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CORPORATE INFORMATION

Board of Directors	Ali Raza D. Habib	<i>Chairman</i>
	Abbas D. Habib	<i>Chief Executive & Managing Director</i>
	Anwar Haji Karim	
	Murtaza H. Habib	
	Qumail R. Habib	<i>Executive Director</i>
	Safar Ali Lakhani	
	Shahid Ghaffar	
	Shameem Ahmed	
	Syed Mazhar Abbas	
	Syed Hasan Ali Bukhari	
Audit Committee	Shameem Ahmed	<i>Chairman</i>
	Anwar Haji Karim	<i>Member</i>
	Syed Mazhar Abbas	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
	Safar Ali Lakhani	<i>Member</i>
Human Resource & Remuneration Committee	Syed Mazhar Abbas	<i>Chairman</i>
	Abbas D. Habib	<i>Member</i>
	Anwar Haji Karim	<i>Member</i>
	Murtaza H. Habib	<i>Member</i>
	Syed Hasan Ali Bukhari	<i>Member</i>
Company Secretary	Mohammad Taqi Lakhani	
Statutory Auditors	KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisor	Liaquat Merchant Associates Advocates and Corporate Legal Consultants	
Registered Office	126-C, Old Bahawalpur Road, Multan	
Principal Office	2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi	
Share Registrar	Noble Computer Services (Pvt.) Limited First Floor, House of Habib Building, (Siddiqsons Tower), 3-Jinnah Co-operative Housing Society, Main Shahrah-e-Faisal, Karachi.	
Website	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 Subsidiaries AL Habib Capital Markets (Private) Limited and AL Habib Credit & Finance (Hong Kong) Limited for the quarter ended March 31, 2015.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 457.5 billion as compared to Rs. 446.4 billion on December 31, 2014. In the same period, advances increased to Rs. 184.3 billion from Rs. 181.4 billion, while investments increased to Rs. 372.8 billion from Rs. 331.4 billion. The pre-tax profit of the Bank for the quarter ended March 31, 2015 was Rs. 2,456.8 million as compared to Rs. 2,036.9 million during the corresponding period last year.

Your Bank now has a network of 470 offices, comprising 359 branches, 108 sub-branches, and three Representative Offices. Our branch network includes 18 Islamic Banking Branches and three Overseas Branches. Continuing with our branch expansion policy, the Bank intends to open more branches during the year 2015.

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: April 27, 2015

ALI RAZA D. HABIB
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

		(Un-audited) 31 March 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		32,910,829	34,201,813
Balances with other banks		4,040,077	4,345,042
Lendings to financial institutions		—	—
Investments - net	7	372,813,813	331,422,572
Advances - net	8	184,271,922	181,356,817
Operating fixed assets	9	13,934,163	13,898,321
Deferred tax assets - net		—	—
Other assets		9,840,798	13,694,264
		617,811,602	578,918,829
LIABILITIES			
Bills payable		7,035,608	7,984,808
Borrowings	10	102,936,259	78,455,452
Deposits and other accounts	11	457,511,815	446,409,004
Sub-ordinated loans	12	2,995,800	3,743,700
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		3,410,431	2,780,536
Other liabilities		11,593,997	6,916,978
		585,483,910	546,290,478
NET ASSETS			
		32,327,692	32,628,351
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		9,113,078	8,760,911
Unappropriated profit		5,643,140	7,679,490
		25,870,472	27,554,655
Surplus on revaluation of assets - net of tax	13	6,457,220	5,073,696
		32,327,692	32,628,351
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

		Three months period ended	
		31 March 2015	31 March 2014
	Note	(Rupees in '000)	
Mark-up / return / interest earned	15	12,865,025	9,680,948
Mark-up / return / interest expensed	16	(7,055,496)	(5,602,382)
Net mark-up / return / interest income		5,809,529	4,078,566
Provision against non-performing loans and advances - net	8.3	(971,972)	(88,998)
Provision for diminution in the value of investments		—	—
Bad debts written-off directly		—	—
		(971,972)	(88,998)
Net mark-up / return / interest income after provisions		4,837,557	3,989,568
NON MARK-UP / INTEREST INCOME			
Fees, commission and brokerage income		575,962	460,090
Dividend income		158,497	118,638
Income from dealing in foreign currencies		258,246	263,296
Gain on sale / redemption of securities - net		—	3
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—
Other income		175,118	146,687
Total non mark-up / interest income		1,167,823	988,714
		6,005,380	4,978,282
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		(3,473,435)	(2,895,146)
Other provisions / write-offs		(16,571)	(4,625)
Other charges		(58,610)	(41,570)
Total non mark-up / interest expenses		(3,548,616)	(2,941,341)
		2,456,764	2,036,941
Extra-ordinary / unusual items		—	—
PROFIT BEFORE TAXATION		2,456,764	2,036,941
Taxation - Current		(1,020,655)	(776,606)
- Prior years		—	—
- Deferred		169,781	93,419
		(850,874)	(683,187)
PROFIT AFTER TAXATION		1,605,890	1,353,754
(Rupees)			
Basic and diluted earnings per share	17	1.44	1.22

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

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	Three months period ended	
	31 March 2015	31 March 2014
	(Rupees in '000)	
Profit after taxation for the period	1,605,890	1,353,754
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss account</i>		
Exchange differences on translation of net investment in foreign branches	30,989	(113,098)
<i>Items that will never be reclassified to profit or loss subsequently</i>		
Remeasurement of defined benefit plan	—	—
Related tax charge	—	—
	1,636,879	1,240,656
Comprehensive income transferred to equity	1,636,879	1,240,656
<i>Components of comprehensive income not reflected in equity</i>		
Surplus on revaluation of available for sale securities	2,196,413	325,550
Related tax charge	(799,675)	(107,257)
	1,396,738	218,293
Surplus on revaluation of operating fixed assets	—	—
Related tax charge	—	—
	—	—
Total comprehensive income	3,033,617	1,458,949

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

ALI RAZA D. HABIB
Chairman

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*Chief Executive and
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Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	Note	31 March 2015 (Rupees in '000)	31 March 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,456,764	2,036,941
Less: Dividend income		(158,497)	(118,638)
		2,298,267	1,918,303
Adjustments for:			
Depreciation		273,797	237,375
Amortisation		20,861	14,379
Provision against non-performing loans and advances - net		971,972	88,998
Gain on sale of operating fixed assets		(20,975)	(41,579)
Gain on sale / redemption of securities - net		-	(3)
Charge for defined benefit plan		42,000	42,000
Charge for compensated absences		12,059	12,062
Provision against off-balance sheet items		16,571	4,625
		1,316,285	357,857
		3,614,552	2,276,160
(Increase) / decrease in operating assets			
Advances - net		(3,887,077)	(162,680)
Other assets		3,975,920	(977,259)
		88,843	(1,139,939)
(Decrease) / increase in operating liabilities			
Bills payable		(949,200)	(462,838)
Borrowings		24,827,653	18,712,058
Deposits		11,102,811	10,386,678
Other liabilities - (excluding provision for taxation)		1,364,384	926,649
		36,345,648	29,562,547
		40,049,043	30,698,768
Income tax paid		(818,603)	(574,340)
Net cash flow from operating activities		39,230,440	30,124,428
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(39,194,828)	(31,975,272)
Dividend received		34,141	53,301
Investments in operating fixed assets		(337,123)	(215,279)
Sale proceeds from disposal of operating fixed assets		29,500	43,906
Net cash used in investing activities		(39,468,310)	(32,093,344)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of sub-ordinated loans		(747,900)	(700)
Dividend paid		(294,322)	(1,245,551)
Net cash used in financing activities		(1,042,222)	(1,246,251)
Exchange differences on translation of net investment in foreign branches		30,989	(113,098)
Decrease in cash and cash equivalents		(1,249,103)	(3,328,265)
Cash and cash equivalents at beginning of the period		37,879,971	34,862,407
Cash and cash equivalents at end of the period	18	36,630,868	31,534,142

