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CORPORATE INFORMATION

Board of Directors	Ali Raza D. Habib Abbas D. Habib Anwar Haji Karim Murtaza H. Habib Qumail R. Habib Safar Ali Lakhani Shahid Ghaffar Shameem Ahmed Syed Mazhar Abbas Syed Hasan Ali Bukhari	<i>Chairman</i> <i>Chief Executive & Managing Director</i> <i>Executive Director</i>
Audit Committee	Shameem Ahmed Anwar Haji Karim Syed Mazhar Abbas Safar Ali Lakhani Syed Hasan Ali Bukhari	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <i>Member</i>
Human Resource & Remuneration Committee	Syed Mazhar Abbas Abbas D. Habib Anwar Haji Karim Murtaza H. Habib Syed Hasan Ali Bukhari	<i>Chairman</i> <i>Member</i> <i>Member</i> <i>Member</i> <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 nine months period ended September 30, 2015.

Alhamdulillah, during the period under review, the performance of the Bank continued to be satisfactory. The deposits increased to Rs. 481.7 billion as compared to Rs. 446.4 billion on December 31, 2014. In the same period, advances increased to Rs. 200.6 billion from Rs. 181.4 billion, while investments increased to Rs. 377.9 billion from Rs. 331.4 billion. The pre-tax profit of the Bank for the nine months period ended September 30, 2015 was Rs. 9,053.2 million as compared to Rs. 6,812.5 million during the corresponding period last year.

Your Bank now has a network of 522 offices, comprising 413 branches, 106 sub-branches, and three Representative Offices. Our branch network includes 26 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 rating of our unsecured, subordinated TFC has 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: October 14, 2015

Ali Raza D. Habib
Chairman



**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	Note	(Un-audited) 30 September 2015	(Audited) 31 December 2014
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		39,414,248	34,201,813
Balances with other banks		4,782,001	4,345,042
Lendings to financial institutions		—	—
Investments - net	7	377,894,439	331,422,572
Advances - net	8	200,606,241	181,356,817
Operating fixed assets	9	15,420,296	13,898,321
Deferred tax assets - net		—	—
Other assets		10,673,135	13,694,264
		648,790,360	578,918,829
LIABILITIES			
Bills payable		8,260,752	7,984,808
Borrowings	10	107,852,790	78,455,452
Deposits and other accounts	11	481,669,545	446,409,004
Sub-ordinated loans	12	2,995,200	3,743,700
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities - net		3,766,015	2,780,536
Other liabilities		8,035,643	6,916,978
		612,579,945	546,290,478
NET ASSETS			
		36,210,415	32,628,351
REPRESENTED BY:			
Share capital		11,114,254	11,114,254
Reserves		9,908,105	8,760,911
Unappropriated profit		8,626,516	7,679,490
		29,648,875	27,554,655
Surplus on revaluation of assets - net of tax	13	6,561,540	5,073,696
		36,210,415	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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Note	Nine months period ended		Quarter ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
		(Rupees in '000)			
Mark-up / return / interest earned	15	37,716,805	31,789,432	12,284,207	11,191,692
Mark-up / return / interest expensed	16	(19,436,734)	(18,108,182)	(5,991,736)	(6,187,305)
Net mark-up / return / interest income		18,280,071	13,681,250	6,292,471	5,004,387
Provision against non-performing loans and advances - net 8.3		(1,359,297)	(305,942)	(227,974)	(185,004)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written-off directly		(34)	-	(34)	-
		(1,359,331)	(305,942)	(228,008)	(185,004)
Net mark-up / return / interest income after provisions		16,920,740	13,375,308	6,064,463	4,819,383
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,669,088	1,462,513	523,793	429,595
Dividend income		518,412	303,166	132,023	80,762
Income from dealing in foreign currencies		575,864	654,607	105,196	127,534
Gain / (loss) on sale / redemption of securities - net		228,500	302	(103,897)	(3,599)
Unrealised loss on revaluation of investments classified as held for trading		(11,398)	-	(2,015)	-
Other income		475,902	377,780	153,163	115,000
Total non mark-up / interest income		3,456,368	2,798,368	808,263	749,292
		20,377,108	16,173,676	6,872,726	5,568,675
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(11,083,314)	(9,203,249)	(3,781,236)	(3,209,986)
Other provisions / write-offs		(23,892)	(9,249)	-	(4,624)
Other charges		(216,749)	(148,639)	(63,682)	(51,440)
Total non mark-up / interest expenses		(11,323,955)	(9,361,137)	(3,844,918)	(3,266,050)
		9,053,153	6,812,539	3,027,808	2,302,625
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		9,053,153	6,812,539	3,027,808	2,302,625
Taxation - Current		(3,402,312)	(2,562,963)	(1,099,037)	(878,192)
- Prior years		(500,484)	-	-	-
- Deferred		151,718	199,524	17,719	84,647
		(3,751,078)	(2,363,439)	(1,081,318)	(793,545)
PROFIT AFTER TAXATION		5,302,075	4,449,100	1,946,490	1,509,080
		(Rupees)			
Basic and diluted earnings per share	17	4.77	4.00	1.75	1.36

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Nine months period ended		Quarter ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	(Rupees in '000)			
Profit after taxation for the period	5,302,075	4,449,100	1,946,490	1,509,080
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	86,779	(39,127)	61,104	69,518
<i>Items that will never be reclassified to profit or loss account subsequently</i>				
Remeasurement of defined benefit plan	-	-	-	-
Related tax charge	-	-	-	-
	-	-	-	-
Comprehensive income transferred to equity	5,388,854	4,409,973	2,007,594	1,578,598
<i>Components of comprehensive income not reflected in equity</i>				
Surplus / (deficit) on revaluation of available for sale securities	2,664,683	444,416	67,427	(4,484)
Related tax charge	(1,137,198)	(49,996)	(23,599)	59,913
	1,527,485	394,420	43,828	55,429
Surplus / (deficit) on revaluation of operating fixed assets	-	1,276,438	-	(19,992)
Related tax charge	-	(237,160)	-	6,997
	-	1,039,278	-	(12,995)
Total comprehensive income	6,916,339	5,843,671	2,051,422	1,621,032

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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	30 September 2015	30 September 2014
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES	Note	
Profit before taxation	9,053,153	6,812,539
Less: Dividend income	(518,412)	(303,166)
	8,534,741	6,509,373
Adjustments for:		
Depreciation	835,764	727,792
Amortisation	62,596	55,167
Provision against non-performing loans and advances - net	1,359,297	305,942
Provision against off-balance sheet items	23,892	9,249
Gain on sale / redemption of securities - net	(228,500)	(302)
Unrealised loss on held for trading securities	11,398	-
Gain on sale of operating fixed assets	(15,920)	(57,018)
Charge for defined benefit plan	126,000	126,000
Charge for compensated absences	41,346	36,279
	2,215,873	1,203,109
	10,750,614	7,712,482
(Increase) / decrease in operating assets		
Advances - net	(20,608,721)	(5,521,263)
Other assets - (excluding advance taxation)	3,107,955	(2,984,345)
	(17,500,766)	(8,505,608)
Increase in operating liabilities		
Bills payable	275,944	383,239
Borrowings	29,329,792	5,185,576
Deposits and other accounts	35,260,540	50,200,033
Other liabilities - (excluding provision for taxation)	750,665	1,196,309
	65,616,941	56,965,157
	58,866,789	56,172,031
Income tax paid	(3,778,035)	(2,271,388)
Net cash flows from operating activities	55,088,754	53,900,643
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(43,978,151)	(47,515,057)
Net investments in associates	388,069	-
Dividend received	425,879	244,268
Investments in operating fixed assets	(2,467,511)	(1,316,275)
Sale proceeds from disposal of operating fixed assets	68,804	75,554
Net cash used in investing activities	(45,562,910)	(48,511,510)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of sub-ordinated loans	(748,500)	(2,741,600)
Dividends paid	(3,282,275)	(1,992,195)
Net cash used in financing activities	(4,030,775)	(4,733,795)
Exchange differences on translation of net investment in foreign branches	86,779	(39,127)
Increase in cash and cash equivalents	5,581,848	616,211
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 43,461,819	35,478,618

