



بصیرت

2014
HALF YEAR
ENDED JUNE 30, 2014
UNAUDITED FINANCIAL STATEMENTS

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Registered Office
Faysal House, ST-2, Shara-e-Faisal, Karachi
Tel: 021-32795200 Fax: 021-32795234

Action

A broader vision expands horizons. The one enlightened, his actions are driven by his intuition and reckons what's coming next to him.

ہو بندہ آزاد اگر صاحبِ الحمام
ہے اُس کی نگاہ فکر و عمل کیلئے مہمیز
اقبال



CORPORATE INFORMATION

Board of Directors

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

Audit Committee (AC)

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

Board Risk Management Committee (BRMC)

Imtiaz Ahmad Pervez	Chairman
Tawfeeq Mohamed Mohamed Rafeea Bastaki	Member
Nauman Ansari	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
Tawfeeq Mohamed Mohamed Rafeea Bastaki	Member
Nauman Ansari	Member

DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present Financial Statements of Faysal Bank Limited for the half year ended June 30, 2014.

ECONOMIC UPDATE

The majority of the economic indicators moved in the right direction during FY'14. The real GDP growth for the full FY exceeded 4% for the first time in six years, inflation as measured by CPI remained in single digit for the second consecutive year and the fiscal deficit was curtailed to around 5.8% of GDP actually outperforming the GOP's initial estimate of 6.3%. Despite headwinds from internal and regional security and political developments and persistent structural bottlenecks hampering the economies productive capacity there is optimism that Pakistan's economy may finally be on solid footing for sustainable growth needed to accommodate the growing domestic workforce.

The most significant development during FY'14 was the marked improvement in the capital and financial account which recorded a surplus of approx. \$7.1 bln as compared to \$813 mln in FY'13. The bulk of this improvement took place in the second half of FY'14 mainly from; receipt of foreign inflows under Pakistan Development Fund of approx \$1.5 bln, successful issuance of \$2 bln Eurobonds after a gap of almost seven years, inflows from the auctioning of 3&4 generation spectrum licenses of approx \$547 mln, international demand for equity divestments in UBL (\$311 mln) and PPL and loans from multilateral agencies worth approx \$1.8 bln. These developments though debt creating and one off in nature, orchestrated a fundamental shift in the sentiments of the foreign exchange market. The PKR USD parity which began FY'14 at 99.63 had depreciated massively during the 1st Half FY'14 to hit a low of 108.63 as on 3rd December '13 rebounded to 98.80 as on end June '14 not only recovering the losses but posting a marginal appreciation on a YOY basis. These improved flows allowed the GOP to finance the current account deficit of \$2.925 bln and build reserves to USD 14.1 bln by end FY'14 from a low of \$7.98 bln in Jan'14 and comfortably meet the Net International Reserves target set forth by the IMF.

The CPI trajectory depicted a much improved performance during the second half of FY'14 and the year end average was recorded at 8.6% against an initial estimate of close to 12% by the SBP. This central bank estimate was spurred by taxation measures introduced in the budget for FY'14 e.g. GST, phasing out of untargeted subsidies and the monetary overhang from the previous fiscal year. The muted CPI performance was enabled by the PKR's recovery vs the US Dollar and coordinated fiscal and monetary tightening undertaken by the authorities. For FY'15 the SBP is targeting CPI in the vicinity of 7.5-8.5%. This outlook assumes the continuation of the positive interest rate regime, moderate aggregate demand, further curtailment of government budgetary borrowing from the banking system and overall stable outlook for international commodity prices. The forecast seems plausible in lieu of a stable currency outlook and the current position of the out-put gap besides the factors already highlighted by the SBP.

The fiscal consolidation effort undertaken in FY'14, wherein it was recorded at 5.8% vs. 8.2% in FY'13, needs to be carried forward in FY'15 as the GOP aims to further reduce the fiscal deficit to 4.9% of GDP in FY'15. The biggest challenge to this target will emanate from the FBR tax collection target set forth at PKR 2,810 bln for FY'15 vs an actual collection of 2,275 bln in FY'14. Any slippages herein will be compensated by reduction in development expenditure which does not bode well for the economy's future productive capacity. This concern is further

DIRECTORS' REVIEW

exacerbated by falling private investment in the economy which was recorded at 14% in FY'14 vs 14.6% in FY'13 – which was 19.2% in 2008.

The GOP envisions a continuation of Financial and Capital flows and forecasts SBP reserves at approx \$13 bln by end FY'15 as compared to \$9.6 bln as on 4th July '14. This assumes the current account deficit being curtailed at 1% of GDP broadly in line with 1.1% recorded in FY'14. Additionally this hinges on realization of flows from the planned divestment in OGDC, successful issuance of Eurobonds (both conventional and SUKUK) and program financing from multilateral agencies. The recent revision in the outlook on Pakistan's foreign exchange currency bond to stable from negative by Moody's may pave the way for a possible rating upgrade and hence attracting more commercial interest in Pakistan's sovereign issuances.

PERFORMANCE UPDATE

The bank continued with its two pronged strategy of improving its sustainable core earnings 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 was on consolidation of portfolio. FBL partly financed long term working capital requirement for state owned airline company and procurement of equipment and services required to increase output and efficiency of the generating assets of Pakistan's largest integrated power utility.

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

- FBL has been jointly mandated as Lead Advisor and Arranger to arrange PKR 6.7 bln for setting up of 62.4 MW bagasse based cogeneration power plant in Punjab.
- FBL has been jointly mandated to arrange PKR 24.2 bln for setting up diesel hydro-desulphurization, isomerization and auxiliary units for one of the largest refineries in the country.
- FBL has been jointly mandated as Lead Arranger for PKR 2.3 bln by a Pharma group for acquisition of 100% shareholding of another pharma company.
- FBL as a sole Advisor and Arranger closed a mandate of PKR 1,200 mln for a large textile Group, based in Faisalabad, to finance purchase of Air Jet Looms and associated machinery for setting up a weaving unit.
- FBL has been jointly mandated as Financial Advisor for setting up of an IPP which shall undertake coal conversion of two RFO based electricity generating units comprising of 420 MW.
- FBL has been jointly mandated as Lead Arranger for PKR 25,778 mln by Frontier Works Organization for their modernization and rehabilitation project of Lahore-Islamabad (M-2) motorway.

