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## CORPORATE INFORMATION

<b>Board of Directors</b>	Ali Raza D. Habib Abbas D. Habib Anwar Haji Karim Manzoor Ahmed Murtaza H. Habib Qumail R. Habib Safar Ali Lakhani Shameem Ahmed Syed Hasan Ali Bukhari Syed Mazhar Abbas	<i>Chairman</i> <i>Chief Executive &amp; Managing Director</i>  <i>Executive Director</i>
<b>Audit Committee</b>	Shameem Ahmed Anwar Haji Karim Murtaza H. Habib Syed Mazhar Abbas	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i>
<b>Human Resource &amp; Remuneration Committee</b>	Syed Mazhar Abbas Abbas D. Habib Anwar Haji Karim Murtaza H. Habib	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i>
<b>Company Secretary</b>	A. Saeed Siddiqui	
<b>Statutory Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants	
<b>Legal Advisor</b>	Liaquat Merchant Associates Advocates and Corporate Legal Consultants	
<b>Registered Office</b>	126-C, Old Bahawalpur Road, Multan	
<b>Principal Office</b>	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi	
<b>Share Registrar</b>	M/s. Noble Computer Services (Pvt.) Limited First Floor, House of Habib Building, (Siddiqsons Tower), 3-Jinnah Co-operative Housing Society, Main Shahrah-e-Faisal, Karachi.	
<b>Website</b>	www.bankalhabib.com	



## DIRECTORS' REVIEW

On behalf of the Board of Directors of the Bank, it is my pleasure to present the un-audited financial statements of Bank AL Habib Limited along with the un-audited consolidated financial statements of Bank AL Habib Limited and the Bank's Subsidiary M/s. AL Habib Capital Markets (Private) Limited for the half year ended June 30, 2014.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 417.1 billion as compared to Rs. 386.2 billion on December 31, 2013. In the same period, advances decreased to Rs. 160.5 billion from Rs. 167.6 billion, while investments increased to Rs. 266.3 billion from Rs. 239.8 billion. The pre-tax profit of the Bank for the half year ended June 30, 2014 was Rs. 4,509.9 million as compared to Rs. 3,696.1 million during the corresponding period last year.

Your Bank now has a network of 436 offices, comprising 334 branches, 99 sub-branches, and three Representative Offices, and includes 17 Islamic Banking Branches and two overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches and sub-branches during the year 2014.

Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term and short term entity ratings at **AA+** (Double A plus) and **A1+** (A One plus), respectively. The ratings of our unsecured, subordinated TFCs have also been maintained at **AA** (Double A). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

We wish to thank our customers for their continued support and confidence, the State Bank of Pakistan for their guidance, and local and foreign correspondents for their cooperation. We also thank all our staff members for their sincere and dedicated services.

On behalf of the Board of Directors

Karachi: August 27, 2014

ALI RAZA D. HABIB  
Chairman



## **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF BANK AL HABIB LIMITED**

### *Introduction*

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Bank AL Habib Limited ("the Bank") as at 30 June 2014, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated 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 the unconsolidated condensed interim financial information based on our review.

### *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 unconsolidated condensed 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 unconsolidated condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### *Other Matter*

The figures for the quarters ended 30 June 2014 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The financial statements of the Bank for the six-month period ended 30 June 2013 and for the year ended 31 December 2013 were reviewed and audited respectively by another firm of chartered accountants who have expressed unmodified conclusion and opinion thereon dated 29 August 2013 and 18 February 2014 respectively.

**Karachi - 27 August 2014**

**KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Taufiq**



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

		(Un-audited) 30 June 2014	(Audited) 31 December 2013
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		33,306,124	32,199,533
Balances with other banks		2,891,450	2,662,874
Lendings to financial institutions		-	-
Investments - net	7	266,288,405	239,752,853
Advances - net	8	160,475,839	167,579,360
Operating fixed assets	9	13,377,129	11,795,334
Deferred tax assets - net		-	-
Other assets		11,920,885	6,736,964
		<b>488,259,832</b>	460,726,918
<b>LIABILITIES</b>			
Bills payable		8,873,779	6,173,102
Borrowings	10	20,470,224	29,480,026
Deposits and other accounts	11	417,148,173	386,160,762
Sub-ordinated loans	12	6,484,200	6,485,900
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		1,901,333	1,651,438
Other liabilities		5,878,320	5,493,639
		<b>460,756,029</b>	435,444,867
<b>NET ASSETS</b>		<b>27,503,803</b>	25,282,051
<b>REPRESENTED BY :</b>			
Share capital		11,114,254	10,103,868
Reserves		8,048,766	7,569,407
Unappropriated profit		4,894,950	5,554,207
		<b>24,057,970</b>	23,227,482
Surplus on revaluation of assets - net of tax	13	3,445,833	2,054,569
		<b>27,503,803</b>	25,282,051
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

Note	Half year ended		Quarter ended		
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	
	(Rupees in '000)				
Mark-up / return / interest earned	15	20,597,740	19,208,802	10,916,792	9,524,174
Mark-up / return / interest expensed	16	(11,920,877)	(12,197,650)	(6,318,495)	(6,041,154)
Net mark-up / return / interest income		8,676,863	7,011,152	4,598,297	3,483,020
Provision against non-performing loans and advances - net		(120,938)	(254,239)	(31,940)	(92,141)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written-off directly		-	(96)	-	(96)
		(120,938)	(254,335)	(31,940)	(92,237)
Net mark-up / return / interest income after provisions		8,555,925	6,756,817	4,566,357	3,390,783
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		1,032,918	840,741	572,828	422,774
Dividend income		222,404	70,322	103,766	8,708
Income from dealing in foreign currencies		527,073	266,698	263,777	137,073
Gain on sale / redemption of securities - net		3,901	372,408	3,898	310,953
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Other income		262,780	260,239	116,093	129,503
Total non mark-up / interest income		2,049,076	1,810,408	1,060,362	1,009,011
		10,605,001	8,567,225	5,626,719	4,399,794
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		(5,993,263)	(4,792,681)	(3,098,117)	(2,430,632)
Other (provisions) / reversals / write-offs		(4,625)	492	-	10,864
Other charges		(97,199)	(78,894)	(55,629)	(43,521)
Total non mark-up / interest expenses		(6,095,087)	(4,871,083)	(3,153,746)	(2,463,289)
		4,509,914	3,696,142	2,472,973	1,936,505
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		4,509,914	3,696,142	2,472,973	1,936,505
Taxation - Current		(1,684,771)	(1,247,996)	(908,165)	(642,248)
- Prior years		-	-	-	-
- Deferred		114,877	(14,812)	21,458	(16,971)
		(1,569,894)	(1,262,808)	(886,707)	(659,219)
<b>PROFIT AFTER TAXATION</b>		2,940,020	2,433,334	1,586,266	1,277,286
<b>Basic and diluted earnings per share - Rupees</b>	17	2.65	2.19	1.43	1.15

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB      ABBAS D. HABIB      SYED HASAN ALI BUKHARI      SHAMEEM AHMED  
*Chairman*                      *Chief Executive and*                      *Director*                      *Director*  
*Managing Director*



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<b>30 June 2014</b>	30 June 2013	<b>30 June 2014</b>	30 June 2013
	(Rupees in '000)			
<b>Profit after taxation</b>	<b>2,940,020</b>	2,433,334	<b>1,586,266</b>	1,277,286
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss account</b>				
Exchange differences on translation of net investment in foreign branches	(108,645)	22,167	4,453	9,558
<b>Items that will never be reclassified to profit or loss account subsequently</b>				
Remeasurement of defined benefit plan	-	-	-	-
Related tax charge	-	-	-	-
	-	-	-	-
<b>Total comprehensive income transferred to equity</b>	<b><u>2,831,375</u></b>	<u>2,455,501</u>	<b><u>1,590,719</u></b>	<u>1,286,844</u>

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Surplus arising on revaluation of fixed assets and available for sale investments is required to be shown separately below equity as 'Surplus on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan (SBP). Accordingly, these have not been recognised as other comprehensive income.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	Note	30 June 2014 (Rupees in '000)	30 June 2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,509,914	3,696,142
Less: Dividend income		(222,404)	(70,322)
		4,287,510	3,625,820
<b>Adjustments for:</b>			
Depreciation		477,002	431,992
Amortisation		30,800	25,348
Provision against non-performing loans and advances - net		120,938	254,239
Provision / (reversal) against off-balance sheet items		4,625	(492)
Gain on sale / redemption of securities		(3,901)	(372,408)
Charge for defined benefit plan		84,000	60,000
Charge for compensated absences		24,122	20,111
Gain on disposal of operating fixed assets		(50,726)	(36,529)
		686,860	382,261
		4,974,370	4,008,081
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		-	(1,518,003)
Advances - net		6,982,583	(3,215,427)
Other assets - (excluding advance taxation)		(5,015,386)	(501,236)
		1,967,197	(5,234,666)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		2,700,677	3,362,657
Borrowings		(10,209,569)	(6,054,506)
Deposits and other accounts		30,987,411	24,380,989
Other liabilities - (excluding provision for taxation)		240,777	223,036
		23,719,296	21,912,176
		30,660,863	20,685,591
Income tax paid		(1,783,098)	(1,660,341)
Net cash flows from operating activities		28,877,765	19,025,250
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in securities		(26,082,751)	(19,250,486)
Net investment in associates		-	132,409
Dividend received		148,391	70,322
Investment in operating fixed assets		(773,590)	(652,520)
Sale proceeds from disposal of operating fixed assets		65,545	40,688
Net cash used in investing activities		(26,642,405)	(19,659,587)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayments of sub-ordinated loans		(1,700)	(1,700)
Dividends paid		(1,989,615)	(2,972,753)
Net cash used in financing activities		(1,991,315)	(2,974,453)
Exchange differences on translation of net investment in foreign branches		(108,645)	22,167
Increase / (decrease) in cash and cash equivalents		135,400	(3,586,623)
Cash and cash equivalents at the beginning of the period		34,862,407	37,209,056
Cash and cash equivalents at the end of the period	18	34,997,807	33,622,433