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 MAZHAR ABBAS <i>Director</i>	ANWAR HAJI KARIM <i>Director</i>
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**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 nine months period ended 30 September 2014:							
Profit after tax	-	-	-	-	-	4,449,100	4,449,100
Other comprehensive income	-	-	(39,127)	-	-	-	(39,127)
	-	-	(39,127)	-	-	4,449,100	4,409,973
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	32,880	32,880
Transfer to statutory reserve	-	889,820	-	-	-	(889,820)	-
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 of 100 shares held	1,010,386	-	-	-	-	(1,010,386)	-
Balance as at 30 September 2014	11,114,254	7,552,682	200,918	126,500	540,000	6,115,209	25,649,563
Total comprehensive income for the quarter ended 31 December 2014:							
Profit after tax	-	-	-	-	-	1,899,842	1,899,842
Other comprehensive income	-	-	(39,157)	-	-	31,340	(7,817)
	-	-	(39,157)	-	-	1,931,182	1,892,025
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,067	13,067
Transfer to statutory reserve	-	379,968	-	-	-	(379,968)	-
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 nine months period ended 30 September 2015:							
Profit after tax	-	-	-	-	-	5,302,075	5,302,075
Other comprehensive income	-	-	86,779	-	-	-	86,779
	-	-	86,779	-	-	5,302,075	5,388,854
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	39,642	39,642
Transfer to statutory reserve	-	1,060,415	-	-	-	(1,060,415)	-
Transactions with owners, recorded directly in equity:							
Cash dividend (Rs. 3 per share)	-	-	-	-	-	(3,334,276)	(3,334,276)
Balance as at 30 September 2015	11,114,254	8,993,065	248,540	126,500	540,000	8,626,516	29,648,875

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 413 branches (31 December 2014: 351 branches), 106 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 26 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 include 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 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. 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 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 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: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in 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 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 information required in the 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 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.

New / Revised Standards, Interpretations and Amendments

The Bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 27 – Separate Financial Statements

The above standards and amendments did not have any impact on the Bank's separate financial statements for the current period.

In addition to the above standards and amendments, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Bank's separate financial statements.

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	30 September 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	90,318,793	85,702,266	176,021,059	101,974,927	56,253,740	158,228,667
Pakistan Investment Bonds	59,198,983	-	59,198,983	36,503,076	-	36,503,076
Foreign Currency Bonds	3,705,051	-	3,705,051	2,289,589	-	2,289,589
Sukuk Bonds	6,271,615	-	6,271,615	4,833,911	-	4,833,911
Fully paid-up ordinary shares - Listed	4,018,649	-	4,018,649	3,062,421	-	3,062,421
Fully paid-up ordinary shares - Unlisted	45,529	-	45,529	39,570	-	39,570
Term finance certificates - Listed	302,972	-	302,972	321,695	-	321,695
Term finance certificates - Unlisted	2,546,736	-	2,546,736	2,832,620	-	2,832,620
Units of mutual funds	1,550,000	-	1,550,000	1,551,763	-	1,551,763
	167,958,328	85,702,266	253,660,594	153,409,572	56,253,740	209,663,312
Held to maturity securities 7.2						
Pakistan Investment Bonds	114,687,874	-	114,687,874	115,678,511	-	115,678,511
Foreign Currency Bonds	1,878,459	-	1,878,459	970,913	-	970,913
Sukuk Bonds	706,440	-	706,440	701,047	-	701,047
Term finance certificates - Listed	-	-	-	86,826	-	86,826
	117,272,773	-	117,272,773	117,437,297	-	117,437,297
Held for trading securities						
Full paid-up ordinary shares - Listed	289,111	-	289,111	-	-	-
Associates						
Habib Sugar Mills Limited	182,690	-	182,690	180,977	-	180,977
Habib Asset Management Limited	60,000	-	60,000	60,000	-	60,000
First Habib Income Fund	150,000	-	150,000	250,000	-	250,000
First Habib Stock Fund	10,000	-	10,000	50,000	-	50,000
First Habib Cash Fund	150,000	-	150,000	300,000	-	300,000
First Habib Islamic Balanced Fund	10,000	-	10,000	25,000	-	25,000
	562,690	-	562,690	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	286,283,029	85,702,266	371,985,295	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)	286,277,329	85,702,266	371,979,595	271,907,273	56,253,740	328,161,013
Deficit on revaluation of held for trading securities - net	(11,398)	-	(11,398)	-	-	-
Surplus on revaluation of available for sale securities - net 13.2	5,553,770	372,472	5,926,242	3,191,316	70,243	3,261,559
Total Investments	291,819,701	86,074,738	377,894,439	275,098,589	56,323,983	331,422,572
7.2	The aggregate market value of held to maturity securities as on 30 September 2015 amounted to Rs. 129,579 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) 30 September 2015	(Audited) 31 December 2014
Note	(Rupees in '000)	
8. ADVANCES		
Loans, cash credits, running finances, etc.		
– In Pakistan	176,741,120	154,858,191
– Outside Pakistan	12,874,990	10,192,449
	189,616,110	165,050,640
Net investment in finance lease		
– In Pakistan	3,853,269	2,471,578
– Outside Pakistan	–	–
	3,853,269	2,471,578
Ijarah Financing under IFAS 2	513,229	488,315
Murabaha	2,280,604	2,074,925
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	3,436,014	3,524,136
– Payable outside Pakistan	8,914,830	14,363,222
	12,350,844	17,887,358
Advances - gross	208,614,056	187,972,816
Provision against non-performing loans and advances		
– Specific provision	8.1 (5,147,477)	(4,032,817)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2 (110,338)	(83,182)
– General provision	8.3 (2,750,000)	(2,500,000)
	(8,007,815)	(6,615,999)
Advances - net of provisions	200,606,241	181,356,817

8.1 Advances include Rs.5,888.684 million (31 December 2014: Rs. 5,024.778 million) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2015 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Other assets especially mentioned	7,773	–	7,773	457	–	457	457	–	457
Substandard	559,890	–	559,890	139,712	–	139,712	139,712	–	139,712
Doubtful	610,484	–	610,484	305,242	–	305,242	305,242	–	305,242
Loss	3,764,950	945,587	4,710,537	3,756,440	945,587	4,702,027	3,756,479	945,587	4,702,066
	<u>4,943,097</u>	<u>945,587</u>	<u>5,888,684</u>	<u>4,201,851</u>	<u>945,587</u>	<u>5,147,438</u>	<u>4,201,890</u>	<u>945,587</u>	<u>5,147,477</u>



31 December 2014 (Audited)

Category of classification	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
	<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. 84.677 million (31 December 2014: 60.521 million) against consumer finance portfolio and Rs. 25.661 million (31 December 2014: 22.661 million) 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. 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) (Audited)
30 September 2015 31 December 2014
(Rupees in '000)

9. OPERATING FIXED ASSETS

Capital work-in-progress	1,049,507	298,001
Property and equipments	14,303,578	13,502,575
Intangible assets	67,211	97,745
	<u>15,420,296</u>	<u>13,898,321</u>