Retail Banking Group

Branch Banking group's core focus during half year ended June 2014 was on retention and growth of current and saving deposits (CASA) and retention of existing term deposit book. During this process bank added PKR 29.1 bln in deposits as compared to the same period last year, CASA deposit mix stood at 67.8% as of June 2014. This strategy of low cost deposits mobilization and attrition of high cost funds resulted in higher net margins for the bank. Stable discount rate and addition of low cost CASA deposits enabled the bank to deploy funds in selected assets to generate higher spreads.

Wealth Management

The Wealth Management channel aligned itself with the new geographical structure of the Bank's distribution network and also as per the demand and requirement of a growing business. The Bancassurance product menu was further enriched as well with the launch of new products in both the life and value added categories. This in turn also saw the on boarding of two new business partners i.e. Adamjee Life and AIG Chartis. The business is well placed with strategically and objectively to maintain strong momentum which resulted in growth of investment and insurance solutions over the past couple of years.

Consumer Finance

The consumer franchise remains focused towards growth in profitable segments and post structural changes & process realignment it is focused to deliver better than planned results. Bank's credit card remains the prime product in the market delivering superior value to our customers. Our auto financing product remains one of the strongest proposition delivering innovative solutions to our customers. The consumer business, despite challenges is 11% better in revenue, 7% better in cost, 5% better in credit performance compared to corresponding period.

The revised distribution network as a result of Business Process Reengineering exercise will enable the expansion of the sales footprint, reduce acquisition cost and improve performance.

E-Banking

E-Banking strategic focus has been on innovation and implementation of an effective multi-channel delivery model to drive adhesiveness, maximize channel usage and migrate transactions to low cost and efficient channels; such as Mobit (mobile banking), Debit Card, ATMs and our Contact Center.

This strategy to reinforce innovative channels will increase customer loyalty and reduce attrition. Our efforts have been to provide superior customer experience across all E-Banking channels with a strong focus on channel usage and penetration. As a result, our debit card portfolio has exceeded 75% penetration of CASA accounts. We have also achieved 18% growth in the overall transaction volume through Mobit over corresponding period. We are constantly investing in systems and technology and as a result have significantly improved our ATM uptime and service availability. Furthermore, we have recently invested in Contact Center infrastructure to further improve our operational efficiency and customer experience.

DIRECTORS' REVIEW

Islamic Banking

Islamic banking deposit base grew by 20% compared to the previous quarter.

Islamic Product menu has been expanded by developing Bai Muajjal product in June 2014 which will be launched in the 3rd quarter.

On the technology platform the bank is working to strengthen its automated pool management system to compliment the growing needs and comply with regulatory guidelines on profit distribution mechanism.

Information Technology

The following projects were completed during the quarter:

- SCORE Card implementation for Secured/Un secured Products
- PTCL system incorporation on Branch Teller screen for automated payment processing along with verification mechanism
- Clearing with Float days in GL/RB upload developed for improving operational efficiency.
- IBM infrastructure upgraded as per standards; server firmware upgrade, storage optimized.
- Virtual Desktop Infrastructure (VDI) phase-II started and expected date of completion is end of October 2014.

Risk Management

Retail Risk Management steered the Consumer Finance business towards more profitable segments for aggressive growth targets, while managing NPLs effectively. On the cost front, various strategic initiatives were undertaken to re-align business model with the overall organizational goal to rationalize cost. These strategic initiatives not only helped to streamline processes & enhance employee productivity but also tapered off function's cost with a positive impact on P&L.

On Enterprise Risk Management front, the Capital Management Unit ensured that adequate capital was maintained in line with the regulatory guidelines. The scope of Market Risk Management Framework has been enhanced with implementation of "Live Monitoring" of limits to monitor and manage key market risk exposures on a real time basis.

The Operational Risk Management (ORM) framework has been strengthened with the implementation of ORM system that enables identification, assessment, measurement, monitoring and reporting of operational risks through pre-defined tools i.e. Risk and Controls Self-Assessment (RCSA), Key Risk Indicators (KRI) and Loss Reporting.

DIRECTORS' REVIEW

Business Process Re-Engineering (BPR)

In line with FBL's strategy to implement operating efficiencies and ensuring service optimization, the Bank undertook a Business Process Reengineering exercise. The exercise was a proactive response to the changing competitive banking environment and increasing customer service demands. The program achieved its objectives by optimizing the sales and service offering of the Bank to maximize customer experience and revenue opportunities, and wherever necessary alignment was made to improve efficiency and effectiveness.

The Project was undertaken by a dedicated team at FBL with collaboration of the LoBue Group. The LoBue Group is an international financial services consulting firm with more than 30 years of experience working with leading banks and financial institutions in over 40 countries around the globe. The project team was committed to create synergies through realigning and redefining FBL's workflows.

Post BPR exercise FBL announced a Voluntary Separation Scheme (VSS) for Full Time Employees (FTEs) to align the BPR results with operational efficiencies. The scheme was designed with a view to commensurate employees who voluntarily opted for the VSS. The scheme was successful and achieved results, bringing down costs substantially and improving efficiencies. Post BPR and the VSS the Bank is in the process of restructuring and synergizing the organization to achieve better results.

Corporate Social Responsibility

Our main focus in the 2nd Quarter was placed specifically on the areas of health and education, as our CSR contribution towards poverty alleviation had already been sufficient at the outset of 2014. The contributions were made to different charities – some of them are:

Health

- Sindh Institute of Urology & Transplantation (SIUT)
- The Cardiovascular Foundation
- Child Aid Association at National Institute of Child Health
- Friends of Burns Centre
- Shaukat Khanum Memorial Cancer Hospital & Research Centre

Education

- The Helpcare Society
- Ida Rieu Welfare Association
- Professional Education Foundation

DIRECTORS' REVIEW

As a part of CSR initiatives, bank organized a voluntary blood donation drive with Indus Hospital at Faysal House in April 2014 to support the noble cause and to save precious human lives.

Learning & Development

Learning and Development in the 2nd quarter offered different programs to staff through blended learning methodologies by training more than 1800 employees in both class room and online trainings.

Following the rollout of new branch banking model, the BPR Team held Train the Trainer sessions in Karachi, Lahore, Islamabad, and Multan, so that key staff of each region are able to train their staff on the new process lines. The training sessions of Walkthrough on Processes & Roles of Operations Staff were also conducted through Centralized Operations.

In order to ensure compliance with FATCA, Train the Trainer sessions were held in June so that the same could be implemented effectively pan Pakistan from July 2014. Similarly, with the launch of new account opening process of the branches, extensive trainings were held countrywide to ensure seamless service delivery to customers while opening their accounts in the branches. With new job roles in branches, a full day workshop 'Intro to SME Credits & Key SOPs' was also held for branch distribution staff.