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

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	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 2014	10,103,868	6,662,862	240,045	126,500	540,000	5,554,207	23,227,482
Total comprehensive income for the three months period ended 31 March 2014:							
Profit after tax	-	-	-	-	-	1,353,754	1,353,754
Other comprehensive income	-	-	(113,098)	-	-	-	(113,098)
	-	-	(113,098)	-	-	1,353,754	1,240,656
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	9,332	9,332
Transfer to statutory reserve	-	270,751	-	-	-	(270,751)	-
Transactions with owners, recorded directly in equity:							
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 31 March 2014	11,114,254	6,933,613	126,947	126,500	540,000	3,615,384	22,456,698
Total comprehensive income for the nine months period ended 31 December 2014:							
Profit after tax	-	-	-	-	-	4,995,188	4,995,188
Other comprehensive income	-	-	34,814	-	-	31,340	66,154
	-	-	34,814	-	-	5,026,528	5,061,342
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	36,615	36,615
Transfer to statutory reserve	-	999,037	-	-	-	(999,037)	-
Balance as at 31 December 2014	11,114,254	7,932,650	161,761	126,500	540,000	7,679,490	27,554,655
Total comprehensive income for the three months period ended 31 March 2015:							
Profit after tax	-	-	-	-	-	1,605,890	1,605,890
Other comprehensive income	-	-	30,989	-	-	-	30,989
	-	-	30,989	-	-	1,605,890	1,636,879
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,214	13,214
Transfer to statutory reserve	-	321,178	-	-	-	(321,178)	-
Transactions with owners, recorded directly in equity:							
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)
Balance as at 31 March 2015	11,114,254	8,253,828	192,750	126,500	540,000	5,643,140	25,870,472

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

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company 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 in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 359 branches (31 December 2014: 351 branches), 108 sub-branches (31 December 2014: 108 sub-branches) and 03 representative offices (31 December 2014: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2014: 03 overseas branches) and 18 Islamic Banking branches (31 December 2014: 17 Islamic Banking branches).

2. BASIS OF PRESENTATION

- 2.1** 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 includes purchase of goods by banks from 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 financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, murabaha financing arrangements undertaken by the Islamic Banking branches are accounted for as a purchase and sale transaction of the underlying goods in these unconsolidated condensed interim financial statements in accordance with the accounting policies of the Bank.
- 2.2** The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial information of the Islamic Banking branches are disclosed in note 21.

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 SBP. In case where requirements differ, the provisions 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 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 (IFRS) - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of



these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

- 3.3** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the 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 annual financial statements of the Bank for the year ended 31 December 2014.
- 3.4** These are separate unconsolidated condensed interim financial statements of the Bank in which investments in subsidiaries 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 of the Bank for the year ended 31 December 2014.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 2014.



Note	31 March 2015 (Un-audited)			31 December 2014 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	(Rupees in '000)					
7. INVESTMENTS						
7.1 Investments by type						
Available for Sale Securities						
Market Treasury Bills	99,496,804	79,911,859	179,408,663	101,974,927	56,253,740	158,228,667
Pakistan Investment Bonds	52,680,678	—	52,680,678	36,503,076	—	36,503,076
Foreign Currency Bonds	2,230,542	—	2,230,542	2,289,589	—	2,289,589
Sukuk Bonds	5,532,598	—	5,532,598	4,833,911	—	4,833,911
Fully paid-up ordinary shares - Listed	3,566,160	—	3,566,160	3,062,421	—	3,062,421
Fully paid-up ordinary shares - Unlisted	39,570	—	39,570	39,570	—	39,570
Term finance certificates - Listed	321,631	—	321,631	321,695	—	321,695
Term finance certificates - Unlisted	2,839,703	—	2,839,703	2,832,620	—	2,832,620
Units of mutual funds	1,551,763	—	1,551,763	1,551,763	—	1,551,763
	168,259,449	79,911,859	248,171,308	153,409,572	56,253,740	209,663,312
Held to Maturity Securities 7.2						
Pakistan Investment Bonds	115,822,490	—	115,822,490	115,678,511	—	115,678,511
Sukuk Bonds	703,720	—	703,720	701,047	—	701,047
Term finance certificates - Listed	86,809	—	86,809	86,826	—	86,826
Foreign Currency Bonds	1,511,110	—	1,511,110	970,913	—	970,913
	118,124,129	—	118,124,129	117,437,297	—	117,437,297
Associates						
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
	865,977	—	865,977	865,977	—	865,977
Subsidiaries						
AL Habib Capital Markets (Private) Limited	200,000	—	200,000	200,000	—	200,000
AL Habib Credit & Finance (Hong Kong) Limited	127	—	127	127	—	127
	200,127	—	200,127	200,127	—	200,127
Investments at cost	287,449,682	79,911,859	367,361,541	271,912,973	56,253,740	328,166,713
Less: Provision for diminution in the value of investments 7.3	(5,700)	—	(5,700)	(5,700)	—	(5,700)
Investments (net of provisions)	287,443,982	79,911,859	367,355,841	271,907,273	56,253,740	328,161,013
Surplus on revaluation of available for sale investments - net 13.2	5,353,261	104,711	5,457,972	3,191,316	70,243	3,261,559
Total Investments	292,797,243	80,016,570	372,813,813	275,098,589	56,323,983	331,422,572

7.2 The aggregate market value of held to maturity securities as at 31 March 2015 amounted to Rs. 130,035 million (31 December 2014: Rs. 125,053 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) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
Note		
8. ADVANCES		
Loans, cash credits, running finances, etc.		
– In Pakistan	161,296,204	154,858,191
– Outside Pakistan	8,210,413	10,192,449
	169,506,617	165,050,640
Net investment in finance lease		
– In Pakistan	3,045,967	2,471,578
– Outside Pakistan	–	–
	3,045,967	2,471,578
Ijarah financing under IFAS 2	461,290	488,315
Murabaha	1,923,041	2,074,925
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	3,473,191	3,524,136
– Payable outside Pakistan	13,458,962	14,363,222
	16,932,153	17,887,358
Advances - gross	191,869,068	187,972,816
Provision against non-performing loans and advances		
– Specific provision 8.1	(4,756,152)	(4,032,817)
– General provision against small enterprises and consumer advances (as per SBP regulations) 8.2	(90,994)	(83,182)
– General provision 8.3	(2,750,000)	(2,500,000)
	(7,597,146)	(6,615,999)
Advances - net of provisions	184,271,922	181,356,817

8.1 Advances include Rs. 5,677.902 million (31 December 2014: Rs. 5,024.778 million) which have been placed under non-performing status as detailed below:

31 March 2015 (Un-audited)									
Classified advances			Provision required			Provision held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
(Rupees in '000)									
Category of classification									
Other assets especially mentioned									
	460	–	460	–	–	–	–	–	–
Substandard	684,489	–	684,489	169,998	–	169,998	169,998	–	169,998
Doubtful	147,565	–	147,565	73,782	–	73,782	73,782	–	73,782
Loss	3,667,268	1,178,120	4,845,388	3,647,213	865,159	4,512,372	3,647,213	865,159	4,512,372
	4,499,782	1,178,120	5,677,902	3,890,993	865,159	4,756,152	3,890,993	865,159	4,756,152



31 December 2014 (Audited)									
Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned	210	-	210	-	-	-	-	-	-
Substandard	74,246	-	74,246	18,405	-	18,405	18,405	-	18,405
Doubtful	746,226	753,623	1,499,849	373,113	222,574	595,687	373,113	222,574	595,687
Loss	3,041,824	408,649	3,450,473	3,010,076	408,649	3,418,725	3,010,076	408,649	3,418,725
	<u>3,862,506</u>	<u>1,162,272</u>	<u>5,024,778</u>	<u>3,401,594</u>	<u>631,223</u>	<u>4,032,817</u>	<u>3,401,594</u>	<u>631,223</u>	<u>4,032,817</u>

8.2 General provision represents provision amounting to Rs. 68.333 million (31 December 2014: Rs. 60.521 million) against consumer finance portfolio and Rs. 22.661 million (31 December 2014: Rs. 22.661 million) against advances to small enterprises as required by the Prudential Regulations issued by SBP.