(Un-audited)
Nine months period ended
30 September 2015 30 September 2014
(Rupees in '000)

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

Leasehold land	219,840	121,487
Buildings on leasehold land	28,746	120,339
Improvements to leasehold buildings	166,059	29,567
Furniture and fixtures	98,422	42,495
Electrical, office and computer equipments	904,271	376,918
Vehicles	272,312	231,920
Intangible assets	26,355	130,977
	<u>1,716,005</u>	<u>1,053,703</u>



(Un-audited)
Nine months period ended
30 September 2015 **30 September 2014**
 (Rupees in '000)

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

Leasehold land	–	8,533
Improvements to leasehold buildings	35,224	3,465
Furniture and fixtures	2,128	1,602
Electrical, office and computer equipments	6,224	731
Vehicles	9,308	4,204
	52,884	18,535

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

10. BORROWINGS

Secured

Borrowings from SBP under:

– Export refinance scheme	15,791,711	17,800,781
– Long term financing for export oriented projects	7,915	46,739
– Long term financing for imported and locally manufactured plant and machinery	3,963,906	3,567,350
– Financing facility for storage of agricultural produce	43,528	58,126

	19,807,060	21,472,996
Repurchase agreement borrowings	86,061,300	56,315,572
	105,868,360	77,788,568

Unsecured

Borrowings from financial institutions
 Overdrawn nostros

	1,250,000	–
	734,430	666,884
	1,984,430	666,884
	107,852,790	78,455,452



		(Un-audited) 30 September 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		101,360,606	104,806,779
Savings deposits		146,763,833	130,915,789
Current accounts - Remunerative		53,452,709	54,094,573
Current accounts - Non-remunerative		168,600,178	146,835,524
		470,177,326	436,652,665
Financial institutions			
Remunerative deposits		10,393,367	8,936,216
Non-remunerative deposits		1,098,852	820,123
		11,492,219	9,756,339
		481,669,545	446,409,004
12. SUB-ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - II - (Quoted)		-	747,900
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,995,200	2,995,800
		2,995,200	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) 30 September 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	13.1	2,709,482	2,749,123
Available for sale investments	13.2	3,852,058	2,324,573
		6,561,540	5,073,696



	(Un-audited) 30 September 2015	(Audited) 31 December 2014
	(Rupees in '000)	
13.1 Operating fixed assets		
Surplus on revaluation of land and buildings	3,514,228	3,575,215
Related deferred tax liability	(804,746)	(826,092)
	2,709,482	2,749,123
13.2 Available for sale investments		
Federal Government Securities	5,144,516	2,243,759
Fully paid-up ordinary shares	743,588	638,541
Term finance certificates, sukuk bonds and foreign currency bonds	(1,952)	3,833
Units of mutual funds	40,090	375,426
	5,926,242	3,261,559
Related deferred tax liability	(2,074,184)	(936,986)
	3,852,058	2,324,573
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct Credit Substitutes		
Financial guarantees issued favouring:		
– Financial institutions	398,482	212,894
– Others	8,183,720	5,877,756
	8,582,202	6,090,650
14.2 Transaction-related contingent liabilities		
Guarantees issued favouring:		
– Government	16,826,085	13,616,945
– Financial institutions	214,061	366,643
– Others	7,779,966	7,156,310
	24,820,112	21,139,898
14.3 Trade-related contingent liabilities		
Letters of credit	83,409,228	68,164,714
Acceptances	12,100,430	9,974,513
Bankers liability rediscount	1,671,816	1,465,595
	97,181,474	79,604,822



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

14.4 Commitments in respect of forward lending

Commitments to extend credit (excluding commitments that are unilaterally cancellable)	11,779,974	4,582,095
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14.5 Commitments in respect of forward exchange contracts

Purchase	48,457,349	35,574,870
Sale	32,572,408	33,584,498

The maturities of above contracts are spread over a period upto one year.

14.6 Commitments for the acquisition of operating fixed assets

	364,096	362,472
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(Un-audited)

Nine months period ended		Quarter ended	
30 September 2015	30 September 2014	30 September 2015	30 September 2014
(Rupees in '000)			

15. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	11,071,353	11,089,790	3,534,502	3,693,118
Financial institutions	90,225	206,505	32,614	92,350
	11,161,578	11,296,295	3,567,116	3,785,468
On investments:				
Available for sale securities	15,647,359	11,944,821	4,805,595	4,079,380
Held to maturity securities	10,751,809	8,375,854	3,856,647	3,237,558
	26,399,168	20,320,675	8,662,242	7,316,938
On deposits with financial institutions	122,603	58,662	41,968	24,035
On securities purchased under resale agreements	32,936	113,292	12,584	64,765
On call money lendings	520	508	297	486
	37,716,805	31,789,432	12,284,207	11,191,692



(Un-audited)

Nine months period ended		Quarter ended	
30 September 2015	30 September 2014	30 September 2015	30 September 2014

(Rupees in '000)

16. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	14,304,665	15,120,855	4,381,137	5,444,465
Sub-ordinated loans	345,270	676,544	113,243	211,703
Repurchase agreement borrowings	3,668,085	1,016,592	1,147,418	116,566
Borrowings from SBP	774,600	1,005,716	209,751	304,172
Other borrowings	344,114	288,475	140,187	110,399
	19,436,734	18,108,182	5,991,736	6,187,305

17. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	5,302,075	4,449,100	1,946,490	1,509,080
	(Number of shares in thousands)			
Weighted average number of ordinary shares	1,111,425	1,111,425	1,111,425	1,111,425
	(Rupees)			
Basic and diluted earnings per share	4.77	4.00	1.75	1.36

(Un-audited)

Nine months period ended	
30 September 2015	30 September 2014

(Rupees in '000)

18. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	39,414,248	32,661,560
Balances with other banks	4,782,001	3,304,920
Overdrawn nostros	(734,430)	(487,862)
	43,461,819	35,478,618



19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months period ended 30 September 2015 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	17,718,210	36,230,125	(12,775,162)	41,173,173
Total expenses	(13,578,944)	(31,316,238)	12,775,162	(32,120,020)
Net income	4,139,266	4,913,887	–	9,053,153
Segment assets (net of provisions)	461,885,278	621,449,877	(434,544,795)	648,790,360
Segment non performing loans	43,403	5,845,281	–	5,888,684
Segment provision required	38,468	5,108,970	–	5,147,438
Segment liabilities	460,376,178	586,748,562	(434,544,795)	612,579,945
Segment return on assets (ROA) (%)*	3.84%	5.83%		
Segment cost of funds (%)*	2.95%	5.34%		
	Nine months period ended 30 September 2014 (Un-audited)			
	Retail Banking	Commercial Banking	Inter Segment Elimination	Total
	(Rupees in '000)			
Total income	17,314,815	30,570,017	(13,297,032)	34,587,800
Total expenses	(14,207,998)	(26,864,295)	13,297,032	(27,775,261)
Net income	3,106,817	3,705,722	–	6,812,539
Segment assets (net of provisions)	399,059,340	494,247,882	(373,473,209)	519,834,013
Segment non performing loans	37,190	4,221,763	–	4,258,953
Segment provision required	35,333	3,765,746	–	3,801,079
Segment liabilities	396,516,085	467,653,307	(373,473,209)	490,696,183
Segment return on assets (ROA) (%)*	4.34%	6.19%		
Segment cost of funds (%)*	3.58%	5.74%		