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Unapp- ropriated Profit	Total
				Special Reserve	General Reserve		
(Rupees in '000)							
Balance as at 01 January 2013 - Restated	10,103,868	5,630,172	167,874	126,500	540,000	4,489,642	21,058,056
Total comprehensive income for the half year ended 30 June 2013:							
Profit after tax	-	-	-	-	-	2,433,334	2,433,334
Other comprehensive income	-	-	22,167	-	-	-	22,167
	-	-	22,167	-	-	2,433,334	2,455,501
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664
Transfer to statutory reserve	-	487,824	-	-	-	(487,824)	-
Transactions with owners for the half year ended 30 June 2013:							
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,031,160)	(3,031,160)
Balance as at 30 June 2013	10,103,868	6,117,996	190,041	126,500	540,000	3,422,656	20,501,061
Total comprehensive income for the half year ended 31 December 2013:							
Profit after tax	-	-	-	-	-	2,721,215	2,721,215
Other comprehensive income	-	-	50,004	-	-	(63,462)	(13,458)
	-	-	50,004	-	-	2,657,753	2,707,757
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664
Transfer to statutory reserve	-	544,866	-	-	-	(544,866)	-
Balance as at 31 December 2013	10,103,868	6,662,862	240,045	126,500	540,000	5,554,207	23,227,482
Total comprehensive income for the half year ended 30 June 2014:							
Profit after tax	-	-	-	-	-	2,940,020	2,940,020
Other comprehensive income	-	-	(108,645)	-	-	-	(108,645)
	-	-	(108,645)	-	-	2,940,020	2,831,375
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	19,885	19,885
Transfer to statutory reserve	-	588,004	-	-	-	(588,004)	-
Transactions with owners for the half year ended 30 June 2014:							
Cash dividend (Rs. 2 per share)	-	-	-	-	-	(2,020,772)	(2,020,772)
Issue of bonus shares in the ratio of 10 shares for 100 shares held	1,010,386	-	-	-	-	(1,010,386)	-
Balance as at 30 June 2014	11,114,254	7,250,866	131,400	126,500	540,000	4,894,950	24,057,970

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB      ABBAS D. HABIB      SYED HASAN ALI BUKHARI      SHAMEEM AHMED  
*Chairman*                      *Chief Executive and*                      *Director*                      *Director*  
*Managing Director*



## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2014

### 1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited "the Bank" was incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office situated at 126-C, Old Bahawalpur Road, Multan, with principal place of business being in Karachi. Its shares are listed on all the three Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 334 branches (31 December 2013: 320 branches), 99 sub-branches (31 December 2013: 96 sub-branches) and 03 representative offices (31 December 2013: 03 offices). The branch network of the Bank includes 03 offshore branches (31 December 2013: 02 branches) and 17 Islamic Banking branches (31 December 2013: 17 branches).

### 2. BASIS OF PREPARATION

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 purchase and resale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of the facility actually utilised and the appropriate portion of mark-up thereon.

The financial results of the Islamic Banking branches of the Bank have been included in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 21 to these unconsolidated condensed interim financial statements.

### 3. STATEMENT OF COMPLIANCE

- 3.1** These unconsolidated condensed interim financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 3.2** SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by SBP.



**3.3** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and IAS 34 "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2013.

**3.4** These are separate unconsolidated condensed interim financial statements of the Bank in which investments in subsidiary and associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

#### **4. BASIS OF MEASUREMENT**

##### **4.1 Accounting Convention**

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments and commitments in respect of certain forward exchange contracts have been marked to market and are carried at fair value and staff retirement benefits are carried at present value.

##### **4.2 Functional and Presentation currency**

These unconsolidated condensed interim financial statements are presented in Pak Rupees which is the Bank's functional currency and presentation currency.

##### **4.3 Accounting estimates and assumptions**

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas where assumptions and estimates are significant to these unconsolidated condensed interim financial statements are the same as those disclosed in the annual financial statements for the year ended 31 December 2013.

#### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Bank for the year ended 31 December 2013.

#### **6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2013.



Note	(Un-audited) 30 June 2014			(Audited) 31 December 2013		
	Held by	Given as	Total	Held by	Given as	Total
	Bank	Collateral		Bank	Collateral	
	(Rupees in '000)					
<b>7. INVESTMENTS</b>						
<b>7.1 Investments by types:</b>						
<i>Available for Sale Securities</i>						
Market Treasury Bills	136,419,235	3,843,432	140,262,667	101,159,729	10,933,027	112,092,756
Pakistan Investment Bonds	12,451,447	-	12,451,447	12,412,522	-	12,412,522
Foreign Currency Bonds	2,138,150	-	2,138,150	1,782,395	-	1,782,395
Sukuk Bonds	4,144,261	-	4,144,261	3,300,425	-	3,300,425
Fully paid-up ordinary shares - Listed	3,021,456	-	3,021,456	2,528,063	-	2,528,063
Fully paid-up ordinary shares - Unlisted	39,570	-	39,570	39,570	-	39,570
Term finance certificates - Listed	532,879	-	532,879	544,625	-	544,625
Term finance certificates - Unlisted	2,532,670	-	2,532,670	2,532,720	-	2,532,720
Units of mutual funds	1,551,763	-	1,551,763	1,175,000	-	1,175,000
	<b>162,831,431</b>	<b>3,843,432</b>	<b>166,674,863</b>	<b>125,475,049</b>	<b>10,933,027</b>	<b>136,408,076</b>
<i>Held to Maturity Securities 7.2</i>						
Market Treasury Bills	-	-	-	83,858,220	-	83,858,220
Pakistan Investment Bonds	97,092,478	-	97,092,478	17,654,496	-	17,654,496
Sukuk Bonds	207,071	-	207,071	211,342	-	211,342
Term finance certificates - Listed	91,002	-	91,002	95,177	-	95,177
Foreign Currency Bonds	248,549	-	248,549	-	-	-
	<b>97,639,100</b>	<b>-</b>	<b>97,639,100</b>	<b>101,819,235</b>	<b>-</b>	<b>101,819,235</b>
<i>Associates</i>						
Habib Sugar Mills Limited	180,977	-	180,977	180,977	-	180,977
Habib Asset Management Limited	60,000	-	60,000	60,000	-	60,000
First Habib Income Fund	250,000	-	250,000	250,000	-	250,000
First Habib Stock Fund	50,000	-	50,000	50,000	-	50,000
First Habib Cash Fund	300,000	-	300,000	300,000	-	300,000
First Habib Islamic Balanced Fund	25,000	-	25,000	25,000	-	25,000
	<b>865,977</b>	<b>-</b>	<b>865,977</b>	<b>865,977</b>	<b>-</b>	<b>865,977</b>
<i>Subsidiary</i>						
AL Habib Capital Markets (Private) Limited	200,000	-	200,000	200,000	-	200,000
<b>Investments at cost</b>	<b>261,536,508</b>	<b>3,843,432</b>	<b>265,379,940</b>	<b>228,360,261</b>	<b>10,933,027</b>	<b>239,293,288</b>
Less : Provision for diminution in the value of investments 7.3	(5,700)	-	(5,700)	(5,700)	-	(5,700)
<b>Investments (net of provision)</b>	<b>261,530,808</b>	<b>3,843,432</b>	<b>265,374,240</b>	<b>228,354,561</b>	<b>10,933,027</b>	<b>239,287,588</b>
Surplus on revaluation of available for sale securities - net 13.2	914,549	(384)	914,165	474,019	(8,754)	465,265
<b>Total Investments</b>	<b>262,445,357</b>	<b>3,843,048</b>	<b>266,288,405</b>	<b>228,828,580</b>	<b>10,924,273</b>	<b>239,752,853</b>

7.2 The aggregate market value of held to maturity securities as at 30 June 2014 amounts to Rs. 97,282 million (31 December 2013: 101,709 million).

7.3 The provision for diminution in the value of investments comprises of provision against fully paid-up ordinary shares of Pakistan Export Finance Guarantee Agency Limited.



	(Un-audited) 30 June 2014	(Audited) 31 December 2013
Note	(Rupees in '000)	
<b>8. ADVANCES</b>		
Loans, cash credits, running finances, etc.		
– In Pakistan	<b>133,094,554</b>	139,648,282
– Outside Pakistan	<b>10,085,153</b>	7,812,380
	<b>143,179,707</b>	147,460,662
Net investment in finance lease / ijarah financing		
– In Pakistan	<b>1,877,822</b>	985,898
– Outside Pakistan	–	–
	<b>1,877,822</b>	985,898
Net book value of assets in Ijarah under IFAS 2	<b>581,730</b>	202,296
Murabaha	<b>2,484,279</b>	4,723,489
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	<b>3,839,642</b>	2,044,993
– Payable outside Pakistan	<b>14,690,240</b>	18,245,217
	<b>18,529,882</b>	20,290,210
Advances - gross	<b>166,653,420</b>	173,662,555
Provision against non-performing loans and advances		
– Specific provision	8.1 <b>(3,606,765)</b>	(3,543,124)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2 <b>(70,816)</b>	(40,071)
– General provision	8.3 <b>(2,500,000)</b>	(2,500,000)
	<b>(6,177,581)</b>	(6,083,195)
Advances - net of provision	<b>160,475,839</b>	167,579,360

**8.1** Advances include Rs. 4,259.959 million (31 December 2013: Rs. 3,699.903 million) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2014 (Un-audited)									
	Classified advances			Provision required				Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
	(Rupees in '000)									
Other assets especially mentioned	450	–	450	45	–	45	45	–	45	
Substandard	718,167	–	718,167	178,736	–	178,736	178,736	–	178,736	
Doubtful	113,814	–	113,814	56,907	–	56,907	57,020	–	57,020	
Loss	3,025,150	402,378	3,427,528	2,968,466	402,378	3,370,844	2,968,586	402,378	3,370,964	
	<b>3,857,581</b>	<b>402,378</b>	<b>4,259,959</b>	<b>3,204,154</b>	<b>402,378</b>	<b>3,606,532</b>	<b>3,204,387</b>	<b>402,378</b>	<b>3,606,765</b>	



31 December 2013 (Audited)

Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	16,121	-	16,121	-	-	-	-	-	-
Substandard	56,807	-	56,807	14,208	-	14,208	14,208	-	14,208
Doubtful	98,528	-	98,528	49,264	-	49,264	49,264	-	49,264
Loss	3,099,517	428,930	3,528,447	3,050,722	428,930	3,479,652	3,050,722	428,930	3,479,652
	<u>3,270,973</u>	<u>428,930</u>	<u>3,699,903</u>	<u>3,114,194</u>	<u>428,930</u>	<u>3,543,124</u>	<u>3,114,194</u>	<u>428,930</u>	<u>3,543,124</u>

**8.2** General provision represents provision amounting to Rs. 48.155 million (31 December 2013: 40.071 million) against consumer finance portfolio and Rs. 22.661 million (31 December 2013: Nil) against advances to small enterprises as required by the Prudential Regulation issued by SBP.