8.3 In line with its prudent policies, the Bank has also made general provision of Rs.250 million during the period, bringing the total of such provision to Rs. 2,750 million (31 December 2014: 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) 31 March 2015	(Audited) 31 December 2014
	(Rupees in '000)	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	361,862	298,001
Property and equipment	13,493,515	13,502,575
Intangible assets	78,786	97,745
	<u>13,934,163</u>	<u>13,898,321</u>

	(Un-audited) Three months period ended 31 March 2015	(Un-audited) Three months period ended 31 March 2014
	(Rupees in '000)	

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

Buildings on leasehold land	12,571	7,252
Improvements to leasehold buildings	63,394	21,124
Furniture and fixtures	17,512	11,970
Electrical, office and computer equipments	139,695	66,214
Vehicles	40,089	25,275
Intangible assets	-	25,955
	<u>273,261</u>	<u>157,790</u>



(Un-audited)
Three months period ended
31 March 31 March
2015 2014
(Rupees in '000)

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

Furniture and fixtures	1,874	52
Electrical, office and computer equipments	3,357	253
Vehicles	3,294	2,022
	8,525	2,327

(Un-audited) (Audited)
31 March 31 December
2015 2014
(Rupees in '000)

10. BORROWINGS

Secured

Borrowings from SBP under:

– Export refinance scheme	16,173,871	17,800,781
– Long term financing for export oriented projects	31,060	46,739
– Long term financing for imported and locally manufactured plant and machinery	3,045,734	3,567,350
– Financing facility for storage of agricultural produce	45,417	58,126

	19,296,082	21,472,996
Repurchase agreement borrowings	79,998,566	56,315,572
	99,294,648	77,788,568

Unsecured

Borrowings from financial institutions
Overdrawn nostros

3,321,573	–
320,038	666,884
3,641,611	666,884
102,936,259	78,455,452



		(Un-audited) 31 March 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		93,283,058	104,806,779
Savings deposits		137,043,062	130,915,789
Current accounts - Remunerative		56,185,992	54,094,573
Current accounts - Non-remunerative		157,145,431	146,835,524
		443,657,543	436,652,665
Financial institutions			
Remunerative deposits		12,356,261	8,936,216
Non-remunerative deposits		1,498,011	820,123
		13,854,272	9,756,339
		457,511,815	446,409,004
12. SUB-ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - II - (Quoted)		-	747,900
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,995,800	2,995,800
		2,995,800	3,743,700
12.1 Term Finance Certificates - IV (Unquoted)			
Total issue	Rupees 3,000 million		
Rating	AA		
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		
		(Un-audited) 31 March 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	13.1	2,735,909	2,749,123
Available for sale investments	13.2	3,721,311	2,324,573
		6,457,220	5,073,696



(Un-audited) (Audited)
31 March 31 December
2015 2014
(Rupees in '000)

13.1 Operating fixed assets

Surplus on revaluation of land and buildings	3,554,886	3,575,215
Related deferred tax liability	(818,977)	(826,092)
	2,735,909	2,749,123

13.2 Available for sale investments

Federal Government Securities	4,668,896	2,243,759
Fully paid-up ordinary shares	513,806	638,541
Term finance certificates, sukuk bonds and foreign currency bonds	(6,238)	3,833
Units of mutual funds	281,508	375,426
	5,457,972	3,261,559
Related deferred tax liability	(1,736,661)	(936,986)
	3,721,311	2,324,573

14. CONTINGENCIES AND COMMITMENTS

14.1 Direct Credit Substitutes

Financial guarantees issued favouring:

– Financial institutions	240,018	212,894
– Others	6,554,133	5,877,756
	6,794,151	6,090,650

14.2 Transaction-related contingent liabilities

Guarantees issued favouring:

– Government	14,740,539	13,616,945
– Financial institutions	186,505	366,643
– Others	7,329,045	7,156,310
	22,256,089	21,139,898

14.3 Trade-related contingent liabilities

Letters of credit	70,925,651	68,164,714
Acceptances	12,108,055	9,974,513
Bankers liability rediscount	984,447	1,465,595
	84,018,153	79,604,822



	(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<u>8,184,993</u>	<u>4,582,095</u>
14.5 Commitments in respect of forward exchange contracts		
Purchase	<u>37,430,174</u>	<u>35,574,870</u>
Sale	<u>31,293,384</u>	<u>33,584,498</u>
The maturities of above contracts are spread over the period upto one year.		
14.6 Commitments for the acquisition of operating fixed assets	<u>389,178</u>	<u>362,472</u>
	(Un-audited) Three months period ended 31 March 2015	31 March 2014
	(Rupees in '000)	
15. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	3,811,627	3,713,025
Financial institutions	26,815	60,914
	<u>3,838,442</u>	<u>3,773,939</u>
On investments:		
Available for sale securities	5,449,925	3,338,683
Held to maturity securities	3,527,769	2,531,962
	<u>8,977,694</u>	<u>5,870,645</u>
On deposits with financial institutions	40,731	18,828
On securities purchased under resale agreements	7,979	17,514
On call money lendings	179	22
	<u>12,865,025</u>	<u>9,680,948</u>



(Un-audited)
Three months period ended
31 March 31 March
2015 2014
(Rupees in '000)

16. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	5,083,686	4,700,858
Sub-ordinated loans	119,992	230,098
Repurchase agreement borrowings	1,467,831	217,956
Borrowings from SBP	302,079	366,829
Other borrowings	81,908	86,641
	7,055,496	5,602,382

17. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	1,605,890	1,353,754
	(Number)	
Weighted average number of ordinary shares	1,111,425,416	1,111,425,416
	(Rupees)	
Basic and diluted earnings per share	1.44	1.22

(Un-audited)
Three months period ended
31 March 31 March
2015 2014
(Rupees in '000)

18. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	32,910,829	30,812,278
Balances with other banks	4,040,077	1,385,039
Overdrawn nostros	(320,038)	(663,175)
	36,630,868	31,534,142



19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Three months period ended 31 March 2015 (Un-audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	6,635,301	12,020,049	(4,622,502)	14,032,848
Total expenses	(4,900,016)	(11,298,570)	4,622,502	(11,576,084)
Net income	1,735,285	721,479	–	2,456,764
Segment assets (net of provisions)	448,930,046	592,386,306	(423,504,750)	617,811,602
Segment non performing loans	41,439	5,636,463	–	5,677,902
Segment provision required	37,312	4,718,840	–	4,756,152
Segment liabilities	447,508,584	561,480,076	(423,504,750)	585,483,910
Segment return on net assets (ROA) (%)*	1.48%	2.03%		
Segment cost of funds (%)*	1.09%	2.01%		
Three months period ended 31 March 2014 (Un-audited)				
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	3,728,268	9,250,644	(2,309,250)	10,669,662
Total expenses	(2,413,086)	(8,528,885)	2,309,250	(8,632,721)
Net income	1,315,182	721,759	–	2,036,941
Segment assets (net of provisions)	365,247,312	475,666,371	(349,530,672)	491,383,011
Segment non performing loans	64,417	4,259,904	–	4,324,321
Segment provision required	42,952	3,559,352	–	3,602,304
Segment liabilities	363,906,301	452,287,154	(349,530,672)	466,662,783
Segment return on net assets (ROA) (%)*	1.02%	1.94%		
Segment cost of funds (%)*	0.66%	1.89%		

