



faysalbank

کاروانِ وفا



2015

FIRST QUARTER

ENDED MARCH 31, 2015

UNAUDITED FINANCIAL STATEMENTS

## CONTENTS

Corporate Information	4
Directors' Review	5
Condensed Interim Statement of Financial Position	13
Condensed Interim Profit and Loss Account	14
Condensed Interim Statement of Comprehensive Income	15
Condensed Interim Statement of Changes in Equity	16
Condensed Interim Cash Flow Statement	17
Notes to and Forming part of the Condensed Interim Financial Information	18

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Glorious traditions unravel





# بنام حیدر آباد

پیارے حیدر آباد اسلام،

دریا کے سندھ کے کنارے آباد وادی مہراں کے دل، پاکستان کے پانچویں اور سندھ کے دوسرے بڑے شہر حیدر آباد،  
تمہاری چار دیواری پر نظر ڈالیں تو پتا لگتا ہے کہ تم صدیوں پر محیط روایتوں اور داستانوں کے گواہ ہو جسے ۶۸ء میں میاں غلام شاہ  
کھوڑنے پھیرنے کی ہستی نیرن کوٹ کے مقام پر آباد کیا اور وہاں کچھ قلعہ کی تعمیر کروائی اور پھر ۸۲ء میں ان کے بیٹے  
سرفراز خان نے ہاشمیہ طور پر تمہاری بنیاد رکھی۔ کچھ عرصوں کے دور کے بعد تقریباً پچاس سال تک تالیپور تم پر حکمران رہے اور  
پھر قیام پاکستان تک تم برطانوی راج کے زیر تسلط رہے۔

حیدر آباد جہاں تم سندھ کی تہذیب و ثقافت کے ترجمان ہو وہیں تمہیں اولیاء و کرام نے بھی اپنی طہر کرم سے نوازا۔ انھارویں  
صدی میں کئی صوفی بزرگ اوقاف شریف، بہاولپور ڈسٹرکٹ اور جہانیاں خانیوال ڈسٹرکٹ سے تم میں آکر رہے اور غنڈو  
جہانیاں آباد کیا جو آج بھی صوفیائے کرام کے حوالے سے مشہور ہے۔

یوں تو حیدر آباد تم میں بہت سی خوبیاں ہیں گونائے کو پر ہم سب سے پہلے تمہارے یہاں کے پانیوں کا ذکر کریں گے جب  
۲۰۰۳ء میں ہم نے تمہارے علاقے میں یوہرہ بازار صدر میں اپنی اپنی برائے کھولی تو ہمیں علم ہوا کہ کس قدر سادہ طبیعت اور  
خلوس سے بھرپور ہیں تم میں بسنے والے لوگ اور کس قدر متناہی ہے یہ سندھی لہجہ۔

اب کچھ ذکر ہو جائے تمہارے یہاں کے بچوں اور مشہور مصنوعات کا، جتنی کوئی حیدر آباد آئے اور پیسے بکری کا ٹیکہ یا  
یہاں کی ربڑی نہ کھائے اور صرف کھائے ہی نہیں بلکہ اپنے ہمراہ لے کر بھی نہ جائے یہ تو ناممکن سی بات ہے، پھر دریائے  
سندھ کی مشہور پلہ چھلی اگر نہ کھائی گئی تو سمجھو کہ آپ نے حیدر آباد کر محض وقت ہی گنوا لیا۔ مزہ تو تب آتا ہے جب اندرون  
ملک جاتی ریل حیدر آباد جنکشن پر آکر رکتی ہے، بس پھر کیا، جہاں تک نظر دوڑائی جائے وہ کتنی چمکتی چڑیوں کے شوش رنگوں  
سے بھر جاتی ہے اور خواتین کا تو بس نہیں چلتا کہ چڑیوں کا پورا سال ہی خرید ڈالیں۔

خیر حیدر آباد اب کیا کیا نا تعریف کی جائے تمہاری، ہم تو صرف اتنا جانتے ہیں کہ ہمیں دریا کے سندھ کے کنارے کی مٹی کی  
خوشبو سے محبت ہے اور اب یہاں سے جانے کا سوال ہی نہیں۔

تمہارا اپنا،

فیصل بیک

## CORPORATE INFORMATION

### Board of Directors

Farooq Rahmatullah	Chairman
Ahmed Abdulrahim Mohamed Abdulla Bucheery	Vice Chairman
Nauman Ansari	President & CEO
Mian Muhammad Younis	Director
Imtiaz Ahmad Pervez	Director
Juma Hasan Ali Abul	Director
Muhammad Wasif Ijlal	Director
Abdulelah Ebrahim Mohamed AlQasimi	Director

### Board Audit & Corporate Governance Committee (BACGC)

Mian Muhammad Younis	Chairman
Ahmed Abdulrahim Mohamed Abdulla Bucheery	Member
Juma Hasan Ali Abul	Member

### Board Risk Management Committee (BRMC)

Imtiaz Ahmad Pervez	Chairman
Nauman Ansari	Member
Abdulelah Ebrahim Mohamed AlQasimi	Member

### Recruitment Nomination and Remuneration Committee (RNRC)

Ahmed Abdulrahim Mohamed Abdulla Bucheery	Chairman
Juma Hasan Ali Abul	Member
Farooq Rahmatullah	Member
Nauman Ansari	Member

### Board Steering Committee for Conversion of Faysal Bank into Islamic Bank (BSC)

Ahmed Abdulrahim Mohamed Abdulla Bucheery	Chairman
Juma Hasan Ali Abul	Member
Nauman Ansari	Member

On behalf of the Board of Directors, I am pleased to present Financial Statements of Faysal Bank Limited for the three month period ended on March 31, 2015.

### ECONOMIC UPDATE

The majority of economic indicators are moving in the right direction so far in FY'15. Headline inflation continues to follow a descending trajectory, averaging at 5.14 percent during 9M FY'15, well below the estimate of 8 percent set at the beginning of fiscal year. Real GDP is expected to grow by 4.3 percent as compared to 4.1 percent in FY'14. The fiscal deficit which has been a major source of concern over the years is widely expected to be within the target of 4.9 percent set by the government in the federal budget.

The most heartening economic development of FY'15 so far has been the sharp deceleration in CPI inflation during the nine months (July-Mar). The CPI is expected to hover around 5 percent in FY'15 aided largely by deceleration in international commodity prices and a fairly stable PKR parity – owing largely to the prudent monetary policy adopted by the SBP. Going forward lower commodity prices could stoke increased demand and have inflationary ramification beyond FY'15.

The current account deficit in the first nine months of FY'15 has improved to USD 1.6 bln compared to USD 2.4 bln in preceding year. IMF expects the deficit to remain around 1.2 percent of GDP in FY'15. This improved performance is primarily due to lower oil prices which has significantly reduced the import bill and thus improved the trade balance despite weakening of exports, attributed to a loss of competitiveness from real exchange rate appreciation and fall in cotton prices. Remittances continue to post double digit growth (16.6 percent YoY) thus providing further cushion to the current account. In a welcome development the financial account has also posted strong performance due to issue of international Islamic sukuk, inflows from coalition support fund and multilateral disbursements. This is expected to improve further in FY'15 with receipt from HBL privatization proceeds and disbursement from IMF in June upon successful completion of review.

Despite challenges on the revenue side, fiscal consolidation remains broadly on track. This can be judged by the fact that the government, albeit marginally, over performed in the first half of FY'15 (fiscal deficit of 2.4 percent recorded) which confirms the progress towards end of year target of 4.9 percent compared to a deficit of 5.7 percent recorded in FY'14. Although federal tax collection increased by 14.8 percent in first half of FY'15, challenges remain due to drop in crude oil price (which reduced GST revenue from petroleum products by 19 percent in 2nd quarter) and legal issues on a number of newly introduced revenue measures. The government has also been successful in restraining development expenditure in the first half of FY'15. However, implementation of national action plan can prove to be little challenging to attain the year end target of fiscal deficit.

Going forward key challenges facing Pakistan's economy still emanate from long standing structural issues. The fiscal front remains challenged on one hand by resource constraints (the tax to GDP continues to hover around 10 percent) and on the other hand the dismal performance of the PSEs is taking a considerable toll on public finances. Besides the fiscal front; energy shortages, precarious law and order situation and sluggish economic recovery of our major trading partners' economies (i.e. USA and Europe) are also cause of concern.