*The 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), employee benefit funds, major shareholders, 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 30 September 2015 (Un-audited)					
	Subsidiaries	Associates	Non Executive Directors (Rupees in '000)	Key Management Personnel	Employee Benefit Plans	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	573,738	124,005,364	2,621,541	2,340,303	1,746,517	131,287,463
Withdrawals during the period	(648,407)	(125,777,892)	(2,598,793)	(2,251,029)	(1,740,915)	(133,017,036)
At end of the period	23,389	1,264,749	208,357	491,169	55,043	2,042,707
Advances						
At beginning of the period	-	1,517,483	294	52,960	-	1,570,737
Given during the period	9,826,500	17,154,807	2,398	60,951	-	27,044,656
Repaid during the period	(9,826,500)	(17,684,736)	(2,336)	(56,734)	-	(27,570,306)
At end of the period	-	987,554	356	57,177	-	1,045,087
Investments						
At beginning of the period	200,127	865,977	-	-	-	1,066,104
Investments made during the period	-	548,287	-	-	-	548,287
Investments redeemed during the period	-	(851,574)	-	-	-	(851,574)
At end of the period	200,127	562,690	-	-	-	762,817
Contingencies and commitments	-	772,369	-	-	-	772,369
As at 31 December 2014 (Audited)						
(Rupees in '000)						
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



Nine months period ended 30 September 2015 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors	Key Management Personnel	Employee Benefit Plans	Total
			(Rupees in '000)			
Forward purchase contracts	-	-	-	-	-	-
Other receivable	11,825	-	-	-	-	11,825
Other payable	135	-	-	-	-	135
Unrealised gain on forward contracts	-	-	-	-	-	-
Purchase of securities	-	1,713	-	-	-	1,713
Purchase of mutual funds units	-	546,574	-	-	-	546,574
Sale of securities	-	8,023	-	-	36,936	44,959
Redemption of mutual funds units	-	936,356	-	-	-	936,356
Gain on sale of securities & mutual funds units	-	84,782	-	-	-	84,782
Mark-up earned	583	82,857	3	2,336	-	85,779
Mark-up expensed	714	128,616	11,180	22,632	3,481	166,623
Bank charges and commission	1	2,603	9	696	-	3,309
Salaries and allowances	-	-	-	234,910	-	234,910
Bonus	-	-	-	43,984	-	43,984
Contribution to defined contribution plan	-	-	-	10,722	-	10,722
Contribution to defined benefit plan	-	-	-	21,492	-	21,492
Staff provident fund	-	-	-	-	195,412	195,412
Staff gratuity fund	-	-	-	-	126,000	126,000
Directors' fee	-	-	5,675	-	-	5,675
Insurance claim received	-	11,681	-	-	-	11,681
Insurance premium paid	-	129,468	-	-	-	129,468
Dividend income	-	70,740	-	-	-	70,740
Rental income	1,575	-	-	-	-	1,575
Rental paid	-	1,538	-	-	-	1,538
Commission expensed	830	-	-	-	-	830
Donation	-	100	-	-	-	100
Other expense	-	3,213	-	-	-	3,213
Other income	401	120	-	-	80	601

Nine months period ended 30 September 2014 (Un-audited)

	Subsidiaries	Associates	Non Executive Directors	Key Management Personnel	Employee Benefit Plans	Total
			(Rupees in '000)			
Forward purchase contracts	-	301,190	-	-	-	301,190
Other receivable	-	-	-	-	-	-
Other payable	-	-	-	-	-	-
Unrealised gain on forward contracts	-	8,765	-	-	-	8,765
Purchase of securities	-	-	-	-	-	-
Purchase of mutual funds units	-	-	-	-	-	-
Sale of securities	121,462	46,131	-	-	2,379,124	2,546,707
Redemption of mutual funds units	-	-	-	-	-	-
Gain / (loss) on sale of securities & mutual funds units	-	80	-	-	(2,865)	(2,785)
Mark-up earned	350	99,599	-	2,003	-	101,952
Mark-up expensed	3,124	106,773	6,620	22,738	11,408	150,683
Bank charges and commission	3	3,172	20	99	-	3,294
Salaries and allowances	-	-	-	186,196	-	186,196
Bonus	-	-	-	35,952	-	35,952
Contribution to defined contribution plan	-	-	-	9,292	-	9,292
Contribution to defined benefit plan	-	-	-	15,259	-	15,259
Staff provident fund	-	-	-	-	164,961	164,961
Staff gratuity fund	-	-	-	-	126,000	126,000
Directors' fee	-	-	2,650	-	-	2,650
Insurance claim received	-	9,262	-	-	-	9,262
Insurance premium paid	-	70,876	-	-	-	70,876
Dividend income	-	36,191	-	-	-	36,191
Rental income	1,575	-	-	-	-	1,575
Rental paid	-	769	-	-	-	769
Commission expensed	94	-	-	-	-	94
Donation	-	-	-	-	-	-
Other expense	103	2,992	-	-	-	3,095
Other income	400	139	-	-	107	646



21. ISLAMIC BANKING BUSINESS

The Bank is operating 26 (31 December 2014: 17 branches) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 September 2015 is as follows:

	(Un-audited) 30 September 2015	(Audited) 31 December 2014
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	768,790	484,073
Balances with and due from financial institutions	1,953,407	1,638,371
Investments	4,551,388	2,798,926
Islamic financing and related assets	21.1 10,044,480	7,974,727
Operating fixed assets	105,411	62,860
Other assets	190,784	214,790
	17,614,260	13,173,747
LIABILITIES		
Bills payable	10,520	142,421
Due to financial institutions	2,736,208	1,336,648
Deposits and other accounts	12,908,044	9,859,014
– Current accounts	3,716,626	3,267,028
– Saving accounts	3,062,791	2,085,041
– Term deposits	5,339,835	4,449,048
– Others	45,345	40,532
– Deposits from financial institutions-remunerative	741,420	16,439
– Deposits from financial institutions-non-remunerative	2,027	926
Other liabilities	301,640	462,701
	(15,956,412)	(11,800,784)
NET ASSETS	1,657,848	1,372,963
REPRESENTED BY:		
Islamic banking fund	1,500,000	1,100,000
Accumulated profit	152,854	305,917
	1,652,854	1,405,917
Surplus / (deficit) on revaluation of assets	4,994	(32,954)
	1,657,848	1,372,963



	(Un-audited) 30 September 2015	(Audited) 31 December 2014
	(Rupees in '000)	
21.1 Islamic financing and related assets		
Murabaha	2,277,404	1,988,650
Net book value of assets / investments in ijarah under IFAS 2	513,229	488,316
Diminishing musharika	3,193,750	3,106,668
Musawwama	85,763	3,106,668
Export refinance murabaha	3,200	86,274
Export refinance istisna	2,798,958	1,257,788
Istisna	392,234	667,453
Gross financing	9,264,538	7,595,149
Less: general provisioning against consumer financing	(1,219)	(688)
Net financing	9,263,319	7,594,461
Advance against murabaha	657,717	360,910
Advance against ijarah	123,444	19,356
Islamic financing and related assets - net of provision	<u>10,044,480</u>	<u>7,974,727</u>
21.1.1 Islamic mode of financing		
Financings / inventory / receivables	9,264,538	7,595,149
Advances	781,161	380,266
Less: general provisioning against consumer financing	(1,219)	(688)
	<u>10,044,480</u>	<u>7,974,727</u>
21.2 Remuneration to Shariah Advisor / Board	<u>1,800</u>	<u>2,250</u>
21.3 CHARITY FUND		
Opening balance	2,621	4,144
Additions during the period / year	1,826	2,621
Payments / utilisation during the period / year		
Health	-	(2,500)
Social welfare	(1,600)	(1,644)
	<u>(1,600)</u>	<u>(4,144)</u>
Closing balance	<u>2,847</u>	<u>2,621</u>

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.

23. DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue on 14 October 2015 by the Board of Directors of the Bank.

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 30 SEPTEMBER 2015**

		(Un-audited) 30 September 2015 (Rupees in '000)	(Audited) 31 December 2014
ASSETS			
		39,414,278	34,201,844
Cash and balances with treasury banks		4,794,699	4,352,769
Balances with other banks		—	—
Lendings to financial institutions		378,152,296	331,737,516
Investments - net	7	200,606,498	181,357,100
Advances - net	8	15,438,829	13,917,781
Operating fixed assets	9	—	—
Deferred tax assets - net		10,697,008	13,743,430
Other assets		649,103,608	579,310,440
LIABILITIES			
		8,260,752	7,984,808
Bills payable		107,852,790	78,455,452
Borrowings	10	481,646,321	446,311,464
Deposits and other accounts	11	2,995,200	3,743,700
Sub-ordinated loans	12	—	—
Liabilities against assets subject to finance lease		3,759,292	2,769,852
Deferred tax liabilities - net		8,045,258	7,018,601
Other liabilities		612,559,613	546,283,877
NET ASSETS			
		36,543,995	33,026,563
REPRESENTED BY:			
		11,114,254	11,114,254
Share capital		9,907,702	8,760,911
Reserves		8,784,781	7,912,345
Unappropriated profit			
Equity attributable to the shareholders of the Holding company			
		29,806,737	27,787,510
Non-controlling interest		116,121	113,969
Total equity			
		29,922,858	27,901,479
Surplus on revaluation of assets - net of tax	13	6,621,137	5,125,084
		36,543,995	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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Nine months period ended		Quarter ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	(Rupees in '000)			
Profit after taxation for the period	5,229,637	4,511,686	1,969,806	1,538,446
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	86,376	(39,127)	60,831	69,518
<i>Items that will never be reclassified to profit or loss account subsequently</i>				
Remeasurement of defined benefit plan	-	-	-	-
Related tax charge	-	-	-	-
	-	-	-	-
Comprehensive income transferred to equity	5,316,013	4,472,559	2,030,637	1,607,964
Components of comprehensive income not reflected in equity				
Surplus on revaluation of available for sale securities	2,676,290	452,844	71,024	3,036
Related tax charge	(1,140,596)	(49,996)	(26,997)	59,913
	1,535,694	402,848	44,027	62,949
Surplus / (deficit) on revaluation of operating fixed assets	-	1,276,438	-	(19,992)
Related tax charge	-	(237,160)	-	6,997
	-	1,039,278	-	(12,995)
Total comprehensive income	6,851,707	5,914,685	2,074,664	1,657,918
Attributable to:				
Shareholders of the Holding company	6,847,545	5,915,166	2,073,352	1,658,571
Non-controlling interest	4,162	(481)	1,312	(653)
	6,851,707	5,914,685	2,074,664	1,657,918

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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Note	30 September 2015	30 September 2014
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		8,985,217	6,872,730
Less: Dividend income		(452,189)	(268,868)
		8,533,028	6,603,862
Adjustments for:			
Depreciation		836,795	729,140
Amortisation		62,892	55,444
Provision against non-performing loans and advances - net		1,359,297	305,942
Provision for diminution in the value of investments		-	5,463
Provision against off-balance sheet items		23,892	9,249
Gain on sale / redemption of securities - net		(146,497)	(22,568)
Unrealised loss on held for trading securities		11,398	-
Charge for defined benefit plan		126,000	126,000
Charge for compensated absences		41,346	36,279
Gain on sale of operating fixed assets		(15,935)	(57,992)
Share of profit from associates		(78,494)	(87,412)
		2,220,694	1,099,545
		10,753,722	7,703,407
(Increase) / decrease in operating assets			
Advances - net		(20,608,695)	(5,531,904)
Other assets - (excluding advance taxation)		3,133,248	(2,986,458)
		(17,475,447)	(8,518,362)
Increase in operating liabilities			
Bills payable		275,944	383,239
Borrowings		29,329,792	5,185,576
Deposits and other accounts		35,334,857	50,212,807
Other liabilities - (excluding provision for taxation)		659,626	1,157,701
		65,600,219	56,939,323
		58,878,494	56,124,368
Income tax paid		(3,782,944)	(2,273,769)
Net cash flows from operating activities		55,095,550	53,850,599
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(43,983,508)	(47,464,159)
Net investments in associates		458,811	36,191
Dividend received		359,656	208,970
Investments in operating fixed assets		(2,468,184)	(1,317,602)
Sale proceeds from disposal of operating fixed assets		68,892	76,509
Net cash used in investing activities		(45,564,333)	(48,460,091)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of sub-ordinated loans		(748,500)	(2,741,600)
Dividends paid		(3,282,275)	(1,992,195)
Net cash used in financing activities		(4,030,775)	(4,733,795)
Exchange differences on translation of net investment in foreign operations		86,376	(39,127)
Increase in cash and cash equivalents		5,586,818	617,586
Cash and cash equivalents at beginning of the period		37,887,729	34,864,281
Cash and cash equivalents at end of the period	18	43,474,547	35,481,867

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 MAZHAR ABBAS <i>Director</i>	ANWAR HAJI KARIM <i>Director</i>
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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

	Attributable to the shareholders of the Holding Company								
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves			Sub Total	Non- controlling Interest	Total
				Special Reserve	General Reserve	Unappro- -priated Profit			
(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 nine months period ended 30 September 2014:									
Profit after tax	-	-	-	-	-	4,507,897	4,507,897	3,789	4,511,686
Other comprehensive income	-	-	(39,127)	-	-	-	(39,127)	-	(39,127)
	-	-	(39,127)	-	-	4,507,897	4,468,770	3,789	4,472,559
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	32,880	32,880	-	32,880
Transfer to statutory reserve	-	889,820	-	-	-	(889,820)	-	-	-
Transactions 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 30 September 2014	11,114,254	7,552,682	200,918	126,500	540,000	6,323,658	25,858,012	113,533	25,971,545
Total comprehensive income for the quarter ended 31 December 2014:									
Profit after tax	-	-	-	-	-	1,924,248	1,924,248	436	1,924,684
Other comprehensive income	-	-	(39,157)	-	-	31,340	(7,817)	-	(7,817)
	-	-	(39,157)	-	-	1,955,588	1,916,431	436	1,916,867
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	13,067	13,067	-	13,067
Transfer to statutory reserve	-	379,968	-	-	-	(379,968)	-	-	-
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 nine months period ended 30 September 2015:									
Profit after tax	-	-	-	-	-	5,227,485	5,227,485	2,152	5,229,637
Other comprehensive income	-	-	86,376	-	-	-	86,376	-	86,376
	-	-	86,376	-	-	5,227,485	5,313,861	2,152	5,316,013
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	39,642	39,642	-	39,642
Transfer to statutory reserve	-	1,060,415	-	-	-	(1,060,415)	-	-	-
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 30 September 2015	11,114,254	8,993,065	248,137	126,500	540,000	8,784,781	29,806,737	116,121	29,922,858

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 413 branches (31 December 2014: 351 branches), 106 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 26 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 Companies 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 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 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 financial statements. However, investments have been classified, accounted for and valued in accordance with the requirements of various circulars issued by SBP.

3.3 The disclosures made in these consolidated 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 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 for preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Group for the year ended 31 December 2014.