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



20. RELATED PARTY TRANSACTIONS

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

Transactions with related parties of the Bank 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 31 March 2015 (Un-audited)						
	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
Deposits						
At beginning of the period	98,058	3,037,277	185,609	401,895	49,441	3,772,280
Placements during the period	147,902	44,133,969	372,437	609,185	478,347	45,741,840
Withdrawals during the period	(192,069)	(45,765,060)	(394,612)	(606,226)	(443,845)	(47,401,812)
At end of the period	53,891	1,406,186	163,434	404,854	83,943	2,112,308
Advances						
At beginning of the period	–	1,517,483	294	52,960	–	1,570,737
Given during the period	4,024,878	6,352,477	1,049	18,312	–	10,396,716
Repaid during the period	(4,024,878)	(6,332,667)	(865)	(20,552)	–	(10,378,962)
At end of the period	–	1,537,293	478	50,720	–	1,588,491
Investments						
At beginning of the period	200,127	865,977	–	–	–	1,066,104
Investments made during the period	–	–	–	–	–	–
Investments redeemed during the period	–	–	–	–	–	–
At end of the period	200,127	865,977	–	–	–	1,066,104
Contingencies and commitments	–	896,181	–	–	–	896,181

As at 31 December 2014 (Audited)						
Deposits						
At beginning of the year	61,957	1,813,814	142,104	368,941	174,811	2,561,627
Placements during the year	880,090	108,541,729	1,005,151	2,097,406	8,091,171	120,615,547
Withdrawals during the year	(843,989)	(107,318,266)	(961,646)	(2,064,452)	(8,216,541)	(119,404,894)
At end of the year	98,058	3,037,277	185,609	401,895	49,441	3,772,280
Advances						
At beginning of the year	19,720	1,282,655	126	37,822	–	1,340,323
Given during the year	8,833,507	24,168,997	4,636	74,665	–	33,081,805
Repaid during the year	(8,853,227)	(23,934,169)	(4,468)	(59,527)	–	(32,851,391)
At end of the year	–	1,517,483	294	52,960	–	1,570,737
Investments						
At beginning of the year	200,000	865,977	–	–	–	1,065,977
Investments made during the year	127	–	–	–	–	127
Investments redeemed during the year	–	–	–	–	–	–
At end of the year	200,127	865,977	–	–	–	1,066,104
Contingencies and commitments	–	730,920	–	–	–	730,920



Three months period ended 31 March 2015 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Retirement Benefit Funds	Total
Forward purchase contracts	-	154,070	-	-	-	154,070
Forward sale contracts	-	-	-	-	-	-
Other receivable	11,424	-	-	-	-	11,424
Other payable	131	-	-	-	-	131
Unrealised gain on forward contracts	-	944	-	-	-	944
Sale of securities	-	-	-	-	36,936	36,936
Mark-up earned	285	29,270	3	780	-	30,338
Mark-up expensed	329	37,875	2,647	7,964	1,433	50,248
Bank charges and commission	1	847	3	17	-	868
Salaries and allowances	-	-	-	75,099	-	75,099
Bonus	-	-	-	13,332	-	13,332
Contribution to defined contribution plan	-	-	-	3,522	-	3,522
Contribution to defined benefit plan	-	-	-	4,491	-	4,491
Staff provident fund	-	-	-	-	56,241	56,241
Staff gratuity fund	-	-	-	-	42,000	42,000
Directors' fee	-	-	1,850	-	-	1,850
Insurance claim received	-	6,133	-	-	-	6,133
Insurance premium paid	-	35,122	-	-	-	35,122
Dividend income	-	23,416	-	-	-	23,416
Rental paid	-	-	-	-	-	-
Rental income	525	-	-	-	-	525
Commission expensed	112	-	-	-	-	112
Other expensed	-	1,346	-	-	-	1,346
Other income	135	40	-	-	29	204

Three months period ended 31 March 2014 (Un-audited)

Forward purchase contracts	-	-	-	-	-	-
Forward sale contracts	-	170,968	-	-	-	170,968
Other receivable	-	-	-	-	-	-
Other payable	-	-	-	-	-	-
Unrealised gain on forward contracts	-	12,872	-	-	-	12,872
Sale of securities	-	7,907	-	-	692,159	700,066
Mark-up earned	196	32,682	-	530	-	33,408
Mark-up expensed	73	18,189	1,624	6,539	4,041	30,466
Bank charges and commission	1	1,158	4	23	-	1,186
Salaries and allowances	-	-	-	52,223	-	52,223
Bonus	-	-	-	10,052	-	10,052
Contribution to defined contribution plan	-	-	-	2,478	-	2,478
Contribution to defined benefit plan	-	-	-	3,356	-	3,356
Staff provident fund	-	-	-	-	47,163	47,163
Staff gratuity fund	-	-	-	-	42,000	42,000
Directors' fee	-	-	750	-	-	750
Insurance claim received	-	2,800	-	-	-	2,800
Insurance premium paid	-	30,186	-	-	-	30,186
Dividend income	-	23,416	-	-	-	23,416
Rental paid	-	349	-	-	-	349
Rental income	525	-	-	-	-	525
Commission expensed	47	-	-	-	-	47
Other expensed	100	1,143	-	-	-	1,243
Other income	133	45	-	-	29	207



21. ISLAMIC BANKING BUSINESS

The Bank is operating 18 (31 December 2014: 17) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2015 is as follows:

		(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
ASSETS			
Cash and balances with treasury banks		548,683	484,073
Balances with and due from financial institutions		712,046	1,638,371
Investments		3,557,120	2,798,926
Islamic financing and related assets	21.1	9,798,188	7,974,727
Operating fixed assets		59,428	62,860
Other assets		418,391	214,790
		15,093,856	13,173,747
LIABILITIES			
Bills payable		177,052	142,421
Due to financial institutions		2,475,518	1,336,648
Deposits and other accounts		10,853,060	9,859,014
– Current accounts		3,402,807	3,267,028
– Saving accounts		2,248,721	2,085,041
– Term deposits		5,115,252	4,449,048
– Others		27,607	40,532
– Deposits from financial institutions-remunerative		58,585	16,439
– Deposits from financial institutions-non-remunerative		88	926
Due to Head office		24,772	–
Other liabilities		298,979	462,701
		(13,829,381)	(11,800,784)
NET ASSETS		1,264,475	1,372,963
REPRESENTED BY:			
Islamic banking fund		1,200,000	1,100,000
Unremitted profit		80,266	305,917
		1,280,266	1,405,917
Deficit on revaluation of assets		(15,791)	(32,954)
		1,264,475	1,372,963



	(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
21.1 Islamic financings and related assets		
Murabaha	1,709,855	1,988,650
Net book value of assets / investments in ijarah under IFAS 2	461,290	488,316
Diminishing musharika	3,005,374	3,106,668
Export refinance murabaha	213,186	86,274
Export refinance istisna	2,332,200	1,257,788
Istisna	1,422,583	667,453
Gross financings	9,144,488	7,595,149
Less: general provisioning against consumer financing	(879)	(688)
Net financings	9,143,609	7,594,461
Advance against murabaha	549,239	360,910
Advance against ijarah	105,340	19,356
Islamic financings and related assets - net of provision	9,798,188	7,974,727
21.1.1 Islamic mode of financing		
Financings / inventory / receivables	9,144,488	7,595,149
Advances	654,579	380,266
Less: general provisioning against consumer financing	(879)	(688)
	9,798,188	7,974,727

22. GENERAL

22.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated condensed interim financial statements, wherever necessary to facilitate comparative and to conform with changes in presentation in the current period.