**8.3** In line with its prudent policies, the Bank has also made general provision of Rs. 2,500 million (31 December 2013: Rs. 2,500 million) against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

**(Un-audited)** (Audited)  
**30 June** 31 December  
**2014** 2013  
**(Rupees in '000)**

**9. OPERATING FIXED ASSETS**

Capital work-in-progress	<b>467,189</b>	290,962
Property and equipments	<b>12,872,711</b>	11,467,207
Intangible assets	<b>37,229</b>	37,165
	<u><b>13,377,129</b></u>	<u>11,795,334</u>

**(Un-audited)**  
**Half year ended**  
**30 June** 30 June  
**2014** 2013  
**(Rupees in '000)**

**9.1** The following additions were made at cost during the period:

Leasehold land	<b>121,487</b>	-
Buildings on leasehold land	<b>82,911</b>	65,319
Improvements to leasehold buildings	<b>24,993</b>	132,345
Furniture and fixtures	<b>23,916</b>	25,538
Electrical, office and computer equipments	<b>231,413</b>	207,759
Vehicles	<b>85,584</b>	144,677
Intangible assets	<b>27,059</b>	20,481
	<u><b>597,363</b></u>	<u>596,119</u>



**(Un-audited)**  
**Half year ended**

30 June 2014	30 June 2013
-----------------	-----------------

**(Rupees in '000)**

**9.2** The written down value of fixed assets disposed off during the period were as follows:

Leasehold land	8,533	–
Furniture and fixtures	1,596	352
Electrical, office and computer equipments	663	1,556
Vehicles	4,027	2,264
	14,819	4,172

**9.3** During the period, the Bank's leasehold land and buildings on leasehold land were revalued by M/s. Iqbal A. Nanjee & Co. on the basis of their professional assessment of the present market value. As a result of revaluation the market value of leasehold land and buildings on leasehold land were determined at Rs. 9,695 million (31 December 2013: Rs. 8,444 million). The details of revalued amounts are as follows:

	<b>(Rupees in '000)</b>	
Total revalued amount of land	<b>4,014,538</b>	
Total revalued amount of buildings	<b>5,680,553</b>	

Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at 30 June 2014 would have been as follows:

	<b>(Rupees in '000)</b>	
Land	<b>3,424,233</b>	
Building	<b>4,953,894</b>	

	<b>(Un-audited)</b>	<b>(Audited)</b>
30 June 2014	30 June 2014	31 December 2013

**(Rupees in '000)**

## 10. BORROWINGS

### Secured

Borrowings from the State Bank of Pakistan under:		
– Export refinance scheme	11,361,209	15,065,898
– Long term financing for export oriented projects	95,298	156,637
– Long term financing for imported and locally manufactured plant and machinery	3,438,103	3,225,277
– Financing facility for storage of agricultural produce	89,426	120,727
	14,984,036	18,568,539
Repurchase agreement borrowings	3,841,800	10,911,487
	18,825,836	29,480,026

### Unsecured

Borrowings from financial institutions	444,621	–
Overdrawn nostros accounts	1,199,767	–
	1,644,388	–
	20,470,224	29,480,026



(Un-audited)      (Audited)  
**30 June**      31 December  
**2014**      2013  
 Note      (Rupees in '000)

## 11. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	<b>86,124,926</b>	82,536,366
Savings deposits	<b>125,165,792</b>	124,273,324
Current accounts - Remunerative	<b>54,950,365</b>	41,157,487
Current accounts - Non-remunerative	<b>140,525,891</b>	124,061,833
	<b>406,766,974</b>	372,029,010

### Financial institutions

Remunerative deposits	<b>9,805,976</b>	13,448,880
Non-remunerative deposits	<b>575,223</b>	682,872
	<b>10,381,199</b>	14,131,752
	<b>417,148,173</b>	386,160,762

## 12. SUB-ORDINATED LOANS - UNSECURED

Term Finance Certificates (TFCs) - II - (Quoted)	12.1	<b>1,495,800</b>	1,496,100
Term Finance Certificates (TFCs) - III - (Unquoted)	12.2	<b>1,992,000</b>	1,992,800
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.3	<b>2,996,400</b>	2,997,000
		<b>6,484,200</b>	6,485,900

### 12.1 Term Finance Certificates - II (Quoted)

Total issue	Rupees 1,500 million
Rating	<b>AA</b>
Rate	Payable six monthly at average six months' KIBOR plus 1.95% without any floor and cap
Redemption	6 - 84th month: 0.28%; 90th and 96th month: 49.86% each
Tenor	8 years
Maturity	February 2015

### 12.2 Term Finance Certificates - III (Unquoted)

Total issue	Rupees 2,000 million
Rating	<b>AA</b>
Rate	Payable three monthly at 15.50% p.a. for first 5 years and 16.00% p.a. for next 3 years
Redemption	3rd - 84th month: 0.56%; 87th, 90th, 93rd and 96th month: 24.86% each
Tenor	8 years
Maturity	June 2017



### 12.3 Term Finance Certificates - IV (Unquoted)

Total issue	Rupees 3,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	June 2021

	Note	(Un-audited) 30 June 2014 (Rupees in '000)	(Audited) 31 December 2013
<b>13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	13.1	<b>2,775,185</b>	1,722,912
Available for sale investments	13.2	<b>670,648</b>	331,657
		<b>3,445,833</b>	2,054,569
<b>13.1 Operating fixed assets</b>			
Balance at the beginning of the period / year		<b>2,318,881</b>	2,376,309
Surplus on revaluation of the Bank's properties during the period / year		<b>1,327,022</b>	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year		<b>(30,592)</b>	(57,428)
		<b>3,615,311</b>	2,318,881
Related deferred tax liability on:			
Balance at the beginning of the period / year		<b>595,969</b>	616,069
Revaluation of Bank's properties during the period / year		<b>254,864</b>	-
Incremental depreciation charged during the period / year transferred to profit and loss account		<b>(10,707)</b>	(20,100)
		<b>(840,126)</b>	(595,969)
		<b>2,775,185</b>	1,722,912
<b>13.2 Available for sale investments</b>			
Federal Government Securities		<b>290,159</b>	190,125
Fully paid-up ordinary shares		<b>452,788</b>	179,418
Term finance certificates, sukuks and other bonds		<b>5,365</b>	3,979
Units of mutual funds		<b>165,853</b>	91,743
		<b>914,165</b>	465,265
Related deferred tax		<b>(243,517)</b>	(133,608)
		<b>670,648</b>	331,657



	(Un-audited) 30 June 2014	(Audited) 31 December 2013
	(Rupees in '000)	
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Direct Credit Substitutes</b>		
<b>Financial guarantees issued favouring:</b>		
– Financial institutions	152,363	308,098
– Others	77,166	171,805
	<u>229,529</u>	<u>479,903</u>
<b>14.2 Transaction-related contingent liabilities</b>		
<b>Guarantees issued favouring:</b>		
– Government	16,213,068	13,305,949
– Financial institutions	301,997	238,651
– Others	6,736,127	6,112,025
	<u>23,251,192</u>	<u>19,656,625</u>
<b>14.3 Trade-related contingent liabilities</b>		
Letters of credit	79,543,703	70,207,859
Acceptances	10,249,216	6,895,498
	<u>89,792,919</u>	<u>77,103,357</u>
<b>14.4 Commitments in respect of forward lending</b>		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	3,453,439	1,130,970
<b>14.5 Commitments in respect of forward exchange contracts</b>		
Purchase	28,912,400	23,468,276
Sale	22,550,260	20,363,924
The maturities of above contracts are spread over a period upto one year.		
<b>14.6 Commitments for the acquisition of operating fixed assets</b>		
	<u>210,883</u>	<u>144,931</u>



(Un-audited)			
Half year ended		Quarter ended	
30 June 2014	30 June 2013	30 June 2014	30 June 2013

(Rupees in '000)

#### 15. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	7,396,672	6,500,913	3,683,647	3,134,808
Financial institutions	114,155	108,761	53,241	86,627
	<u>7,510,827</u>	<u>6,609,674</u>	<u>3,736,888</u>	<u>3,221,435</u>
On investments:				
Available for sale securities	7,865,441	9,195,456	4,526,758	4,624,207
Held to maturity securities	5,138,296	3,342,122	2,606,334	1,650,783
	<u>13,003,737</u>	<u>12,537,578</u>	<u>7,133,092</u>	<u>6,274,990</u>
On deposits with financial institutions	34,627	35,619	15,799	17,645
On securities purchased under resale agreements	48,527	24,972	31,013	9,736
On call money lendings	22	959	-	368
	<u>20,597,740</u>	<u>19,208,802</u>	<u>10,916,792</u>	<u>9,524,174</u>

(Un-audited)			
Half year ended		Quarter ended	
30 June 2014	30 June 2013	30 June 2014	30 June 2013

(Rupees in '000)

#### 16. MARK-UP / RETURN / INTEREST EXPENSED

On deposits	9,676,390	8,983,575	4,975,532	4,510,448
On sub-ordinated loans	464,841	462,362	234,743	230,029
On securities sold under repurchase agreements	900,026	1,879,368	682,070	879,991
On borrowings from SBP	701,544	716,777	334,715	354,131
On other borrowings	178,076	155,568	91,435	66,555
	<u>11,920,877</u>	<u>12,197,650</u>	<u>6,318,495</u>	<u>6,041,154</u>