With the Islamic conversion around the corner, a specialized program on Islamic Assets was held in Karachi, Lahore and Islamabad for CBSME, Consumer Finance, Corporate & Investment Banking Group, Trade & Business Services and Treasury units.

The quarter also saw the launch of online training on Auto Loans and online mandatory training for operations staff for 'Standardization of Customer's Cheque Layout'.

FINANCIAL HIGHLIGHTS

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

	Jun 30, 2014	Jun 30, 2013
	Rs in Million	
Operating profit	2,341	1,413
(Provision) / Reversal for non performing advances	(1,268)	(672)
(Provision) / Reversal for diminution in value of investments	(204)	194
	(1,472)	(478)
Profit before tax	869	935
Provision for taxation	(129)	(173)
Profit after tax	740	762
Earnings per share– Rupees	0.71	0.73

DIRECTORS' REVIEW

The bank's focus on mobilizing low cost Current and Saving Deposits had a very positive impact on its margins and profitability. During the period under review the bank was able to mobilize CASA deposits of PKR 8.38 bln, thus further improving its CASA ratio from 64.9% to 67.8%. Net margins as a result of this strategy improved by PKR 2,202 mln from Rs. 4,477 mln in Jan-June 2013 to Rs.6,679 mln in the corresponding period this year. This growth in margins enabled the bank to show a healthy profit of PKR 740 mln despite higher provisions and one off costs of Voluntary Separation Scheme and ex-gratia payment to the ex-President.

Your Bank has fully absorbed these one off costs of approximately PKR 800 mln in the financials under review.

Non funded revenue streams of the Bank remained diversified across the branch banking, consumer asset and corporate portfolios.

Administrative cost, due to aforementioned one off expenses was higher than the corresponding period last year. The cost rationalization remained an area of focus and measures were taken to bring it down without affecting operations. In this regard, optimum usage of office space in owned premises was planned and as a result bank was able to vacate some of the premises acquired on rent. On technology side measures are being taken to reduce operating cost on a sustainable basis by investing in new technologies. Virtual Desktop Infrastructure (VDI) project is an example of such an initiative, which is expected to complete by October 2014. The bank aims to reduce its Expense to Revenue ratio close to 60%.

The Bank through better risk management and effective remedial measures has been trying to manage non-performing loans. During 1st HY, as per the instructions of the State Bank of Pakistan, Non-distributable Capital Reserve created on acquisition of RBS Pakistan Operations, was utilized for withdrawal of Forced Sales Value (FSV) benefit relating to ex-RBS non-performing loans. Consequent to this, provision coverage against non-performing loans increased from 69.4% to 76.8%.

Earning Per Share for 1st HY was PKR 0.71 as against last year earning of PKR 0.73.

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.

DIRECTORS' REVIEW

ACKNOWLEDGEMENT

On behalf of the Board and Management of the bank, I would like to take this opportunity to show gratitude to 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.

Karachi

Dated: September 04, 2014

On behalf of the Board of Directors

President & CEO

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Faysal Bank Limited** as at June 30, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2014.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Noman Abbas Sheikh
Dated: September 05, 2014
Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

	Note	Un-audited June 30, 2014	Audited December 31, 2013
----- Rupees '000 -----			
ASSETS			
Cash and balances with treasury banks		27,305,593	28,422,497
Balances with other banks	9	1,156,092	1,011,980
Lendings to financial institutions		-	300,000
Investments	10	111,191,782	113,319,478
Advances	11	175,595,684	184,190,304
Operating fixed assets	12	10,150,567	10,250,910
Deferred tax assets - net		4,312,019	3,980,541
Other assets	13	16,039,589	13,803,997
		<u>345,751,326</u>	<u>355,279,707</u>
LIABILITIES			
Bills payable		9,253,456	4,968,610
Borrowings		30,278,626	45,446,528
Deposits and other accounts	14	271,943,835	271,134,303
Sub-ordinated loans		3,245,300	3,495,400
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		9,302,878	8,068,673
		<u>324,024,095</u>	<u>333,113,514</u>
NET ASSETS		<u>21,727,231</u>	<u>22,166,193</u>
REPRESENTED BY			
Share capital		10,432,697	10,432,697
Reserves		5,270,197	6,554,197
Unappropriated profit		4,433,541	3,600,828
		<u>20,136,435</u>	<u>20,587,722</u>
Surplus on revaluation of assets - net of tax		1,590,796	1,578,471
		<u>21,727,231</u>	<u>22,166,193</u>
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 23 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 AND HALF YEAR ENDED JUNE 30, 2014

Note	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
----- Rupees '000 -----				
Mark-up / return / interest earned	7,903,849	6,808,361	15,679,772	13,390,998
Mark-up / return / interest expensed	4,544,499	4,620,898	9,000,212	8,913,343
Net mark-up / interest income	3,359,350	2,187,463	6,679,560	4,477,655
Provision against non-performing loans and advances - net	11.2 813,945	139,094	1,317,502	641,020
Provision for consumer loans (general) - net	11.3 12,930	46,197	35,368	57,685
Provision against off balance sheet obligations	-	-	-	6,981
Provision / (reversal of provision) for diminution in the value of investments - net	10.7 52,395	(164,238)	204,201	(194,551)
Recoveries against written-off debts - net	(46,446)	(232)	(85,126)	(33,047)
	832,824	20,821	1,471,945	478,088
Net mark-up / interest income after provisions	2,526,526	2,166,642	5,207,615	3,999,567
Non mark-up / interest income				
Fee, commission and brokerage income	573,900	673,666	1,131,859	1,071,542
Dividend income	68,438	280,863	136,167	427,263
Income from dealing in foreign currencies	373,630	177,517	614,463	374,053
Gain / (loss) on sale of securities - net	35,852	(31,564)	130,625	201,822
Unrealised loss on revaluation of investments classified as held for trading	(26,229)	(12,848)	(37,628)	(17,210)
Other income	107,553	106,644	229,375	182,792
Total non mark-up / interest income	1,133,144	1,194,278	2,204,861	2,240,262
	3,659,670	3,360,920	7,412,476	6,239,829
Non mark-up / interest expenses				
Administrative expenses	16 3,418,291	2,610,200	6,556,237	5,143,167
(Reversal of other provisions) / other provisions - net	(19,342)	71,824	(36,885)	90,770
Other charges	19,604	73,799	24,169	82,102
Total non mark-up / interest expenses	3,418,553	2,755,823	6,543,521	5,316,039
	241,117	605,097	868,955	923,790
Share of profit of associate	533	278	64	11,413
Extraordinary / unusual items	-	-	-	-
Profit before taxation	241,650	605,375	869,019	935,203
Taxation - Current	346,277	240,723	613,497	349,035
Taxation - Prior years	(142,629)	(40,000)	(142,629)	(90,309)
Taxation - Deferred	(269,634)	(87,598)	(341,390)	(85,595)
	(65,986)	113,125	129,478	173,131
Profit after taxation	307,636	492,250	739,541	762,072
----- Rupees -----				
Basic earnings per share	17 0.29	0.47	0.71	0.73