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

23. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on April 27, 2015.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

		(Un-audited) 31 March 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		32,910,837	34,201,844
Balances with other banks		4,044,229	4,352,769
Lendings to financial institutions		—	—
Investments - net	7	373,130,695	331,737,516
Advances - net	8	184,272,111	181,357,100
Operating fixed assets	9	13,953,210	13,917,781
Deferred tax assets - net		—	—
Other assets		9,898,102	13,743,430
		618,209,184	579,310,440
LIABILITIES			
Bills payable		7,035,608	7,984,808
Borrowings	10	102,936,259	78,455,452
Deposits and other accounts	11	457,462,031	446,311,464
Sub-ordinated loans	12	2,995,800	3,743,700
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		3,399,265	2,769,852
Other liabilities		11,653,927	7,018,601
		585,482,890	546,283,877
NET ASSETS		32,726,294	33,026,563
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		9,112,935	8,760,911
Unappropriated profit		5,866,460	7,912,345
Equity attributable to the shareholders of the Holding company		26,093,649	27,787,510
Non-controlling interest		114,176	113,969
Total equity		26,207,825	27,901,479
Surplus on revaluation of assets - net of tax	13	6,518,469	5,125,084
		32,726,294	33,026,563
CONTINGENCIES AND COMMITMENTS			
	14		

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

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

		Three months period ended	
		31 March 2015	31 March 2014
	Note	(Rupees in '000)	
Mark-up / return / interest earned	15	12,869,090	9,680,783
Mark-up / return / interest expensed	16	(7,055,173)	(5,602,313)
Net mark-up / return / interest income		5,813,917	4,078,470
Provision against non-performing loans and advances - net	8.3	(971,972)	(88,998)
Provision for diminution in the value of investments		—	—
Bad debts written-off directly		—	—
		(971,972)	(88,998)
Net mark-up / return / interest income after provisions		4,841,945	3,989,472
NON MARK-UP / INTEREST INCOME			
Fees, commission and brokerage income		587,277	466,068
Dividend income		136,087	96,090
Income from dealing in foreign currencies		258,246	263,296
Gain on sale / redemption of securities - net		—	436
Unrealised gain / (loss) on revaluation of investments classified as held for trading		—	—
Share of profit from associates		15,184	18,867
Other income		174,618	147,114
Total non mark-up / interest income		1,171,412	991,871
		6,013,357	4,981,343
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		(3,489,330)	(2,907,276)
Other provisions / write-offs		(16,571)	(4,625)
Other charges		(58,651)	(41,570)
Total non mark-up / interest expenses		(3,564,552)	(2,953,471)
		2,448,805	2,027,872
Extra-ordinary / unusual items		—	—
PROFIT BEFORE TAXATION		2,448,805	2,027,872
Taxation - Current		(1,022,506)	(776,745)
- Prior years		—	—
- Deferred		170,263	95,140
		(852,243)	(681,605)
PROFIT AFTER TAXATION		1,596,562	1,346,267
Attributable to:			
Shareholders of the Holding company		1,596,355	1,347,246
Non-controlling interest		207	(979)
		1,596,562	1,346,267
Basic and diluted earnings per share attributable to the equity holders of the Holding company			
	17	1.44	1.21

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

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	Three months period ended	
	31 March 2015	31 March 2014
	(Rupees in '000)	
Profit after taxation for the period	1,596,562	1,346,267
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss account</i>		
Exchange differences on translation of net investment in foreign operations	30,846	(113,098)
<i>Items that will never be reclassified to profit or loss subsequently</i>		
Remeasurement of defined benefit plan	—	—
Related tax charge	—	—
	1,627,408	1,233,169
Comprehensive income transferred to equity	1,627,408	1,233,169
Components of comprehensive income not reflected in equity		
Surplus on revaluation of available for sale securities	2,206,274	339,190
Related tax charge	(799,675)	(107,257)
	1,406,599	231,933
Surplus on revaluation of operating fixed assets	—	—
Related tax charge	—	—
	—	—
Total comprehensive income	3,034,007	1,465,102
Attributable to:		
Shareholders of the Holding company	3,033,699	1,465,361
Non-controlling interest	308	(259)
	3,034,007	1,465,102

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

ALI RAZA D. HABIB
Chairman

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*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	31 March 2015 (Rupees in '000)	31 March 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,448,805	2,027,872
Less: Dividend income	(136,087)	(96,090)
	2,312,718	1,931,782
Adjustments for:		
Depreciation	274,163	237,851
Amortisation	20,959	14,462
Provision against non-performing loans and advances - net	971,972	88,998
Gain on sale / redemption of securities - net	—	(436)
Charge for defined benefit plan	42,000	42,000
Charge for compensated absences	12,059	12,062
Gain on sale of operating fixed assets	(20,963)	(42,534)
Share of profit from associates	(15,184)	(18,867)
Provision against off-balance sheet items	16,571	4,625
	1,301,577	338,161
	3,614,295	2,269,943
(Increase) / decrease in operating assets		
Advances - net	(3,886,983)	(146,137)
Other assets	3,968,187	(1,004,934)
	81,204	(1,151,071)
(Decrease) / increase in operating liabilities		
Bills payable	(949,200)	(462,838)
Borrowings	24,827,653	18,712,058
Deposits	11,150,567	10,309,393
Other liabilities - (excluding provision for taxation)	1,341,592	1,020,300
	36,370,612	29,578,913
	40,066,111	30,697,785
Income tax paid	(839,355)	(574,945)
Net cash flow from operating activities	39,226,756	30,122,840
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(39,195,134)	(31,970,616)
Net investments in associates	23,414	23,416
Dividend received	11,326	30,126
Investments in operating fixed assets	(337,206)	(216,533)
Sale proceeds from disposal of operating fixed assets	29,519	44,861
Net cash used in investing activities	(39,468,081)	(32,088,746)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of sub-ordinated loans	(747,900)	(700)
Dividend paid	(294,322)	(1,245,551)
Net cash used in financing activities	(1,042,222)	(1,246,251)
Exchange differences on translation of net investment in foreign operations	30,846	(113,098)
Decrease in cash and cash equivalents	(1,252,701)	(3,325,255)
Cash and cash equivalents at beginning of the period	37,887,729	34,864,281
Cash and cash equivalents at end of the period	36,635,028	31,539,026

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

ALI RAZA D. HABIB
Chairman

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*Chief Executive and
Managing Director*