(Un-audited)			
Half year ended		Quarter ended	
30 June 2014	30 June 2013	30 June 2014	30 June 2013

(Rupees in '000)

#### 17. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	<u>2,940,020</u>	<u>2,433,334</u>	<u>1,586,266</u>	<u>1,277,286</u>
(Number of shares in thousands)				
Weighted average number of ordinary shares	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>
(Rupees)				
Basic and diluted earnings per share	<u>2.65</u>	<u>2.19</u>	<u>1.43</u>	<u>1.15</u>

(Un-audited)	
Half year ended	
30 June 2014	30 June 2013

(Rupees in '000)

#### 18. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	<b>33,306,124</b>	31,625,770
Balances with other banks	<b>2,891,450</b>	2,154,471
Overdrawn nostros accounts	<b>(1,199,767)</b>	(157,808)
	<u><b>34,997,807</b></u>	<u>33,622,433</u>



## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Half year ended 30 June 2014 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	12,644,503	19,118,852	(9,116,539)	22,646,816
Total expenses	(9,590,936)	(17,662,505)	9,116,539	(18,136,902)
Net income	3,053,567	1,456,347	–	4,509,914
Segment assets (net of provisions)	389,066,766	469,015,398	(369,822,332)	488,259,832
Segment non performing loans	42,992	4,216,967	–	4,259,959
Segment provision required	41,369	3,565,163	–	3,606,532
Segment liabilities	387,146,339	443,432,022	(369,822,332)	460,756,029
Segment return on net assets (ROA) (%)*	3.25%	4.08%		
Segment cost of funds (%)*	2.48%	3.98%		
	Half year ended 30 June 2013 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	9,982,420	19,362,010	(8,325,220)	21,019,210
Total expenses	(8,759,162)	(16,889,126)	8,325,220	(17,323,068)
Net income	1,223,258	2,472,884	–	3,696,142
Segment assets (net of provisions)	337,799,136	458,027,106	(321,064,055)	474,762,187
Segment non performing loans	43,401	3,802,299	–	3,845,700
Segment provision required	42,572	3,274,275	–	3,316,847
Segment liabilities	336,662,825	435,688,125	(321,064,055)	451,286,895
Segment return on net assets (ROA) (%)*	2.96%	4.23%		
Segment cost of funds (%)*	2.60%	3.88%		

\*The percentages have been computed based on closing assets / liabilities figures.



## 20. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiary, associates (including entities having directors in common with the Bank), employee benefit plans, major share holders, directors and key management personnel and their close family members.

Transactions with related parties are carried out at an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.

Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

As at 30 June 2014 (Un-audited)						
	Subsidiary	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Employee Benefit Plans	Total
<b>Deposits</b>						
At the beginning of the period	61,957	1,813,814	142,104	368,941	174,811	2,561,627
Placement during the period	613,561	49,812,141	655,439	1,209,497	5,045,354	57,335,992
Withdrawal during the period	(460,356)	(49,504,440)	(587,244)	(1,183,363)	(5,167,856)	(56,903,259)
At the end of the period	215,162	2,121,515	210,299	395,075	52,309	2,994,360
<b>Advances</b>						
At the beginning of the period	19,720	1,282,655	126	37,822	-	1,340,323
Addition during the period	3,700,041	12,878,825	2,886	38,042	-	16,619,794
Repaid during the period	(3,719,761)	(12,691,845)	(2,749)	(28,011)	-	(16,442,366)
At the end of the period	-	1,469,635	263	47,853	-	1,517,751
<b>Investments</b>						
At the beginning of the period	200,000	865,977	-	-	-	1,065,977
Investment made during the period	-	-	-	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-
At the end of the period	200,000	865,977	-	-	-	1,065,977
Contingencies and commitments	-	844,858	-	-	-	844,858
As at 31 December 2013 (Audited)						
(Rupees in '000)						
<b>Deposits</b>						
At the beginning of the year	6,320	1,691,582	146,594	294,767	151,603	2,290,866
Placement during the year	1,950,871	76,167,530	767,897	1,186,282	4,538,194	84,610,774
Withdrawal during the year	(1,895,234)	(76,045,298)	(772,387)	(1,112,108)	(4,514,986)	(84,340,013)
At the end of the year	61,957	1,813,814	142,104	368,941	174,811	2,561,627
<b>Advances</b>						
At the beginning of the year	7,166	1,615,380	351	28,605	-	1,651,502
Addition during the year	9,123,600	20,955,131	3,025	45,862	-	30,127,618
Repaid during the year	(9,111,046)	(21,287,856)	(3,250)	(36,645)	-	(30,438,797)
At the end of the year	19,720	1,282,655	126	37,822	-	1,340,323
<b>Investments</b>						
At the beginning of the year	200,000	1,139,727	-	-	-	1,339,727
Investment made during the year	-	647,501	-	-	-	647,501
Investment redeemed / disposed off during the year	-	(921,251)	-	-	-	(921,251)
At the end of the year	200,000	865,977	-	-	-	1,065,977
Contingencies and commitments	-	721,649	-	-	-	721,649





## 21. ISLAMIC BANKING BUSINESS

The Bank is operating 17 Islamic Banking branches in Pakistan at the end of reporting period (31 December 2013: 17 branches). The statement of financial position of these branches as at 30 June 2014 is as follows:

	(Un-audited) 30 June 2014	(Audited) 31 December 2013
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	359,849	363,446
Balances with and due from financial institutions	60,066	35,677
Investments	2,584,465	1,493,818
Islamic financing and related assets	9,396,521	10,647,906
Operating fixed assets	66,048	62,567
Other assets	215,039	359,340
<b>Total assets</b>	<b>12,681,988</b>	<b>12,962,754</b>
<b>LIABILITIES</b>		
Bills payable	194,555	112,276
Due to financial institutions	661,232	1,643,761
Deposits and other accounts	9,189,330	8,617,703
– Current accounts	2,913,714	2,198,218
– Saving accounts	1,936,058	1,420,729
– Term deposits	3,651,194	3,380,965
– Others	64,910	11,348
– Deposits from financial institutions-remunerative	621,508	1,605,680
– Deposits from financial institutions-non-remunerative	1,946	763
Due to Head office	995,066	990,000
Other liabilities	388,170	293,351
<b>Total liabilities</b>	<b>(11,428,353)</b>	<b>(11,657,091)</b>
<b>NET ASSETS</b>	<b>1,253,635</b>	<b>1,305,663</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	1,100,000	1,000,000
Accumulated profit	150,875	301,343
	<b>1,250,875</b>	<b>1,301,343</b>
Surplus on revaluation of assets	2,760	4,320
	<b>1,253,635</b>	<b>1,305,663</b>



	(Un-audited) 30 June 2014	(Audited) 31 December 2013
	(Rupees in '000)	
<b>21.1 Islamic financing and related assets</b>		
Murabaha	2,484,279	4,684,555
Net book value of assets / investments in ijarah under IFAS 2	581,730	202,296
Diminishing musharika	3,119,267	3,056,660
Istisna	1,462,537	651,646
Islamic Export refinance murabaha	107,885	38,934
Islamic Export refinance istisna	1,282,347	1,517,077
Gross financing	<u>9,038,045</u>	10,151,168
Less: general provisioning against consumer financing	(523)	(523)
Net financing	<u>9,037,522</u>	10,150,645
Advance against murabaha	357,960	449,831
Advance against ijarah	1,039	47,430
Islamic financing and related assets - net of provision	<u><u>9,396,521</u></u>	<u><u>10,647,906</u></u>
<b>21.1.1 Islamic mode of financing</b>		
Financings / inventory / receivables	9,038,045	10,151,168
Advances	358,999	497,261
Less: general provisioning against consumer financing	(523)	(523)
	<u><u>9,396,521</u></u>	<u><u>10,647,906</u></u>

**21.2** Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis. Deposit and other accounts include redeemable capital of Rs. 6,427.871 million (December 31, 2013: Rs. 6,437.972 million) and deposits on Qard basis of Rs. 2,761.459 million (December 31, 2013: Rs. 2,179.731 million).

## **22. GENERAL**

**22.1** Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison. However, no significant reclassifications have been made in these unconsolidated condensed interim financial statements.

**22.2** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**22.3** Figures of the profit and loss account for the quarters ended 30 June 2014 and 30 June 2013 have not been subjected to limited scope review by the auditors.

## **23. DATE OF AUTHORISATION**

These unconsolidated condensed interim financial statements were authorised for issue on 27 August 2014 by the Board of Directors of the Bank.

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED HASAN ALI BUKHARI  
*Director*

SHAMEEM AHMED  
*Director*



# Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Company



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

		(Un-audited) 30 June 2014	(Audited) 31 December 2013
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		33,306,126	32,199,552
Balances with other banks		2,942,309	2,664,729
Lendings to financial institutions		-	-
Investments - net	7	266,338,040	239,986,042
Advances - net	8	160,475,905	167,569,070
Operating fixed assets	9	13,397,578	11,815,577
Deferred tax assets - net		-	-
Other assets		12,030,684	6,786,943
		<b>488,490,642</b>	461,021,913
<b>LIABILITIES</b>			
Bills payable		8,873,779	6,173,102
Borrowings	10	20,470,224	29,480,026
Deposits and other accounts	11	416,991,604	386,098,828
Sub-ordinated loans	12	6,484,200	6,485,900
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		1,889,447	1,642,923
Other liabilities		5,944,274	5,559,900
		<b>460,653,528</b>	435,440,679
<b>NET ASSETS</b>		<b>27,837,114</b>	25,581,234
<b>REPRESENTED BY :</b>			
Share capital		11,114,254	10,103,868
Reserves		8,048,766	7,569,407
Unappropriated profit		5,072,741	5,703,859
<b>Equity attributable to the shareholders of the Holding company</b>		<b>24,235,761</b>	23,377,134
Non-controlling interest		114,825	109,744
<b>Total equity</b>		<b>24,350,586</b>	23,486,878
Surplus on revaluation of assets - net of tax	13	3,486,528	2,094,356
		<b>27,837,114</b>	25,581,234
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