## DIRECTORS' REVIEW

### PERFORMANCE UPDATE FOR THE FIRST QUARTER 2015

In the first quarter of 2015 the bank continued with its strategy to improve and enhance its sustainable core banking income and rationalizing costs. Performance of various business segments is given below:-

#### Corporate and Investment Banking

The corporate banking continued to play its role of providing finance to promote economic activity in the country. Their focus remained on consolidation of portfolio.

#### Project Finance & Syndications

During the period, Investment Banking managed several high profile transactions, some of these are highlighted below:

- Successfully closed a jointly mandated financing of PKR 11 bln for a 50 MW Wind Power Project sponsored by one of the leading business groups in Pakistan.
- FBL stands jointly mandated to arrange multi structure syndicated financing of PKR 2.5 bln for setting up a new Spinning Unit by a large textile based group.
- A large Utility Company has jointly mandated FBL to arrange PKR 16 bln for financing its pipe line infrastructure project in relation to LNG.
- FBL is solely mandated to arrange a SBLC Facility for a gas based IPP for issuance in favour of the Gas Supplier.

#### Retail Banking:

##### Branch Distribution

Transformation of branches into multiproduct selling channels is progressing. Enhanced focus on cross sell through branches has helped in generating higher business volume with lower cost of acquisition. Re-profiling of high cost deposits in line with reduction in discount rate along with pricing discipline and constant push at soliciting low cost deposits has yielded results by lowering cost of deposits. CASA deposits accounts for 66.6% of the total deposits.

##### Alternate Distribution Channels

The volume of banking transactions handled through Alternative Delivery Channels has shown incremental growth in 1st quarter. ATM network has been maintained at 275 machines with an Uptime of 94% offering 24/7 services to customers. FBL ATM offers variety of features like balance enquiry, mini statement, interbank funds transfer, and utility bills payment etc.

Faysal Pocketmate Visa Debit Card maintained its sales strategy, the key priority is to diverse transaction to profitable and cost effective Point of Sale (POS) channel. With over 190,000 transactions of PKR 786 million worth, Faysal Pocketmate Visa Debit Card stands at leading place in 1LINK domestic POS transaction category among member banks.

### Consumer Finance

The Consumer Finance franchise continues to maintain its trajectory in line with its key objective of imbedding a culture of multi selling. The franchise is focused on penetration into profitable segments while maintaining a cost discipline and adhering to the regulatory regime. Bank's Credit Card and Car Finance products remain one of the strongest propositions in the market. As per our commitment policy, we constantly strive towards product innovations for enhancement in customer convenience.

### Wealth Management

The Wealth Management platform at Faysal Bank saw further growth and a higher level of penetration across Retail customer base. Our comprehensive array of insurance and investment solutions continued to induct a positive response from customers in all segments by helping them cater to their financial needs.

### Agri Business

Agri business continues to be a priority area of activity at Faysal Bank. Encouraged from our past experience and achievements, we are continuously endeavoring to develop and offer innovative products to suit day to day requirements of the farming community. We are pleased to express that FBL has, over the time, consolidated its position of being one of the most popular banks among the progressive agriculturists. FBL's leadership role in the field of Agricultural Financing is equally acknowledged by the related quarters including its peers, competitors and the regulator.

### SME and Commercial

Faysal Bank is one of the key players of financial sector being actively involved in lending to Commercial & SME's. We understand and appreciate the pivotal role of SME's as engine of economic development. We are focused and branch network is strategically positioned for expansion in lending to Small & Medium enterprises.

### Islamic Banking

Barkat Islamic Banking continued on its growth strategy and has received SBP in-principal approval for conversion of 2 conventional branches into Islamic. Communication has been issued to initiate the branch conversion process along with the client contact process by the concerned teams and branches.

Keeping in view Barkat's Islamic Banking zero tolerance policy for Shari'ah non-compliance and to enhance the staff knowledge & skills related to Islamic financial products; extensive training sessions & conferences were conducted. Apart from routine training sessions, Bank also arranged specialized Islamic training sessions for its management teams & executives to further strengthen the knowledge which shall assist in attaining operation excellence.

To enhance Barkat Auto Finance sales, a promotional sales campaign has been launched for our existing relationships to offer them a competitive product with modest pricing. It is also pertinent to mention here that IBD's product team collaborated with CIBG for participating in



## DIRECTORS' REVIEW

syndicated Islamic transactions such as Diminishing Musharakah & Ijarat ul Musha (Musharakah) etc.

### Corporate Brand

Faysal Bank's Marketing division spotted and materialized the opportunity of being the main sponsor for Karachi Eat – 2015, a public event held at Frere Hall from 23rd till 25th January, 2015. It was built around the idea of creating a common platform for people who love food. The event was a major success and had a footfall of over 30,000 people in a matter of just 3 days. From the most creative and talented chefs to the street vendors, the Karachi Eat became a must-attend event for the Karachites, for whom food is clearly much more than just fuel for the body.

### Information Technology

#### Support Services

Information Technology through commitment, team work and hard work has provided seamless services to internal and external customers. Major achievements for the quarter, are as follows:

- Internet Banking Launch for closed group & staff thus enhancing products suite and customer reach of the Bank.
- First phase of up gradation of iMAL R9 to iMAL R13.2 has been completed. After upgrade Centralized Pool Management will be automated as per SBP Regulatory requirement. Also bank can offer more Islamic Products & Added features to customers.
- Introduced Home Remittance Solution for Emirates National Bank, Dubai customers through Faysal Rapid Cash product.
- Technology Infra Structure Upgrade project has been started and Mobile banking hardware revamped.
- System on collection of WH.Tax on FBL Bonus shares was developed & deployed thereby facilitating collection across Pakistan.
- Password security enhanced by implementing EEP-Electronic Envelope Password application with Left Hand Side & Right Hand Side (LHS/RHS) mechanism (similar to Swift).

### Risk Management

#### Credit Risk Management Function (CRM):

CRM continued to perform thorough and independent due diligence of the proposed / existing exposures in the respective risk portfolios. It worked closely with all the Business Units to proactively manage & monitor the risk & health of the portfolio, both in terms of existing customers & booking of new relationships.

**Retail Risk Management Function (RRM)**

Corresponding to overall Consumer Finance strategy, Retail Risk Management function paved way for Consumer Finance business to increase concentration in profitable segments to augment its growth plans through newly developed distribution channels. Focus was also on prudently managing NPLs and operational cost through continuous process reengineering and organizational restructuring. A number of new initiatives were taken on acquisition front, which included exploration of new low risk segments, tapping the existing portfolio potential and tailoring respective policies to target these segments more effectively. In line with Bank's focus on rationalizing cost, various strategic initiatives were under taken to enhance staff productivity and to reduce infrastructure cost, which helped to maintain the function's cost efficiency.

**Enterprise Risk Management Function (ERM)**

The ERM function operates within established framework in order to monitor Bank's activities and maintain the risk level within predefined limits. The Capital Management Unit facilitated the Bank to comply with regulatory capital requirements in accordance with SBP guidelines. Market Risk Management unit ensured that the key market risk limits are monitored on real-time basis through "Live Limit Monitoring" dashboard as per the risk appetite of the bank. Further, an analysis for withdrawal & repayment pattern was updated to provide more objective information in terms of the behavior of assets and liabilities having non-contractual maturities. The Operational Risk Management (ORM) framework has been strengthened in line with regulatory guidelines to ensure safeguard of Bank's assets against expected and unexpected losses arising from any potential operational lapses.

**People**

During the first quarter of 2015, Human Resources successfully concluded Performance Management Cycle 2014 as per the HR Policy for all the permanent employees. The performance was measured against established Key Performance Indicators under the Balanced Scorecard.

HR from its Learning and Development platform put in significant contribution towards the Business Transformation Plan of Islamic conversion through its TNA based training strategy.

**Learning & Development**

Quarter 1 saw 97% of staff successfully completing the online course on "Introduction to Islamic Banking" along with 50% identified audience being certified on NIBAF's Islamic Banking Certificate Course. 40% of identified TPC staff also underwent the class room sessions on "Introduction to Islamic Banking" whereas Islamic Products & AAOIFI Accounting Standards training was also rolled out in the first quarter.