The annexed notes 1 to 23 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 AND HALF YEAR ENDED JUNE 30, 2014

	For the quarter ended		For the half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- Rupees '000 -----			
Profit after tax for the period	307,636	492,250	739,541	762,072
Other comprehensive income:				
Items that will not be reclassified to profit and loss account				
Components of comprehensive income reflected in equity				
- Remeasurements of defined benefit plan	82,414	-	82,414	-
- Deferred tax liability on remeasurements of defined benefit plan	(28,845)	-	(28,845)	-
	53,569	-	53,569	-
Comprehensive income transferred to equity	361,205	492,250	793,110	762,072
Items that may be reclassified subsequently to profit and loss account				
Components of comprehensive income not reflected in equity				
- Net change in value of available for sale securities	(317,834)	893,761	66,611	361,097
- Deferred tax asset / (liability) on change in value of available for sale securities - net	89,250	(358,911)	(14,683)	(154,607)
	(228,584)	534,850	51,928	206,490
Total comprehensive income	132,621	1,027,100	845,038	968,562

The annexed notes 1 to 23 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 HALF YEAR ENDED JUNE 30, 2014

	Share capital	Reserves					Total	Unappropriated profit	Total
		Reserve for issue of bonus shares	Capital			Statutory reserve			
			Share premium	Non-distributable Capital Reserve (NCR) - gain on bargain purchase (note 18)	Reserve arising on amalgamation				
Rupees '000									
Balance as at January 1, 2013 (Audited)	9,273,508	-	10,131	2,602,775	23,952	3,672,225	6,309,083	3,205,439	18,788,030
Profit after tax for the period ended June 30, 2013	-	-	-	-	-	-	-	762,072	762,072
Amortisation of intangible assets - customer relationship - net of deferred tax	-	-	-	(62,433)	-	-	(62,433)	-	(62,433)
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	-	-	40,012	40,012
Balance as at June 30, 2013	9,273,508	-	10,131	2,540,342	23,952	3,672,225	6,246,650	4,007,523	19,527,681
Profit after tax for the period from July 1, 2013 to December 31, 2013	-	-	-	-	-	-	-	1,087,834	1,087,834
Other comprehensive income for the year									
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	(7,005)	(7,005)
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	2,452	2,452
	-	-	-	-	-	-	-	(4,553)	(4,553)
Transactions with owners recognised directly in equity									
- Transfer to reserve for issue of bonus shares	-	1,159,189	-	-	-	-	1,159,189	(1,159,189)	-
- Bonus shares issued	1,159,189	(1,159,189)	-	-	-	-	(1,159,189)	-	-
	1,159,189	-	-	-	-	-	-	(1,159,189)	-
Amortisation of intangible assets - customer relationship - net of deferred tax	-	-	-	(62,434)	-	-	(62,434)	-	(62,434)
Transfer to statutory reserve	-	-	-	-	-	369,981	369,981	(369,981)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	39,194	39,194
Balance as at December 31, 2013	10,432,697	-	10,131	2,477,908	23,952	4,042,206	6,554,197	3,600,828	20,587,722
Amortisation of intangible assets - customer relationship - net of deferred tax	-	-	-	(62,433)	-	-	(62,433)	-	(62,433)
Profit after tax for the period ended June 30, 2014	-	-	-	-	-	-	-	739,541	739,541
Other comprehensive income for the year									
- Remeasurements of defined benefit plan	-	-	-	-	-	-	-	82,414	82,414
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	-	-	(28,845)	(28,845)
	-	-	-	-	-	-	-	53,569	53,569
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	-	39,603	39,603
Provision against non-performing loans and advances directly charged to equity and adjusted against Non-distributable Capital Reserve	-	-	-	(1,221,567)	-	-	(1,221,567)	-	(1,221,567)
Balance as at June 30, 2014	10,432,697	-	10,131	1,193,908	23,952	4,042,206	5,270,197	4,433,541	20,136,435

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	869,019	935,203
Less: dividend income	(136,167)	(427,263)
	<u>732,852</u>	<u>507,940</u>
Adjustments for non-cash and other items:		
Depreciation	357,201	399,123
Amortisation	88,812	60,185
Workers' Welfare Fund	34,500	26,185
Provision against non-performing loans and advances - net	1,317,502	641,020
Provision for consumer loans (general) - net	35,368	57,685
Provision/ (reversal) of provision for diminution in value of investments - net	204,201	(194,551)
(Reversal of other provisions) / provision for other assets	(36,885)	90,770
Provision against off balance sheet obligations	-	6,981
Unrealised loss on revaluation of investments classified as held for trading	37,628	17,210
Net profit on disposal of property and equipment	(3,420)	(15,452)
Net profit on disposal of non-banking assets	(30,866)	-
Charge for defined benefit plan	52,241	47,071
Amortisation of prepaid employee benefits	67,602	94,380
Recoveries against written-off debts - net	(85,126)	(33,047)
Share of profit of associate	(64)	(11,413)
	<u>2,038,694</u>	<u>1,186,147</u>
	<u>2,771,546</u>	<u>1,694,087</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	300,000	-
Held for trading securities	5,995,349	2,174,037
Advances	6,105,309	(3,252,502)
Other assets	(1,839,289)	374,890
	<u>10,561,369</u>	<u>(703,575)</u>
(Decrease) / increase in operating liabilities		
Bills payable	4,284,846	615,369
Borrowings	(14,989,822)	14,427,471
Deposits and other accounts	809,532	2,090,985
Other liabilities	1,234,222	(58,427)
	<u>(8,661,222)</u>	<u>17,075,398</u>
	<u>4,671,693</u>	<u>18,065,910</u>
Income tax paid	(926,443)	(598,667)
Contribution to gratuity fund	-	(47,071)
Net cash generated from operating activities	<u>3,745,250</u>	<u>17,420,172</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	5,487,610	(18,553,489)
Net investment in held to maturity securities	(9,530,417)	458,458
Dividend income received	121,935	424,595
Investment in operating fixed assets	(457,640)	(193,779)
Proceeds realised on disposal of operating fixed assets	19,339	19,051
Proceeds realised on disposal of non-banking assets	69,328	-
Net cash used in investing activities	<u>(4,289,845)</u>	<u>(17,845,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of sub-ordinated loan	(250,100)	(449,501)
Dividends paid	(17)	(4,534)
Net cash used in financing activities	<u>(250,117)</u>	<u>(454,035)</u>
Decrease in cash and cash equivalents	<u>(794,712)</u>	<u>(879,027)</u>
Cash and cash equivalents at beginning of the period	28,617,034	25,693,981
Cash and cash equivalents at end of the period	<u>27,822,322</u>	<u>24,814,954</u>