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Director

ANWAR HAJI KARIM
Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

	Attributable to the shareholders of the Holding Company								Total
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Special Reserve	General Reserve	Unappropriated Profit	Sub Total	Non-controlling Interest	
	(Rupees in '000)								
Balance as at 01 January 2014	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 three months period ended 31 March 2014:									
Profit after tax	-	-	-	-	-	1,347,246	1,347,246	(979)	1,346,267
Other comprehensive income	-	-	(113,098)	-	-	-	(113,098)	-	(113,098)
	-	-	(113,098)	-	-	1,347,246	1,234,148	(979)	1,233,169
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	9,332	9,332	-	9,332
Transfer to statutory reserve	-	270,751	-	-	-	(270,751)	-	-	-
Transaction with owners, recorded directly in equity:									
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 31 March 2014	11,114,254	6,933,613	126,947	126,500	540,000	3,758,528	22,599,842	108,765	22,708,607
Total comprehensive income for the nine months period ended 31 December 2014:									
Profit after tax	-	-	-	-	-	5,084,899	5,084,899	5,204	5,090,103
Other comprehensive income	-	-	34,814	-	-	31,340	66,154	-	66,154
	-	-	34,814	-	-	5,116,239	5,151,053	5,204	5,156,257
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	36,615	36,615	-	36,615
Transfer to statutory reserve	-	999,037	-	-	-	(999,037)	-	-	-
Balance as at 31 December 2014	11,114,254	7,932,650	161,761	126,500	540,000	7,912,345	27,787,510	113,969	27,901,479
Total comprehensive income for the three months period ended 31 March 2015:									
Profit after tax	-	-	-	-	-	1,596,355	1,596,355	207	1,596,562
Other comprehensive income	-	-	30,846	-	-	-	30,846	-	30,846
	-	-	30,846	-	-	1,596,355	1,627,201	207	1,627,408
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,214	13,214	-	13,214
Transfer to statutory reserve	-	321,178	-	-	-	(321,178)	-	-	-
Transactions with owners, recorded directly in equity:									
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)	-	(3,334,276)
Balance as at 31 March 2015	11,114,254	8,253,828	192,607	126,500	540,000	5,866,460	26,093,649	114,176	26,207,825

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

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding company

- Bank AL Habib Limited

Subsidiaries

- AL Habib Capital Markets (Private) Limited
- AL Habib Credit & Finance (Hong Kong) Limited

1.2 Bank AL Habib Limited (the Bank) is a Banking Company 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 in Karachi. Its shares are listed on all the Stock Exchanges in Pakistan. It is a scheduled bank principally engaged in the business of commercial banking with a network of 359 branches (31 December 2014: 351 branches), 108 sub-branches (31 December 2014: 108 sub-branches) and 03 representative offices (31 December 2014: 03 representative offices). The branch network of the Bank includes 03 overseas branches (31 December 2014: 03 overseas branches) and 18 Islamic Banking branches (31 December 2014: 17 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. 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.

1.4 AL Habib Credit & Finance (Hong Kong) Limited is a wholly owned subsidiary of the Bank. It is a limited liability company incorporated and domiciled in Hong Kong. The Company has not commenced operations and is in the process of obtaining a Deposit Taking Company's license from the Hong Kong Monetary Authority.

2. BASIS OF PRESENTATION

2.1 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 includes purchase of goods by banks from 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 facility actually utilised and the appropriate portion of mark-up thereon. However, murabaha financing arrangements undertaken by the Islamic Banking branches are accounted for as a purchase and sale transaction of the underlying goods in these consolidated condensed interim financial statements in accordance with the accounting policies of the Group.

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



3. STATEMENT OF COMPLIANCE

3.1 These consolidated 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 SBP. In case where requirements differ, the provisions 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 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 (IFRS) - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified for and valued in accordance with the requirements of various circulars issued by SBP.

3.3 The disclosures made in these consolidated interim condensed financial statements have been limited based on the 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 annual financial statements of the Group for the year ended 31 December 2014.

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 of the Group for the year ended 31 December 2014.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2014.

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 2014.



Note	31 March 2015 (Un-audited)			31 December 2014 (Audited)		
	Held by Group	Given as Collateral	Total	Held by Group	Given as Collateral	Total
	(Rupees in '000)					

7. INVESTMENTS

7.1 Investments by type

Available for Sale Securities

Market Treasury Bills	99,496,804	79,911,859	179,408,663	101,974,927	56,253,740	158,228,667
Pakistan Investment Bonds	52,680,678	-	52,680,678	36,503,076	-	36,503,076
Foreign Currency Bonds	2,230,542	-	2,230,542	2,289,589	-	2,289,589
Sukuk Bonds	5,532,598	-	5,532,598	4,833,911	-	4,833,911
Fully paid-up ordinary shares - Listed	3,600,652	-	3,600,652	3,096,913	-	3,096,913
Fully paid-up ordinary shares - Unlisted	64,855	-	64,855	64,855	-	64,855
Term finance certificates - Listed	321,631	-	321,631	321,695	-	321,695
Term finance certificates - Unlisted	2,839,703	-	2,839,703	2,832,620	-	2,832,620
Units of mutual funds	1,576,763	-	1,576,763	1,576,763	-	1,576,763
	168,344,226	79,911,859	248,256,085	153,494,349	56,253,740	209,748,089

Held to Maturity Securities 7.2

Pakistan Investment Bonds	115,964,156	-	115,964,156	115,819,871	-	115,819,871
Sukuk Bonds	703,720	-	703,720	701,047	-	701,047
Term finance certificates - Listed	86,809	-	86,809	86,826	-	86,826
Foreign Currency Bonds	1,511,110	-	1,511,110	970,913	-	970,913
	118,265,795	-	118,265,795	117,578,657	-	117,578,657

Associates

Habib Sugar Mills Limited	358,167	-	358,167	368,997	-	368,997
Habib Asset Management Limited	82,704	-	82,704	82,304	-	82,304
First Habib Income Fund	293,984	-	293,984	284,734	-	284,734
First Habib Stock Fund	52,915	-	52,915	55,875	-	55,875
First Habib Cash Fund	346,706	-	346,706	339,968	-	339,968
First Habib Islamic Balanced Fund	25,469	-	25,469	26,736	-	26,736
	1,159,945	-	1,159,945	1,158,614	-	1,158,614

Investments at cost	287,769,966	79,911,859	367,681,825	272,231,620	56,253,740	328,485,360
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Less: Provision for diminution in the value of investments 7.3	(11,163)	-	(11,163)	(11,163)	-	(11,163)
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Investments (net of provisions)	287,758,803	79,911,859	367,670,662	272,220,457	56,253,740	328,474,197
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Surplus on revaluation of available for sale investments - net	5,355,322	104,711	5,460,033	3,193,076	70,243	3,263,319
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Total Investments	293,114,125	80,016,570	373,130,695	275,413,533	56,323,983	331,737,516
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7.2 The aggregate market value of held to maturity securities as at 31 March 2015 amounted to Rs. 130,189 million (31 December 2014: Rs. 125,253 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 and Karachi Stock Exchange Limited.