Note	Half year ended		Quarter ended		
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	
	(Rupees in '000)				
Mark-up / return / interest earned	15	20,597,461	19,208,262	10,916,678	9,524,043
Mark-up / return / interest expensed	16	(11,920,271)	(12,197,227)	(6,317,958)	(6,040,838)
Net mark-up / return / interest income		8,677,190	7,011,035	4,598,720	3,483,205
Provision against non-performing loans and advances - net		(120,938)	(254,239)	(31,940)	(92,141)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written-off directly		-	(96)	-	(96)
		(120,938)	(254,335)	(31,940)	(92,237)
Net mark-up / return / interest income after provisions		8,556,252	6,756,700	4,566,780	3,390,968
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		1,047,301	853,447	581,233	428,832
Dividend income		187,106	47,620	91,016	8,728
Income from dealing in foreign currencies		527,073	266,698	263,777	137,073
Gain on sale / redemption of securities - net		26,167	385,887	25,731	320,507
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Share of profit from associates		54,168	79,829	35,301	54,088
Other income		262,697	263,377	115,583	133,074
Total non mark-up / interest income		2,104,512	1,896,858	1,112,641	1,082,302
		10,660,764	8,653,558	5,679,421	4,473,270
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		(6,018,910)	(4,813,179)	(3,111,634)	(2,441,703)
Other (provisions) / reversals / write-offs		(4,625)	492	-	10,864
Other charges		(97,225)	(79,004)	(55,655)	(43,631)
Total non mark-up / interest expenses		(6,120,760)	(4,891,691)	(3,167,289)	(2,474,470)
		4,540,004	3,761,867	2,512,132	1,998,800
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		4,540,004	3,761,867	2,512,132	1,998,800
Taxation - Current		(1,685,012)	(1,248,226)	(908,267)	(642,412)
- Prior years		-	-	-	-
- Deferred		118,248	(15,351)	23,108	(16,841)
		(1,566,764)	(1,263,577)	(885,159)	(659,253)
<b>PROFIT AFTER TAXATION</b>		2,973,240	2,498,290	1,626,973	1,339,547
<b>Attributable to:</b>					
Shareholders of the Holding Company		2,968,159	2,492,492	1,620,913	1,333,936
Non-controlling interest		5,081	5,798	6,060	5,611
		2,973,240	2,498,290	1,626,973	1,339,547
<b>Basic and diluted earnings per share attributable to equity holders of the Holding Company - Rupees</b>	17	2.67	2.24	1.46	1.20

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	Half year ended		Quarter ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	(Rupees in '000)			
<b>Profit after taxation</b>	<b>2,973,240</b>	<b>2,498,290</b>	<b>1,626,973</b>	<b>1,339,547</b>
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss account</b>				
Exchange differences on translation of net investment in foreign branches	(108,645)	22,167	4,453	9,558
<b>Items that will never be reclassified to profit or loss account subsequently</b>				
Remeasurement of defined benefit plan	-	-	-	-
Related tax charge	-	-	-	-
	-	-	-	-
<b>Total comprehensive income transferred to equity</b>	<b><u>2,864,595</u></b>	<b><u>2,520,457</u></b>	<b><u>1,631,426</u></b>	<b><u>1,349,105</u></b>
<b>Attributable to:</b>				
Shareholders of the Holding company	<b>2,859,514</b>	2,514,659	<b>1,625,366</b>	1,343,494
Non-controlling interest	<b>5,081</b>	5,798	<b>6,060</b>	5,611
	<b><u>2,864,595</u></b>	<b><u>2,520,457</u></b>	<b><u>1,631,426</u></b>	<b><u>1,349,105</u></b>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Surplus arising on revaluation of fixed assets and available for sale investments is required to be shown separately below equity as 'Surplus on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan (SBP). Accordingly, these have not been recognised as other comprehensive income.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	Note	30 June 2014	30 June 2013
(Rupees in '000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,540,004	3,761,867
Less: Dividend income		(187,106)	(47,620)
		<u>4,352,898</u>	<u>3,714,247</u>
<b>Adjustments for:</b>			
Depreciation		477,944	432,923
Amortisation		30,980	25,348
Provision against non-performing loans and advances - net		120,938	254,239
Provision / (reversal) against off-balance sheet items		4,625	(492)
Gain on sale / redemption of securities		(26,167)	(385,887)
Charge for defined benefit plan		84,000	60,000
Charge for compensated absences		24,122	20,111
Gain on disposal of operating fixed assets		(51,700)	(40,892)
Share of profit from associates		(54,168)	(79,829)
		<u>610,574</u>	<u>285,521</u>
		4,963,472	3,999,768
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		-	(1,518,003)
Advances - net		6,972,227	(3,211,815)
Other assets - (excluding advance taxation)		(5,073,989)	(502,606)
		<u>1,898,238</u>	<u>(5,232,424)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		2,700,677	3,362,657
Borrowings		(10,209,569)	(6,054,247)
Deposits and other accounts		30,892,776	24,272,475
Other liabilities - (excluding provision for taxation)		240,489	326,803
		<u>23,624,373</u>	<u>21,907,688</u>
		30,486,083	20,675,032
Income tax paid		(1,784,556)	(1,661,810)
Net cash flows from operating activities		<u>28,701,527</u>	<u>19,013,222</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in securities		(25,858,047)	(19,236,560)
Net investment in associates		36,191	156,014
Dividend received		113,093	47,620
Investment in operating fixed assets		(774,917)	(652,551)
Sale proceeds from disposal of operating fixed assets		66,500	45,051
Net cash used in investing activities		<u>(26,417,180)</u>	<u>(19,640,426)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayments of sub-ordinated loans		(1,700)	(1,700)
Dividends paid		(1,989,615)	(2,972,753)
Net cash used in financing activities		<u>(1,991,315)</u>	<u>(2,974,453)</u>
Exchange differences on translation of net investment in foreign branches		(108,645)	22,167
Increase / (decrease) in cash and cash equivalents		184,387	(3,579,490)
Cash and cash equivalents at the beginning of the period		34,864,281	37,211,593
Cash and cash equivalents at the end of the period	18	<u>35,048,668</u>	<u>33,632,103</u>

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2014

	Attributable to the shareholders of the Holding Company						Total	Non-controlling Interest	Total Equity
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Special Reserve	General Reserve	Revenue Reserves			
					Unappropriated Profit				
	(Rupees in '000)								
Balance as at 01 January 2013 - Restated	10,103,868	5,630,172	167,874	126,500	540,000	4,598,577	21,166,991	106,753	21,273,744
Total comprehensive income for the half year ended 30 June 2013:									
Profit after tax	-	-	-	-	-	2,492,492	2,492,492	5,798	2,498,290
Other comprehensive income	-	-	22,167	-	-	-	22,167	-	22,167
	-	-	22,167	-	-	2,492,492	2,514,659	5,798	2,520,457
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664	-	18,664
Transfer to statutory reserve	-	487,824	-	-	-	(487,824)	-	-	-
Transactions with owners for the half year ended 30 June 2013:									
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,031,160)	(3,031,160)	-	(3,031,160)
Balance as at 30 June 2013	10,103,868	6,117,996	190,041	126,500	540,000	3,590,749	20,669,154	112,551	20,781,705
Total comprehensive income for the half year ended 31 December 2013:									
Profit after tax	-	-	-	-	-	2,702,774	2,702,774	(2,807)	2,699,967
Other comprehensive income	-	-	50,004	-	-	(63,462)	(13,458)	-	(13,458)
	-	-	50,004	-	-	2,639,312	2,689,316	(2,807)	2,686,509
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	18,664	18,664	-	18,664
Transfer to statutory reserve	-	544,866	-	-	-	(544,866)	-	-	-
Balance as at 31 December 2013	10,103,868	6,662,862	240,045	126,500	540,000	5,703,859	23,377,134	109,744	23,486,878
Total comprehensive income for the half year ended 30 June 2014:									
Profit after tax	-	-	-	-	-	2,968,159	2,968,159	5,081	2,973,240
Other comprehensive income	-	-	(108,645)	-	-	-	(108,645)	-	(108,645)
	-	-	(108,645)	-	-	2,968,159	2,859,514	5,081	2,864,595
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	19,885	19,885	-	19,885
Transfer to statutory reserve	-	588,004	-	-	-	(588,004)	-	-	-
Transactions with owners for the half year ended 30 June 2014:									
Cash dividend (Rs. 2 per share)	-	-	-	-	-	(2,020,772)	(2,020,772)	-	(2,020,772)
Issue of bonus shares in the ratio of 10 shares for 100 shares held	1,010,386	-	-	-	-	(1,010,386)	-	-	-
Balance as at 30 June 2014	11,114,254	7,250,866	131,400	126,500	540,000	5,072,741	24,235,761	114,825	24,350,586

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

ALI RAZA D. HABIB <i>Chairman</i>	ABBAS D. HABIB <i>Chief Executive and Managing Director</i>	SYED HASAN ALI BUKHARI <i>Director</i>	SHAMEEM AHMED <i>Director</i>
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## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2014

### 1. STATUS AND NATURE OF BUSINESS

The Group consists of :

- Bank AL Habib Limited (Holding Company)
- AL Habib Capital Markets (Private) Limited (Subsidiary Company)

Bank AL Habib Limited (the Bank) was incorporated in Pakistan on 15 October 1991 as a public limited company under the Companies Ordinance, 1984 having its registered office at 126-C, Old Bahawalpur Road, Multan, with principal place of business being in Karachi. Its shares are listed on all the three Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 334 branches (31 December 2013: 320 branches), 99 sub-branches (31 December 2013: 96 sub-branches) and 03 representative offices (31 December 2013: 03 offices). The branch network of the Bank includes 03 offshore branches (31 December 2013: 02 branches) and 17 Islamic Banking branches (31 December 2013: 17 branches). The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited (the Company). The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under the Companies Ordinance, 1984. The Company is a corporate member of the Karachi Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

### 2. BASIS OF PREPARATION

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 purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of the facility actually utilised and the appropriate portion of mark-up thereon.