New / Revised Standards, Interpretations and Amendments

The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

Standard or Interpretation

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement
- IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
- IAS 27 - Separate Financial Statements

The above standards and amendments did not have any impact on the Group's financial statements for the current period.

In addition to the above standards and amendments, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Group's financial statements.

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	30 September 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	90,318,793	85,702,266	176,021,059	101,974,927	56,253,740	158,228,667
Pakistan Investment Bonds	59,341,292	-	59,341,292	36,503,076	-	36,503,076
Foreign Currency Bonds	3,705,051	-	3,705,051	2,289,589	-	2,289,589
Sukuk Bonds	6,271,615	-	6,271,615	4,833,911	-	4,833,911
Fully paid-up ordinary shares - Listed	4,075,528	-	4,075,528	3,096,913	-	3,096,913
Fully paid-up ordinary shares - Unlisted	70,814	-	70,814	64,855	-	64,855
Term finance certificates - Listed	302,972	-	302,972	321,695	-	321,695
Term finance certificates - Unlisted	2,546,736	-	2,546,736	2,832,620	-	2,832,620
Units of mutual funds	1,560,000	-	1,560,000	1,576,763	-	1,576,763
	168,192,801	85,702,266	253,895,067	153,494,349	56,253,740	209,748,089
Held to maturity securities 7.2						
Pakistan Investment Bonds	114,687,874	-	114,687,874	115,819,871	-	115,819,871
Foreign Currency Bonds	1,878,459	-	1,878,459	970,913	-	970,913
Sukuk Bonds	706,440	-	706,440	701,047	-	701,047
Term finance certificates - Listed	-	-	-	86,826	-	86,826
	117,272,773	-	117,272,773	117,578,657	-	117,578,657
Held for trading securities						
Full paid-up ordinary shares - Listed	289,111	-	289,111	-	-	-
Associates						
Habib Sugar Mills Limited	389,108	-	389,108	368,997	-	368,997
Habib Asset Management Limited	88,716	-	88,716	82,304	-	82,304
First Habib Income Fund	140,955	-	140,955	284,734	-	284,734
First Habib Stock Fund	9,511	-	9,511	55,875	-	55,875
First Habib Cash Fund	142,254	-	142,254	339,968	-	339,968
First Habib Islamic Balanced Fund	9,932	-	9,932	26,736	-	26,736
	780,476	-	780,476	1,158,614	-	1,158,614
Investments at cost	286,535,161	85,702,266	372,237,427	272,231,620	56,253,740	328,485,360
Less: Provision for diminution in the value of investments - 7.3	(11,163)	-	(11,163)	(11,163)	-	(11,163)
Investments (net of provisions)	286,523,998	85,702,266	372,226,264	272,220,457	56,253,740	328,474,197
Deficit on revaluation of held for trading securities - net	(11,398)	-	(11,398)	-	-	-
Surplus on revaluation of available for sale securities - net	5,564,958	372,472	5,937,430	3,193,076	70,243	3,263,319
Total Investments	292,077,558	86,074,738	378,152,296	275,413,533	56,323,983	331,737,516

7.2 The aggregate market value of held to maturity securities as on 30 September 2015 amounted to Rs. 129,579 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) 30 September 2015	(Audited) 31 December 2014
Note	(Rupees in '000)	
8. ADVANCES		
Loans, cash credits, running finances, etc.		
– In Pakistan	176,741,377	154,858,474
– Outside Pakistan	12,874,990	10,192,449
	189,616,367	165,050,923
Net investment in finance lease		
– In Pakistan	3,853,269	2,471,578
– Outside Pakistan	–	–
	3,853,269	2,471,578
Ijarah Financing under IFAS 2	513,229	488,315
Murabaha	2,280,604	2,074,925
Bills discounted and purchased (excluding market treasury bills)		
– Payable in Pakistan	3,436,014	3,524,136
– Payable outside Pakistan	8,914,830	14,363,222
	12,350,844	17,887,358
Advances - gross	208,614,313	187,973,099
Provision against non-performing loans and advances		
– Specific provision	8.1 (5,147,477)	(4,032,817)
– General provision against small enterprises and consumer advances (as per SBP regulations)	8.2 (110,338)	(83,182)
– General provision	8.3 (2,750,000)	(2,500,000)
	(8,007,815)	(6,615,999)
Advances - net of provisions	200,606,498	181,357,100

8.1 Advances include Rs.5,888.684 million (31 December 2014: Rs. 5,024.778 million) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2015 (Un-audited)									
	Classified advances			Provision required				Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total	
	(Rupees in '000)									
Other assets especially mentioned	7,773	–	7,773	457	–	457	457	–	457	–
Substandard	559,890	–	559,890	139,712	–	139,712	139,712	–	139,712	–
Doubtful	610,484	–	610,484	305,242	–	305,242	305,242	–	305,242	–
Loss	3,764,950	945,587	4,710,537	3,756,440	945,587	4,702,027	3,756,479	945,587	4,702,066	–
	4,943,097	945,587	5,888,684	4,201,851	945,587	5,147,438	4,201,890	945,587	5,147,477	–



31 December 2014 (Audited)

Category of classification	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
	<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. 84.677 million (31 December 2014: 60.521 million) against consumer finance portfolio and Rs. 25.661 million (31 December 2014: 22.661 million) 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. 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) (Audited)
30 September 2015 31 December 2014
(Rupees in '000)

9. OPERATING FIXED ASSETS

Capital work-in-progress	1,049,507	298,001
Property and equipments	14,312,534	13,512,157
Intangible assets	76,788	107,623
	<u>15,438,829</u>	<u>13,917,781</u>

(Un-audited)
Nine months period ended
30 September 2015 30 September 2014
(Rupees in '000)

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

Leasehold land	219,840	121,487
Buildings on leasehold land	28,746	120,339
Improvements to leasehold buildings	166,059	29,567
Furniture and fixtures	98,464	42,495
Electrical, office and computer equipments	904,530	377,461
Vehicles	272,488	231,920
Intangible assets	26,551	130,977
	<u>1,716,678</u>	<u>1,054,246</u>



(Un-audited)
Nine months period ended
30 September 2015 **30 September 2014**
 (Rupees in '000)

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

Leasehold land	–	8,533
Improvements to leasehold buildings	35,224	3,465
Furniture and fixtures	2,128	1,602
Electrical, office and computer equipments	6,255	731
Vehicles	9,350	4,204
	52,957	18,535

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

10. BORROWINGS

Secured

Borrowings from SBP under:

– Export refinance scheme	15,791,711	17,800,781
– Long term financing for export oriented projects	7,915	46,739
– Long term financing for imported and locally manufactured plant and machinery	3,963,906	3,567,350
– Financing facility for storage of agricultural produce	43,528	58,126

	19,807,060	21,472,996
Repurchase agreement borrowings	86,061,300	56,315,572
	105,868,360	77,788,568

Unsecured

Borrowings from financial institutions
 Overdrawn nostros

	1,250,000	–
	734,430	666,884
	1,984,430	666,884
	107,852,790	78,455,452



		(Un-audited) 30 September 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		101,360,606	104,806,779
Savings deposits		146,763,833	130,915,789
Current accounts - Remunerative		53,452,709	54,094,573
Current accounts - Non-remunerative		168,600,178	146,835,524
		470,177,326	436,652,665
Financial institutions			
Remunerative deposits		10,370,377	8,851,161
Non-remunerative deposits		1,098,618	807,638
		11,468,995	9,658,799
		481,646,321	446,311,464
12. SUB-ORDINATED LOANS - unsecured			
Term Finance Certificates (TFCs) - II - (Quoted)		-	747,900
Term Finance Certificates (TFCs) - IV - (Unquoted)	12.1	2,995,200	2,995,800
		2,995,200	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) 30 September 2015	(Audited) 31 December 2014
	Note	(Rupees in '000)	
13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Operating fixed assets	13.1	2,709,482	2,749,123
Available for sale investments	13.2	3,911,655	2,375,961
		6,621,137	5,125,084