Learning & Development (L&D) also launched the class room based New Hires Orientation training Program. L&D also continued to offer certification programs for our front end staff such as the BSO Development Program, Branch Banking Certification Program for Retail Banking & Islamic Banking Certification Program for Islamic Banking. Other Online trainings included programs such as CAAML Sanctions Program and MS Excel Power Functions along with class room based operational trainings on Branch KYC & AML Tasks, Signature Verification, Foreign

## DIRECTORS' REVIEW

Exchange Regulations and ATM Guidelines etc. A total of more than 5,400 participants were trained on various class room and online training programs in first quarter of 2015.

### Internal Communication

Human Resources in collaboration with General Services organized Family Fiesta in Karachi, Lahore, Faisalabad, and Multan in February and March 2015. Not only did these events bring fun-filled amusement and socializing but they also strengthen teamwork.

### Corporate Social Responsibility

The outset of 2015 was remarkable. President & CEO Mr. Nauman Ansari accompanied by the senior management visited the CyberKnife Project at Jinnah Hospital where he donated a cheque of PKR 10 million in recognition of the facility's altruistic efforts in cancer treatment.

A complete CT Scan Unit (construction+equipment) in Emergency Room was also sponsored at Indus Hospital under their Phase I Expansion Plan whereas another huge contribution was made to help Aga Khan University Hospital set up Centre of Excellence in cardiac sciences on the campus.

Various other initiatives were also taken to contribute towards our focal areas of education, healthcare and poverty alleviation.

### Financial Perspective

#### a) Management Information

The Financial Control Unit efforts were focused on providing timely and accurate MIS to business partners. In this regard, further improvement was brought in QlikView Business Intelligence implementation. The dashboards today not only provide data regarding deposits mobilization, lending, documentary credit and CRM but also provide segment wise Monthly Profitability Report to user for reviewing their performance. Businesses have been provided with their customer wise profitability to evaluate their relationships and to explore the opportunities for Cross Sell.

#### b) Cost efficiency

The bank's strategy is to redefine processes and develop alternates to bring cost efficiency. The focus was on reducing costs on sustainable basis without affecting smooth operations and thereby improving return to shareholders.

#### c) Energy saving measures

Special emphasis was given to energy saving measures not only for controlling cost but also for saving precious natural resources. In this regard, the Bank has adopted various initiatives like compulsory working hours schedule and discouraging avoidable late sittings and installation of heavy duty UPS so as to stop generator working at night.

## DIRECTORS' REVIEW

### Future Outlook

Bank is evaluating the option of converting it from conventional to Islamic banking. Presently, Business Transformation Plan (BTP) with the help of legal experts and consultants is under preparation which will be shortly presented to the Board for consideration.

On the recommendation of Board of Directors, Shareholders have approved 15% bonus share to all shareholders in AGM. Process of allocating bonus shares is in process. Shortly entitlement letter shall be dispatched.

Bank's strategy is to mobilize stable low cost core deposits to improve CASA mix. The bank has established countrywide branch network with footprints in all major financial and agriculture cultivating areas. Branches have also been transformed to multiproduct selling hub through facilitation, persuasion and training. Focus is on exploiting cross sell Opportunities between SME, Agri and Retail groups and thereby enhancing business volume. .

Efforts to bring cost efficiencies and reducing the impact of provisions for non-performing loans through their recoveries will continue.

### FINANCIAL HIGHLIGHTS

A summary of operating profit as shown in the financial statements is given below:-

	Mar 31, 2015	Mar 31, 2014
	Rs in Million	
Operating profit	3,108	1,266
Provision for non performing advances	(107)	(487)
Provision for diminution in value of investments	(127)	(152)
	(234)	(639)
Profit before tax	2,874	627
Provision for taxation	(994)	(195)
Profit after tax	1,880	432
Earnings per share – Rupees	1.80	0.41

Pursuant to bank's strategy to reduce cost, it has devised a strategy of mobilization of low cost core deposit and placing the funds in low risk avenues continued to show results in the form of growth in profitability. Profit after tax for the period ended March 31, 2015 stands at Rs. 1,880 million which is 335.2% higher than corresponding period last year figure of Rs. 432 million. This phenomenal increase in profit is attributable to partial realization of gains on investment portfolio, increase in net markup income, lower provisions and reduction in operating cost.



## DIRECTORS' REVIEW

Deposit cost of the Bank has reduced substantially over the period which together with higher markup income contributed significantly in increasing margins during the current quarter. CASA deposits now represent 66.6% of total deposits as against to 66.2% in March' 2014.

Non funded revenue streams of the Bank remained diversified across the branch banking, consumer asset and corporate portfolios. The fee based revenue levels are also showing a sustainable growth.

Administrative cost remained an area of focus and measures were taken to reduce avoidable costs without affecting operations. The optimization of technology infrastructure and upgradation of network has resulted in major cost savings for the Bank. The overall administrative costs were Rs 2.79 billion for three months of 2015 as compared to Rs. 3.12 billion in the same period of last year thus reducing costs by 10.6%.

As a result of all the above factors Earning Per Share for the quarter increased by impressive 339% i.e. from PKR 0.41 last year to PKR 1.80.

Total assets of the bank touched Rs. 400 billion mark. Bank continued to follow strategy of increasing low cost core deposits and placing the funds in low risk high yield investments and selective Corporate and SME clients.

### CREDIT RATING

JCR-VIS Credit Rating Company Limited (JCR) and Pakistan Credit Rating Agency Limited (PACRA) have re-affirmed the following entity ratings based on the financial statements for the year ended December 31, 2013:

Long-Term	AA
Short-Term	A1+

"Stable" outlook has been assigned to the ratings by both the agencies.

### ACKNOWLEDGEMENT

I would like to take this opportunity to thank on behalf of the Board and Management of the bank, the shareholders for the trust they have reposed in the Bank, I am also grateful to the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued support and guidance and the customers for their patronage. I would also like to express sincere appreciation for the employees of the Bank for their dedication and hard work.

On behalf of the Board of Directors  
President & CEO

Karachi

Dated: April 28, 2015

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT MARCH 31, 2015

	Un-audited March 31, 2015	Audited December 31, 2014
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----- Rupees '000 -----

### ASSETS

Cash and balances with treasury banks		23,959,010	20,285,851
Balances with other banks	9	986,017	1,422,699
Lendings to financial institutions		1,200,000	-
Investments	10	170,838,237	155,210,513
Advances	11	176,722,318	181,224,805
Operating fixed assets	12	11,340,737	11,543,356
Deferred tax assets - net		2,586,693	2,428,817
Other assets	13	13,364,116	16,009,743
		<u>400,997,128</u>	<u>388,125,784</u>

### LIABILITIES

Bills payable		4,473,679	5,347,774
Borrowings		78,416,483	60,926,863
Deposits and other accounts	14	276,869,480	283,345,739
Sub-ordinated loans		2,995,200	2,995,200
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		10,245,618	9,207,632
		<u>373,000,460</u>	<u>361,823,208</u>

### NET ASSETS

	<u>27,996,668</u>	<u>26,302,576</u>
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### REPRESENTED BY

Share capital	10,432,697	10,432,697
Reserves	7,236,842	5,703,155
Unappropriated profit	<u>6,031,166</u>	<u>5,696,366</u>
	<u>23,700,705</u>	<u>21,832,218</u>
Surplus on revaluation of assets - net of tax	<u>4,295,963</u>	<u>4,470,358</u>
	<u>27,996,668</u>	<u>26,302,576</u>