The financial results of the Islamic Banking branches of the Bank have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 21 to these consolidated condensed interim financial statements.

### 3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated condensed interim financial statements of the Group have been prepared, in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.



**3.2** SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by SBP.

**3.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and IAS 34 "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the financial statements of the Group for the year ended 31 December 2013.

#### **4. BASIS OF MEASUREMENT**

##### **4.1 Accounting Convention**

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments and commitments in respect of certain forward exchange contracts have been marked to market and are carried at fair value and staff retirement benefits are carried at present value.

##### **4.2 Functional and Presentation currency**

These consolidated condensed interim financial statements are presented in Pak Rupees which is the Group's functional currency and presentation currency.

##### **4.3 Accounting estimates and assumptions**

The preparation of these consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas where assumptions and estimates are significant to these consolidated condensed interim financial statements are the same as those disclosed in the annual financial statements for the year ended 31 December 2013.

#### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Group for the year ended 31 December 2013.

#### **6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2013.



Note	(Un-audited) 30 June 2014			(Audited) 31 December 2013		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total
	(Rupees in '000)					
<b>7. INVESTMENTS</b>						
<b>7.1 Investments by types:</b>						
<b>Available for Sale Securities</b>						
Market Treasury Bills	136,419,235	3,843,432	140,262,667	101,159,729	10,933,027	112,092,756
Pakistan Investment Bonds	12,451,447	-	12,451,447	12,412,522	-	12,412,522
Foreign Currency Bonds	2,138,150	-	2,138,150	1,782,395	-	1,782,395
Sukuk Bonds	4,144,261	-	4,144,261	3,300,425	-	3,300,425
Fully paid-up ordinary shares - Listed	3,028,967	-	3,028,967	2,542,652	-	2,542,652
Fully paid-up ordinary shares - Unlisted	64,855	-	64,855	64,855	-	64,855
Term finance certificates - Listed	532,879	-	532,879	544,625	-	544,625
Term finance certificates - Unlisted	2,532,670	-	2,532,670	2,532,720	-	2,532,720
Units of mutual funds	1,551,763	-	1,551,763	1,371,246	-	1,371,246
	<b>162,864,227</b>	<b>3,843,432</b>	<b>166,707,659</b>	<b>125,711,169</b>	<b>10,933,027</b>	<b>136,644,196</b>
<b>Held to Maturity Securities 7.2</b>						
Market Treasury Bills	-	-	-	83,858,220	-	83,858,220
Pakistan Investment Bonds	97,092,478	-	97,092,478	17,654,496	-	17,654,496
Sukuk Bonds	207,071	-	207,071	211,342	-	211,342
Term finance certificates - Listed	91,002	-	91,002	95,177	-	95,177
Foreign Currency Bonds	248,549	-	248,549	-	-	-
	<b>97,639,100</b>	<b>-</b>	<b>97,639,100</b>	<b>101,819,235</b>	<b>-</b>	<b>101,819,235</b>
<b>Associates</b>						
Habib Sugar Mills Limited	330,666	-	330,666	317,917	-	317,917
Habib Asset Management Limited	78,425	-	78,425	74,577	-	74,577
First Habib Income Fund	270,038	-	270,038	259,725	-	259,725
First Habib Stock Fund	51,815	-	51,815	56,765	-	56,765
First Habib Cash Fund	325,940	-	325,940	312,930	-	312,930
First Habib Islamic Balanced Fund	25,777	-	25,777	27,134	-	27,134
	<b>1,082,661</b>	<b>-</b>	<b>1,082,661</b>	<b>1,049,048</b>	<b>-</b>	<b>1,049,048</b>
<b>Investments at cost</b>	<b>261,585,988</b>	<b>3,843,432</b>	<b>265,429,420</b>	<b>228,579,452</b>	<b>10,933,027</b>	<b>239,512,479</b>
Less : Provision for diminution in the value of investments 7.3	(5,700)	-	(5,700)	(6,586)	-	(6,586)
<b>Investments (net of provision)</b>	<b>261,580,288</b>	<b>3,843,432</b>	<b>265,423,720</b>	<b>228,572,866</b>	<b>10,933,027</b>	<b>239,505,893</b>
Surplus on revaluation of available for sale securities - net	914,704	(384)	914,320	488,903	(8,754)	480,149
<b>Total Investments</b>	<b>262,494,992</b>	<b>3,843,048</b>	<b>266,338,040</b>	<b>229,061,769</b>	<b>10,924,273</b>	<b>239,986,042</b>

7.2 The aggregate market value of held to maturity securities as at 30 June 2014 amounts to Rs. 97,282 million (31 December 2013: 101,709 million).

7.3 The provision for diminution in the value of investments comprises of provision against fully paid-up ordinary shares of Pakistan Export Finance Guarantee Agency Limited.



	(Un-audited) 30 June 2014	(Audited) 31 December 2013
Note	(Rupees in '000)	
<b>8. ADVANCES</b>		
Loans, cash credits, running finances, etc.		
– In Pakistan	<b>133,094,620</b>	139,637,992
– Outside Pakistan	<b>10,085,153</b>	7,812,380
	<b>143,179,773</b>	147,450,372
Net investment in finance lease / ijarah financing		
– In Pakistan	<b>1,877,822</b>	985,898
– Outside Pakistan	–	–
	<b>1,877,822</b>	985,898
Net book value of assets in Ijarah under IFAS 2	<b>581,730</b>	202,296
Murabaha	<b>2,484,279</b>	4,723,489
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	<b>3,839,642</b>	2,044,993
– Payable outside Pakistan	<b>14,690,240</b>	18,245,217
	<b>18,529,882</b>	20,290,210
Advances - gross	<b>166,653,486</b>	173,652,265
Provision against non-performing loans and advances		
– Specific provision	8.1 <b>(3,606,765)</b>	(3,543,124)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2 <b>(70,816)</b>	(40,071)
– General provision	8.3 <b>(2,500,000)</b>	(2,500,000)
	<b>(6,177,581)</b>	(6,083,195)
Advances - net of provision	<b>160,475,905</b>	167,569,070

**8.1** Advances include Rs. 4,259.959 million (31 December 2013: Rs. 3,699.903 million) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2014 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	450	–	450	45	–	45	45	–	45
Substandard	718,167	–	718,167	178,736	–	178,736	178,736	–	178,736
Doubtful	113,814	–	113,814	56,907	–	56,907	57,020	–	57,020
Loss	3,025,150	402,378	3,427,528	2,968,466	402,378	3,370,844	2,968,586	402,378	3,370,964
	<b>3,857,581</b>	<b>402,378</b>	<b>4,259,959</b>	<b>3,204,154</b>	<b>402,378</b>	<b>3,606,532</b>	<b>3,204,387</b>	<b>402,378</b>	<b>3,606,765</b>



31 December 2013 (Audited)

Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	16,121	-	16,121	-	-	-	-	-	-
Substandard	56,807	-	56,807	14,208	-	14,208	14,208	-	14,208
Doubtful	98,528	-	98,528	49,264	-	49,264	49,264	-	49,264
Loss	3,099,517	428,930	3,528,447	3,050,722	428,930	3,479,652	3,050,722	428,930	3,479,652
	<u>3,270,973</u>	<u>428,930</u>	<u>3,699,903</u>	<u>3,114,194</u>	<u>428,930</u>	<u>3,543,124</u>	<u>3,114,194</u>	<u>428,930</u>	<u>3,543,124</u>

**8.2** General provision represents provision amounting to Rs. 48.155 million (31 December 2013: 40.071 million) against consumer finance portfolio and Rs. 22.661 million (31 December 2013: Nil) against advances to small enterprises as required by the Prudential Regulation issued by SBP.

**8.3** In line with its prudent policies, the Bank has also made general provision of Rs. 2,500 million (31 December 2013: Rs. 2,500 million) against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations.

**(Un-audited)**      **(Audited)**  
**30 June**      **31 December**  
**2014**      **2013**  
**(Rupees in '000)**

**9. OPERATING FIXED ASSETS**

Capital work-in-progress	<b>467,189</b>	290,963
Property and equipments	<b>12,883,091</b>	11,477,984
Intangible assets	<b>47,298</b>	46,630
	<u><b>13,397,578</b></u>	<u>11,815,577</u>

**(Un-audited)**  
**Half year ended**  
**30 June**      **30 June**  
**2014**      **2013**  
**(Rupees in '000)**

**9.1** The following additions were made at cost during the period:

Leasehold land	<b>121,487</b>	-
Buildings on leasehold land	<b>82,911</b>	65,319
Improvements to leasehold buildings	<b>24,993</b>	132,345
Furniture and fixtures	<b>23,916</b>	25,538
Electrical, office and computer equipments	<b>231,955</b>	207,790
Vehicles	<b>85,584</b>	144,677
Intangible assets	<b>27,059</b>	20,481
	<u><b>597,905</b></u>	<u>596,150</u>



**(Un-audited)**  
**Half year ended**  
**30 June**      **30 June**  
**2014**      **2013**  
**(Rupees in '000)**

9.2 The written down value of fixed assets disposed off during the period were as follows:

Leasehold land	<b>8,533</b>	–
Furniture and fixtures	<b>1,596</b>	352
Electrical, office and computer equipments	<b>663</b>	1,556
Vehicles	<b>4,027</b>	2,264
	<b>14,819</b>	4,172

9.3 During the period, the Bank's leasehold land and buildings on leasehold land were revalued by M/s. Iqbal A. Nanjee & Co. on the basis of their professional assessment of the present market value. As a result of revaluation the market value of leasehold land and buildings on leasehold land were determined at Rs. 9,695 million (31 December 2013: Rs. 8,444 million). The details of revalued amounts are as follows:

	<b>(Rupees in '000)</b>
Total revalued amount of land	<b>4,014,538</b>
Total revalued amount of buildings	<b>5,680,553</b>

Had the land and buildings not been revalued, the total carrying amounts of revalued properties as at 30 June 2014 would have been as follows:

	<b>(Rupees in '000)</b>
Land	<b>3,424,233</b>
Building	<b>4,953,894</b>

<b>(Un-audited)</b>	<b>(Audited)</b>
<b>30 June</b>	<b>31 December</b>
<b>2014</b>	<b>2013</b>
<b>(Rupees in '000)</b>	