	(Un-audited) 30 September 2015	(Audited) 31 December 2014
	(Rupees in '000)	
13.1 Operating fixed assets		
Surplus on revaluation of land and buildings	3,514,228	3,575,215
Related deferred tax liability	(804,746)	(826,092)
	2,709,482	2,749,123
13.2 Available for sale investments		
Federal Government Securities	5,155,265	2,243,759
Fully paid-up ordinary shares	743,974	639,526
Term finance certificates, sukuk bonds, foreign currency bonds and others	49,855	53,461
Units of mutual funds	40,143	376,201
	5,989,237	3,312,947
Related deferred tax liability	(2,077,582)	(936,986)
	3,911,655	2,375,961
14. CONTINGENCIES AND COMMITMENTS		
14.1 Direct Credit Substitutes		
Financial guarantees issued favouring:		
– Financial institutions	398,482	212,894
– Others	8,183,720	5,877,756
	8,582,202	6,090,650
14.2 Transaction-related contingent liabilities		
Guarantees issued favouring:		
– Government	16,826,085	13,616,945
– Financial institutions	214,061	366,643
– Others	7,779,966	7,156,310
	24,820,112	21,139,898
14.3 Trade-related contingent liabilities		
Letters of credit	83,409,228	68,164,714
Acceptances	12,100,430	9,974,513
Bankers liability rediscount	1,671,816	1,465,595
	97,181,474	79,604,822



	(Un-audited) 30 September 2015	(Audited) 31 December 2014
	(Rupees in '000)	
14.4 Commitments in respect of forward lending		
Commitments to extend credit (excluding commitments that are unilaterally cancellable)	<u>11,779,974</u>	<u>4,582,095</u>
14.5 Commitments in respect of forward exchange contracts		
Purchase	<u>48,457,349</u>	<u>35,574,870</u>
Sale	<u>32,572,408</u>	<u>33,584,498</u>
The maturities of above contracts are spread over a period upto one year.		
14.6 Commitments for the acquisition of operating fixed assets	<u>366,439</u>	<u>367,825</u>

	(Un-audited)			
	Nine months period ended		Quarter ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	(Rupees in '000)			

15. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:				
Customers	11,071,370	11,089,456	3,534,505	3,693,126
Financial institutions	90,225	206,505	32,614	92,350
	<u>11,161,595</u>	<u>11,295,961</u>	<u>3,567,119</u>	<u>3,785,476</u>
On investments:				
Available for sale securities	15,660,472	11,944,821	4,818,708	4,079,380
Held to maturity securities	10,751,809	8,377,705	3,847,962	3,239,409
	<u>26,412,281</u>	<u>20,322,526</u>	<u>8,666,670</u>	<u>7,318,789</u>
On deposits with financial institutions	122,697	58,774	41,992	24,084
On securities purchased under resale agreements	32,936	113,292	12,584	64,765
On call money lendings	521	508	298	486
	<u>37,730,030</u>	<u>31,791,061</u>	<u>12,288,663</u>	<u>11,193,600</u>



(Un-audited)			
Nine months period ended		Quarter ended	
30 September 2015	30 September 2014	30 September 2015	30 September 2014

(Rupees in '000)

16. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	14,303,965	15,117,747	4,380,899	5,441,963
Sub-ordinated loans	345,270	676,544	113,243	211,703
Repurchase agreement borrowings	3,668,085	1,016,592	1,147,418	116,566
Borrowings from SBP	774,600	1,005,716	209,751	304,172
Other borrowings	344,693	288,475	140,218	110,399
	<u>19,436,613</u>	<u>18,105,074</u>	<u>5,991,529</u>	<u>6,184,803</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	5,227,485	4,507,897	1,968,922	1,539,738
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(Number of shares in thousands)

Weighted average number of ordinary shares	1,111,425	1,111,425	1,111,425	1,111,425
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(Rupees)

Basic and diluted earnings per share	4.70	4.06	1.77	1.39
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(Un-audited)	
Nine months period ended	
30 September 2015	30 September 2014

(Rupees in '000)

18. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	39,414,278	32,661,564
Balances with other banks	4,794,699	3,308,165
Overdrawn nostros	(734,430)	(487,862)
	<u>43,474,547</u>	<u>35,481,867</u>



19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Nine months period ended 30 September 2015 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage (Rupees in '000)	Inter Segment Elimination	Total
Total income	17,718,210	36,154,787	52,841	(12,780,568)	41,145,270
Total expenses	(13,578,944)	(31,314,527)	(47,150)	12,780,568	(32,160,053)
Net income	<u>4,139,266</u>	<u>4,840,260</u>	<u>5,691</u>	<u>-</u>	<u>8,985,217</u>
Segment assets (net of provisions)	<u>461,885,278</u>	<u>621,589,702</u>	<u>357,302</u>	<u>(434,728,674)</u>	<u>649,103,608</u>
Segment non performing loans	<u>43,403</u>	<u>5,845,281</u>	<u>-</u>	<u>-</u>	<u>5,888,684</u>
Segment provision required	<u>38,468</u>	<u>5,108,970</u>	<u>-</u>	<u>-</u>	<u>5,147,438</u>
Segment liabilities	<u>460,376,178</u>	<u>586,725,200</u>	<u>186,909</u>	<u>(434,728,674)</u>	<u>612,559,613</u>
Segment return on assets (ROA) (%)*	<u>3.84%</u>	<u>5.82%</u>	<u>14.79%</u>		
Segment cost of funds (%)*	<u>2.95%</u>	<u>5.34%</u>	<u>25.23%</u>		

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

Nine months period ended 30 September 2014 (Un-audited)					
	Retail Banking	Commercial Banking	Retail Brokerage (Rupees in '000)	Inter Segment Elimination	Total
Total income	17,314,815	30,620,918	54,251	(13,302,101)	34,687,883
Total expenses	(14,207,998)	(26,858,904)	(50,352)	13,302,101	(27,815,153)
Net income	<u>3,106,817</u>	<u>3,762,014</u>	<u>3,899</u>	<u>-</u>	<u>6,872,730</u>
Segment assets (net of provisions)	<u>399,059,340</u>	<u>494,370,261</u>	<u>339,454</u>	<u>(373,615,607)</u>	<u>520,153,448</u>
Segment non performing loans	<u>37,190</u>	<u>4,221,763</u>	<u>-</u>	<u>-</u>	<u>4,258,953</u>
Segment provision required	<u>35,333</u>	<u>3,765,746</u>	<u>-</u>	<u>-</u>	<u>3,801,079</u>
Segment liabilities	<u>396,516,085</u>	<u>467,603,882</u>	<u>141,061</u>	<u>(373,615,607)</u>	<u>490,645,421</u>
Segment return on assets (ROA) (%)*	<u>4.34%</u>	<u>6.19%</u>	<u>15.98%</u>		
Segment cost of funds (%)*	<u>3.58%</u>	<u>5.74%</u>	<u>35.70%</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 funds, major shareholders, directors and key management personnel and their close family members.