The annexed notes 1 to 23 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 HALF YEAR ENDED JUNE 30, 2014

1 LEGAL 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 269 branches (December 31, 2013: 269); including 53 Islamic banking branches (December 31, 2013: 53) in Pakistan.

The registered office of the Bank is located at Faysal House, ST-02, Shahra-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% (2013: 66.78%) of the shareholding of the Bank. Dar Al-Maal Al-Islami Trust (DMI), (ultimate parent of the Bank) is the holding company of Ithmaar Bank B.S.C. The DMI group owns and operates an international network of Islamic Banks, Investment 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' and the short term rating as 'A1+'.

2 BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (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.

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 21 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 as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified by the SECP or the directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified by the SECP or the requirements of the said directives issued by the SECP and 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 notification S.R.O. 411(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 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

- 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, the surplus / (deficit) on revaluation of available for sale (AFS) securities only, 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.
- 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, 2013.
- 3.6 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

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. IFAS 3 shall be followed by the Bank for the purpose of preparation of the financial statements for the year ending December 31, 2014 while accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard is effective from current period and has no material impact on this condensed interim financial information except for disclosure relating to deposits as noted in 14.1. The standard would result in certain new disclosures in the annual financial statements for the year ending December 31, 2014.

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed 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 used 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, 2013.

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, 2013.

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, 2013.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

9 BALANCES WITH OTHER BANKS

	Un-audited June 30, 2014	Audited December 31, 2013
	----- Rupees '000 -----	
In Pakistan		
- Current accounts	630,386	544,138
Outside Pakistan		
- Current accounts	505,945	415,180
- Deposit account	19,761	52,662
	<u>1,156,092</u>	<u>1,011,980</u>

10 INVESTMENTS

10.1 Investments by type

Note	Un-audited June 30, 2014			Audited December 31, 2013		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	----- Rupees '000 -----					
Held for trading securities						
Market Treasury Bills	1,766,365	-	1,766,365	7,195,165	1,031,758	8,226,923
Pakistan Investment Bonds	147,325	-	147,325	-	-	-
Fully paid up ordinary shares / certificates of closed end mutual funds	779,660	-	779,660	461,776	-	461,776
	2,693,350	-	2,693,350	7,656,941	1,031,758	8,688,699
Available for sale securities						
Market Treasury Bills	33,650,384	5,725,061	39,375,445	39,771,651	22,593,710	62,365,361
Pakistan Investment Bonds	33,695,443	-	33,695,443	19,280,139	-	19,280,139
Ijara Sukuk Bonds	17,579,086	-	17,579,086	15,038,802	-	15,038,802
Units of open end mutual funds						
- Faysal Balanced Growth Fund *	12,480	-	12,480	12,480	-	12,480
- Faysal Income Growth Fund *	62,919	-	62,919	62,919	-	62,919
- Faysal Savings Growth Fund *	155,412	-	155,412	100,411	-	100,411
- Faysal Islamic Savings Growth Fund *	85,000	-	85,000	88,000	-	88,000
- Faysal Money Market Fund *	590,000	-	590,000	745,000	-	745,000
- Faysal Asset Allocation Fund *	15,491	-	15,491	15,491	-	15,491
- Faysal Financial Sector Opportunity Fund *	54,000	-	54,000	54,000	-	54,000
Fully paid up ordinary shares / modaraba certificates / certificates of closed end mutual funds	2,698,276	-	2,698,276	2,025,629	-	2,025,629
Fully paid up preference shares	197,652	-	197,652	197,652	-	197,652
Term finance certificates	937,343	-	937,343	960,273	-	960,273
	89,733,486	5,725,061	95,458,547	78,352,447	22,593,710	100,946,157
Held to maturity securities						
Term finance certificates	2,854,755	-	2,854,755	3,033,053	-	3,033,053
Sukuk Bonds	3,211,135	-	3,211,135	3,356,434	-	3,356,434
Pakistan Investment Bonds	9,854,014	-	9,854,014	-	-	-
	15,919,904	-	15,919,904	6,389,487	-	6,389,487
Associate*						
Fully paid up ordinary shares of Faysal Asset Management Limited	75,893	-	75,893	75,829	-	75,829
Investments	108,422,633	5,725,061	114,147,694	92,474,704	23,625,468	116,100,172
Less: provision for diminution in the value of investments	(2,635,030)	-	(2,635,030)	(2,430,829)	-	(2,430,829)
Investments (net of provisions)	105,787,603	5,725,061	111,512,664	90,043,875	23,625,468	113,669,343
Deficit on revaluation of held for trading securities - net	(52,519)	-	(52,519)	(14,417)	(474)	(14,891)
Deficit on revaluation of available for sale securities - net	(265,133)	(3,230)	(268,363)	(325,107)	(9,867)	(334,974)
Total investments at market value	105,469,951	5,721,831	111,191,782	89,704,351	23,615,127	113,319,478

* related parties

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

- 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 June 30, 2014 would have been higher by Rs 50 million (December 31, 2013: Rs 50 million) and the profit before taxation for the period ended June 30, 2014 would have been lower by Rs 50 million (December 31, 2013: Rs 50 million).
- 10.3** These include the term finance certificates and Sukuk Bonds of Rs 999,172 million (December 31, 2013: Rs 999,172 million) and Rs 500 million (December 31, 2013: 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, 2013: 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 June 30, 2014. 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 year ended June 30, 2014 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:

	Un-audited June 30, 2014	Audited December 31, 2013
	----- Rupees '000 -----	
10.6.1 Faysal Asset Management Limited - percentage holding 30% (December 31, 2013: 30%)		
At January 1	75,829	69,172
Post acquisition changes during the period / year		
- Recognised in the profit and loss account	64	6,657
Closing Balance	<u>75,893</u>	<u>75,829</u>
Cost of Investment	<u>45,000</u>	<u>45,000</u>