## 10. BORROWINGS

### Secured

Borrowings from the State Bank of Pakistan under:

– Export refinance scheme	<b>11,361,209</b>	15,065,898
– Long term financing for export oriented projects	<b>95,298</b>	156,637
– Long term financing for imported and locally manufactured plant and machinery	<b>3,438,103</b>	3,225,277
– Financing facility for storage of agricultural produce	<b>89,426</b>	120,727

	<b>14,984,036</b>	18,568,539
Repurchase agreement borrowings	<b>3,841,800</b>	10,911,487
	<b>18,825,836</b>	29,480,026

### Unsecured

Borrowings from financial institutions  
Overdrawn nostros accounts

<b>444,621</b>	–
<b>1,199,767</b>	–
<b>1,644,388</b>	–
<b>20,470,224</b>	29,480,026



		(Un-audited) 30 June 2014	(Audited) 31 December 2013
	Note	(Rupees in '000)	
<b>11. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		86,124,926	82,536,366
Savings deposits		125,165,792	124,273,324
Current accounts - Remunerative		54,950,365	41,157,487
Current accounts - Non-remunerative		140,525,891	124,061,833
		<b>406,766,974</b>	372,029,010
<b>Financial institutions</b>			
Remunerative deposits		9,649,458	13,448,617
Non-remunerative deposits		575,172	621,201
		<b>10,224,630</b>	14,069,818
		<b>416,991,604</b>	386,098,828
<b>12. SUB-ORDINATED LOANS - UNSECURED</b>			
Term Finance Certificates (TFCs) - II - (Quoted)	12.1	1,495,800	1,496,100
Term Finance Certificates (TFCs) - III - (Unquoted)	12.2	1,992,000	1,992,800
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.3	2,996,400	2,997,000
		<b>6,484,200</b>	6,485,900
<b>12.1 Term Finance Certificates - II (Quoted)</b>			
Total issue		Rupees 1,500 million	
Rating		<b>AA</b>	
Rate		Payable six monthly at average six months' KIBOR plus 1.95% without any floor and cap	
Redemption		6 - 84th month: 0.28%; 90th and 96th month: 49.86% each	
Tenor		8 years	
Maturity		February 2015	
<b>12.2 Term Finance Certificates - III (Unquoted)</b>			
Total issue		Rupees 2,000 million	
Rating		<b>AA</b>	
Rate		Payable three monthly at 15.50% p.a. for first 5 years and 16.00% p.a. for next 3 years	
Redemption		3rd - 84th month: 0.56%; 87th, 90th, 93rd and 96th month: 24.86% each	
Tenor		8 years	
Maturity		June 2017	



### 12.3 Term Finance Certificates - IV (Unquoted)

Total issue	Rupees 3,000 million
Rating	<b>AA</b>
Rate	Payable six monthly at 15.00% p.a. for first 5 years and 15.50% p.a. for next 5 years
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each
Tenor	10 years
Maturity	June 2021

	Note	(Un-audited) 30 June 2014 (Rupees in '000)	(Audited) 31 December 2013
<b>13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Operating fixed assets	13.1	<b>2,775,185</b>	1,722,912
Available for sale investments	13.2	<b>711,343</b>	371,444
		<b>3,486,528</b>	2,094,356
<b>13.1 Operating fixed assets</b>			
Balance at the beginning of the period / year		<b>2,318,881</b>	2,376,309
Surplus on revaluation of the Bank's properties during the period / year		<b>1,327,022</b>	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year		<b>(30,592)</b>	(57,428)
		<b>3,615,311</b>	2,318,881
Related deferred tax liability on:			
Balance at the beginning of the period / year		<b>595,969</b>	616,069
Revaluation of Bank's properties during the period / year		<b>254,864</b>	-
Incremental depreciation charged during the period / year transferred to profit and loss account		<b>(10,707)</b>	(20,100)
		<b>(840,126)</b>	(595,969)
		<b>2,775,185</b>	1,722,912
<b>13.2 Available for sale investments</b>			
Federal Government Securities		<b>290,159</b>	190,125
Fully paid-up ordinary shares		<b>452,943</b>	182,202
Term finance certificates, sukuks, other bonds and others		<b>45,905</b>	28,883
Units of mutual funds		<b>165,853</b>	103,842
		<b>954,860</b>	505,052
Related deferred tax		<b>(243,517)</b>	(133,608)
		<b>711,343</b>	371,444



	(Un-audited) 30 June 2014	(Audited) 31 December 2013
	(Rupees in '000)	
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Direct Credit Substitutes</b>		
<b>Financial guarantees issued favouring:</b>		
– Financial institutions	152,363	308,098
– Others	77,166	171,805
	<u>229,529</u>	<u>479,903</u>
<b>14.2 Transaction-related contingent liabilities</b>		
<b>Guarantees issued favouring:</b>		
– Government	16,213,068	13,305,949
– Financial institutions	301,997	238,651
– Others	6,736,127	6,112,025
	<u>23,251,192</u>	<u>19,656,625</u>
<b>14.3 Trade-related contingent liabilities</b>		
Letters of credit	79,543,703	70,207,859
Acceptances	10,249,216	6,895,498
	<u>89,792,919</u>	<u>77,103,357</u>
<b>14.4 Commitments in respect of forward lending</b>		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<u>3,453,439</u>	<u>1,130,970</u>
<b>14.5 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>28,912,400</u>	<u>23,468,276</u>
Sale	<u>22,550,260</u>	<u>20,363,924</u>
The maturities of above contracts are spread over a period upto one year.		
<b>14.6 Commitments for the acquisition of operating fixed assets</b>	<u>218,246</u>	<u>154,299</u>



(Un-audited)			
Half year ended		Quarter ended	
30 June 2014	30 June 2013	30 June 2014	30 June 2013

(Rupees in '000)

#### 15. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	7,396,330	6,500,332	3,683,500	3,134,647
Financial institutions	114,155	108,761	53,241	86,627
	<b>7,510,485</b>	6,609,093	<b>3,736,741</b>	3,221,274
On investments:				
Available for sale securities	7,865,441	9,195,456	4,526,758	4,624,207
Held to maturity securities	5,138,296	3,342,122	2,606,334	1,650,783
	<b>13,003,737</b>	12,537,578	<b>7,133,092</b>	6,274,990
On deposits with financial institutions	34,690	35,619	15,832	17,645
On securities purchased under resale agreements	48,527	24,972	31,013	9,736
On call money lendings	22	1,000	-	398
	<b>20,597,461</b>	19,208,262	<b>10,916,678</b>	9,524,043

(Un-audited)			
Half year ended		Quarter ended	
30 June 2014	30 June 2013	30 June 2014	30 June 2013

(Rupees in '000)

#### 16. MARK-UP / RETURN / INTEREST EXPENSED

On deposits	9,675,784	8,983,152	4,974,995	4,510,132
On sub-ordinated loans	464,841	462,362	234,743	230,029
On securities sold under repurchase agreements	900,026	1,879,368	682,070	879,991
On borrowings from SBP	701,544	716,777	334,715	354,131
On other borrowings	178,076	155,568	91,435	66,555
	<b>11,920,271</b>	12,197,227	<b>6,317,958</b>	6,040,838



(Un-audited)

	Half year ended		Quarter ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013

(Rupees in '000)

**17. BASIC AND DILUTED EARNINGS PER SHARE  
ATTRIBUTABLE TO EQUITY HOLDERS OF THE  
HOLDING COMPANY**

Profit after taxation - attributable to equity holders of the Holding company	<u>2,968,159</u>	<u>2,492,492</u>	<u>1,620,913</u>	<u>1,333,936</u>
	(Number of shares in thousands)			
Weighted average number of ordinary shares	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>	<u>1,111,425</u>
	(Rupees)			
Basic and diluted earnings per share	<u>2.67</u>	<u>2.24</u>	<u>1.46</u>	<u>1.20</u>

(Un-audited)

Half year ended

30 June 2014	30 June 2013
-----------------	-----------------

(Rupees in '000)

**18. CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	<b>33,306,126</b>	31,625,786
Balances with other banks	<b>2,942,309</b>	2,164,125
Overdrawn nostros accounts	<b>(1,199,767)</b>	(157,808)
	<u><b>35,048,668</b></u>	<u>33,632,103</u>



## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

<b>Half year ended 30 June 2014 (Un-audited)</b>					
	<b>Retail Banking</b>	<b>Commercial Banking</b>	<b>Retail Brokerage (Rupees in '000)</b>	<b>Inter Segment Elimination</b>	<b>Total</b>
Total income	12,644,503	19,138,937	39,637	(9,121,104)	22,701,973
Total expenses	(9,590,936)	(17,660,045)	(32,092)	9,121,104	(18,161,969)
Net income	<u>3,053,567</u>	<u>1,478,892</u>	<u>7,545</u>	<u>-</u>	<u>4,540,004</u>
Segment assets (net of provisions)	<u>389,066,766</u>	<u>469,034,596</u>	<u>396,788</u>	<u>(370,007,508)</u>	<u>488,490,642</u>
Segment non performing loans	<u>42,992</u>	<u>4,216,967</u>	<u>-</u>	<u>-</u>	<u>4,259,959</u>
Segment provision required	<u>41,369</u>	<u>3,565,163</u>	<u>-</u>	<u>-</u>	<u>3,606,532</u>
Segment liabilities	<u>387,146,339</u>	<u>443,275,483</u>	<u>239,214</u>	<u>(370,007,508)</u>	<u>460,653,528</u>
Segment return on net assets (ROA) (%)*	<u>3.25%</u>	<u>4.08%</u>	<u>9.99%</u>		
Segment cost of funds (%)*	<u>2.48%</u>	<u>3.98%</u>	<u>13.42%</u>		

  

<b>Half year ended 30 June 2013 (Un-audited)</b>					
	<b>Retail Banking</b>	<b>Commercial Banking</b>	<b>Retail Brokerage (Rupees in '000)</b>	<b>Inter Segment Elimination</b>	<b>Total</b>
Total income	9,982,420	19,411,186	41,594	(8,330,080)	21,105,120
Total expenses	(8,759,162)	(16,886,469)	(27,702)	8,330,080	(17,343,253)
Net income	<u>1,223,258</u>	<u>2,524,717</u>	<u>13,892</u>	<u>-</u>	<u>3,761,867</u>
Segment assets (net of provisions)	<u>337,799,136</u>	<u>458,041,602</u>	<u>481,821</u>	<u>(321,251,502)</u>	<u>475,071,057</u>
Segment non performing loans	<u>43,401</u>	<u>3,802,299</u>	<u>-</u>	<u>-</u>	<u>3,845,700</u>
Segment provision required	<u>42,572</u>	<u>3,274,275</u>	<u>-</u>	<u>-</u>	<u>3,316,847</u>
Segment liabilities	<u>336,662,825</u>	<u>435,560,539</u>	<u>325,558</u>	<u>(321,251,502)</u>	<u>451,297,420</u>
Segment return on net assets (ROA) (%)*	<u>2.96%</u>	<u>4.24%</u>	<u>8.63%</u>		
Segment cost of funds (%)*	<u>2.60%</u>	<u>3.88%</u>	<u>8.51%</u>		

\*The percentages have been computed based on closing assets / liabilities figures.