Transactions with related parties of the Group are carried out on 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 September 2015 (Un-audited)				Total
	Associates	Non Executive Directors	Key Management Personnel	Employee Benefit Plans	
	(Rupees in '000)				
Deposits					
At beginning of the period	3,037,277	185,609	401,895	49,441	3,674,222
Placements during the period	124,005,364	2,621,541	2,340,303	1,746,517	130,713,725
Withdrawals during the period	(125,777,892)	(2,598,793)	(2,251,029)	(1,740,915)	(132,368,629)
At end of the period	1,264,749	208,357	491,169	55,043	2,019,318
Advances					
At beginning of the period	1,517,483	294	52,960	-	1,570,737
Given during the period	17,154,807	2,398	60,951	-	17,218,156
Repaid during the period	(17,684,736)	(2,336)	(56,734)	-	(17,743,806)
At end of the period	987,554	356	57,177	-	1,045,087
Investments					
At beginning of the period	1,158,614	-	-	-	1,158,614
Investments made during the period	548,287	-	-	-	548,287
Investments redeemed / adjusted during the period	(926,425)	-	-	-	(926,425)
At end of the period	780,476	-	-	-	780,476
Contingencies and commitments	772,369	-	-	-	772,369
	As at 31 December 2014 (Audited)				
	(Rupees in '000)				
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 / adjusted during the year	-	-	-	-	-
At end of the year	1,158,614	-	-	-	1,158,614
Contingencies and commitments	730,920	-	-	-	730,920



Nine months period ended 30 September 2015 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Employee Benefit Plans	Total
Forward purchase contracts	-	-	-	-	-
Unrealised gain on forward contracts	-	-	-	-	-
Purchase of securities	1,713	-	-	-	1,713
Purchase of mutual funds units	546,574	-	-	-	546,574
Sale of securities	8,023	-	-	36,936	44,959
Redemption of mutual funds units	936,356	-	-	-	936,356
Gain on sale of securities & mutual funds units	84,782	-	-	-	84,782
Mark-up earned	82,857	3	2,336	-	85,196
Mark-up expensed	128,616	11,180	22,632	3,481	165,909
Bank charges and commission	2,603	9	696	-	3,308
Salaries and allowances	-	-	243,254	-	243,254
Bonus	-	-	43,984	-	43,984
Contribution to defined contribution plan	-	-	11,277	-	11,277
Contribution to defined benefit plan	-	-	21,492	-	21,492
Staff provident fund	-	-	-	196,689	196,689
Staff gratuity fund	-	-	-	126,000	126,000
Directors' fee	-	5,675	-	-	5,675
Insurance claim received	11,681	-	-	-	11,681
Insurance premium paid	130,624	-	-	-	130,624
Dividend income	70,740	-	-	-	70,740
Rental paid	1,538	-	-	-	1,538
Brokerage and advisory income	693	-	-	-	693
Donation	100	-	-	-	100
Other expense	3,213	-	-	-	3,213
Other income	120	-	-	80	200

Nine months period ended 30 September 2014 (Un-audited)

	Associates	Non Executive Directors	Key Management Personnel (Rupees in '000)	Employee Benefit Plans	Total
Forward purchase contracts	301,190	-	-	-	301,190
Unrealised gain on forward contracts	8,765	-	-	-	8,765
Purchase of securities	-	-	-	-	-
Purchase of mutual funds units	-	-	-	-	-
Sale of securities	46,131	-	-	2,379,114	2,425,245
Redemption of mutual funds units	-	-	-	-	-
Gain / (loss) on sale of securities & mutual funds units	80	-	-	(2,865)	(2,785)
Mark-up earned	99,599	-	2,003	-	101,602
Mark-up expensed	106,773	6,620	22,738	11,408	147,539
Bank charges and commission	3,172	20	99	-	3,291
Salaries and allowances	-	-	193,715	-	193,715
Bonus	-	-	35,952	-	35,952
Contribution to defined contribution plan	-	-	9,792	-	9,792
Contribution to defined benefit plan	-	-	15,259	-	15,259
Staff provident fund	-	-	-	166,185	166,185
Staff gratuity fund	-	-	-	126,000	126,000
Directors' fee	-	2,650	-	-	2,650
Insurance claim received	9,262	-	-	-	9,262
Insurance premium paid	71,677	-	-	-	71,677
Dividend income	36,191	-	-	-	36,191
Rental paid	769	-	-	-	769
Brokerage and advisory income	1,145	-	-	-	1,145
Donation	-	-	-	-	-
Other expense	3,012	-	-	-	3,012
Other income	139	-	-	107	246



21. ISLAMIC BANKING BUSINESS

The Bank is operating 26 (31 December 2014: 17 branches) Islamic Banking branches in Pakistan. The statement of financial position of these branches as at 30 September 2015 is as follows:

	(Un-audited) 30 September 2015	(Audited) 31 December 2014
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	768,790	484,073
Balances with and due from financial institutions	1,953,407	1,638,371
Investments	4,551,388	2,798,926
Islamic financing and related assets	21.1 10,044,480	7,974,727
Operating fixed assets	105,411	62,860
Other assets	190,784	214,790
	17,614,260	13,173,747
LIABILITIES		
Bills payable	10,520	142,421
Due to financial institutions	2,736,208	1,336,648
Deposits and other accounts	12,908,044	9,859,014
– Current accounts	3,716,626	3,267,028
– Saving accounts	3,062,791	2,085,041
– Term deposits	5,339,835	4,449,048
– Others	45,345	40,532
– Deposits from financial institutions-remunerative	741,420	16,439
– Deposits from financial institutions-non-remunerative	2,027	926
Other liabilities	301,640	462,701
	(15,956,412)	(11,800,784)
NET ASSETS	<u>1,657,848</u>	<u>1,372,963</u>
REPRESENTED BY:		
Islamic banking fund	1,500,000	1,100,000
Accumulated profit	152,854	305,917
	1,652,854	1,405,917
Surplus / (deficit) on revaluation of assets	4,994	(32,954)
	<u>1,657,848</u>	<u>1,372,963</u>



	(Un-audited) 30 September 2015	(Audited) 31 December 2014
	(Rupees in '000)	
21.1 Islamic financing and related assets		
Murabaha	2,277,404	1,988,650
Net book value of assets / investments in ijarah under IFAS 2	513,229	488,316
Diminishing musharika	3,193,750	3,106,668
Musawwama	85,763	-
Export refinance murabaha	3,200	86,274
Export refinance istisna	2,798,958	1,257,788
Istisna	392,234	667,453
Gross financing	9,264,538	7,595,149
Less: general provisioning against consumer financing	(1,219)	(688)
Net financing	9,263,319	7,594,461
Advance against murabaha	657,717	360,910
Advance against ijarah	123,444	19,356
Islamic financing and related assets - net of provision	<u>10,044,480</u>	<u>7,974,727</u>
21.1.1 Islamic mode of financing		
Financings / inventory / receivables	9,264,538	7,595,149
Advances	781,161	380,266
Less: general provisioning against consumer financing	(1,219)	(688)
	<u>10,044,480</u>	<u>7,974,727</u>
21.2 Remuneration to Shariah Advisor / Board	<u>1,800</u>	<u>2,250</u>
21.3 CHARITY FUND		
Opening balance	2,621	4,144
Additions during the period / year	1,826	2,621
Payments / utilisation during the period / year		
Health	-	(2,500)
Social welfare	(1,600)	(1,644)
	<u>(1,600)</u>	<u>(4,144)</u>
Closing balance	<u>2,847</u>	<u>2,621</u>

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.

23. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on 14 October 2015 by the Board of Directors of the Group.

ALI RAZA D. HABIB
Chairman

ABBAS D. HABIB
*Chief Executive and
Managing Director*

SYED MAZHAR ABBAS
Director

ANWAR HAJI KARIM
Director