10.6.2 Particulars of the assets and liabilities of the associate

Assets	<u>276,787</u>	<u>282,478</u>
Liabilities	<u>23,996</u>	<u>29,714</u>
Revenue	<u>58,863</u>	<u>145,596</u>
Profit	<u>214</u>	<u>22,189</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

	Note	Un-audited June 30, 2014	Audited December 31, 2013
		Rupees '000	
10.7 Particulars of provision for diminution in the value of investments			
Opening balance		2,430,829	2,319,786
Charge during the period / year		253,935	663,826
Reversals during the period / year		(49,734)	(552,783)
		204,201	111,043
Closing balance		2,635,030	2,430,829
11 ADVANCES			
Loans, cash credits, running finances, etc. – in Pakistan	11.2.1	181,790,269	188,593,008
Net investment in finance lease – in Pakistan		10,862,239	10,085,694
		192,652,508	198,678,702
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		4,286,657	4,319,771
Payable outside Pakistan		1,278,159	1,234,513
		5,564,816	5,554,284
Margin financing / reverse repo transactions		104,200	110,200
Gross advances		198,321,524	204,343,186
Provision against non-performing advances	11.1 & 11.2	(22,284,107)	(19,746,517)
Provision against consumer loans - general	11.3 & 11.3.1	(441,733)	(406,365)
		(22,725,840)	(20,152,882)
Advances - net of provision	11.4	175,595,684	184,190,304

11.1 Advances includes Rs. 29,009 million (December 31, 2013: Rs. 27,619 million) which have been placed under non-performing status as detailed below:

		June 30, 2014 (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 (OAE)	11.1.1	304,168	-	304,168	141	-	141	141	-	141
Substandard		3,476,683	-	3,476,683	531,932	-	531,932	531,932	-	531,932
Doubtful		1,185,098	-	1,185,098	465,405	-	465,405	465,405	-	465,405
Loss		24,043,141	-	24,043,141	21,286,629	-	21,286,629	21,286,629	-	21,286,629
		29,009,090	-	29,009,090	22,284,107	-	22,284,107	22,284,107	-	22,284,107

		December 31, 2013 (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 (OAE)	11.1.1	408,606	-	408,606	2,465	-	2,465	2,465	-	2,465
Substandard		1,826,072	-	1,826,072	364,859	-	364,859	364,859	-	364,859
Doubtful		2,871,259	-	2,871,259	996,059	-	996,059	996,059	-	996,059
Loss		22,512,682	-	22,512,682	18,383,134	-	18,383,134	18,383,134	-	18,383,134
		27,618,619	-	27,618,619	19,746,517	-	19,746,517	19,746,517	-	19,746,517

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

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

	Note	Un-audited June 30, 2014	Audited December 31, 2013
		----- Rupees '000 -----	
11.2 Particulars of provision against non-performing advances			
Opening balance		19,746,517	18,268,251
Charge for the period / year		1,740,008	3,825,655
Reversals during the period / year		(422,506)	(1,920,114)
Net charge		1,317,502	1,905,541
Provision against non-performing loans and advances directly charged during the period to equity and adjusted against Non-distributable Capital Reserve	18	1,221,567	-
		2,539,069	1,905,541
Amounts written off		(1,479)	(427,275)
Closing balance		22,284,107	19,746,517

11.2.1 These include 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 1,987.551 million (net of FSV benefit) as at June 30, 2014 against the above exposure of AGL. The required provision 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 65%, 70%, 75%, 80%, 85%, 90% and 100% of the required provision as at June 30, 2014, September 30, 2014, December 31, 2014, 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 1,291.907 million - net of FSV benefit (including impairment loss of Rs 142.446 million) (December 31, 2013: Rs 986.408 million - net of FSV benefit including impairment loss of Rs 103.855 million).

Had the SBP not provided this exemption, the profit before taxation for the current period would have been lower by Rs 695.643 million and the provision against advances and investments would have been higher by Rs 120.193 million and Rs 575.451 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. 2,414.253 million [Rs 2,327.504 million (December 31, 2013: Rs 3,601.242 million) relating to advances and Rs. 86.749 million (December 31, 2013: Rs 76.914 million) relating to investments] while determining the provisioning requirement against non-performing financing (including investments) as at June 30, 2014. The additional profit arising from availing the FSV benefit - net of tax as at June 30, 2014 which is not available for distribution as either cash or stock dividend to shareholders amounted to approximately Rs 1,569.265 million (December 31, 2013: Rs 2,390.801 million).

		Un-audited June 30, 2014	Audited December 31, 2013
		----- Rupees '000 -----	
11.3 Particulars of provision against consumer loans - general			
Opening balance		406,365	283,819
Charge during the period / year		35,368	122,546
Closing balance		441,733	406,365

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

- 11.3.1** The Bank maintains general provision in accordance with the following applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

	Secured	Unsecured
Consumer portfolio	1.5%	5.0%
Small enterprise portfolio	1.0%	2.0%

- 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.

Un-audited For the half year ended	
June 30, 2014	June 30, 2013
----- Rupees '000 -----	

12 OPERATING FIXED ASSETS

12.1 Additions to operating fixed assets - cost

Leasehold property and improvements	110,511	71,980
Office furniture, fixtures, equipment and computers	51,642	361,560
Vehicles	33,406	38,199
Capital work-in-progress	221,484	-
Additions to Intangibles		
Software	40,597	387,490

12.2 Disposals of operating fixed assets - cost

Leasehold property and improvements	7,000	3,554
Office furniture, fixtures, equipment and computers	3,295	13,684
Vehicles	12,042	4,904

13 OTHERASSETS

These include non-banking assets acquired in satisfaction of claims amounting to Rs 2,268.339 million (December 31, 2013: Rs 2,305.011 million).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

	Un-audited June 30, 2014	Audited December 31, 2013
	----- Rupees '000 -----	
14 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	86,969,614	92,803,300
Saving deposits	81,715,501	86,464,689
Current accounts – Remunerative	1,995,449	2,306,983
Current accounts – Non-remunerative	88,878,431	78,787,509
Margin accounts	2,211,440	2,032,215
	<u>261,770,435</u>	<u>262,394,696</u>
Financial institutions		
Remunerative deposits	9,771,882	8,467,508
Non-remunerative deposits	401,518	272,099
	<u>10,173,400</u>	<u>8,739,607</u>
	<u>271,943,835</u>	<u>271,134,303</u>

14.1 Above includes deposits amounting to Rs 15.895 billion (December 31, 2013: 15.906 billion) which are on Modaraba basis (i.e. classifiable as redeemable capital as defined under IFAS 3).