### CONTINGENCIES AND COMMITMENTS

15

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

## FOR THE QUARTER ENDED MARCH 31, 2015

	Note	March 31, 2015	March 31, 2014
		-----Rupees '000-----	
Mark-up / return / interest earned		8,433,116	7,775,923
Mark-up / return / interest expensed		4,668,103	4,455,713
Net mark-up / interest income		3,765,013	3,320,210
Provision against non-performing loans and advances - net	11.2	138,244	503,557
(Reversal) / provision for consumer and small enterprise loans - general	11.3	(2,459)	22,438
Provision against off balance sheet obligations		-	-
Provision for diminution in value of investments - net	10.7	127,052	151,806
Recoveries against written-off debts - net		(28,728)	(38,680)
		234,109	639,121
Net mark-up / interest income after provisions		3,530,904	2,681,089
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		609,978	557,959
Dividend income		60,859	67,729
Income from dealing in foreign currencies		253,518	240,833
Gain on sale of securities - net		1,269,140	94,773
Unrealised loss on revaluation of investments classified as held for trading		(88,485)	(11,399)
Other income		35,931	121,822
Total non mark-up / interest income		2,140,941	1,071,717
		5,671,845	3,752,806
<b>Non mark-up / interest expenses</b>			
Administrative expenses		2,706,980	3,137,946
Provision / (reversal) of other provisions - net		22,426	(17,543)
Other charges		65,112	4,565
Total non mark-up / interest expenses		2,794,518	3,124,968
		2,877,327	627,838
Share of loss of associate		(2,988)	(469)
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		2,874,339	627,369
Taxation - Current		1,117,185	267,220
Taxation - Prior years		-	-
Taxation - Deferred		(122,748)	(71,756)
		994,437	195,464
<b>Profit after taxation</b>		1,879,902	431,905
		-----Rupees-----	
<b>Basic earnings per share</b>	16	1.80	0.41

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

## FOR THE QUARTER ENDED MARCH 31, 2015

	March 31, 2015	March 31, 2014
	-----Rupees '000-----	
<b>Profit after taxation for the period</b>	1,879,902	431,905
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit and loss account</b>		
<b>Components of comprehensive income not reflected in equity</b>		
- Net change in value of available for sale securities	(172,914)	384,445
- Deferred tax asset / (liability) on change in value of available for sale securities	18,321	(103,933)
	(154,593)	280,512
<b>Total comprehensive income</b>	<u>1,725,309</u>	<u>712,417</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

## FOR THE QUARTER ENDED MARCH 31, 2015

	Reserves							Unappropriated profit	Total
	Share capital	Capital			Statutory reserve	Total			
		Reserve for issue of bonus shares	Share premium	Non-distributable capital reserve (NCR) - gain on bargain purchase (note 17)			Reserve arising on amalgamation		
Rupees '000									
Balance as at January 1, 2014	10,432,697	-	10,131	2,477,908	23,952	4,042,206	6,554,197	3,600,828	20,587,722
Profit after taxation for the period ended March 31, 2014	-	-	-	-	-	-	-	431,905	431,905
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	(31,217)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	19,802	19,802
Provision against non-performing loans and advances directly charged to equity as per SBP directive and adjusted against Non-distributable Capital Reserve	-	-	-	(1,221,567)	-	-	(1,221,567)	-	(1,221,567)
Balance as at March 31, 2014	10,432,697	-	10,131	1,225,124	23,952	4,042,206	5,301,413	4,052,535	19,786,645
Profit after taxation for the period from April to December 31, 2014	-	-	-	-	-	-	-	2,045,054	2,045,054
Other comprehensive income for the period									
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	41,466	41,466
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	(14,513)	(14,513)
	-	-	-	-	-	-	-	26,953	26,953
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(93,650)	-	-	(93,650)	-	(93,650)
Transfer to statutory reserve	-	-	-	-	495,392	495,392	(495,392)	-	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	67,216	67,216
Provision against non-performing loans and advances directly charged to equity as per SBP directive and adjusted against Non-distributable Capital Reserve	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2014	10,432,697	-	10,131	1,131,474	23,952	4,537,598	5,703,155	5,696,366	21,832,218
Profit after taxation for the period ended March 31, 2015	-	-	-	-	-	-	-	1,879,902	1,879,902
Amortisation of intangible assets - customer relationship - net of tax	-	-	-	(31,217)	-	-	(31,217)	-	(31,217)
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	19,802	19,802
Transfer to reserve for issue of bonus shares	-	1,564,904	-	-	-	-	1,564,904	(1,564,904)	-
Balance as at March 31, 2015	10,432,697	1,564,904	10,131	1,100,257	23,952	4,537,598	7,236,842	6,031,166	23,700,705

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## FOR THE QUARTER ENDED MARCH 31, 2015

	March 31, 2015	March 31, 2014
	-----Rupees '000-----	-----Rupees '000-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,874,339	627,369
Less: dividend income	(60,859)	(67,729)
	<u>2,813,480</u>	<u>559,640</u>
<b>Adjustments for non-cash and other items:</b>		
Depreciation	222,478	173,801
Amortisation	56,288	45,284
Workers' Welfare Fund	64,878	15,003
Provision against non-performing loans and advances - net	138,244	503,557
(Reversal) / provision for consumer and small enterprise loans - general	(2,459)	22,438
Provision for diminution in value of investments - net	127,052	151,806
Provision / (reversal) of other provisions - net	22,426	(17,543)
Provision against off balance sheet obligations	-	-
Unrealised loss on revaluation of investments classified as held for trading	88,485	11,399
Net profit on disposal of property and equipment	(3,280)	(2,559)
Net gain on disposal of non-banking assets	-	(30,566)
Charge for defined benefit plan	25,203	26,120
Amortisation of prepaid employee benefits	2,457	-
Recoveries against written-off debts	(28,728)	(38,680)
Share of loss / (profit) of associate	2,988	469
	<u>716,032</u>	<u>860,529</u>
	3,529,512	1,420,169
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(1,200,000)	(9,660,456)
Held for trading securities	17,769,895	1,329,839
Advances	4,395,430	3,734,008
Other assets	1,424,460	138,476
	<u>22,389,785</u>	<u>(4,458,133)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(874,095)	(97,149)
Borrowings	18,345,598	(20,256,338)
Deposits and other accounts	(6,476,259)	(5,080,375)
Other liabilities	1,080,102	1,599,102
	<u>12,075,346</u>	<u>(23,834,760)</u>
	37,994,643	(26,872,724)
Income tax paid	(5,687)	(589,162)
Contribution to gratuity fund	-	-
<b>Net cash generated from / (used in) operating activities</b>	<u>37,988,956</u>	<u>(27,461,886)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in available for sale securities	(33,964,595)	18,303,622
Net investment in held to maturity securities	175,536	105,150
Dividend income received	13,544	28,478
Investment in operating fixed assets	(125,126)	(113,789)
Proceeds realised on disposal of operating fixed assets	4,150	5,717
Proceeds realised on disposal of non-banking assets	-	55,528
<b>Net cash (used in) / generated from investing activities</b>	<u>(33,896,491)</u>	<u>18,384,706</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of sub-ordinated loan	-	-
Dividends paid	(10)	(15)
<b>Net cash used in financing activities</b>	<u>(10)</u>	<u>(15)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	4,092,455	(9,077,195)
Cash and cash equivalents at beginning of the period	20,666,451	28,617,034
<b>Cash and cash equivalents at end of the period</b>	<u>24,758,906</u>	<u>19,539,839</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

**PRESIDENT & CEO**

**DIRECTOR**

**DIRECTOR**

**DIRECTOR**

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

## 1 STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Bank Limited (the Bank) was incorporated in Pakistan on October 3, 1994 as a public limited company under the provisions of the Companies Ordinance, 1984. Its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The Bank is mainly engaged in Corporate, Commercial and Consumer banking activities. The Bank has a network of 274 branches (2014: 274); including 58 Islamic banking branches (2014: 58) and 1 Islamic sub-branch (2014: 1) in Pakistan. The Registered Office of the Bank is located at Faysal House, ST-02, Shahr-e-Faisal, Karachi. Ithmaar Bank B.S.C., a Bahrain based retail bank, is the parent company of the Bank, holding, directly and indirectly through subsidiaries 66.78% (2014: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMIT), (ultimate parent of the Bank) is the holding company of Ithmaar Bank B.S.C. The DMIT group owns and operates an international network of Islamic Banks, Investments Banks and Insurance Companies.
- 1.2 Based on the financial statements of the Bank for the year ended December 31, 2013, the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited have determined the Bank's long-term rating as 'AA' (December 31, 2012: 'AA') and the short term rating as 'A1+' (December 31, 2012: 'A1+').

## 2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2 The condensed interim financial information of the Islamic banking branches have been consolidated in this condensed interim financial information for reporting purposes only. Inter branch transactions and balances have been eliminated. In accordance with the directives issued by the SBP, the statement of financial position of Islamic banking branches is disclosed in note 20 to this condensed interim financial information.