## 20. RELATED PARTY TRANSACTIONS

Related parties of the Group comprise associates (including entities having directors in common with the Group), employee benefit plans, major share holders, directors and key management personnel and their close family members.

Transactions with related parties are carried out at an arm's length basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Group are carried out in accordance with the terms of their employment.

Transactions for the period / year and balances outstanding as at the period / year end with related parties are summarised as follows:

	As at 30 June 2014 (Un-audited)				Total
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Employee Benefit Plans	
<b>Deposits</b>					
At the beginning of the period	1,813,814	142,104	368,941	174,811	2,499,670
Placement during the period	49,812,141	655,439	1,209,497	5,045,354	56,722,431
Withdrawal during the period	(49,504,440)	(587,244)	(1,183,363)	(5,167,856)	(56,442,903)
At the end of the period	2,121,515	210,299	395,075	52,309	2,779,198
<b>Advances</b>					
At the beginning of the period	1,282,655	126	37,822	-	1,320,603
Addition during the period	12,878,825	2,886	38,042	-	12,919,753
Repaid during the period	(12,691,845)	(2,749)	(28,011)	-	(12,722,605)
At the end of the period	1,469,635	263	47,853	-	1,517,751
<b>Investments</b>					
At the beginning of the period	1,049,048	-	-	-	1,049,048
Investment made during the period	-	-	-	-	-
Investment redeemed / disposed off / adjusted during the period	33,613	-	-	-	33,613
At the end of the period	1,082,661	-	-	-	1,082,661
Contingencies and commitments	844,858	-	-	-	844,858
As at 31 December 2013 (Audited)					
(Rupees in '000)					
<b>Deposits</b>					
At the beginning of the year	1,691,582	146,594	294,767	151,603	2,284,546
Placement during the year	76,167,530	767,897	1,186,282	4,538,194	82,659,903
Withdrawal during the year	(76,045,298)	(772,387)	(1,112,108)	(4,514,986)	(82,444,779)
At the end of the year	1,813,814	142,104	368,941	174,811	2,499,670
<b>Advances</b>					
At the beginning of the year	1,615,380	351	28,605	-	1,644,336
Addition during the year	20,955,131	3,025	45,862	-	21,004,018
Repaid during the year	(21,287,856)	(3,250)	(36,645)	-	(21,327,751)
At the end of the year	1,282,655	126	37,822	-	1,320,603
<b>Investments</b>					
At the beginning of the year	1,279,273	-	-	-	1,279,273
Investment made during the year	647,501	-	-	-	647,501
Investment redeemed / disposed off / adjusted during the year	(877,726)	-	-	-	(877,726)
At the end of the year	1,049,048	-	-	-	1,049,048
Contingencies and commitments	721,649	-	-	-	721,649



Half year ended 30 June 2014 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Employee Benefit Plans	Total
Purchase of fixed assets	-	-	-	-	-
Sale of securities	14,842	-	-	-	14,842
Redemption of mutual funds units	-	-	-	-	-
Purchase of mutual fund units/securities	-	-	-	-	-
Mark-up earned	68,386	-	1,334	-	69,720
Mark-up expensed	46,088	3,517	13,947	8,019	71,571
Bank charges and commission	2,107	6	64	-	2,177
Gain on sale of securities	80	-	-	-	80
Salaries and allowances	-	-	124,903	-	124,903
Bonus	-	-	23,518	-	23,518
Contribution to defined contribution plan	-	-	6,291	-	6,291
Contribution to defined benefit plan	-	-	13,606	-	13,606
Staff provident fund	-	-	-	109,765	109,765
Staff gratuity fund	-	-	-	84,000	84,000
Directors' fee	-	1,650	-	-	1,650
Insurance claim received	5,878	-	-	-	5,878
Insurance premium paid	63,925	-	-	-	63,925
Dividend income	36,191	-	-	-	36,191
Brokerage and advisory income	2,369	-	-	-	2,369

Half year ended 30 June 2013 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Employee Benefit Plans	Total
Purchase of fixed assets	1,047	-	-	-	1,047
Sale of securities	-	-	-	-	-
Redemption of mutual funds units	158,659	-	-	-	158,659
Purchase of mutual fund units/securities	26,250	-	-	-	26,250
Mark-up earned	71,782	-	771	-	72,553
Mark-up expensed	34,257	4,242	9,852	9,038	57,389
Bank charges and commission	2,395	5	57	-	2,457
Gain on sale of securities	8,659	-	-	-	8,659
Salaries and allowances	-	-	94,458	-	94,458
Bonus	-	-	8,542	-	8,542
Contribution to defined contribution plan	-	-	3,825	-	3,825
Contribution to defined benefit plan	-	-	7,442	-	7,442
Staff provident fund	-	-	-	91,992	91,992
Staff gratuity fund	-	-	-	60,000	60,000
Directors' fee	-	1,250	-	-	1,250
Insurance claim received	5,500	-	-	-	5,500
Insurance premium paid	78,077	-	-	-	78,077
Dividend income	23,605	-	-	-	23,605
Brokerage and advisory income	769	-	-	-	769



## 21. ISLAMIC BANKING BUSINESS

The Bank is operating 17 Islamic Banking branches in Pakistan at the end of reporting period (31 December 2013: 17 branches). The statement of financial position of these branches as at 30 June 2014 is as follows:

	(Un-audited) 30 June 2014	(Audited) 31 December 2013
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	359,849	363,446
Balances with and due from financial institutions	60,066	35,677
Investments	2,584,465	1,493,818
Islamic financing and related assets	9,396,521	10,647,906
Operating fixed assets	66,048	62,567
Other assets	215,039	359,340
<b>Total assets</b>	<b>12,681,988</b>	<b>12,962,754</b>
<b>LIABILITIES</b>		
Bills payable	194,555	112,276
Due to financial institutions	661,232	1,643,761
Deposits and other accounts	9,189,330	8,617,703
– Current accounts	2,913,714	2,198,218
– Saving accounts	1,936,058	1,420,729
– Term deposits	3,651,194	3,380,965
– Others	64,910	11,348
– Deposits from financial institutions-remunerative	621,508	1,605,680
– Deposits from financial institutions-non-remunerative	1,946	763
Due to Head office	995,066	990,000
Other liabilities	388,170	293,351
<b>Total liabilities</b>	<b>(11,428,353)</b>	<b>(11,657,091)</b>
<b>NET ASSETS</b>	<b>1,253,635</b>	<b>1,305,663</b>
<b>REPRESENTED BY:</b>		
Islamic banking fund	1,100,000	1,000,000
Accumulated profit	150,875	301,343
	<b>1,250,875</b>	<b>1,301,343</b>
Surplus on revaluation of assets	2,760	4,320
	<b>1,253,635</b>	<b>1,305,663</b>



	(Un-audited) 30 June 2014	(Audited) 31 December 2013
	(Rupees in '000)	
<b>21.1 Islamic financing and related assets</b>		
Murabaha	2,484,279	4,684,555
Net book value of assets / investments in ijarah under IFAS 2	581,730	202,296
Diminishing musharika	3,119,267	3,056,660
Istisna	1,462,537	651,646
Islamic Export refinance murabaha	107,885	38,934
Islamic Export refinance istisna	1,282,347	1,517,077
	<hr/>	<hr/>
Gross financing	9,038,045	10,151,168
Less: general provisioning against consumer financing	(523)	(523)
	<hr/>	<hr/>
Net financing	9,037,522	10,150,645
Advance against murabaha	357,960	449,831
Advance against ijarah	1,039	47,430
	<hr/>	<hr/>
Islamic financing and related assets - net of provision	9,396,521	10,647,906
	<hr/>	<hr/>
<b>21.1.1 Islamic mode of financing</b>		
Financings / inventory / receivables	9,038,045	10,151,168
Advances	358,999	497,261
Less: general provisioning against consumer financing	(523)	(523)
	<hr/>	<hr/>
	9,396,521	10,647,906
	<hr/>	<hr/>

**21.2** Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis. Deposit and other accounts include redeemable capital of Rs. 6,427.871 million (December 31, 2013: Rs. 6,437.972 million) and deposits on Qard basis of Rs. 2,761.459 million (December 31, 2013: Rs. 2,179.731 million).

## 22. GENERAL

**22.1** Corresponding figures have been re-arranged / re-classified wherever necessary, for the purpose of comparison. However, no significant reclassifications have been made in these consolidated condensed interim financial statements.

**22.2** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**22.3** Figures of the profit and loss account for the quarters ended 30 June 2014 and 30 June 2013 have not been subjected to limited scope review by the auditors.

## 23. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on 27 August 2014 by the Board of Directors of the Group.

ALI RAZA D. HABIB  
*Chairman*

ABBAS D. HABIB  
*Chief Executive and  
Managing Director*

SYED HASAN ALI BUKHARI  
*Director*

SHAMEEM AHMED  
*Director*