
Amortization	179,682	66,700
Provision for the gratuity	821,442	188,209
Provision for dim in value of investments	13,400	6,675
	<u>1,820,677</u>	<u>890,750</u>
Operating cash flows before working capital changes	98,555	5,903,416
(Increase) / decrease in current assets		
Short-term investments	(23,643,078)	48,205,668
Short-term placements	(24,075,300)	(95,569,351)
Mark-up/interest accrued	13,330,452	(1,628,631)
Advances, prepayments and other receivables	(327,313)	(2,770,916)
	<u>(34,715,239)</u>	<u>(51,763,230)</u>
Increase / (decrease) in current liabilities		
Accrued and other liabilities	34,728	1,011,239
Accrued mark-up	8,783,910	9,227,227
Short-term borrowings	6,271,200	49,802,840
	<u>15,089,838</u>	<u>60,041,306</u>
Cash generated from operations	(19,526,846)	14,181,491
Gratuity contribution paid	(213,528)	(123,784)
Income tax paid	(1,858,094)	(1,629,071)
	<u>(2,071,622)</u>	<u>(1,752,855)</u>
Net cash generated from operating activities	(21,598,468)	12,428,636
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Additions in fixed assets	(91,080)	(3,249,074)
Long-term investments	19,162,411	(33,975,168)
Dividend income received	300,449	412,496
Long-term loans and finances	1,713,724	22,298,271
Net cash generated from investing activities	<u>21,085,504</u>	<u>(14,513,475)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term running finance	-	(643,722)
Certificates of deposit	(690,000)	(6,500,000)
Net cash generated from financing activities	<u>(690,000)</u>	<u>(7,143,722)</u>
Net increase in cash and cash equivalents	<u>(1,202,964)</u>	<u>(9,228,561)</u>
Cash and cash equivalents at the beginning of the period	8,597,745	18,898,227
Cash and cash equivalents at the end of the period	<u>7,394,781</u>	<u>9,669,666</u>

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive Officer / President

Director

QUARTERLY REPORT SEPTEMBER 2011



First Credit and Investment Bank Limited

**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Issued, subscribed and paid-up capital	Reserves Statutory reserve	Unappro- priated profit	Total
 (Rupees)			
Balance as at July 01, 2010	650,000,000	117,663,484	48,778,605	816,442,089
Net profit for the quarter			3,878,162	3,878,162
Transfer to statutory reserve		775,632	(775,632)	
Balance as at September 30, 2010	650,000,000	118,439,116	51,881,135	820,320,251
Balance as at July 01, 2011	650,000,000	117,663,484	(39,683,770)	727,979,714
Net loss for the quarter			(1,764,673)	(1,764,673)
Balance as at September 30, 2011	650,000,000	117,663,484	(41,448,443)	726,215,041

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive Officer / President

Director

QUARTERLY REPORT SEPTEMBER 2011



FIRST CREDIT AND INVESTMENT BANK LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2011

1. STATUS AND NATURE OF BUSINESS

First Credit and Investment Bank Limited ("the Company") was incorporated in Pakistan on August 31, 1989 as a private limited company under the name of First Credit and Discount Corporation (Private) Limited. Subsequently, the name of the Company was changed to First Credit and Investment Bank Limited. During the year 2008-09, the Company was listed on the Karachi Stock Exchange by way of issue of shares to general public. The Company is an associated undertaking of Water and Power Development Authority (WAPDA) and National Bank of Pakistan (NBP).

The Company is licensed to undertake business of investment finance services as a Non-Banking Finance Company ("NBFC") under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the NBFC Rules") issued by the Securities and Exchange Commission of Pakistan (SECP) [previously described under SRO 585(1)/87 dated July 13, 1987 issued by the Ministry of Finance, Government of Pakistan.

The medium to long term credit rating of the company rated dated 31 December, 2010 by JCR-VIS Credit Rating Company limited is 'A-' with a stable outlook. Short term rating of the Company is 'A-2'.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the company for the first quarter ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard - 34, Interim Financial Reporting Standards, provisions of and directives issued under the Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("the NBFC Regulations") and the directives issued by SECP. Wherever the requirements of the Ordinance, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Ordinance, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP have been followed.

The SECP has deferred the applicability of International Accounting Standards, IAS-39, 'Financial Instruments: Recognition and measurement' and IAS-40, 'Investment Property' through Circular No.19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. The SECP has also deferred the applicability of International Financial Reporting Standard, IFRS-7, 'Financial Instruments: Disclosures' through Circular No. 411(1)/2008 dated April 28, 2008 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in preparation of these condensed interim financial statements.

This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2011.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended as at June 30, 2011

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information is in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation were the same as those that applied to the preceding published financial statements as at and for the year ended 30th June, 2011.