	(Un-audited) 31 March 2015	(Audited) 31 December 2014
Note	(Rupees in '000)	
8. ADVANCES		
Loans, cash credits, running finances, etc.		
– In Pakistan	161,296,393	154,858,474
– Outside Pakistan	8,210,413	10,192,449
	169,506,806	165,050,923
Net investment in finance lease		
– In Pakistan	3,045,967	2,471,578
– Outside Pakistan	–	–
	3,045,967	2,471,578
Ijarah financing under IFAS 2	461,290	488,315
Murabaha	1,923,041	2,074,925
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	3,473,191	3,524,136
– Payable outside Pakistan	13,458,962	14,363,222
	16,932,153	17,887,358
Advances - gross	191,869,257	187,973,099
Provision against non-performing loans and advances		
– Specific provision 8.1	(4,756,152)	(4,032,817)
– General provision against small enterprises and consumer advances (as per SBP regulations) 8.2	(90,994)	(83,182)
– General provision 8.3	(2,750,000)	(2,500,000)
	(7,597,146)	(6,615,999)
Advances - net of provisions	184,272,111	181,357,100

8.1 Advances include Rs. 5,677.902 million (31 December 2014: Rs. 5,024.778 million) which have been placed under non-performing status as detailed below:

31 March 2015 (Un-audited)									
Classified advances			Provision required			Provision held			
Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
(Rupees in '000)									
Category of classification									
Other assets especially mentioned									
	460	–	460	–	–	–	–	–	–
Substandard	684,489	–	684,489	169,998	–	169,998	169,998	–	169,998
Doubtful	147,565	–	147,565	73,782	–	73,782	73,782	–	73,782
Loss	3,667,268	1,178,120	4,845,388	3,647,213	865,159	4,512,372	3,647,213	865,159	4,512,372
	4,499,782	1,178,120	5,677,902	3,890,993	865,159	4,756,152	3,890,993	865,159	4,756,152



31 December 2014 (Audited)

Category of classification	31.03.2017 (Rupees in '000)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	210	-	210	-	-	-	-	-	-
Substandard	74,246	-	74,246	18,405	-	18,405	18,405	-	18,405
Doubtful	746,226	753,623	1,499,849	373,113	222,574	595,687	373,113	222,574	595,687
Loss	3,041,824	408,649	3,450,473	3,010,076	408,649	3,418,725	3,010,076	408,649	3,418,725
	3,862,506	1,162,272	5,024,778	3,401,594	631,223	4,032,817	3,401,594	631,223	4,032,817



(Un-audited)
Three months period ended
31 March 2015 **31 March 2014**
(Rupees in '000)

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

Furniture and fixtures	1,874	52
Electrical, office and computer equipments	3,388	253
Vehicles	3,294	2,022
	8,556	2,327

(Un-audited) **(Audited)**
31 March 2015 **31 December 2014**
(Rupees in '000)

10. BORROWINGS

Secured

Borrowings from SBP under:

– Export refinance scheme	16,173,871	17,800,781
– Long term financing for export oriented projects	31,060	46,739
– Long term financing for imported and locally manufactured plant and machinery	3,045,734	3,567,350
– Financing facility for storage of agricultural produce	45,417	58,126

	19,296,082	21,472,996
Repurchase agreement borrowings	79,998,566	56,315,572
	99,294,648	77,788,568

Unsecured

Borrowings from financial institutions

Overdrawn nostros

3,321,573	–
320,038	666,884
3,641,611	666,884
102,936,259	78,455,452



		(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		93,283,058	104,806,779
Savings deposits		137,043,062	130,915,789
Current accounts - Remunerative		56,185,992	54,094,573
Current accounts - Non-remunerative		157,145,431	146,835,524
		443,657,543	436,652,665
Financial institutions			
Remunerative deposits		12,348,382	8,851,161
Non-remunerative deposits		1,456,106	807,638
		13,804,488	9,658,799
		457,462,031	446,311,464
12. SUB-ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - II - (Quoted)		-	747,900
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,995,800	2,995,800
		2,995,800	3,743,700
12.1 Term Finance Certificates - IV (Unquoted)			
Total issue	Rupees 3,000 million		
Rating	AA		
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		
		(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
	Note		
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	13.1	2,735,909	2,749,123
Available for sale investments	13.2	3,782,560	2,375,961
		6,518,469	5,125,084



	(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
13.1 Operating fixed assets		
Surplus on revaluation of land and buildings	3,554,886	3,575,215
Related deferred tax liability	(818,977)	(826,092)
	2,735,909	2,749,123
13.2 Available for sale investments		
Federal Government Securities	4,668,896	2,243,759
Fully paid-up ordinary shares	514,579	639,526
Term finance certificates, sukuk bonds, foreign currency bonds and others	52,949	53,461
Units of mutual funds	282,797	376,201
	5,519,221	3,312,947
Related deferred tax liability	(1,736,661)	(936,986)
	3,782,560	2,375,961
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct Credit Substitutes		
Financial guarantees issued favouring:		
– Financial institutions	240,018	212,894
– Others	6,554,133	5,877,756
	6,794,151	6,090,650
14.2 Transaction-related contingent liabilities		
Guarantees issued favouring:		
– Government	14,740,539	13,616,945
– Financial institutions	186,505	366,643
– Others	7,329,045	7,156,310
	22,256,089	21,139,898
14.3 Trade-related contingent liabilities		
Letters of credit	70,925,651	68,164,714
Acceptances	12,108,055	9,974,513
Bankers liability rediscount	984,447	1,465,595
	84,018,153	79,604,822



	(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<u>8,184,993</u>	<u>4,582,095</u>
14.5 Commitments in respect of forward exchange contracts		
Purchase	<u>37,430,174</u>	<u>35,574,870</u>
Sale	<u>31,293,384</u>	<u>33,584,498</u>
The maturities of above contracts are spread over the period upto one year.		
14.6 Commitments for the acquisition of operating fixed assets	<u>393,528</u>	<u>367,825</u>
	(Un-audited) Three months period ended 31 March 2015	31 March 2014
	(Rupees in '000)	
15. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	3,811,351	3,712,830
Financial institutions	26,815	60,914
	<u>3,838,166</u>	<u>3,773,744</u>
On investments:		
Available for sale securities	5,449,925	3,338,683
Held to maturity securities	3,532,075	2,531,962
	<u>8,982,000</u>	<u>5,870,645</u>
On deposits with financial institutions	40,766	18,858
On securities purchased under resale agreements	7,979	17,514
On call money lendings	179	22
	<u>12,869,090</u>	<u>9,680,783</u>



(Un-audited)
Three months period ended
31 March 31 March
2015 2014
(Rupees in '000)

16. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	5,083,363	4,700,789
Sub-ordinated loans	119,992	230,098
Repurchase agreement borrowings	1,467,831	217,956
Borrowings from SBP	302,079	366,829
Other borrowings	81,908	86,641
	<u>7,055,173</u>	<u>5,602,313</u>

**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>1,596,355</u>	<u>1,347,246</u>
	(Number)	
Weighted average number of ordinary shares	<u>1,111,425,416</u>	<u>1,111,425,416</u>
	(Rupees)	
Basic and diluted earnings per share	<u>1.44</u>	<u>1.21</u>

(Un-audited)
Three months period ended
31 March 31 March
2015 2014
(Rupees in '000)

18. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	32,910,837	30,812,287
Balances with other banks	4,044,229	1,389,914
Overdrawn nostros	(320,038)	(663,175)
	<u>36,635,028</u>	<u>31,539,026</u>



19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Three months period ended 31 March 2015 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	6,635,301	12,012,634	17,097	(4,624,530)	14,040,502
Total expenses	(4,900,016)	(11,299,075)	(17,136)	4,624,530	(11,591,697)
Net income	1,735,285	713,559	(39)	–	2,448,805
Segment assets (net of provisions)	448,930,046	592,577,790	391,922	(423,690,574)	618,209,184
Segment non performing loans	41,439	5,636,463	–	–	5,677,902
Segment provision required	37,312	4,718,840	–	–	4,756,152
Segment liabilities	447,508,584	561,429,842	235,038	(423,690,574)	585,482,890
Segment return on net assets (ROA) (%)*	1.48%	2.03%	4.36%		
Segment cost of funds (%)*	1.09%	2.01%	7.29%		

AL Habib Credit & Finance (Hong Kong) Limited has not commenced operations.