	Un-audited June 30, 2014	Audited December 31, 2013
	----- Rupees '000 -----	
15 CONTINGENCIES AND COMMITMENTS		
15.1 Direct credit substitutes		
Contingent liability in respect of guarantees favouring:		
- Banking companies and other financial institutions	<u>526,159</u>	<u>825,498</u>
Acceptances		
- Others	<u>13,221,101</u>	<u>13,139,248</u>
15.2 Transaction-related contingent liabilities		
Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit etc. favouring:		
- Government	8,112,281	7,382,176
- Banking companies and other financial institutions	7,140	18,777
- Others	1,674,823	2,830,604
	<u>9,794,244</u>	<u>10,231,557</u>
15.3 Trade-related contingent liabilities		
Letters of credit		
- Government	2,422,068	6,903,344
- Others	15,927,130	18,317,222
	<u>18,349,198</u>	<u>25,220,566</u>
15.4 Other Contingencies		
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>28,850,447</u>	<u>32,373,712</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

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 2013 (Accounting year 2012).

The department and the Bank have disagreements on certain matters for tax years from 1994 to 2013. 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 1,734.720 million.

Both 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.

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.

	Un-audited June 30, 2014	Audited December 31, 2013
	----- Rupees '000 -----	
15.6 Commitments in respect of forward exchange contracts		
Purchase		
- Customers	1,330,513	1,629,491
- Banks	24,151,284	31,733,550
	<u>25,481,797</u>	<u>33,363,041</u>
Sale		
- Customers	63,625	2,337,278
- Banks	7,519,343	12,948,403
	<u>7,582,968</u>	<u>15,285,681</u>
15.7 Commitments for the acquisition of operating fixed assets	<u>248,089</u>	<u>286,323</u>
15.8 Commitments in respect of donations	<u>8,000</u>	<u>8,000</u>
15.9 Commitments in respect of repo transactions		
Repurchase	<u>5,722,187</u>	<u>23,622,480</u>
Resale	<u>303,377</u>	<u>299,186</u>
15.10 Others		
Interest rate swaps and cross currency swaps (notional principal)	<u>16,449,401</u>	<u>20,130,348</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

16 ADMINISTRATIVE EXPENSES

During the year the Bank offered voluntary staff separation scheme to some of its permanent employees. The Bank has recognised a cost of Rs 442.141 million in this respect. In addition, the consequential impact of this scheme on defined benefit plan has been determined through actuarial valuation carried out as at June 30, 2014, the results of which have been incorporated in this condensed interim financial information and disclosed as remeasurement of defined benefit plan in the condensed interim statement of comprehensive income.

17 EARNINGS PER SHARE

	Un-audited			
	For the quarter ended		For the half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
----- Rupees '000 -----				
Profit after tax for the period	307,636	492,250	739,541	762,072
----- Number of shares in thousands -----				
Weighted average number of ordinary shares	1,043,270	1,043,270	1,043,270	1,043,270
----- Rupees -----				
Earnings per share - basic	0.29	0.47	0.71	0.73

17.1 Diluted earning per share has not been presented as the Bank does not have any convertible instruments in issue at June 30, 2013 and June 30, 2014 which would have any effect on the earning per share if the option to convert is exercised.

18 NON-DISTRIBUTABLE CAPITAL RESERVE - GAIN ON BARGAIN PURCHASE

As per the directive of the State Bank of Pakistan (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 directives 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 the reserve. The balance amount of reserve after incorporation of the above adjustment as identified by BID 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 in the acquired loans and advances portfolio of the 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 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 has adjusted a gross provision of Rs. 1,221.567 million in this condensed interim financial information by debiting the NCR appearing in equity with a corresponding adjustment to provision against loans and advances.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

19 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 and
- 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.

	Corporate Finance	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Total
June 30, 2014 - Un-audited					
	Rupees '000				
Total income - net	38,504	1,893,357	5,540,633	1,411,991	8,884,485
Total expenses	(24,890)	(455,753)	(5,816,166)	(1,848,135)	(8,144,944)
Net income / (loss)	13,614	1,437,604	(275,533)	(436,144)	739,541
Segment assets (Gross)	-	118,068,807	73,450,720	179,998,849	371,518,376
Segment non performing loans	-	-	3,274,696	25,734,394	29,009,090
Segment provision required against loans **	-	-	(3,030,188)	(19,695,652)	(22,725,840)
Segment liabilities	-	(14,083,307)	(275,996,159)	(33,944,629)	(324,024,095)
Segment return on assets (ROA) (%) *	-	2.85%	(0.82%)	(0.48%)	
Segment cost of funds (%) *	-	5.29%	5.85%	9.13%	
June 30, 2013 - Un-audited					
Total income - net	50,017	1,181,721	4,257,604	1,239,988	6,729,330
Total expenses	(20,960)	(153,701)	(4,581,820)	(1,210,777)	(5,967,258)
Net income / (loss)	29,057	1,028,020	(324,216)	29,211	762,072
December 31, 2013 - Audited					
	Rupees '000				
Total income - net	217,876	4,346,821	21,557,001	6,201,611	32,323,309
Total expenses	(105,445)	(2,807,601)	(21,569,936)	(5,990,421)	(30,473,403)
Net income / (loss)	112,431	1,539,220	(12,935)	211,190	1,849,906
Segment assets (Gross)	-	99,565,986	91,637,468	187,103,031	378,306,485
Segment non performing loans	-	-	4,395,393	23,223,226	27,618,619
Segment provision required against loans **	-	-	(2,170,676)	(17,982,206)	(20,152,882)
Segment liabilities	-	(30,059,699)	(255,218,107)	(47,835,708)	(333,113,514)
Segment return on assets (ROA) (%)	-	2.19%	(0.02%)	0.12%	
Segment cost of funds (%)	-	8.57%	5.71%	8.78%	

* These percentages have been computed based on average balances.