## 3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the requirements of the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the SBP. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinance, 1984 or the directives issued by the SECP and the SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP and the SBP prevail.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its S.R.O. 633(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their condensed interim financial information in line with the format prescribed under BSD Circular Letter No. 2 dated May 12, 2004. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in this condensed interim financial information is based on the requirements laid down by the SBP.
- 3.4 The SBP vide 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, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

**3.5** The disclosures made in this condensed interim financial information have 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 this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2014.

**3.6** The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from January 1, 2014 and deals with the accounting for transactions relating to "Profit and Loss Sharing on Deposits" as defined by the standard. The standard may result in the addition of certain new disclosures. However, the SBP vide its BPRD Circular No. 4 dated February 25, 2015 has deferred the disclosure requirements of IFAS-3 which will be notified in due course.

**3.7 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:**

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist where the determination of control is difficult to assess. The amendments may impact the financial statements of the Bank and the management is in the process of assessing the full impact of the change.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendments may impact the financial statements of the Bank and the management is in the process of assessing the full impact of the change.

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in this condensed interim financial information.

## **4 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention, except that certain fixed assets are carried at revalued amounts and certain investments and derivative contracts have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit is carried at present value and investments in associate is carried using the equity method.

## **5 FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. this condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

## **6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

## **7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2014.

## **8 FINANCIAL RISK MANAGEMENT**

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2014.

## **9 BALANCES WITH OTHER BANKS**

	<b>Un-audited March 31, 2015</b>	<b>Audited December 31, 2014</b>
	<b>-----Rupees '000-----</b>	
In Pakistan		
- Current accounts	485,791	868,011
Outside Pakistan		
- Current accounts	500,226	554,688
	<u>986,017</u>	<u>1,422,699</u>



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

## 10 INVESTMENTS

### 10.1 Investments by type

Note	Un-audited March 31, 2015			Audited December 31, 2014		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- Rupees '000 -----						
<b>Held for trading securities</b>						
Market Treasury Bills	7,277,649	-	7,277,649	16,355,610	7,918,016	24,273,626
Pakistan Investment Bonds	1,612,796	-	1,612,796	2,467,424	318,224	2,785,648
Fully paid up ordinary shares / certificates of closed end mutual funds	665,327	-	665,327	266,393	-	266,393
	9,555,772	-	9,555,772	19,089,427	8,236,240	27,325,667
<b>Available for sale securities</b>						
Market Treasury Bills	31,576,008	44,767,698	76,343,706	33,390,917	11,054,584	44,445,501
Pakistan Investment Bonds	24,691,019	11,907,083	36,598,102	15,333,043	19,890,625	35,223,668
Ijara Sukuk Bonds	17,574,010	-	17,574,010	17,579,035	-	17,579,035
Units of open end mutual funds						
- Faysal Balanced Growth Fund *	12,480	-	12,480	12,480	-	12,480
- Faysal Income Growth Fund *	57,919	-	57,919	57,919	-	57,919
- Faysal Savings Growth Fund *	155,412	-	155,412	155,412	-	155,412
- Faysal Islamic Savings Growth Fund *	85,000	-	85,000	85,000	-	85,000
- Faysal Money Market Fund *	549,000	-	549,000	549,000	-	549,000
- Faysal Asset Allocation Fund *	15,491	-	15,491	15,491	-	15,491
- Faysal Financial Sector Opportunity Fund *	39,000	-	39,000	39,000	-	39,000
Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	3,451,487	-	3,451,487	2,752,299	-	2,752,299
Fully paid up preference shares	197,490	-	197,490	197,490	-	197,490
Term finance certificates	930,093	-	930,093	932,300	-	932,300
	79,334,409	56,674,781	136,009,190	71,099,386	30,945,209	102,044,595
<b>Held to maturity securities</b>						
Pakistan Investment Bonds	19,641,590	-	19,641,590	19,606,773	-	19,606,773
Term finance certificates	2,711,410	-	2,711,410	2,798,791	-	2,798,791
Sukuk Bonds	3,876,766	-	3,876,766	3,999,738	-	3,999,738
	26,229,766	-	26,229,766	26,405,302	-	26,405,302
<b>Associate *</b>						
Fully paid up ordinary shares of Faysal Asset Management Limited	72,096	-	72,096	75,084	-	75,084
	115,192,043	56,674,781	171,866,824	116,669,199	39,181,449	155,850,648
<b>Investments at cost</b>						
Less: provision for diminution in the value of investments at cost	(2,955,264)	-	(2,955,264)	(2,828,212)	-	(2,828,212)
	112,236,779	56,674,781	168,911,560	113,840,987	39,181,449	153,022,436
<b>Investments (net of provisions)</b>						
(Deficit) / surplus on revaluation of investments classified as held for trading - net	(71,902)	-	(71,902)	11,110	5,474	16,584
Surplus on revaluation of investments classified as available for sale - net	1,369,805	628,774	1,998,579	1,084,848	1,086,645	2,171,493
<b>Total investments - net</b>	113,534,682	57,303,555	170,838,237	114,936,945	40,273,568	155,210,513

\* related parties

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

- 10.2** These include Pre IPO investment of Rs 500 million made in the unlisted term finance certificates (TFCs) of Dewan Cement Limited. The State Bank of Pakistan through its letter BPRD/BLRD-3/DMG/2011-1035 had advised the Banks to maintain provision at least at the level of 90% in five quarters (commencing from December 31, 2010) by December 31, 2011. The Bank as per the above directive had availed the relaxation and maintained a provision of Rs 450 million against this investment. Had the provision been made as per the time based criteria specified in the Prudential Regulations issued by the SBP, the provision for diminution in the value of investments for the period ended March 31, 2015 would have been higher by Rs 50 million (March 31, 2014: Rs 50 million) and the profit before taxation for the period ended March 31, 2015 would have been lower by Rs 50 million (March 31, 2014: Rs 50 million).
- 10.3** These include the term finance certificates and Sukuk Bonds of Rs 999.172 million (December 31, 2014: Rs 999.172 million) and Rs 500 million (December 31, 2014: Rs 500 million) respectively issued by Agritech Limited. The impact of relaxation availed by the Bank for maintaining the provision against these investments is disclosed in note 11.2.1 to this condensed interim financial information.
- 10.4** These include 8,868,843 equity shares (December 31, 2014: 8,868,843) valuing Rs 310.410 million of Agritech Limited acquired at the rate of Rs. 35 each as part of a debt share swap agreement with Azgard Nine Limited. The impact of relaxation availed by the Bank for impairment against these shares is disclosed in note 11.2.1 to this condensed interim financial information.
- 10.5** These include an investment of the Bank in unlisted shares of DHA Cogen Limited (DHA) (a related party of the bank) representing 19.1% equity holding of DHA. During 2013, the Bank has acquired additional equity shares of 9.35% by exercising its right over pledged shares after eventual non-compliance by DHA in respect of 'Rehabilitation and Standstill Agreement' made between the consortium banks (including FBL) and DHA for repayment of liabilities.
- 10.6** The Bank does not prepare consolidated financial statements as it does not have any subsidiary company as at March 31, 2015. Accordingly, investment of the Bank in Faysal Asset Management Limited (FAML) has been accounted for under the equity method of accounting as per the requirement of IAS 28. The Bank's share of post acquisition profit or loss is recognised using the latest available financial statements of FAML which relate to the period ended March 31, 2015 with a corresponding adjustment to the carrying amount of investment. The details of the Bank's investment, post acquisition changes and certain other details relating to FAML are as under:

	<b>Un-audited March 31, 2015</b>	<b>Audited December 31, 2014</b>
	----- Rupees '000 -----	
<b>10.6.1 Faysal Asset Management Limited - percentage holding 30% (December 31, 2014: 30%)</b>		
At January 1	75,084	75,829
Post acquisition changes during the period / year - Recognised in the profit and loss account	(2,988)	(745)
Closing Balance	<u>72,096</u>	<u>75,084</u>
Cost of Investment	<u>45,000</u>	<u>45,000</u>
<b>10.6.2 Particulars of the assets and liabilities of the associate</b>		
Assets	<u>269,856</u>	<u>279,063</u>
Liabilities	<u>29,537</u>	<u>28,783</u>
Revenue	<u>23,538</u>	<u>114,775</u>
Loss	<u>(9,961)</u>	<u>(2,483)</u>