Three months period ended 31 March 2014 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage	Inter Segment Elimination	Total
	(Rupees in '000)				
Total income	3,728,268	9,245,359	9,719	(2,310,692)	10,672,654
Total expenses	(2,413,085)	(8,527,864)	(14,525)	2,310,692	(8,644,782)
Net income	1,315,183	717,495	(4,806)	–	2,207,872
Segment assets (net of provisions)	365,247,312	475,682,070	502,170	(349,748,925)	491,682,627
Segment non performing loans	64,417	4,259,904	–	–	4,324,321
Segment provision required	42,952	3,559,352	–	–	3,602,304
Segment liabilities	363,906,301	452,147,740	351,947	(349,748,925)	466,657,063
Segment return on net assets (ROA) (%)*	1.02%	1.94%	1.94%		
Segment cost of funds (%)*	0.66%	1.89%	4.13%		

*These 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), retirement benefit funds, major share holders, directors and key management personnel and their close family members.

Transactions with related parties of the Group 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 31 March 2015 (Un-audited)					
	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Deposits					
At beginning of the period	3,037,277	185,609	401,895	49,441	3,674,222
Placements during the period	44,133,969	372,437	609,185	478,347	45,593,938
Withdrawals during the period	(45,765,060)	(394,612)	(606,226)	(443,845)	(47,209,743)
At end of the period	1,406,186	163,434	404,854	83,943	2,058,417
Advances					
At beginning of the period	1,517,483	294	52,960	—	1,570,737
Given during the period	6,352,477	1,049	18,312	—	6,371,838
Repaid during the period	(6,332,667)	(865)	(20,552)	—	(6,354,084)
At end of the period	1,537,293	478	50,720	—	1,588,491
Investments					
At beginning of the period	1,158,614	—	—	—	1,158,614
Investments made during the period	1,331	—	—	—	1,331
Investments redeemed during the period	—	—	—	—	—
At end of the period	1,159,945	—	—	—	1,159,945
Contingencies and commitments	896,181	—	—	—	896,181
As at 31 December 2014 (Audited)					
Deposits					
At beginning of the year	1,813,814	142,104	368,941	174,811	2,499,670
Placements during the year	108,541,729	1,005,151	2,097,406	8,091,171	119,735,457
Withdrawals during the year	(107,318,266)	(961,646)	(2,064,452)	(8,216,541)	(118,560,905)
At end of the year	3,037,277	185,609	401,895	49,441	3,674,222
Advances					
At beginning of the year	1,282,655	126	37,822	—	1,320,603
Given during the year	24,168,997	4,636	74,665	—	24,248,298
Repaid during the year	(23,934,169)	(4,468)	(59,527)	—	(23,998,164)
At end of the year	1,517,483	294	52,960	—	1,570,737
Investments					
At beginning of the year	1,049,048	—	—	—	1,049,048
Investments made during the year	109,566	—	—	—	109,566
Investments redeemed during the year	—	—	—	—	—
At end of the year	1,158,614	—	—	—	1,158,614
Contingencies and commitments	730,920	—	—	—	730,920



Three months period ended 31 March 2015 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Forward purchase contracts	154,070	—	—	—	154,070
Forward sale contracts	—	—	—	—	—
Unrealised gain on forward contracts	944	—	—	—	944
Sale of securities	—	—	—	36,936	36,936
Mark-up earned	29,270	3	780	—	30,053
Mark-up expensed	37,875	2,647	7,964	1,433	49,919
Bank charges and commission	847	3	17	—	867
Salaries and allowances	—	—	77,505	—	77,505
Bonus	—	—	13,332	—	13,332
Contribution to defined contribution plan	—	—	3,682	—	3,682
Contribution to defined benefit plan	—	—	4,491	—	4,491
Staff provident fund	—	—	—	56,669	56,669
Staff gratuity fund	—	—	—	42,000	42,000
Directors' fee	—	1,850	—	—	1,850
Insurance claim received	6,133	—	—	—	6,133
Insurance premium paid	35,626	—	—	—	35,626
Dividend income	23,416	—	—	—	23,416
Rental paid	—	—	—	—	—
Brokerage and advisory income	374	—	—	—	374
Commission expensed	—	—	—	—	—
Other expensed	1,346	—	—	—	1,346
Other income	40	—	—	29	69

Three months period ended 31 March 2014 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Retirement Benefit Funds	Total
Forward purchase contracts	—	—	—	—	—
Forward sale contracts	170,968	—	—	—	170,968
Unrealised gain on forward contracts	12,872	—	—	—	12,872
Sale of securities	7,907	—	—	692,159	700,066
Mark-up earned	32,682	—	530	—	33,212
Mark-up expensed	18,189	1,624	6,539	4,041	30,393
Bank charges and commission	1,158	4	23	—	1,185
Salaries and allowances	—	—	54,479	—	54,479
Bonus	—	—	10,052	—	10,052
Contribution to defined contribution plan	—	—	2,628	—	2,628
Contribution to defined benefit plan	—	—	3,356	—	3,356
Staff provident fund	—	—	—	47,587	47,587
Staff gratuity fund	—	—	—	42,000	42,000
Directors' fee	—	750	—	—	750
Insurance claim received	2,800	—	—	—	2,800
Insurance premium paid	30,186	—	—	—	30,186
Dividend income	23,416	—	—	—	23,416
Rental paid	349	—	—	—	349
Brokerage and advisory income	—	—	—	—	—
Commission expensed	307	—	—	—	307
Other expensed	1,143	—	—	—	1,143
Other income	45	—	—	29	74



21. ISLAMIC BANKING BUSINESS

The Bank is operating 18 (31 December 2014: 17) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 31 March 2015 is as follows:

		(Un-audited) 31 March 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		548,683	484,073
Balances with and due from financial institutions		712,046	1,638,371
Investments		3,557,120	2,798,926
Islamic financing and related assets	21.1	9,798,188	7,974,727
Operating fixed assets		59,428	62,860
Other assets		418,391	214,790
		15,093,856	13,173,747
LIABILITIES			
Bills payable		177,052	142,421
Due to financial institutions		2,475,518	1,336,648
Deposits and other accounts		10,853,060	9,859,014
– Current accounts		3,402,807	3,267,028
– Saving accounts		2,248,721	2,085,041
– Term deposits		5,115,252	4,449,048
– Others		27,607	40,532
– Deposits from financial institutions-remunerative		58,585	16,439
– Deposits from financial institutions-non-remunerative		88	926
Due to Head office		24,772	–
Other liabilities		298,979	462,701
		(13,829,381)	(11,800,784)
NET ASSETS		1,264,475	1,372,963
REPRESENTED BY:			
Islamic banking fund		1,200,000	1,100,000
Unremitted profit		80,266	305,917
		1,280,266	1,405,917
Deficit on revaluation of assets		(15,791)	(32,954)
		1,264,475	1,372,963



	(Un-audited) 31 March 2015 (Rupees in '000)	(Audited) 31 December 2014
21.1 Islamic financings and related assets		
Murabaha	1,709,855	1,988,650
Net book value of assets / investments in ijarah under IFAS 2	461,290	488,316
Diminishing musharika	3,005,374	3,106,668
Export refinance murabaha	213,186	86,274
Export refinance istisna	2,332,200	1,257,788
Istisna	1,422,583	667,453
Gross financings	9,144,488	7,595,149
Less: general provisioning against consumer financing	(879)	(688)
Net financings	9,143,609	7,594,461
Advance against murabaha	549,239	360,910
Advance against ijarah	105,340	19,356
Islamic financings and related assets - net of provision	9,798,188	7,974,727
21.1.1 Islamic mode of financing		
Financings / inventory / receivables	9,144,488	7,595,149
Advances	654,579	380,266
Less: general provisioning against consumer financing	(879)	(688)
	9,798,188	7,974,727

22. GENERAL

22.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements, wherever necessary to facilitate comparative and to conform with changes in presentation in the current period.

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

23. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on April 27, 2015.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director