** Includes general provision

20 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its holding company, associated undertaking, subsidiary 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

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

Particulars	June 30, 2014 (Un-audited)			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings
	Rupees '000			
Deposits				
Balance at the beginning of the period	190,399	116,373	2,544	1,140,702
Placements during the period	1,556,454	1,105,257	1,753,541	39,952,687
Withdrawals during the period	(1,640,415)	(1,128,603)	(1,753,183)	(40,600,665)
Balance at end of the period	106,438	93,027	2,902	492,724
Advances				
Balance at the beginning of the period	24,901	-	-	3,455,705
Disbursements during the period	65	-	-	2,585,935
Repayments during the period	(2,382)	-	-	(1,753,922)
Balance at end of the period	22,584	-	-	4,287,718

Particulars	December 31, 2013 (Audited)			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings
	Rupees '000			
Deposits				
Balance at the beginning of the year	126,680	55,800	2,053	86,234
Placements during the year	2,253,814	907,756	1,798,545	29,261,746
Withdrawals during the year	(2,190,095)	(847,183)	(1,798,054)	(28,207,278)
Balance at end of the year	190,399	116,373	2,544	1,140,702
Advances				
Balance at the beginning of the year	39,434	-	-	4,440,121
Disbursements during the year	5,546	-	-	11,579,524
Repayments during the year	(20,079)	-	-	(12,563,940)
Balance at end of the year	24,901	-	-	3,455,705

Particulars	June 30, 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	-	-	-	1,095,657
Shares / units sold during the period	-	-	-	965,287
Government securities purchased during the period	596,816	700,982	-	-
Government securities sold during the period	957,958	576,651	-	-
Profit paid / accrued	5,898	3,450	203	25,361
Profit return / earned	900	-	-	139,778
Remuneration of the key management personnel				
- Salaries and other short-term employee benefits *	459,862	-	-	-
- Post-employment benefits	8,288	-	-	-
Remuneration and non-executive directors fee	22,430	-	-	-
Contribution to staff retirement benefits	-	123,260	-	-
Guarantees issued favouring related parties or on their behalf **	-	-	-	29,397

* Includes final settlement of Ex-President & CEO.

** represents outstanding guarantee

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

Particulars	June 30, 2013 (Un-audited)			
	Directors and key management personnel	Retirement Benefit Plans	Associate	Group Companies and associated undertakings
	Rupees '000			
Shares / units purchased during the period	-	-	-	588,340
Shares / units sold during the period	-	-	-	564,506
Government securities purchased during the period	596,816	-	-	-
Government securities sold during the period	648,869	160,569	-	-
Profit paid / accrued	2,415	3,082	132	176
Profit return / earned	1,048	-	-	210,027
Remuneration of the key management personnel				
- Salaries and other short-term employee benefits	263,889	-	-	-
- Post-employment benefits	9,103	-	-	-
Remuneration and non-executive directors fee	10,579	-	-	-
Contribution to staff retirement benefits	-	115,189	-	-
Guarantees issued favouring related parties or on their behalf *	-	-	-	29,397

* represents outstanding guarantee

- 20.1** 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.

21 ISLAMIC BANKING BUSINESS

The Bank is operating 53 Islamic banking branches (December 31, 2013: 53). The statement of financial position as at June 30, 2014 is as follows:

	Note	Un-audited June 30, 2014	Audited December 31, 2013
		-----Rupees '000-----	
ASSETS			
Cash and balances with treasury banks		2,513,087	2,267,282
Balances with other banks		88,995	73,246
Due from financial institutions		-	-
Investments		20,172,218	17,514,498
Islamic financing and related assets	(a)	8,752,369	9,257,260
Operating fixed assets		150,872	290,574
Deferred tax assets		-	-
Other assets		684,737	876,076
		32,362,278	30,278,936
LIABILITIES			
Bills payable		392,641	266,100
Due to financial institutions		1,400,000	1,550,000
Deposits and other accounts			
- Current accounts		12,503,479	10,650,189
- Saving accounts		7,373,655	6,936,737
- Term deposits		7,077,936	6,481,043
- Others		52,988	36,323
- Deposits from financial institutions - remunerative		1,443,776	2,488,263
- Deposits from financial institutions - non-remunerative		7,352	6,752
Due to head office		-	227,813
Other liabilities		314,341	240,266
		30,566,168	28,883,486
		1,796,110	1,395,450
NET ASSETS			
REPRESENTED BY			
Islamic banking fund		880,000	880,000
Reserves		-	-
Unappropriated profit		718,640	421,350
		1,598,640	1,301,350
		197,470	94,100
Surplus on revaluation of assets - net of tax		1,796,110	1,395,450

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

	Note	Un-audited June 30, 2014	Audited December 31, 2013
		-----Rupees '000-----	
Remuneration to shariah advisor		<u>1,401</u>	<u>2,630</u>
CHARITY FUND			
Opening balance		233	1,031
Additions during the period / year		245	4,026
Payments / utilization during the period / year		-	(4,824)
Closing balance		<u>478</u>	<u>233</u>
Sector wise details of Charity Disbursement			
Health		-	3,100
Education		-	724
Social Work		-	1,000
		<u>-</u>	<u>4,824</u>
(a) Islamic Financing and Related Assets	(b)	<u>8,752,369</u>	<u>9,257,260</u>
(b) Islamic Mode of Financing			
Murabaha		1,600,200	2,840,462
Musharika cum Ijara		11,750	12,071
Diminishing Musharika		5,988,903	5,551,138
Advance against Murabaha Financing		172,175	65,515
Advance against Murabaha ERF		-	300,000
Advanced against Diminishing Musharika		938,861	453,821
Fixed Assets Ijara Financing (net)		24,861	28,538
Advanced against Ijara		<u>15,619</u>	<u>5,715</u>
		<u>8,752,369</u>	<u>9,257,260</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 June 30, 2014	Audited December 31, 2013
	-----Rupees '000-----	
Government and other securities	20,177,502	17,522,424
Textiles, chemicals, pharmaceuticals, food and allied	1,897,914	3,313,121
Production and transmission of energy	5,027,356	4,484,158
Transportation	1,326,585	988,264
Construction / Housing	<u>693,131</u>	<u>636,728</u>
	<u>29,122,488</u>	<u>26,944,695</u>

22 GENERAL

22.1 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.

22.2 Comparative information relating to share of profit of associate and taxation (including deferred tax) has been changed consequent to the change in accounting policy as adopted by the Bank during the financial year ended December 31, 2013.

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

23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on September 4, 2014 by the Board of Directors of the Bank.

PRESIDENT & CEO

DIRECTOR

DIRECTOR

DIRECTOR

Bank on Ambition

Registered Office:
Faysal House
ST-02, Shahrah-e-Faisal,
Karachi, Pakistan

111 06 06 06
www.faysalbank.com