### **10.7 Particulars of provision for diminution in the value of investments**

Opening balance	2,828,212	2,430,829
Charge during the period / year	<u>136,327</u>	<u>549,145</u>
Reversals during the period / year	<u>(9,275)</u>	<u>(151,762)</u>
	<u>127,052</u>	<u>397,383</u>
Closing balance	<u>2,955,264</u>	<u>2,828,212</u>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

	Note	Un-audited March 31, 2015	Audited December 31, 2014
		Rupees '000	
<b>11 ADVANCES</b>			
Loans, cash credits, running finances, etc. – in Pakistan	11.2.1	184,251,565	188,265,398
Net investment in finance lease – in Pakistan		11,351,796	11,047,764
		<u>195,603,361</u>	<u>199,313,162</u>
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		3,307,916	4,136,469
- Payable outside Pakistan		1,302,082	1,130,241
		<u>4,609,998</u>	<u>5,266,710</u>
Margin financing / reverse repo transactions		92,198	96,200
Gross advances		<u>200,305,557</u>	<u>204,676,072</u>
Provision against non-performing advances	11.1 & 11.2	(23,146,174)	(23,011,743)
Provision against consumer and small enterprise loans - general	11.3 & 11.3.1	(437,065)	(439,524)
		<u>(23,583,239)</u>	<u>(23,451,267)</u>
Advances - net of provision		<u>176,722,318</u>	<u>181,224,805</u>

**11.1** Advances includes Rs. 29,423 million (2014: Rs. 29,293 million) which have been placed under non-performing status as detailed below:

March 31, 2015 (Un-audited)										
Particulars	Note	Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees '000										
Category of classification										
Other Assets Especially										
Mentioned (OAEM)	11.1.1	378,006	-	378,006	897	-	897	897	-	897
Substandard		2,838,402	-	2,838,402	395,128	-	395,128	395,128	-	395,128
Doubtful		1,444,392	-	1,444,392	469,941	-	469,941	469,941	-	469,941
Loss		24,762,429	-	24,762,429	22,280,208	-	22,280,208	22,280,208	-	22,280,208
		29,423,229	-	29,423,229	23,146,174	-	23,146,174	23,146,174	-	23,146,174

December 31, 2014 (Audited)										
Particulars	Note	Classified Advances			Provision required			Provision held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees '000										
Category of classification										
Other Assets Especially										
Mentioned (OAEM)	11.1.1	206,095	-	206,095	36	-	36	36	-	36
Substandard		2,717,410	-	2,717,410	406,705	-	406,705	406,705	-	406,705
Doubtful		1,675,067	-	1,675,067	523,630	-	523,630	523,630	-	523,630
Loss		24,694,748	-	24,694,748	22,081,372	-	22,081,372	22,081,372	-	22,081,372
		29,293,320	-	29,293,320	23,011,743	-	23,011,743	23,011,743	-	23,011,743

**11.1.1** This represents non-performing portfolio of agricultural, housing and small enterprise financing classified as OAEM as per the requirements of the Prudential Regulations for agricultural, housing and small enterprise financing issued by the SBP.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

11.2 Particulars of provision against non-performing advances	Note	Un-audited March 31, 2015	Audited December 31, 2014
		----- Rupees '000 -----	----- Rupees '000 -----
Opening balance		23,011,743	19,746,517
<b>Recognised in the profit &amp; loss account</b>			
- Charge for the period / year		407,952	2,900,885
- Reversals during the period / year		(269,708)	(845,065)
		138,244	2,055,820
<b>Recognised in equity</b>			
- Provision against non-performing loans and advances adjusted against NCR	17	-	1,221,567
Net charge		138,244	3,277,387
Amounts written off		(3,813)	(12,161)
Closing balance		23,146,174	23,011,743

**11.2.1** This includes classified advances of Rs 350 million disbursed to Agritech Limited (AGL). In addition, as disclosed in notes 10.3 and 10.4, the Bank had also made investments in term finance certificates, sukuk bonds and equity shares of Rs 999.172 million, Rs 500 million and Rs 310.410 million respectively of AGL. In accordance with the requirements of the approved accounting standards as applicable in Pakistan and the Prudential regulations issued by the SBP, the Bank was required to maintain a provision of Rs 2,076.525 (net of FSV benefit) million as at March 31, 2015 against the above exposure of AGL. The required provision as per the approved accounting standards as applicable in Pakistan and as per the requirements of the Prudential Regulations has not been fully made by the Bank as the SBP has given relaxation to the Bank in maintaining provision against the outstanding exposure of AGL. The Bank is required to make the provisions against the outstanding exposure (including investment in equity shares) of at least 80%, 85%, 90% and 100% of the required provision as at March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015 respectively. The Bank has availed the relaxation provided by the SBP and has recorded total provision of Rs 1,661.220 million - net of FSV benefit (including impairment loss of Rs 195.115 million) (December 31, 2014: Rs 1,550.787 million - net of FSV benefit including impairment loss of Rs 181.257 million). Had the SBP not provided this exemption, the profit before taxation for the current period would have been lower by Rs 415.305 million and the provision against advances and investments would have been higher by Rs 70 million and Rs 345.305 million respectively.

**11.2.2** As allowed by the SBP the Bank has availed benefit of Forced Sale Value (FSV) of collaterals held as security of Rs 2,700.520 million (2014: Rs 2,771.857 million) relating to advances and Rs 28.827 million (2014: Rs 28.324 million) relating to investments while determining the provisioning requirement against non-performing financing (including investments) as at March 31, 2015. The additional profit arising from availing the FSV benefit - net of tax as at March 31, 2015 which is not available for distribution as either cash or stock dividend to shareholders and bonus to employees amounted to approximately Rs 1,774.076 million (2014: Rs 1,820.118 million).

11.3 Particulars of provision against consumer loans - general	Un-audited March 31, 2015	Audited December 31, 2014
	----- Rupees '000 -----	----- Rupees '000 -----
Opening balance	439,524	406,365
(Reversal) / charge during the period / year	(2,459)	33,159
Closing balance	437,065	439,524

**11.3.1** The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing, Housing Finance and Small and Medium Enterprise Financing issued by the SBP. As per these regulations, the Bank maintains general provision as follows:

	Secured	Unsecured
Housing Finance Portfolio	1.5%	-
Consumer portfolio	1.5%	5.0%
Small enterprise portfolio	1.0%	2.0%



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

- 11.4** Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loans, however, the Bank still holds enforceable collateral against certain non-performing loans in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

### 12 OPERATING FIXED ASSETS

#### 12.1 Additions to operating fixed assets - cost

	Un-audited For the quarter ended	
	March 31, 2015	March 31, 2014
	----- Rupees '000 -----	
Leasehold property and improvements	16,120	27,266
Office furniture, fixtures, equipment and computers	27,969	16,289
Vehicles	89	23,134
Capital work-in-progress	81,416	47,100

#### Additions to Intangibles

Software	522	-
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#### 12.2 Disposals of operating fixed assets - cost

Office furniture, fixtures, equipment and computers	50,320	2,966
Vehicles	4,121	2,500

### 13 OTHERASSETS

These include non-banking assets acquired in satisfaction of claims amounting to Rs 1,913.178 million (December 31, 2014: Rs 1,913.178 million).