FIRST CREDIT AND INVESTMENT BANK LIMITED

	30-Sep-11		30-Sep-10	
	Additions Rupees	Disposals	Additions Rupees	Disposals
5 FIXED ASSETS				
-Computers	91,080	-	-	-
-Air conditioner	-	-	110,000	170,890
-Capital work in progress	-	-	3,139,074	-
	91,080	-	3,249,074	170,890
	Note		30-Sep-11	30-Jun-11
		 Rupees	
6 LONG-TERM INVESTMENTS				
Held-to-maturity				
-Term finance certificates/Sukuk - Unlisted			538,718,790	556,004,543
-Term finance certificates/Sukuk - Listed			29,896,064	29,902,048
-Government securities - PIB's			356,787,559	357,855,361
			925,402,413	943,761,952
Less: Provision against investments			(109,243,496)	(109,243,496)
Available-for-sale				
-Term finance certificates - Listed			46,532,195	46,921,252
Less: Current Portion of TFCs/PIB's			(224,076,942)	(204,834,420)
			638,614,170	676,605,288
7 SHORT-TERM INVESTMENTS				
Available for sale				
-Dewan Cement Ltd.- Pre IPO term finance certificates			50,000,000	50,000,000
-Investment in shares - Listed			34,075,756	33,684,701
-Investment in mutual funds			23,754,099	33,676,116
-Investment in preference shares - Listed			15,000,000	15,000,000
			122,829,855	132,360,817
Less: Provision for non-performing investments			(25,000,000)	(25,000,000)
Held-to-maturity				
-Government securities- T-Bills	7.1		30,870,990	46,839,950
Held-for-trading				
-Investment in shares - Listed			128,850	142,250
-Government securities- T-Bills	7.1		49,156,400	-
			177,986,095	154,343,017



FIRST CREDIT AND INVESTMENT BANK LIMITED

7.1 These include investments in government securities to comply with the requirement of Regulation 14(4)(i) of NBFC Regulations 2008.

	Note	30-Sep-11	30-Jun-11
	 Rupees	
8	SHORT-TERM PLACEMENTS - Considered good		
	Certificates of Investment	265,000,000	255,924,700
	Short term placement	15,000,000	-
		<u>280,000,000</u>	<u>255,924,700</u>
8.1	These represent funds placed in certificates of investments with Development Finance Institutions carrying mark-up rates ranging from 13.5% to 13.8% (June 30, 2011: 13.75% to 13.9%) per annum and maturing on various dates latest by November 25, 2011.		
8.2	This represents fund placement with Development Finance Institutions, carrying mark-up at 13.05% (June 30, 2011: NIL) per annum and maturing on October 03, 2011.		
9	DEFICIT ON REVALUATION OF INVESTMENTS Available-for-sale - Listed Securities		
	Term finance certificates	(2,641,797)	(2,586,579)
	Shares	(9,763,727)	(10,154,781)
	Mutual funds	233,208	155,226
		<u>(12,172,316)</u>	<u>(12,586,134)</u>
10	SHORT-TERM BORROWINGS		
	Secured under repurchase agreement	187,847,000	181,575,800
10.1	This represents funds borrowed from the local interbank market against government securities, carrying mark-up rates ranging from 13.10% to 13.30.% (June 30, 2011: 13.4%) per annum and maturing on various dates latest by November 25, 2011.		
10.2	This includes Rs.93,879,400/- borrowed from National Bank of Pakistan, an associated undertaking, against government securities carrying markup rate of 13.3% (June 30, 2011: 13.4%) per annum maturing on November 25, 2011.		
11	CONTINGENCIES AND CONCOMMITMENTS		
	Bank Guarantee	5,000,000	5,000,000
	Standby letter of credit facility	91,443,991	91,443,991
	Underwriting to IPO term finance certificates	10,000,000	10,000,000
		<u>106,443,991</u>	<u>106,443,991</u>
12	INCOME FROM INVESTMENTS		
	Return on government securities	10,366,744	10,322,841
	Return on term finance certificates/Sukuk	15,648,819	22,109,740
	Dividend income on available-for-sale investments	300,449	412,496
	Capital gain on sale of securities	256,129	1,143,078
		<u>26,572,141</u>	<u>33,988,155</u>



FIRST CREDIT AND INVESTMENT BANK LIMITED

	30-Sep-11	30-Sep-10
 Rupees	
13 (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss)/Profit after taxation	<u>(1,764,673)</u>	<u>3,878,162</u>
Weighted average number of shares outstanding during the period	<u>65,000,000</u>	<u>65,000,000</u>
(Loss)/Earnings per share - basic and diluted	<u>(0.03)</u>	<u>0.06</u>

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and post employment benefit scheme. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other significant transactions with associated undertakings are as follows:

Associated Undertakings

Mark-up accrued on long-term loan	8,682,465	3,998,219
Mark-up on short-term running finance	476	274,188
Mark-up on Repo Borrowing	2,863,375	-
Rent Paid	527,835	502,703

Staff Retirement Plans

Contribution to staff retirement plans	553,318	423,819
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Key management personnel

Salaries, benefits and other allowances	2,588,225	2,228,762
Retirement benefits	409,886	333,287
	2,998,111	2,562,049

Return on long-term loan	110,318	128,357
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15 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 28, 2011 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive Officer / President

Director

QUARTERLY REPORT SEPTEMBER 2011