### 14 DEPOSITS AND OTHER ACCOUNTS

#### Customers

	Un-audited March 31, 2015	Audited December 31, 2014
	----- Rupees '000 -----	
Fixed deposits	91,072,318	95,714,523
Saving deposits	86,681,564	87,507,426
Current accounts – Remunerative	2,384,710	2,572,655
Current accounts – Non-remunerative	84,697,235	85,073,620
Margin accounts	2,105,106	2,067,200
	266,940,933	272,935,424

#### Financial institutions

Remunerative deposits	9,628,512	10,167,344
Non-remunerative deposits	300,035	242,971
	9,928,547	10,410,315
	276,869,480	283,345,739

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

	Un-audited March 31, 2015	Audited December 31, 2014
	----- Rupees '000 -----	
<b>15 CONTINGENCIES AND COMMITMENTS</b>		
<b>15.1 Direct credit substitutes</b>		
<b>Contingent liability in respect of guarantees favouring:</b>		
- Banking companies and other financial institutions	<u>435,833</u>	<u>618,456</u>
<b>Acceptances</b>		
- Others	<u>6,248,658</u>	<u>10,719,676</u>
<b>15.2 Transaction-related contingent liabilities</b>		
<b>Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:</b>		
- Government	<u>7,920,089</u>	<u>8,098,193</u>
- Banking companies and other financial institutions	<u>12,765</u>	<u>12,765</u>
- Others	<u>2,269,975</u>	<u>1,870,207</u>
	<u>10,202,829</u>	<u>9,981,165</u>
<b>15.3 Trade-related contingent liabilities</b>		
<b>Letters of credit</b>		
- Government	<u>4,648,403</u>	<u>2,292,534</u>
- Others	<u>10,944,904</u>	<u>16,781,954</u>
	<u>15,593,307</u>	<u>19,074,488</u>
<b>15.4 Other contingencies</b>		
i) Suit filed by a customer for recovery of alleged losses suffered which is pending in the High Court of Sindh. The Bank's legal advisors are confident that the Bank has a strong case	<u>2,500,000</u>	<u>2,500,000</u>
ii) Indemnity issued favouring the High Court in the above case	<u>457,543</u>	<u>457,543</u>
iii) Claims against the Bank not acknowledged as debt	<u>30,404,910</u>	<u>30,404,910</u>

These mainly represent counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as mortgaged / pledged assets kept as security), cases where the Bank was proforma defendant for defending its interest in the underlying collateral kept by it at the time of financing and certain cases filed by ex-employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. The above also includes an amount of Rs 25,299 million in respect of a suit filed against the Bank for declaration, recovery of monies, release of securities, rendition of account and damages.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in this condensed interim financial information.

- (iv) Income tax assessments of the Bank have been finalised upto the tax year 2014 (Accounting year 2013). Return of income for tax year 2015 will be e-filed within due date.

The department and the Bank have disagreements on certain matters in different tax years. These include disallowance on initial depreciation of leases, provision for bad debts, bad debts written off, provision against investments, taxability of dividend and profit accrued on deposits. The additional tax liability on these matters is Rs 2,044.680 million.

The Bank and the department have filed appeals with the Commissioner Inland Revenue (Appeals), Appellate Tribunal Inland Revenue and the High Court in the aforementioned matters. The management of the Bank is confident that the decision in respect of these matters will be in the Bank's favour and accordingly no provision has been made in this condensed interim financial information in this respect.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

## 15.5 Commitments to extend credits

The Bank makes commitments to extend credit (including to related parties) 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.

## 15.6 Commitments in respect of forward exchange contracts

Purchase  
- Customers  
- Banks

**Un-audited**  
**March 31,**  
**2015**

**Audited**  
**December 31,**  
**2014**

----- Rupees '000 -----

1,175,733	2,019,028
32,542,489	33,335,629
33,718,222	35,354,657

Sale  
- Customers  
- Banks

630,609	980,313
19,862,343	17,398,632
20,492,952	18,378,945

## 15.7 Commitments for the acquisition of operating fixed assets

148,254	118,310
---------	---------

## 15.8 Commitments in respect of donation

8,000	8,000
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## 15.9 Commitments in respect of repo transactions

Repurchase  
Resale

57,319,061	40,116,082
305,838	305,244

## 15.10 Others

Interest rate swaps and cross currency swaps (notional principal)

33,612	67,864
--------	--------

## 16 EARNINGS PER SHARE

**Un-audited**  
**For the quarter ended**  
**March 31,**  
**2015**

**March 31,**  
**2014**

----- Rupees '000 -----

Profit after tax for the period

1,879,902	431,905
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**Number of shares in thousands**

Weighted average number of ordinary shares

1,043,270	1,043,270
-----------	-----------

----- Rupees -----

Earnings per share - basic

1.80	0.41
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**16.1** Diluted earning per share has not been presented as the Bank does not have any convertible instruments in issue at March 31, 2015 and March 31, 2014 which would have any effect on the earning per share if the option to convert is exercised .

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

### 17 NON-DISTRIBUTABLE CAPITAL RESERVE - GAIN ON BARGAIN PURCHASE

As per the directive of the SBP through its letter BPRD (R&P-02)/625-99/2011/3744 dated March 28, 2011, gain arising on bargain purchase of Pakistan operations of Royal Bank of Scotland (ex-RBS Pakistan) was credited directly into equity as Non-Distributable Capital Reserve (NCR). The SBP allowed the Bank to adjust the amortisation of intangible assets against the portion of reserve which arose on account of such assets. The directive of the SBP further specified that any subsequent provision / deficit identified by the Banking Inspection Department (BID) of the SBP in the acquired portfolio of ex-RBS Pakistan will be adjusted against this reserve. The balance amount of reserve, after incorporation of the adjustment as identified by BID of the SBP and amortisation of intangible asset, will be available for distribution only as stock dividend after the prior approval of the SBP.

The BID of the SBP had issued a final inspection report in 2013. The report identified an adjustment of Rs 441.757 million which essentially represented the additional provision suggested by the BID of the SBP in the acquired loans and advances portfolio of the Ex-RBS Pakistan. In accordance with the above directive of the SBP the management adjusted the aforementioned amount against the NCR at the time of finalisation of the financial statements of the Bank for the year ended December 31, 2012. In August 2013, the management of the Bank sought approval from the SBP for the transfer of the remaining amount of bargain purchase gain (net of unamortised balance of intangible assets) to unappropriated profit which may become available for distribution as stock dividend to the shareholders of the Bank.

The SBP through its letter BPRD (R&P-02)/625-99/2013/17 dated November 25, 2013 allowed the Bank to transfer the bargain purchase gain (net of unamortised balance of intangible assets) to unappropriated profit subject to the condition that the amount of bargain purchase gain for distribution should be determined after making full provision against the classified portfolio of the ex-RBS Pakistan without taking any FSV benefit of the collaterals / securities. Thereafter, if any balance amount is available then the same may be transferred to unappropriated profit for onward distribution to shareholders as stock dividend.

The management of the Bank sought clarification on certain conditions and related matters (including meaning of 'full provision' and adjustment mechanism of FSV benefit) attached to the transfer of bargain purchase gain including the accounting entry required to effect the directive issued by the SBP.

Based on the clarification and approval received from the SBP, the Bank in 2014 adjusted a gross provision of Rs. 1,221.567 million by debiting the NCR appearing in equity with a corresponding adjustment to provision against loans and advances.

### 18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

#### Primary segment information

The Bank is organised into four major business segments:

- Corporate Finance
- Trading and Sales
- Retail Banking
- Corporate & Commercial Banking

All assets, liabilities, off balance sheet items and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

## March 31, 2015 - Un-audited

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
Rupees '000					
Total income	95,166	3,142,257	6,367,231	966,415	10,571,069
Total expenses	(44,068)	(1,883,688)	(5,902,733)	(860,678)	(8,691,167)
Net income	51,098	1,258,569	464,498	105,737	1,879,902
Segment assets (Gross)	-	170,350,211	86,946,595	170,615,703	427,912,509
Segment non performing loans	-	-	5,245,895	24,177,334	29,423,229
Segment provision required against loans **	-	-	(2,841,524)	(20,741,715)	(23,583,239)
Segment liabilities	-	(61,210,700)	(283,022,852)	(28,766,908)	(373,000,460)
Segment return on assets (ROA) (%) *	-	3.50%	1.91%	0.27%	
Segment cost of funds (%) *	-	6.07%	5.72%	8.59%	

## March 31, 2014 - Un-audited

Total income	37,304	1,339,583	6,094,084	1,376,200	8,847,171
Total expenses	(29,205)	(824,195)	(6,124,803)	(1,437,063)	(8,415,266)
Net income / (loss)	8,099	515,388	(30,719)	(60,863)	431,905

## December 31, 2014 - Audited

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
Rupees '000					
Total income	142,849	6,713,312	24,545,026	5,284,870	36,686,057
Total expenses	(84,123)	(4,085,130)	(24,291,630)	(5,748,215)	(34,209,098)
Net income / (loss)	58,726	2,628,182	253,396	(463,345)	2,476,959
Segment assets (Gross)	-	149,750,065	74,629,428	190,344,153	414,723,646
Segment non performing loans	-	-	3,599,658	25,693,662	29,293,320
Segment provision required against loans **	-	-	(2,367,920)	(21,083,347)	(23,451,267)
Segment liabilities	-	(42,447,414)	(280,986,592)	(38,389,202)	(361,823,208)
Segment return on assets (ROA) (%)	-	2.43%	0.39%	0.25%	
Segment cost of funds (%)	-	5.59%	5.76%	9.07%	

\* These percentages have been computed based on average balances.

\*\* includes general provision

## 19 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its holding company, associated undertaking, associated company, group companies, retirement benefit plans, directors, key management personnel and entities over which the directors or key management personnel are able to exercise significant influence. The particulars of the Bank's investment in its associated companies / investments in the funds is given in notes 10.1 and 10.5 to this condensed interim financial information.

Banking transactions with the related parties are executed substantially on the same terms, except transactions with directors and key management personnel that are as per their terms of employment, including mark-up rates and collateral, as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

Particulars	March 31, 2015 (Un-audited)			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings *
	Rupees '000			
<b>Deposits</b>				
Balance at the beginning of the period	107,806	87,030	5,141	50,108
Placements during the period	486,349	129,359	908,186	5,219,951
Withdrawals during the period	(528,855)	(90,398)	(909,720)	(4,772,588)
Balance at end of the period	65,300	125,991	3,607	497,471
<b>Advances</b>				
Balance at the beginning of the period	58,293	-	-	3,455,705
Disbursements during the period	2,354	-	-	1,305,621
Repayments during the period	(4,262)	-	-	(692,707)
Balance at end of the period	56,385	-	-	4,068,619

\* Provision held against advances amounted to Rs. 2,849.697 million.

Particulars	December 31, 2014 (Audited)			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings *
	Rupees '000			
<b>Deposits</b>				
Balance at the beginning of the year	190,399	116,373	2,544	1,140,702
Placements during the year	2,206,535	1,638,924	3,882,338	67,752,154
Withdrawals during the year	(2,289,128)	(1,668,267)	(3,879,741)	(68,842,748)
Balance at end of the year	107,806	87,030	5,141	50,108
<b>Advances</b>				
Balance at the beginning of the year	24,901	-	-	4,440,121
Disbursements during the year	50,123	-	-	11,579,524
Repayments during the year	(16,731)	-	-	(12,563,940)
Balance at end of the year	58,293	-	-	3,455,705

\* Provision held against advances amounted to Rs. 2,827.738 million.

Particulars	March 31, 2015 (Un-audited)			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings
	Rupees '000			
Shares / units purchased during the period	-	-	-	-
Shares / units sold during the period	-	-	-	-
Government securities purchased during the period	218,142	-	-	-
Government securities sold during the period	233,568	-	-	-
Profit paid / accrued	1,006	2,085	86	1,977
Profit return / earned	1,014	-	-	115,791
Borrowings	-	-	-	-
Remuneration of the key management personnel				
- Salaries and other short-term employee benefits	163,043	-	-	-
- Post-employment benefits	3,971	-	-	-
Contribution to staff retirement benefits	-	54,408	-	-
Guarantees issued favouring related parties or on their behalf	-	-	-	37,802*
Share of loss from associate	-	-	2,988	-

\* represents outstanding guarantee

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

Particulars	March 31, 2014 (Un-audited)			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings
	Rupees '000			
Shares / units purchased during the period	-	-	-	549,331
Shares / units sold during the period	-	-	-	500,049
Government securities purchased during the period	679,592	398,077	-	-
Government securities sold during the period	909,443	576,651	-	-
Profit paid / accrued	1,636	2,167	104	22,990
Profit return / earned	451	-	-	35,509
Borrowings	-	-	-	4,926,485
Remuneration of the key management personnel				
- Salaries and other short-term employee benefits **	380,065	-	-	-
- Post-employment benefits	4,758	-	-	-
Contribution to staff retirement benefits	-	61,486	-	-
Guarantees issued favouring related parties or on their behalf	-	-	-	29,397*
Share of loss from associate	-	-	469	-

\* represents outstanding guarantee

\*\* Includes final settlement of Ex-President & CEO

**19.1** Balances pertaining to parties that were related at the beginning of the period but ceased to be so related during any part of the current period are not reflected as part of the closing balance. The same are accounted for through the movement presented above.

## 20 ISLAMIC BANKING BUSINESS

The Bank is operating 58 Islamic banking branches (2014: 58) and 1 Islamic sub-branch (2014: 1). The statement of financial position of these branches as at March 31, 2015 are as follows:

Note	Un-audited March 31, 2015	Audited December 31, 2014
	Rupees '000	
<b>ASSETS</b>		
Cash and balances with treasury banks	2,661,686	2,929,341
Balances with other banks	220,177	158,367
Due from financial institutions	-	-
Investments	20,699,708	20,694,546
Islamic financing and related assets	11,657,124	11,373,893
Operating fixed assets	311,204	204,408
Deferred tax assets	-	19,727
Other assets	718,316	825,349
	36,268,215	36,205,631
<b>LIABILITIES</b>		
Bills payable	486,814	320,765
Due to financial institutions	2,000,000	1,350,000
Deposits and other accounts		
- Current accounts	11,829,506	12,482,760
- Saving accounts	7,179,108	7,781,254
- Term deposits	10,108,752	9,697,708
- Others	32,014	34,876
- Deposits from financial institutions - remunerative	373,990	355,698
- Deposits from financial institutions - non-remunerative	3,355	5,797
Due to head office	1,454,829	1,818,327
Deferred tax liabilities	16,445	-
Other liabilities	631,418	593,652
	34,116,231	34,440,837
	2,151,984	1,764,794
<b>NET ASSETS</b>		
<b>REPRESENTED BY</b>		
Islamic banking fund	880,000	880,000
Reserves	-	-
Unappropriated profit	1,116,313	921,429
	1,996,313	1,801,429
Surplus / (deficit) on revaluation of assets - net of tax	155,671	(36,635)
	2,151,984	1,764,794



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2015

Note	Un-audited March 31, 2015	Audited December 31, 2014
	Rupees '000	
<b>Remuneration to shariah advisor</b>	<u>1,156</u>	<u>2,844</u>
<b>CHARITY FUND</b>		
Opening balance	337	233
Additions during the period / year	446	1,047
Payments / utilization during the period / year	-	(943)
Closing balance	<u>783</u>	<u>337</u>
<b>Sector wise details of Charity Disbursement</b>		
Health	-	643
Education	-	200
Social Work	-	100
	<u>-</u>	<u>943</u>
<b>(a) Islamic Financing and Related Assets</b>	<b>(b) <u>11,657,124</u></b>	<b><u>11,373,893</u></b>
<b>(b) Islamic Mode of Financing</b>		
Murabaha	1,090,065	1,788,521
Musharika cum Ijara	6,172	2,752
Diminishing Musharika	7,719,553	7,637,270
Advance against Murabaha Financing	232,144	227,605
Advance against Murabaha ERF	-	-
Advanced against Diminishing Musharika	1,538,589	1,198,877
Fixed Assets Ijara Financing (net)	1,070,601	514,532
Advance against Ijara	-	4,336
	<u>11,657,124</u>	<u>11,373,893</u>

## (c) Sectors and avenues of deposits and funds

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business.

	Un-audited March 31, 2015	Audited December 31, 2014
	Rupees '000	
Government and other securities	20,699,708	20,694,546
Textiles, chemicals, pharmaceuticals, food and allied	1,432,705	2,141,264
Production and transmission of energy	8,005,499	7,130,054
Transportation	1,718,625	1,575,048
Construction / Housing	719,863	731,120
	<u>32,576,400</u>	<u>32,272,032</u>

## 21 GENERAL

**21.1** Comparative information has been re-classified and re-arranged in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with the changes in presentation in the current period.

**21.2** Figures have been rounded off to the nearest thousand rupees unless other wise stated.

## 22 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 28, 2015 by the Board of Directors of the Bank.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR





## Bank on Ambition

Registered Office:  
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